

# VALUE FOCUS

# FinTech Industry



## Second Quarter 2018

Broader markets in second quarter 2018 were up slightly despite the uptick in volatility related to trade war concerns. Broadly speaking, earnings came in relatively strong with the inclusion of a full quarter of the lower tax rates for 1Q18. Related to FinTech specifically, all three FinTech niches that we track outperformed the S&P 500 by a relatively wide margin in the last twelve months. The Payments, Solutions, and Technology niches were up 43%, 25%, and 30%, respectively, compared to 14% for the S&P 500. A significant portion of this outperformance occurred in the second quarter of 2018 with the niches up 14-22% compared to a 3% return

for the S&P 500. Additionally, the FinTech IPO drought that started in 2016 finally ended with three new IPOs (EVO Payments, GreenSky, and i3 Verticals) in the second quarter of 2018. Merger and acquisition activity declined in the first half of 2018, but there was a notable increase in larger deals with 7 transactions having deal values greater than \$1 billion (compared to only one in the first half of 2017).

While interest in the FinTech sector remains high, the outlook remains uncertain as competitive pressures, continuing technological change, and regulatory/policy uncertainty remain.

The strong 2017 and first half of 2018 in the publicly traded FinTechs are driving a pick-up in larger exit/IPO FinTech activity. This outperformance of the publicly traded FinTechs combined with a notable increase in larger exit activity (both IPOs and deals) should bode well for venture and growth funding trends for the remainder of 2018 and 2019 as gains harvested by investors can be redeployed in more early stage and high growth private FinTech companies.



# FinTech Industry Services

Mercer Capital provides financial technology companies with valuation, financial advisory, and consulting services.

## Services Provided

- Valuation of financial technology companies
- Financial advisory/valuations for acquisitions and divestitures
- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Litigation support for economic damages and valuation and shareholder disputes
- Consulting and board presentations for corporate and strategic planning

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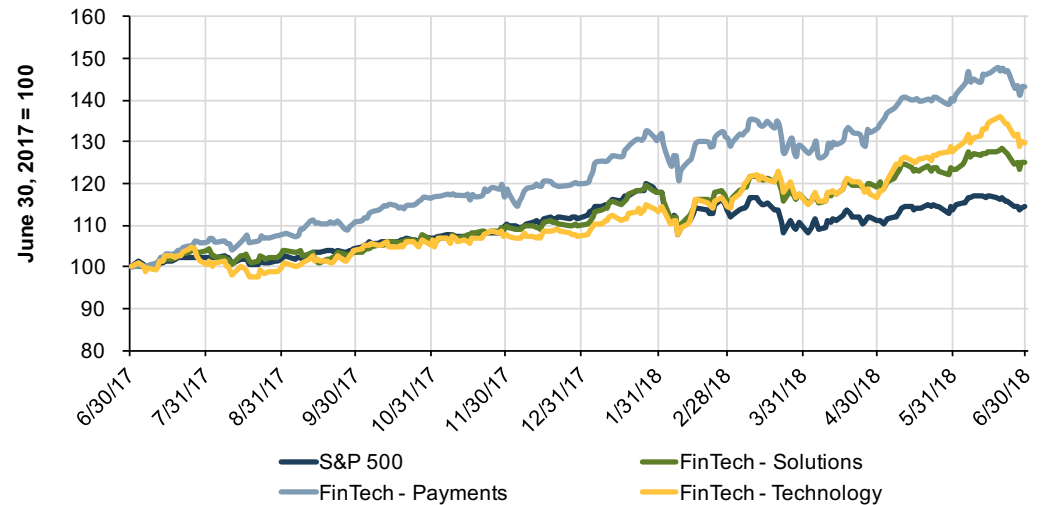
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<http://mer.cr/FinTech>

## Public Market Indicators

In the last twelve months, all three FinTech niches of Payments, Technology and Solutions outperformed the market.

- The Payments, Solutions, and Technology niches ended the last twelve months up 43%, 25%, and 30% respectively.
- All three niches outperformed the S&P 500 which was up 14% in the last twelve months.



Source: S&P Global Market Intelligence

### Median Total Return

as of June 30, 2018

| Segment              | MTD 18      | 1H18        | LTM 6/18     |
|----------------------|-------------|-------------|--------------|
| FinTech - Payments   | 2.4%        | 19.4%       | 43.4%        |
| FinTech - Solutions  | 1.4%        | 13.9%       | 25.1%        |
| FinTech - Technology | 1.7%        | 21.2%       | 29.9%        |
| <b>S&amp;P 500</b>   | <b>0.6%</b> | <b>2.6%</b> | <b>14.4%</b> |

Source: S&P Global Market Intelligence

#### FINTECH NEWSLETTER: PUBLIC MARKET INDICATORS

Each quarter, the FinTech newsletter reviews the public FinTech market.

To receive quarterly updates, follow the link below.

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## Valuation Multiples

as of June 30, 2018

| Segment              | Price /<br>LTM EPS | Price /<br>2018 (E) EPS | Price /<br>2019 (E) EPS | Ent'p Value /<br>LTM EBITDA | Ent'p Value /<br>FY18 (E) EBITDA | Ent'p Value /<br>FY19 (E) EBITDA | Ent'p Value /<br>LTM Revenue |
|----------------------|--------------------|-------------------------|-------------------------|-----------------------------|----------------------------------|----------------------------------|------------------------------|
| FinTech - Payments   | 29.2               | 21.8                    | 19.0                    | 16.9                        | 14.2                             | 11.5                             | 4.1                          |
| FinTech - Solutions  | 31.3               | 23.7                    | 21.1                    | 19.0                        | 13.8                             | 12.3                             | 4.5                          |
| FinTech - Technology | 42.8               | 30.3                    | 27.0                    | 21.5                        | 18.7                             | 15.7                             | 4.0                          |

Source: S&P Global Market Intelligence

Consistent with recent historical growth patterns and near-term outlook, FinTech companies remain priced at a premium to the broader markets with the S&P 500 priced at ~16x estimated forward earnings at end of 2Q18 (per [FactSet](#)).

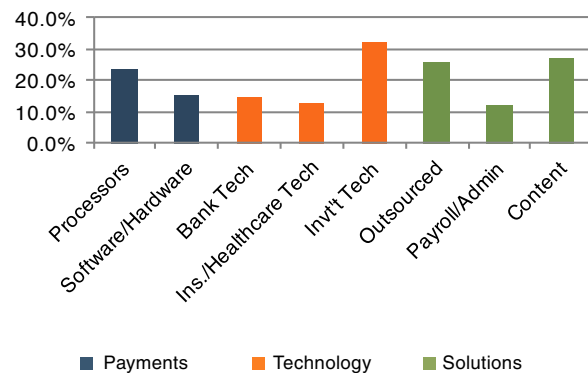
Despite the heightened returns during the last year, the Payments niche reported lower valuation multiples than the Solutions and Technology niches.

Investors continue to weigh market potential and growth for the sector against recent FinTech performance and profitability while traditional financial incumbents are weighing whether to develop FinTech partnerships, develop their own in-house solutions or acquire FinTech companies.

The Technology niche reported the highest P/E and EV/EBITDA multiples compared to the other two niches, primary reflecting their lower margins as price-to-revenue multiples were lower than other niches.

## FinTech Margins

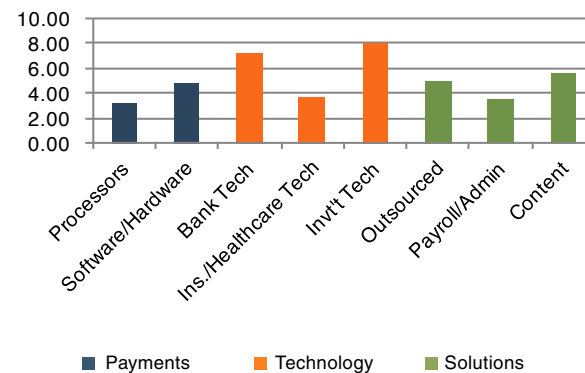
EBITDA Margin (LTM)



Source: S&P Global Market Intelligence

## FinTech Revenue Multiples

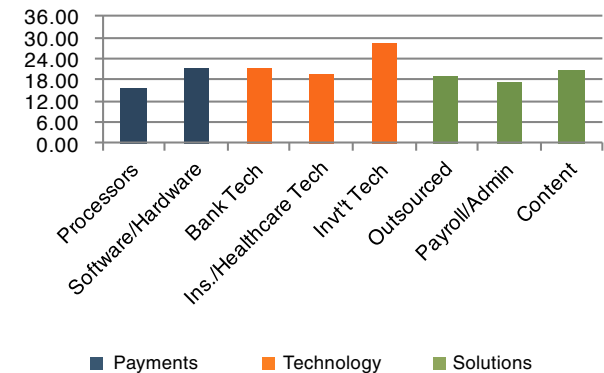
EV / Revenue (LTM)



Source: S&P Global Market Intelligence

## FinTech EBITDA Multiples

EV / EBITDA (LTM)



Source: S&P Global Market Intelligence

# FinTech M&A

## Second Quarter 2018

Industry deal activity declined 6.4% in the first half of 2018 compared to the first half of 2017.

- While the solutions niche had a significant increase in activity of approximately 47.4%, industry activity was offset by declines in the payments and technology niches.

Deal value/revenue multiples declined by 28.2% in the first half of 2018 compared to the first half of 2017, but there was a significant increase in larger deals, particularly deals greater than \$1 billion.

Interestingly, while deal volume and pricing multiples declined, the total and median deal value spiked in the first half of 2018 due to the increase in larger deals.

### FINTECH NEWSLETTER: M&A

Each quarter, the FinTech newsletter reviews FinTech M&A activity. Mercer Capital provides valuation and transaction advisory services (M&A, fairness opinions, and consulting) to FinTech companies.

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### Deal Activity

|                                  | 1H18       | 1H17      | 2017       | % Change<br>1H18 / 1H17 |
|----------------------------------|------------|-----------|------------|-------------------------|
| # of Deals                       | 88         | 94        | 180        | -6.4%                   |
| Total Reported Deal Value (\$M)  | \$39,151.3 | \$7,597.1 | \$17,265.8 | 415.3%                  |
| Median Reported Deal Value (\$M) | \$172.6    | \$67.3    | \$65.0     | 156.6%                  |

### Deal Activity by FinTech Industry Niche

|                  | # of Deals |      |      | % Change |
|------------------|------------|------|------|----------|
|                  | 1H18       | 1H17 | 2017 |          |
| Payments Total   | 21         | 27   | 44   | -22.2%   |
| Technology Total | 39         | 48   | 37   | -18.8%   |
| Solutions Total  | 28         | 19   | 99   | 47.4%    |

### Median Pricing Metrics

|                                | 1H18 | 1H17 | 2017 | % Change |
|--------------------------------|------|------|------|----------|
| Deal Value / Revenue           | 2.82 | 3.93 | 3.13 | -28.2%   |
| Deal Value Greater than \$1BN  | 7    | 1    | 4    |          |
| Deal Value Greater than \$500M | 7    | 3    | 9    |          |
| Deal Value Greater than \$50M  | 14   | 15   | 37   |          |

### Median Deal Value (\$M)

|            | 1H18    | 1H17    | 2017    |
|------------|---------|---------|---------|
| Payments   | \$105.5 | \$126.0 | \$167.0 |
| Technology | \$94.0  | \$79.8  | \$140.0 |
| Solutions  | \$318.1 | \$75.0  | \$89.5  |

# FinTech IPOs

## Second Quarter 2018

The FinTech IPO drought that started in 2016 finally ended with three new IPOs in the second quarter of 2018. Despite the IPOs in 2Q18, strategic mergers and acquisitions continue to dominate exit activity in the FinTech industry as companies look beyond IPO plans.

### **EVO Payments IPO**

EVO Payments International operates as a payments services provider for in-person and ecommerce transactions. IPO price of \$16, priced at the upper-end of its projected range and will issue 14 million shares of common stock.

### **GreenSky IPO**

The company provides loan technology to banks and merchants in order to enhance the overall digital lending process. It also IPO'd on the high end of the expected price valuation at \$23 per share.

### **i3 Verticals IPO**

i3 is a small cap payment processing and software company that provides solutions to small and medium sized companies. The Nashville-based company priced initially at \$13 per share and completed an \$80 million IPO in June 2018.

# FinTech Case Study



"We see exponential growth ahead of us as we combine our FinTech products and culture with the global brand, scale, proficiencies, and distribution of Chase."

– Bill Clerico  
CEO of WePay

"With WePay, Chase is taking the work out of payments for both our business clients and the software providers who serve them."

– Matt Kane  
CEO Chase Merchant Services

# FinTech Case Study

## WePay

WePay, Inc. provides online payment gateways and payment solutions. The company offers payments processing; customized risk management systems; custom options, such as new merchant onboarding, checkout forms, confirmation emails, customer support emails, credit card statements, and mobile transactions; user onboarding merchants; mobile point of sale; funds settlement; transaction-level reporting; development tools; payment security features; and compliance solutions.

### Timeline

| Year | Significant Corporate Events  |
|------|---|
| 2008 | Company is incorporated   |
| 2009 | November: Company raises \$1,551,030 from Highland Capital Partners, August Capital, and 7 individual investors   |
| 2010 | July: Company raises \$7.4 million from Highland Capital Partners and August Capital<br>August: WePay integrates group payment application with Facebook        |
| 2012 | May: Company closes \$10 million financing round led by Ignition Partners   |
| 2014 | January: Announcement of \$15 million in funding from Continental Investors, August Capital, Highland Capital Partners, Ignition Partners, and other investors  |
| 2015 | May: Company receives \$40 million from FTV Capital, Rakuten, Inc., August Capital, Highland Capital Partners, Continental Investors LLC, and Ignition Partners |
| 2016 | May: Introduction of White Label mobile POS solution for platforms<br>June: WePay expands into the United Kingdom   |
| 2017 | December: JP Morgan Chase completes acquisition of WePay  |

Sources for Case Study:

[“Chase Closes WePay Acquisition, a Deal Valued up to 400m” TechCrunch](#)

[“WePay Officially Becomes a Chase Company” Business Wire](#)

[“SMBs Are Evolving Quickly — Can FinServ Keep Up?” Pymnts](#)



# FinTech Case Study

## WePay

### FINTECH NEWSLETTER: CASE STUDY

Each quarter, the FinTech newsletter features a case study, typically covering companies with notable VC funding rounds. Past VC case studies include TradeKing and Stripe.

[Learn More](#)

## Key Takeaways

**1. Financial institutions are expressing a growing interest in FinTech acquisitions.**

Big banks are looking to become nimbler and offer greater convenience to their customers. In addition, banks are looking to harvest more tech talent located in Silicon Valley and similar areas.

**2. Payment services companies are looking to serve their customers better.**

The transaction allows WePay to leverage Chase's existing customer base of 4 million small and medium businesses. The Company is looking to not only provide payments services for the businesses where needed but also offer a wider suite of business services that already integrate with WePay. The companies are looking to reduce payment settlement times for small businesses. More than 1,000 software companies have adopted payments as a service from WePay and expanding that business will be a priority for both Chase and WePay.

**3. Small businesses are frustrated by big banks.**

A survey in July 2017 conducted by FIS (Performance Against Customer Expectations (PACE) Report), interviewed nearly 500 small and medium businesses in the U.S. 14% of small firms that use a large global bank switched banks in the last year and more were considering switching this year. Nearly half said they might switch banks because their current provider doesn't have the products and services they need.

## What We're Reading

### CBW and Yantra Partnership

This innovative partnership involves a small community bank in Weir, KS and Yantra, a FinTech company offering innovative payment solutions and risk management.

### Why Radius Bank Engaged a Young Startup to Digitize Account Opening

This is another example of a FinTech partnership that offers both parties benefits and helps customers open accounts more efficiently and conveniently.

### Banking Blockchain: Making Virtual Currencies a Reality for Your Bank

This article discusses the possible uses and benefits blockchain provides to banks.

## Publicly Traded Payments Companies

| Ticker             | Name                              | 6/30/18 Price | Market Cap (\$M) | Ent'p Val (\$M) | Price / Earnings |       |       | Ent'p Value / EBITDA |       |       | EV / LTM | LTM Total     |              | LTM Margins |          |
|--------------------|-----------------------------------|---------------|------------------|-----------------|------------------|-------|-------|----------------------|-------|-------|----------|---------------|--------------|-------------|----------|
|                    |                                   |               |                  |                 | LTM              | FY18E | FY19E | LTM                  | FY18E | FY19E | Revenue  | Revenue (\$M) | EBITDA (\$M) | EBITDA      | Net Inc. |
| Payment Processors |                                   |               |                  |                 |                  |       |       |                      |       |       |          |               |              |             |          |
| ADS                | Alliance Data Systems Corporation | 233.20        | 12,919           | 34,065          | 16.1             | 10.3  | 9.1   | 19.6                 | 15.6  | 14.0  | 4.4      | 7,725         | 1,734        | 22%         | 10%      |
| CATM               | Cardtronics plc                   | 24.18         | 1,110            | 1,976           | NM               | 15.2  | 14.0  | 6.0                  | 7.5   | 7.2   | 1.3      | 1,486         | 330          | 22%         | -10%     |
| PMTS               | CPI Card Group Inc.               | 2.00          | 22               | 310             | NM               | NM    | NM    | 17.7                 | 14.3  | 10.4  | 1.2      | 258           | 17           | 7%          | -10%     |
| DLX                | Deluxe Corporation                | 66.21         | 3,168            | 3,843           | 13.6             | 11.6  | 11.0  | 7.9                  | 7.3   | 6.8   | 2.0      | 1,970         | 487          | 25%         | 12%      |
| EEFT               | Euronet Worldwide, Inc.           | 83.77         | 4,296            | 4,047           | 29.6             | 15.8  | 13.8  | 10.0                 | 8.5   | 7.3   | 1.7      | 2,330         | 404          | 17%         | 7%       |
| EVRI               | Everi Holdings Inc.               | 7.20          | 497              | 1,523           | NM               | 73.8  | 52.4  | 7.3                  | 6.6   | 6.2   | 1.8      | 848           | 209          | 25%         | -5%      |
| EVTC               | EVERTEC, Inc.                     | 21.85         | 1,527            | 2,077           | 28.8             | 13.2  | 12.1  | 14.5                 | 10.8  | 10.1  | 5.0      | 416           | 143          | 34%         | 13%      |
| FDC                | First Data Corporation            | 20.93         | 19,444           | 40,795          | 12.9             | 14.4  | 12.8  | 13.0                 | 12.2  | 11.5  | 4.9      | 8,331         | 2,929        | 35%         | 18%      |
| FLT                | FleetCor Technologies, Inc.       | 210.65        | 18,882           | 22,392          | 24.8             | 20.2  | 17.6  | 18.8                 | 16.4  | 14.5  | 9.7      | 2,315         | 1,192        | 52%         | 34%      |
| GPN                | Global Payments Inc.              | 111.49        | 17,788           | 21,699          | 34.3             | 21.8  | 18.8  | 18.7                 | 15.6  | 14.0  | 5.6      | 3,850         | 1,161        | 30%         | 13%      |
| GDOT               | Green Dot Corporation             | 73.39         | 3,811            | 2,602           | 34.3             | 24.4  | 21.5  | 16.8                 | 10.7  | 9.5   | 2.7      | 952           | 155          | 16%         | 12%      |
| MA                 | Mastercard Incorporated           | 196.52        | 205,161          | 203,461         | 48.5             | 31.1  | 26.8  | 26.4                 | 23.0  | 20.1  | 15.2     | 13,343        | 7,697        | 58%         | 32%      |
| MGI                | MoneyGram International, Inc.     | 6.69          | 372              | 1,079           | NM               | 10.3  | 8.0   | 5.1                  | 4.3   | 3.9   | 0.7      | 1,596         | 212          | 13%         | -2%      |
| SQ                 | Square, Inc.                      | 61.64         | 24,699           | 24,123          | NM               | 135.1 | 77.1  | NM                   | 94.6  | 53.4  | 10.0     | 2,421         | (30)         | -1%         | -3%      |
| TSS                | Total System Services, Inc.       | 84.52         | 15,409           | 19,183          | 25.1             | 19.5  | 17.7  | 18.2                 | 14.4  | 13.4  | 4.1      | 4,730         | 1,015        | 21%         | 13%      |
| JTPY               | JetPay Corporation                | 1.95          | 30               | 102             | NM               | NM    | NM    | 27.7                 | 14.2  | 11.1  | 1.3      | 77            | 4            | 5%          | -5%      |
| PAY                | VeriFone Systems, Inc.            | 22.82         | 2,527            | 3,250           | NM               | 14.5  | 12.4  | 14.8                 | 10.7  | -     | 1.8      | 1,819         | 222          | 12%         | -4%      |
| V                  | Visa Inc.                         | 132.45        | 296,661          | 307,042         | 33.5             | 28.3  | 24.3  | 23.3                 | 20.6  | 18.1  | 15.9     | 19,355        | 13,193       | 68%         | 48%      |
| WU                 | The Western Union Company         | 20.33         | 9,367            | 11,574          | NM               | 10.9  | 10.5  | 8.8                  | 8.2   | 8.0   | 2.1      | 5,611         | 1,314        | 23%         | -9%      |
| WEX                | WEX Inc.                          | 190.48        | 8,206            | 10,276          | 45.8             | 23.6  | 20.7  | 22.4                 | 16.5  | 14.9  | 7.8      | 1,314         | 459          | 35%         | 14%      |
| Median             |                                   |               | 4,296            | 4,047           | 29.2             | 15.8  | 14.0  | 15.8                 | 12.2  | 10.4  | 3.2      | 1,970         | 404          | 23%         | 10%      |

## Publicly Traded Payments Companies

| Ticker                    | Name                            | 6/30/18 Price | Market Cap (\$M) | Ent'p Val (\$M) | Price / Earnings |       |       | Ent'p Value / EBITDA |       |       | EV / LTM | LTM Total     |              | LTM Margins |          |
|---------------------------|---------------------------------|---------------|------------------|-----------------|------------------|-------|-------|----------------------|-------|-------|----------|---------------|--------------|-------------|----------|
|                           |                                 |               |                  |                 | LTM              | FY18E | FY19E | LTM                  | FY18E | FY19E | Revenue  | Revenue (\$M) | EBITDA (\$M) | EBITDA      | Net Inc. |
| Payment Software/Hardware |                                 |               |                  |                 |                  |       |       |                      |       |       |          |               |              |             |          |
| ADP                       | Automatic Data Processing, Inc. | 134.14        | 59,092           | 58,800          | 33.6             | 28.4  | 24.7  | 21.1                 | 19.3  | 17.1  | 4.5      | 13,072        | 2,782        | 21%         | 14%      |
| CVG                       | Convergys Corporation           | 24.44         | 2,226            | 2,307           | 21.5             | 14.5  | 14.1  | 6.7                  | 7.0   | 6.8   | 0.8      | 2,739         | 342          | 13%         | 4%       |
| EVOP                      | EVO Payments, Inc.              | 20.58         | 312              | 1,152           | NM               | 36.7  | 25.7  | 9.4                  | 7.8   | 6.8   | 2.2      | 523           | 122          | 23%         | -8%      |
| GSKY                      | GreenSky, Inc.                  | 21.15         | 1,217            | 1,759           | 2.8              | 33.5  | 23.7  | 11.6                 | 9.4   | 6.9   | 5.1      | 346           | 152          | 44%         | 39%      |
| IIIV                      | i3 Verticals, Inc.              | 15.22         | 400              | 512             | NM               | -     | -     | 25.4                 | -     | -     | 1.8      | 277           | 20           | 7%          | 0%       |
| NSP                       | Insperity, Inc.                 | 95.25         | 4,001            | 3,749           | 40.6             | 28.0  | 24.7  | 24.0                 | 17.2  | 15.2  | 1.1      | 3,432         | 156          | 5%          | 3%       |
| PAYX                      | Paychex, Inc.                   | 68.35         | 24,538           | 24,113          | 26.5             | 26.8  | 23.2  | 16.9                 | 17.1  | 15.6  | 7.1      | 3,381         | 1,426        | 42%         | 28%      |
| WDAY                      | Workday, Inc.                   | 121.12        | 26,162           | 24,306          | NM               | 96.0  | 73.0  | NM                   | 48.8  | 36.0  | 10.7     | 2,282         | (170)        | -7%         | -15%     |
| PAYC                      | Paycom Software, Inc.           | 98.83         | 5,837            | 5,804           | 78.3             | 39.5  | 32.2  | 63.6                 | 26.0  | 21.2  | 12.4     | 467           | 91           | 20%         | 16%      |
| PCTY                      | Paylocity Holding Corporation   | 58.86         | 3,099            | 2,970           | 90.2             | 43.2  | 49.0  | 95.6                 | 33.0  | 25.0  | 8.3      | 357           | 31           | 9%          | 10%      |
| TNET                      | TriNet Group, Inc.              | 55.94         | 3,932            | 4,015           | 19.8             | 20.6  | 19.0  | 15.6                 | 12.8  | 11.5  | 1.2      | 3,328         | 258          | 8%          | 6%       |
| UPLD                      | Upland Software, Inc.           | 34.37         | 740              | 867             | NM               | 22.2  | 20.2  | 42.9                 | 17.7  | 16.0  | 8.0      | 109           | 20           | 19%         | -15%     |
| Median                    |                                 |               | 3,516            | 3,359           | 30.0             | 28.2  | 24.2  | 21.1                 | 17.1  | 15.4  | 4.8      | 1,403         | 137          | 16%         | 5%       |
| Overall Payments Median   |                                 |               | 3,932            | 3,843           | 29.2             | 21.8  | 19.0  | 16.9                 | 14.2  | 11.5  | 4.1      | 1,970         | 222          | 21%         | 7%       |

## Publicly Traded Solutions Companies

|            |  | 6/30/18<br>Price | Market<br>Cap<br>(\$M) | Ent'p Val<br>(\$M) | Price / Earnings |       |       | Ent'p Value / EBITDA |       |       | EV / LTM | LTM Total        |                 | LTM Margins |          |
|------------|--|------------------|------------------------|--------------------|------------------|-------|-------|----------------------|-------|-------|----------|------------------|-----------------|-------------|----------|
| Ticker     | Name   |                  |                        |                    | LTM              | FY18E | FY19E | LTM                  | FY18E | FY19E | Revenue  | Revenue<br>(\$M) | EBITDA<br>(\$M) | EBITDA      | Net Inc. |
| Outsourced |  |                  |                        |                    |                  |       |       |                      |       |       |          |                  |                 |             |          |
| ACXM       | Acxiom Corporation                           | 29.95            | 2,309                  | 2,396              | 103.3            | 31.5  | 27.5  | 25.2                 | 12.9  | 12.3  | 2.6      | 917              | 95              | 10%         | 3%       |
| CSGS       | CSG Systems International, Inc.              | 40.87            | 1,375                  | 1,515              | 24.4             | 14.3  | 13.2  | 10.8                 | 7.8   | 7.3   | 1.9      | 799              | 140             | 18%         | 7%       |
| EFX        | Equifax Inc.                                 | 125.11           | 15,049                 | 17,490             | 29.0             | 21.1  | 19.5  | 16.7                 | 14.9  | 13.6  | 5.2      | 3,396            | 1,048           | 31%         | 15%      |
| EXLS       | ExlService Holdings, Inc.                    | 56.61            | 1,947                  | 1,776              | 36.0             | 20.5  | 18.7  | 15.7                 | 11.8  | 10.6  | 2.3      | 786              | 113             | 14%         | 7%       |
| FICO       | Fair Isaac Corporation                       | 193.32           | 5,769                  | 6,365              | 49.0             | 28.8  | 24.9  | 28.5                 | 24.1  | 20.2  | 6.5      | 977              | 223             | 23%         | 13%      |
| FIS        | Fidelity National Information Services, Inc. | 106.03           | 35,097                 | 43,564             | 26.0             | 20.3  | 18.2  | 17.1                 | 13.8  | 13.1  | 4.8      | 9,041            | 2,552           | 28%         | 15%      |
| FISV       | Fiserv, Inc.                                 | 74.09            | 30,335                 | 34,557             | 22.5             | 23.7  | 21.1  | 18.9                 | 15.9  | 15.3  | 6.0      | 5,742            | 1,825           | 32%         | 25%      |
| INTU       | Intuit Inc.                                  | 204.31           | 52,422                 | 50,936             | 44.8             | 36.2  | 30.2  | 28.2                 | 22.7  | 20.5  | 8.8      | 5,818            | 1,808           | 31%         | 20%      |
| PRGX       | PRGX Global, Inc.                            | 9.70             | 225                    | 223                | 52.6             | 47.3  | 26.9  | 19.1                 | 8.9   | 7.5   | 1.4      | 165              | 12              | 7%          | 2%       |
| SSNC       | SS&C Technologies Holdings, Inc.             | 51.90            | 12,357                 | 14,269             | 33.4             | 22.5  | 18.0  | 22.7                 | 13.4  | 10.2  | 8.4      | 1,690            | 629             | 37%         | 20%      |
| Median     |  |                  | 9,063                  | 10,317             | 34.7             | 23.1  | 20.3  | 19.0                 | 13.6  | 12.7  | 5.0      | 1,333            | 426             | 26%         | 14%      |

## Publicly Traded Solutions Companies

| Ticker                   | Name                                 | 6/30/18 Price | Market Cap (\$M) | Ent'p Val (\$M) | Price / Earnings |       |       | Ent'p Value / EBITDA |       |       | EV / LTM | LTM Total     |              | LTM Margins |          |
|--------------------------|--------------------------------------|---------------|------------------|-----------------|------------------|-------|-------|----------------------|-------|-------|----------|---------------|--------------|-------------|----------|
|                          |                                      |               |                  |                 | LTM              | FY18E | FY19E | LTM                  | FY18E | FY19E | Revenue  | Revenue (\$M) | EBITDA (\$M) | EBITDA      | Net Inc. |
| Payroll/Administration   |                                      |               |                  |                 |                  |       |       |                      |       |       |          |               |              |             |          |
| ACIW                     | ACI Worldwide, Inc.                  | 24.67         | 2,872            | 3,480           | NM               | 38.2  | 26.8  | 22.1                 | 13.4  | 11.5  | 3.5      | 1,002         | 158          | 16%         | -1%      |
| EPAY                     | Bottomline Technologies (de), Inc.   | 49.83         | 2,034            | 2,082           | NM               | 38.9  | 32.2  | 45.7                 | 22.1  | 19.1  | 5.5      | 381           | 46           | 12%         | -2%      |
| BR                       | Broadridge Financial Solutions, Inc. | 115.10        | 13,573           | 14,423          | 33.9             | 27.3  | 23.8  | 17.6                 | 17.8  | 15.9  | 3.3      | 4,355         | 822          | 19%         | 9%       |
| CDK                      | CDK Global, Inc.                     | 65.05         | 8,561            | 10,254          | 26.9             | 18.2  | 14.6  | 15.2                 | 11.8  | 10.6  | 4.5      | 2,269         | 676          | 30%         | 15%      |
| DBD                      | Diebold Nixdorf, Incorporated        | 11.95         | 908              | 2,859           | NM               | 11.8  | 8.5   | 8.6                  | 7.3   | 6.7   | 0.6      | 4,571         | 324          | 7%          | -5%      |
| NCR                      | NCR Corporation                      | 29.98         | 3,547            | 7,112           | 20.2             | 9.1   | 8.3   | 7.7                  | 6.2   | 5.9   | 1.1      | 6,555         | 918          | 14%         | 3%       |
| NTWK                     | NetSol Technologies, Inc.            | 5.55          | 64               | 76              | NM               | -     | -     | 19.0                 | -     | -     | 1.3      | 59            | 5            | 8%          | 0%       |
| PEGA                     | Pegasystems Inc.                     | 54.80         | 4,306            | 4,051           | NM               | 46.8  | 39.0  | NM                   | 29.6  | 23.8  | 4.9      | 819           | 5            | 1%          | -1%      |
| WK                       | Workiva Inc.                         | 24.40         | 1,043            | 981             | NM               | NM    | NM    | NM                   | NM    | NM    | 4.5      | 216           | (42)         | -20%        | -22%     |
| Median                   |                                      |               | 2,872            | 3,480           | 26.9             | 22.8  | 19.2  | 17.6                 | 12.6  | 11.1  | 3.5      | 1,002         | 158          | 12%         | -1%      |
| Content                  |                                      |               |                  |                 |                  |       |       |                      |       |       |          |               |              |             |          |
| CLGX                     | CoreLogic, Inc.                      | 51.90         | 4,237            | 5,823           | 26.6             | 19.1  | 17.0  | 14.6                 | 11.9  | 11.1  | 3.1      | 1,856         | 400          | 22%         | 9%       |
| CSGP                     | CoStar Group, Inc.                   | 412.63        | 15,016           | 14,085          | 93.0             | 54.5  | 42.3  | 53.0                 | 36.4  | 28.7  | 13.9     | 1,012         | 266          | 26%         | 15%      |
| DNB                      | The Dun & Bradstreet Corporation     | 122.65        | 4,548            | 5,707           | 24.1             | 14.5  | 13.9  | 11.3                 | 10.8  | 10.4  | 3.2      | 1,779         | 502          | 28%         | 11%      |
| FDS                      | FactSet Research Systems Inc.        | 198.10        | 7,701            | 8,032           | 30.4             | 22.5  | 20.2  | 18.4                 | 17.3  | 15.8  | 6.0      | 1,331         | 436          | 33%         | 19%      |
| TRU                      | TransUnion                           | 71.64         | 13,182           | 15,524          | 30.2             | 29.7  | 26.3  | 20.8                 | 18.1  | 16.3  | 7.7      | 2,016         | 735          | 36%         | 22%      |
| FORR                     | Forrester Research, Inc.             | 41.95         | 754              | 618             | 73.3             | 30.0  | 26.6  | 20.7                 | 13.8  | 11.9  | 1.8      | 338           | 30           | 9%          | 3%       |
| IT                       | Gartner, Inc.                        | 132.90        | 12,126           | 14,912          | NM               | 35.5  | 29.7  | 35.7                 | 20.1  | 17.8  | 4.1      | 3,650         | 418          | 11%         | -1%      |
| MORN                     | Morningstar, Inc.                    | 128.25        | 5,453            | 5,247           | 34.3             | -     | -     | 20.7                 | -     | -     | 5.5      | 946           | 255          | 27%         | 17%      |
| VRSK                     | Verisk Analytics, Inc.               | 107.64        | 17,789           | 20,417          | 31.3             | 26.2  | 24.2  | 20.2                 | 18.1  | 16.7  | 9.2      | 2,224         | 1,011        | 45%         | 26%      |
| Median                   |                                      |               | 7,701            | 8,032           | 30.8             | 26.2  | 24.2  | 20.7                 | 17.3  | 15.8  | 5.5      | 1,779         | 418          | 27%         | 15%      |
| Overall Solutions Median |                                      |               | 5,001            | 6,094           | 31.3             | 23.7  | 21.1  | 19.0                 | 13.8  | 12.3  | 4.5      | 1,510         | 362          | 20%         | 9%       |

## Publicly Traded Technology Companies

|                                 |                                  |               |                  |                 | Price / Earnings |       |       | Ent'p Value / EBITDA |       |       | EV / LTM | LTM Total     |              | LTM Margins |          |
|---------------------------------|----------------------------------|---------------|------------------|-----------------|------------------|-------|-------|----------------------|-------|-------|----------|---------------|--------------|-------------|----------|
|                                 |                                  |               |                  |                 | LTM              | FY18E | FY19E | LTM                  | FY18E | FY19E | Revenue  | Revenue (\$M) | EBITDA (\$M) | EBITDA      | Net Inc. |
| Ticker                          | Name                             | 6/30/18 Price | Market Cap (\$M) | Ent'p Val (\$M) |                  |       |       |                      |       |       |          |               |              |             |          |
| Banking Technology              |                                  |               |                  |                 |                  |       |       |                      |       |       |          |               |              |             |          |
| ELLI                            | Ellie Mae, Inc.                  | 103.84        | 3,567            | 3,335           | 81.7             | 58.8  | 42.3  | 46.4                 | 25.5  | 20.0  | 7.5      | 442           | 72           | 16%         | 10%      |
| QTWO                            | Q2 Holdings, Inc.                | 57.05         | 2,423            | 2,304           | NM               | NM    | 212.4 | NM                   | 101.2 | 66.0  | 11.3     | 204           | (13)         | -6%         | -12%     |
| JKHY                            | Jack Henry & Associates, Inc.    | 130.36        | 10,076           | 10,124          | 28.4             | 33.9  | 30.8  | 21.5                 | 18.6  | 16.3  | 6.7      | 1,503         | 470          | 31%         | 24%      |
| PFMT                            | Performant Financial Corporation | 2.15          | 111              | 142             | NM               | NM    | NM    | 7.0                  | 71.2  | 12.3  | 0.9      | 156           | 20           | 13%         | -1%      |
| Median                          |                                  |               | 2,995            | 2,819           | 55.0             | 46.4  | 42.3  | 21.5                 | 48.3  | 18.2  | 7.1      | 323           | 46           | 15%         | 5%       |
| Insurance/Healthcare Technology |                                  |               |                  |                 |                  |       |       |                      |       |       |          |               |              |             |          |
| ATHN                            | athenahealth, Inc.               | 159.14        | 6,431            | 6,558           | 76.3             | 39.0  | 33.6  | 30.9                 | 17.5  | 15.7  | 5.2      | 1,264         | 212          | 17%         | 7%       |
| CRVL                            | CorVel Corporation               | 54.00         | 1,023            | 967             | 28.9             | -     | -     | 13.9                 | -     | -     | 1.7      | 558           | 70           | 12%         | 6%       |
| CRD.B                           | Crawford & Company               | 8.65          | 476              | 691             | 17.1             | 11.2  | 9.1   | 6.5                  | 5.4   | 4.9   | 0.6      | 1,112         | 106          | 10%         | 3%       |
| EBIX                            | Ebix, Inc.                       | 76.25         | 2,399            | 2,745           | 24.1             | 20.2  | 17.6  | 20.7                 | 16.3  | 14.6  | 7.0      | 393           | 132          | 34%         | 26%      |
| GWRE                            | Guidewire Software, Inc.         | 88.78         | 7,126            | 6,434           | NM               | 83.4  | 63.3  | NM                   | 46.9  | 35.6  | 10.8     | 594           | 17           | 3%          | -13%     |
| HMSY                            | HMS Holdings Corp.               | 21.62         | 1,799            | 1,955           | 41.6             | 25.3  | 23.0  | 18.1                 | 14.4  | 13.5  | 3.6      | 549           | 108          | 20%         | 8%       |
| MGLN                            | Magellan Health, Inc.            | 95.95         | 2,322            | 2,832           | 22.9             | 19.7  | 16.5  | 12.5                 | 7.6   | 7.1   | 0.4      | 6,338         | 226          | 4%          | 2%       |
| CSLT                            | Castlight Health, Inc.           | 4.25          | 578              | 509             | NM               | NM    | NM    | NM                   | NM    | 57.6  | 3.6      | 140           | (53)         | -38%        | -40%     |
| HQY                             | HealthEquity, Inc.               | 75.10         | 4,660            | 4,390           | 83.3             | 71.6  | 56.5  | 57.7                 | 40.1  | 31.3  | 18.0     | 244           | 76           | 31%         | 23%      |
| INOV                            | Inovalon Holdings, Inc.          | 9.93          | 1,511            | 1,303           | 100.0            | 29.6  | 25.0  | 23.4                 | 8.1   | 6.7   | 3.0      | 434           | 56           | 13%         | 3%       |
| EVH                             | Evolent Health, Inc.             | 21.05         | 1,622            | 1,555           | NM               | NM    | 122.1 | NM                   | 72.4  | 36.8  | 3.3      | 468           | (24)         | -5%         | -12%     |
| Median                          |                                  |               | 1,799            | 1,955           | 35.2             | 25.3  | 24.0  | 19.4                 | 15.4  | 14.6  | 3.6      | 549           | 76           | 12%         | 3%       |
| Investment Technology           |                                  |               |                  |                 |                  |       |       |                      |       |       |          |               |              |             |          |
| ENV                             | Envestnet, Inc.                  | 54.95         | 2,485            | 2,864           | 140.1            | 30.3  | 25.1  | 34.2                 | 18.7  | 15.5  | 4.0      | 724           | 85           | 12%         | 2%       |
| MSCI                            | MSCI Inc.                        | 165.43        | 14,727           | 15,956          | 44.1             | 31.4  | 27.0  | 23.0                 | 20.3  | 18.2  | 12.0     | 1,324         | 694          | 52%         | 26%      |
| Median                          |                                  |               | 8,606            | 9,410           | 92.1             | 30.9  | 26.1  | 28.6                 | 19.5  | 16.9  | 8.0      | 1,024         | 390          | 32%         | 14%      |
| Overall Technology Median       |                                  |               | 2,399            | 2,745           | 42.8             | 30.3  | 27.0  | 21.5                 | 18.7  | 15.7  | 4.0      | 549           | 76           | 13%         | 3%       |



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