

# Market Update



## Commerce Enablement Q4 2018

### 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 remains high heading 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>THE CARLYLE GROUP</p> <p>has acquired</p>  <p>Acquisition Financing</p> 	<p>MARLIN EQUITY PARTNERS</p> <p>has sold</p>  <p>to</p>  <p>a portfolio company of</p> <p>TJC THE JORDAN COMPANY WICKS</p> <p>Sell-Side</p> 	<p>WICKS</p> <p>has sold</p>  <p>to</p> <p>TJC THE JORDAN COMPANY</p> <p>Sell-Side</p> 	 <p>has acquired</p>  <p>Buy-Side</p> 	<p>Management and key shareholders</p> <p>of</p>  <p>have sold a majority stake to</p>  <p>Sell-Side</p> 
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## Lincoln International's Commerce Enablement Sector

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 Practice has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-

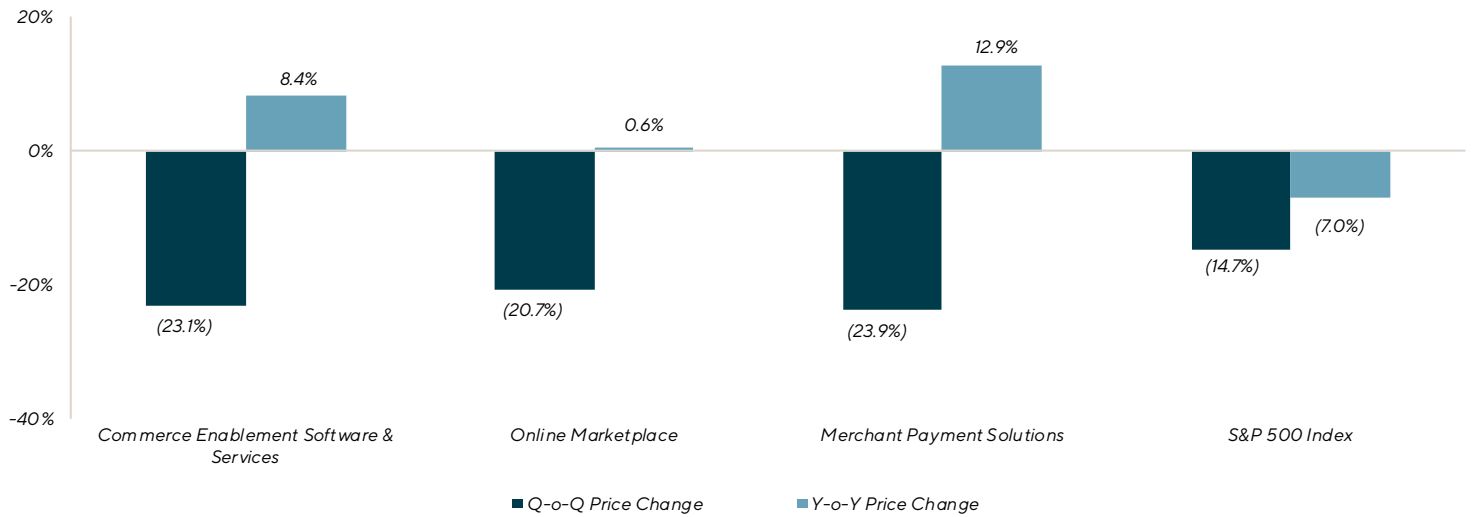
specific expertise, global buyer access and unmatched execution within the Commerce Enablement space. This update tracks pricing and valuation metrics and transaction activity for transaction activity for multiple segments within the commerce enablement sector, including:

- Business Intelligence & Analytics
- CRM & Lead Management
- Digital Content & Data Management
- Mobile & Social Commerce
- Multichannel Ordering & Fulfillment
- Shopping Tools & Enabling Technologies

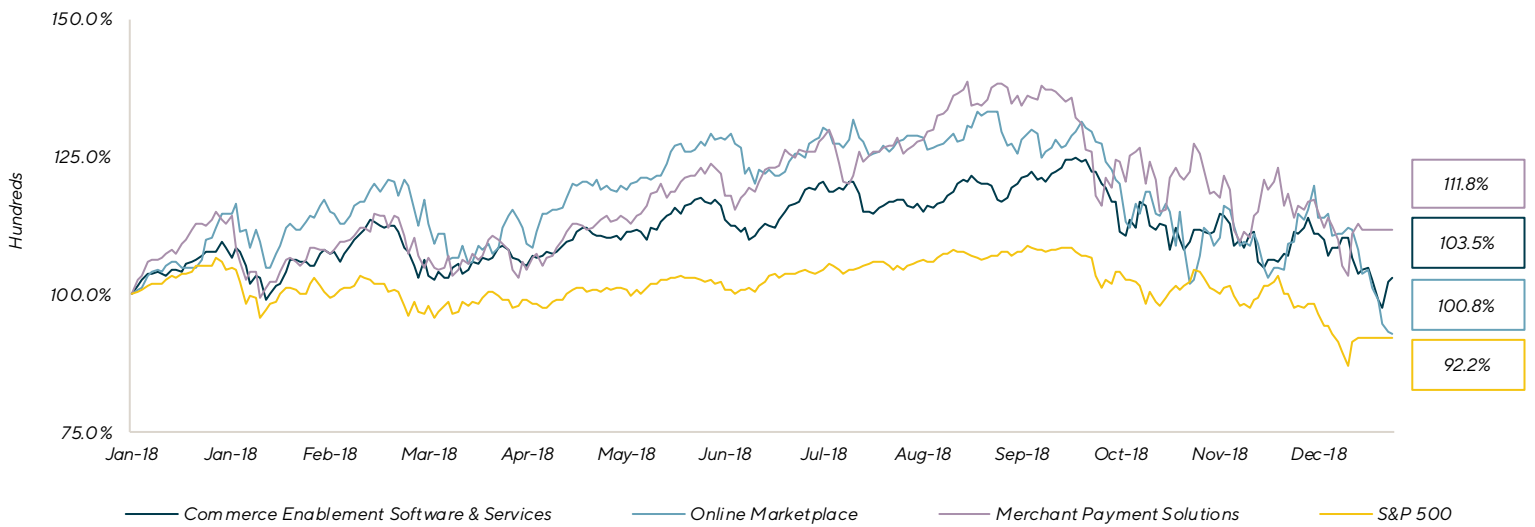
### Spotlight Transaction

10/25/2018: **Gladson**, the Illinois-based platform for the creation, hosting and syndication of product content, digital assets, and rich content for brands, retailers, and food distributors announced that **The Jordan Company**, a New York-based private investment firm, has acquired a majority stake the business from **Wicks Capital Partners**, a New York-based private investment firm, which will remain an investor. The announcement comes following the sequential announcements of **Gladson's** acquisitions of **FSENet+**, **Webcollage**, and **Nutritionix**, all in 2018, to become the industry's leading provider of product information and digital rich media. The combined entities enable the efficient transfer of product information and digital assets from manufacturers to retailers and food service distributors in an end-to-end platform.

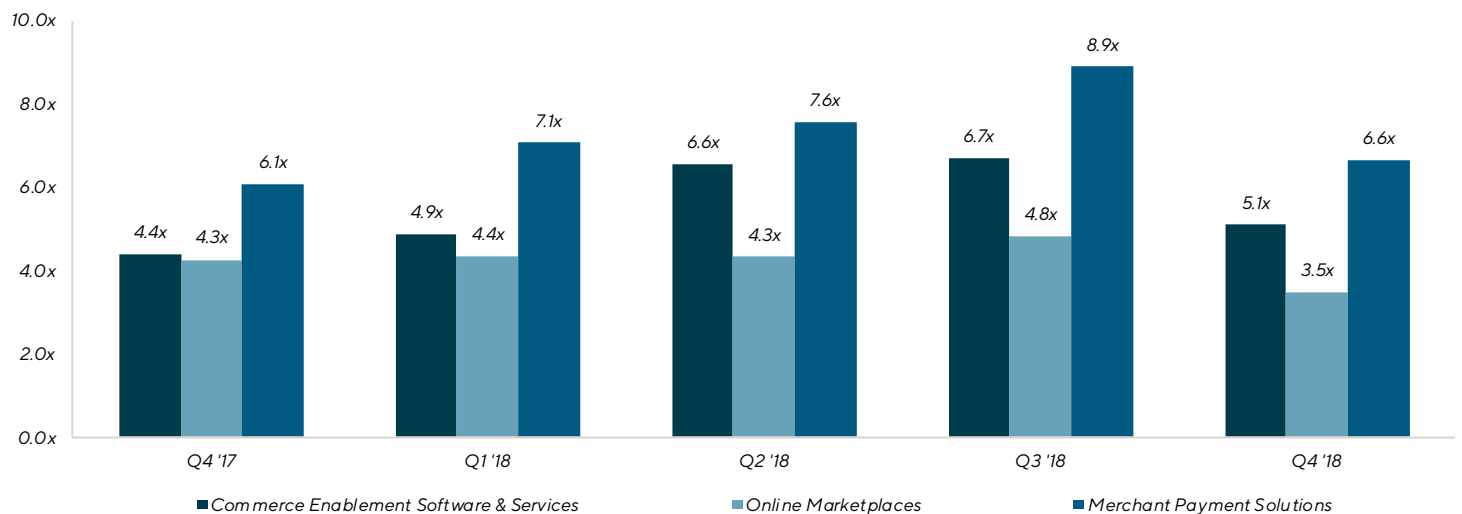
## Quarter over Quarter & Year over Year Stock Indices Price Change



## 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	\$4.75	79.8%	\$1,902	\$2,264	\$527	\$139	29.5%	26.4%	4.3x	16.3x
Adobe Inc.	223.13	80.4%	108,917	109,813	9,030	3,160	23.7%	35.0%	12.2x	34.8x
Akamai Technologies, Inc.	61.05	73.5%	9,943	9,687	2,674	698	9.3%	26.1%	3.6x	13.9x
Blucora, Inc.	26.02	62.9%	1,248	1,442	557	105	11.7%	18.9%	2.6x	13.7x
Cardlytics, Inc.	10.62	37.5%	227	226	142	(29)	11.5%	(20.5%)	1.6x	NM
ChannelAdvisor Corporation	11.61	74.3%	317	270	131	(2)	8.6%	(1.7%)	2.1x	NM
Cognizant Technology Solutions Corporation	62.93	73.9%	36,438	32,399	15,824	3,305	9.6%	20.9%	2.0x	9.8x
DocuSign, Inc.	40.50	59.3%	6,693	6,031	650	(336)	70.4%	(51.7%)	9.3x	NM
eGain Corporation	6.65	34.9%	185	180	62	2	7.6%	3.7%	2.9x	NM
Endurance International Group Holdings, Inc.	6.55	59.8%	942	2,686	1,157	320	(1.5%)	27.6%	2.3x	8.4x
GoDaddy Inc.	63.93	75.2%	10,691	12,432	2,567	384	21.3%	15.0%	4.8x	32.4x
LiveRamp Holdings, Inc.	38.59	74.9%	2,625	2,764	944	90	72.0%	9.5%	2.9x	30.7x
Manhattan Associates, Inc.	42.08	67.4%	2,751	2,657	559	152	(6.6%)	27.2%	4.8x	17.5x
Oracle Corporation	44.82	83.8%	160,855	170,240	39,893	15,899	2.8%	39.9%	4.3x	10.7x
Quotient Technology Inc.	10.74	67.2%	1,022	847	373	19	22.5%	5.1%	2.3x	NM
salesforce.com, inc.	134.68	83.6%	103,030	103,971	12,484	1,176	25.2%	9.4%	8.3x	NM
SAP SE	99.20	78.0%	119,128	122,535	27,983	7,250	1.3%	25.9%	4.4x	16.9x
Shopify Inc.	133.46	75.6%	14,725	13,147	952	(66)	63.9%	(7.0%)	13.8x	NM
Stamps.com Inc.	155.32	54.4%	2,812	2,814	549	219	24.2%	39.8%	5.1x	12.9x
Zuora, Inc.	17.65	46.7%	1,915	1,756	221	(62)	95.5%	(28.3%)	7.9x	NM
<b>Mean</b>		<b>67.2%</b>					<b>25.1%</b>	<b>11.1%</b>	<b>5.1x</b>	<b>18.1x</b>
<b>Online Marketplaces</b>										
Alibaba Group Holding Limited	\$139.09	65.7%	\$357,730	\$362,165	\$45,281	\$12,184	52.8%	26.9%	8.0x	29.7x
Amazon.com, Inc.	1,478.02	72.1%	722,705	740,159	220,957	24,905	37.1%	11.3%	3.3x	29.7x
CarGurus, Inc.	33.53	58.6%	3,691	3,543	419	14	45.9%	3.3%	8.5x	NM
eBay Inc.	28.24	60.1%	27,190	31,600	10,216	2,985	6.3%	29.2%	3.1x	10.6x
Etsy, Inc.	47.29	81.1%	5,697	5,392	540	86	30.1%	15.9%	10.0x	NM
Expedia Group, Inc.	113.29	81.1%	16,877	18,786	10,983	1,283	11.7%	11.7%	1.7x	14.6x
Liquidity Services, Inc.	6.35	79.4%	210	132	225	(16)	(16.9%)	(7.0%)	0.6x	NM
Overstock.com, Inc.	14.28	15.9%	459	368	1,825	(171)	0.6%	(9.4%)	0.2x	NM
Rakuten, Inc.	6.67	70.4%	9,009	11,801	9,326	1,659	16.8%	17.8%	1.3x	7.1x
Vipshop Holdings Limited	5.60	29.3%	3,713	3,619	12,021	494	18.0%	4.1%	0.3x	7.3x
Wayfair Inc.	90.74	60.0%	8,198	8,210	6,204	(334)	45.4%	(5.4%)	1.3x	NM
<b>Mean</b>		<b>61.2%</b>					<b>22.5%</b>	<b>8.9%</b>	<b>3.5x</b>	<b>16.5x</b>
<b>Merchant Payment Solutions</b>										
First Data Corporation	\$16.94	63.6%	\$15,865	\$35,905	\$8,617	\$3,017	7.8%	35.0%	4.2x	11.9x
FleetCor Technologies, Inc.	183.49	79.7%	16,266	19,815	2,400	1,292	11.4%	53.8%	8.3x	15.3x
Global Payments Inc.	102.54	79.3%	16,223	20,918	3,540	1,270	(17.2%)	35.9%	5.9x	16.5x
PayPal Holdings, Inc.	83.26	88.9%	98,110	90,523	14,969	2,699	21.4%	18.0%	6.0x	33.5x
Square, Inc.	55.87	55.2%	23,102	22,955	2,982	(0)	45.4%	(0.0%)	7.7x	NM
Worldpay, Inc.	76.39	73.8%	22,716	30,690	3,941	1,322	0.7%	33.6%	7.8x	23.2x
<b>Mean</b>		<b>73.4%</b>					<b>11.6%</b>	<b>29.4%</b>	<b>6.6x</b>	<b>20.1x</b>

Sources: Bloomberg, Capital IQ and company filings, as of 12/28/2018

# Market Intelligence

10/25/2018: **Waitr Holdings (NASDAQ:WTRH)**, the Louisiana-based restaurant platform for online food ordering and delivery, has agreed to acquire **Bite Squad**, the Minnesota-based online and mobile food delivery service for USD 321 million. **Bite Squad** operates a three-sided marketplace, consistent with **Waitr's** business model, which connects more than 11,000 active restaurants with approximately 6,300 W-2 drivers and approximately 889,000 active diners. **Bite Squad's** strategy is to be a market leader in nearly all of the markets in which they operate. The acquisition expands **Waitr's** scale and footprint across the U.S. to more than 500 cities in 22 states.

10/30/2018: **Quotient Technology**, a digital promotions, media and analytics solutions developer, announced at the end of October 2018 that it has acquired UK-based **Elevaate**, which has an in-market technology platform that drives ecommerce sales through sponsored search and product ads on retailers' ecommerce properties and elsewhere on the web. The acquisition enables **Quotient** to help its retailer partners boost ecommerce media and sales at a time when shoppers are initiating more of their trips directly on retailer websites.

"This is a great enhancement to our media solutions for retailer partners and our consumer packaged goods (CPG) clients," said Mir Aamir, President and CEO of **Quotient**. "Brands are eager to get prominent placements on the digital shelf, and shoppers have come to expect and engage with featured products and sponsored results when they search for a product. **Quotient** is already the exclusive digital media partner for retailers that represent combined annual grocery sales of about USD 150bn, and this ecommerce media capability is a great addition to our retail performance media platform."

12/08/2018: **Salsify**, a provider of product experience management (PXM) solutions for brands, is planning an expansion strategy into Europe and Asia. Founded in 2012, **Salsify** offers brand manufacturers in various industries a platform to manage and optimize product information for online shoppers. The company raised USD 43 million late last year in a Series D round led by **Greenspring Associates** with participation from existing investors **Matrix Partners, Venrock, Underscore VC** and **North Bridge Venture Partners**.

12/11/2018: **Cognizant (NASDAQ:CTSH)**, the New Jersey-based provider of professional services, announced it is acquiring **Mustache**, the New York-based and privately-held creative content agency known for its innovative approach to planning, producing and distributing compelling video content and programming. The acquisition will expand **Cognizant Interactive's** digital content capabilities, adding video development and distribution.

12/11/2018: New Zealand-based online market place **Trade Me (NZE:TME)** has entered into a scheme implementation agreement under which funds advised by **Apax Partners** will acquire 100% of **Trade Me** shares for NZD 6.45 per share, which totals to an enterprise value of NZD 2.74bn (USD 1.9bn). The shareholder vote on the scheme is expected to be held in April 2019.

"We're confident **Trade Me** would have a successful standalone future, but we believe the certainty of the cash offer and material premium would be an attractive outcome and it merits being put to shareholders with our recommendation, in the absence of a superior proposal." - *David Kirk, Trade Me Chairman*

## Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Reimagine Holdings Group	Provides data creation and technology-enabled business intelligence services	Dynata
Announced	YOU Technology	Operates a cloud-based digital coupon platform	Inmar
Announced	Mustache	Provides content for marketers in digital, broadcast and social mediums	Cognizant Technology Solutions
Announced	Trade Me Group	Operates and manages an online marketplace and classified advertising platform	Apax Partners
Announced	Inuvo	Provides technology that connects advertisers with consumers through interactions with content	ConversionPoint Technologies
Jan-19	Precognitive	Provides enterprise fraud-prevention solutions	ShopRunner
Jan-19	BiteSquad.com	Operates an online marketplace that provides food ordering and delivery services	Waitr Holdings
Jan-19	ItemMaster	Provides retailers a free, open-source exchange for manufacturer-supplied, digital product images	Gladson Interactive
Jan-19	Edgenet	Provides product content management software	Gladson Interactive
Jan-19	Wavebid	Provides cloud-based auction management solutions	Proxibid
Jan-19	YourCause	Provides SaaS based employee engagement and grants management solutions	Blackbaud
Dec-18	Danal	Provides carrier-integrated mobile commerce solutions enabling the purchase of goods and services	Boku
Dec-18	ForeSee Results	Provides multichannel customer experience measurement and analytics services	Verint Systems
Dec-18	7Park Data	Operates a cloud-based data analytics platform that provides intelligence solutions for decision makers	Vista Equity Partners
Dec-18	Triton Digital	Provides technology solutions for the digital audio marketplace	The E.W. Scripps Company
Dec-18	Information Resources	Operates a cloud-based visualization platform that combines big data with predictive analytics	Vestor Capital Partners
Nov-18	The Partnership	Operates as an interactive, advertising and design company	M3 Effect
Nov-18	Spreesy	Provides social commerce solutions	CommentSold
Nov-18	Feefo	Provides SaaS based consumer ratings and reviews platform	Vespa Capital
Nov-18	OrderDynamics	Provides ecommerce solutions to multi-channel retailers	TECSYS
Nov-18	Tapingo	Provides mobile ordering services	GrubHub
Nov-18	Flywheel Digital LLC	Provides information technology managed services	Ascential plc
Oct-18	Elevaate Limited	Operates an online platform that enables open trading environment between site owners	Quotient Technology Inc.
Oct-18	Gladson Interactive	Provides digital content and related services to support omnichannel initiatives	The Jordan Company
Oct-18	MyWebGrocer	Provides digital solutions to grocery and consumer packaged goods industries	Mi9 Retail
Oct-18	Defakto	Provides customer experience design and technology enablement services	Ansira

Source: Capital IQ, Mergermarket, Company Filings as of 12/31/2018

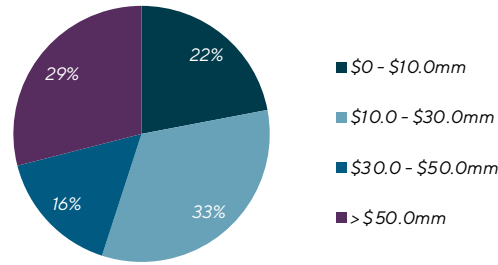
# The Lincoln VOG Database – Lincoln's Perspectives on the Mid-Market

## About the Lincoln VOG Database:

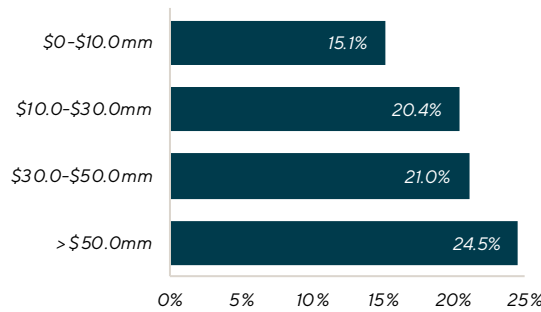
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the Valuations and Opinions Group, containing financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the mid-market 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 database contains nearly 800 mid-market companies.

## Trends by Size (LTM EBITDA)

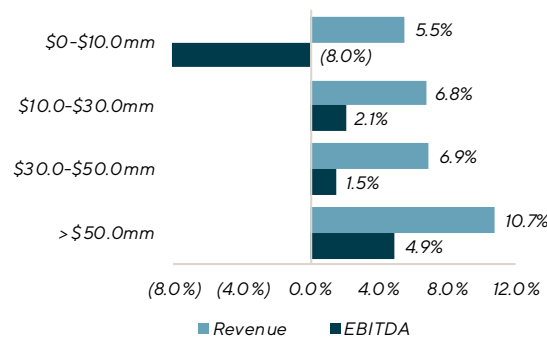
Distribution by Size



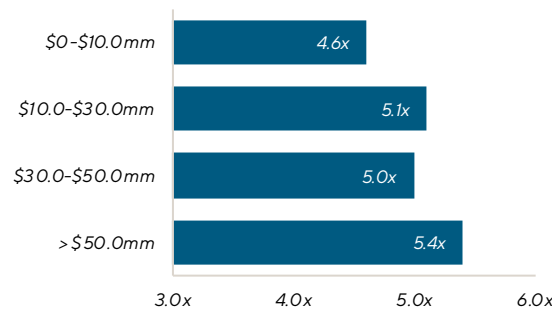
Average LTM EBITDA Margin by Size



Quarter over Prior Year Quarter Revenue and EBITDA by Size

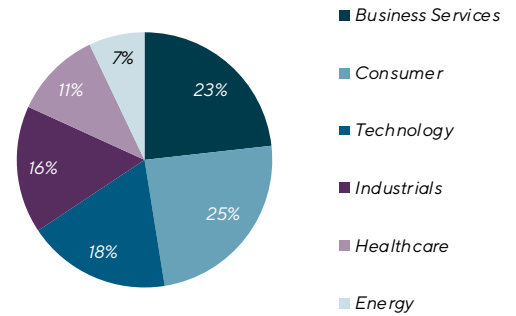


Average Current Leverage by Size

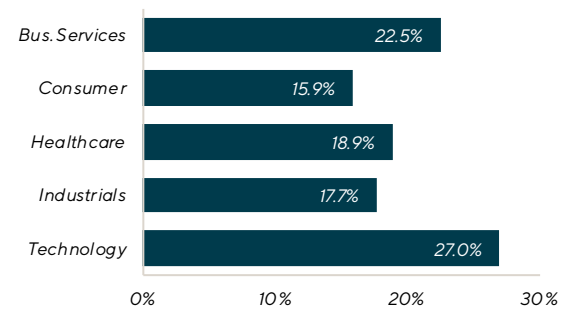


## Trends by Size (LTM EBITDA)

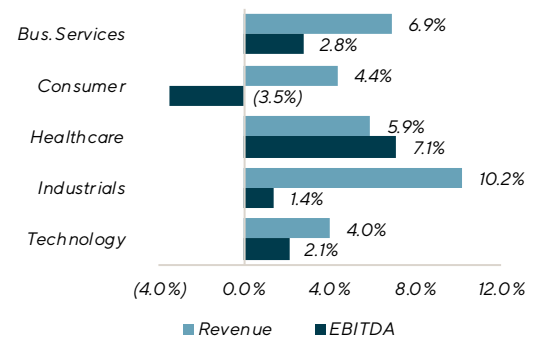
Distribution by Vertical



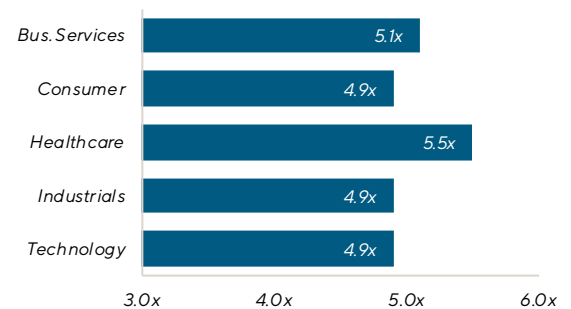
Average LTM EBITDA Margin by Vertical



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, debt advisory, growth equity and restructuring 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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