

VALUE FOCUS

FinTech Industry

Third Quarter 2018

Broader markets in the third quarter of 2018 were relatively strong with returns at ~8%. All three FinTech niches that we track outperformed the S&P 500 by a relatively wide margin in the first three quarters of 2018. The Payments, Solutions, and Technology niches were up 37%, 26%, and 32%, respectively, in the first three quarters of 2018 compared to 11% for the S&P 500. A portion of this outperformance occurred in the third quarter of 2018 with the niches up 9-15% compared to an 8% 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 slightly in the first three quarters of 2018 (as measured by number of

deals), but there was a notable increase in larger deals with 14 transactions having deal values greater than \$500 million (compared to only seven 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. A strong 2017 and YTD 2018 in publicly traded FinTechs appears to have driven a pick-up in larger exit/IPO FinTech activity. This reflects continued maturation of the sector and could 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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<http://mer.cr/FinTech>

How to Value an Early-Stage FinTech Company

FinTech companies are the emerging and hyped sector of the financial services industry. Looking at FinTech's recent activity, many of these companies began as start-ups looking to raise millions of dollars in hopes of becoming the next "unicorn" – an industry term describing a tech company valued at a billion dollars or more. While this business trajectory may seem simple and attractive, FinTech companies usually have a highly complex structure made up of many investors of different origins, including venture, corporate, and/or private equity, all with different preferences and capital structures.

Valuing a FinTech company can be a very complicated and difficult task; however, it carries significance for employees, investors, and stakeholders of the company. While FinTech companies have large differences, including niche (payments, solutions, technologies, etc.) and stage of development, understanding the value of a FinTech company is crucial to everyone with an interest in the company.

Market Considerations

FinTech companies usually operate within a certain market niche, and understanding a FinTech company's performance in a particular niche is imperative to determining its value. Analysis of market dynamics is critical for this valuation, which includes factors such as market size, potential market available, and growth prospects. Among other relevant metrics, companies must consider the absolute market value, existing competitors, and potential income to be derived for their particular technology. Early-stage

FinTech companies require additional considerations, including a potential new market created by greater innovators.

Another important consideration for valuing a FinTech company is the regulatory and compliance environment. Financial services, such as banks, are heavily regulated, so understanding the rules and regulations is difficult, but highly impactful. FinTech companies are usually at the forefront of innovation, so rules are still taking shape. Regulations and a need to become compliant at an early stage can either complicate or ease growth. In other words, they can either limit the ability of a company to offer its product or protect the company's intellectual property. Finally, the stability of the regulation can also impact a company's valuation, especially as regulatory institutions begin to examine newer technology. Ultimately, understanding whether or not the regulatory environment helps or hinders a FinTech company's growth is key to providing an accurate valuation.

Company Considerations

Quantitative data such as financial and operating metrics have significant weight in estimating a FinTech company's enterprise value. Key performance indicators such as revenue, expenses, profitability, growth, customer acquisition costs, and customer lifetime value have a key role in the company's value estimation. However, especially with startups, quantitative and peer benchmarking information is often limited. As a result, qualitative information becomes more important in determining company value.

For example, one factor is the quality and experience of the management team, which includes qualities such as knowledge of the competitive landscape. Significant management experience of a company can enhance the FinTech's value compared to a company with minimal financial services experience.

A FinTech's intellectual property and the ownership of intellectual property and other intangible assets, like strategic partnerships, can also add to a company's value over competitors. These intangibles may increase the value of a FinTech startup to a potential acquirer or investor. When in place and demonstrated, intangibles are an important qualitative consideration for documenting value.

The stage of development of a FinTech company can also impact its value, and a FinTech's company's valuation can change sharply as milestones are achieved (or missed). Some of these milestones include initial round financing, proof of concept, regulatory approval, obtaining a significant partner, reaching a breakeven level of profitability, acquiring a certain level of customers, and more. Milestones are important to set and track; as more milestones are met, the less uncertainty exists and the more value is created.

Valuation Approaches

There are three common approaches to determining business value: asset approach, income approach, and market approach.

The Asset Approach

The asset approach determines the value of a business by examining the cost that would be incurred by the relevant party to reassemble the company's assets and liabilities. This approach is generally inappropriate for technology startups as they are not

capital intensive businesses until the company has completed funding rounds. However, this approach can be instructive to consider the cost and time that it might take a potential buyer to develop the same technology in-house.

The Market Approach

The market approach determines the value of a company by utilizing valuation metrics from transactions in comparable FinTech companies or historical transactions in the company. Consideration of valuation metrics can provide meaningful indications for startups that have completed multiple funding rounds. Although there might be complications from different preferences and rights with several share classes, valuations and pricing metrics from comparable FinTech companies can provide helpful valuation anchors to test the valuation range. Market data of publicly traded FinTech companies and acquisitions can also be helpful for determining which deal pricing and multiples are available as key valuation inputs.

For early-stage companies, market metrics can provide valuable insight for potential valuations and financial performance as well as pricing metrics for when the FinTech company matures. For already mature FinTech companies, recent financial performance can be compiled and compared to public FinTech companies to serve as a valuable benchmarking tool. Investors can discern how the market might value a private FinTech company at an IPO or sale based on pricing information from comparable public FinTech companies.

The Income Approach

The income approach can also provide a meaningful indication of value for a FinTech company. This relies on considerations for the FinTech companies' market potential,

expected cash flows, risk, and growth prospects. The most common income approach method is the discount cash flow (DCF) method, which determines value based upon the present value of the expected cash flows for the enterprise. The DCF method projects the expected profitability of a company over a discrete period and pricing the profitability using an expected rate of return, or a discount rate. The combination of present values of forecasted cash flows provides the indication of value for a specific set of assumptions. For FinTech startups, cash flow forecasts are often characterized by a period of operating losses, capital need, and expected payoff as profitability improves or some exit event, like an IPO or sale, occurs. Additionally, the income approach may require the consideration of different scenarios for future financial performance (such as high growth/profitability, average growth/profitability, and low growth/profitability) and potential exit scenarios (sale to strategic, sale to financial buyer, IPO, downside sale/liquidation).

Putting it Together

Multiple valuation approaches are considered to provide lenses through which to assess value and generate tests of reasonableness against which different indications of value can be evaluated. Different methods are not expected to align perfectly. Value indicators from the market approach can be volatile, and investors typically think longer-term. More enduring indications of value can often come from income approaches, such as DCF models or probability weighted expected return models. Valuation of a FinTech is vital to measure realistic growth, to plan progression, and to secure employee and investor interests. Given the complexities in valuing private FinTech companies and the ability for the market/regulatory environment to shift quickly, it is important to have a valuation expert who can adequately assess the value of the company and understand the prevalent market trends.

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What We're Reading

Warren Buffett's Firm Invests Millions in FinTech

Wall Street Journal, by Nicole Friedman and Peter Rudegeair
(subscription required)

A Whirlwind FinTech Romance Heads for Divorce

Bloomberg, by Lionel Laurent

Why Fintech Startups Love Singapore's Hawk-Eyed Central Banker

Bloomberg, by Yoolim Lee and Chanyaporn Chanjaroen

These two articles highlight smaller, regional banks addressing the challenge of partnering and, in some cases, competing with FinTech companies.

Small Banks Join Forces to Address Fintech Challenges

American Banker, by Hilary Burns
(subscription required)

ICBA's Community Banking Fintech Accelerator Comes with Warning to Core Providers

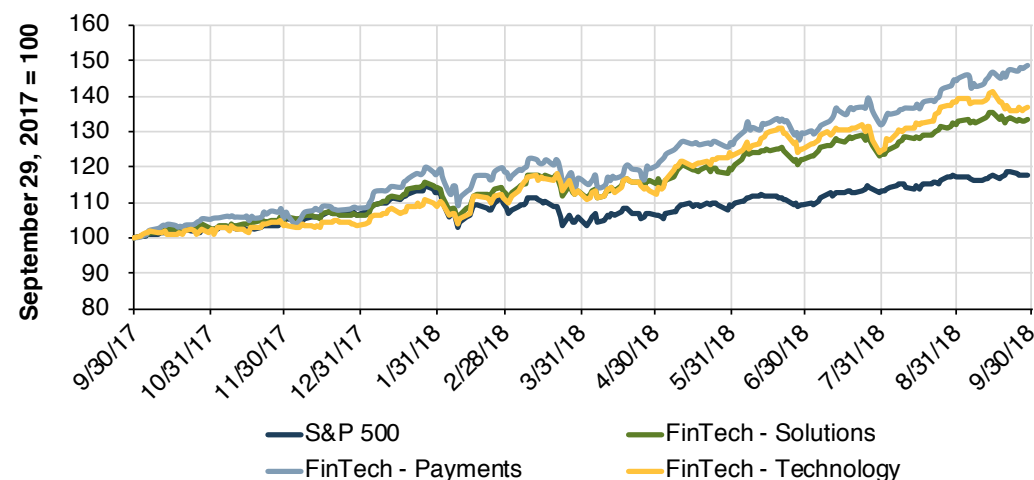
American Banker, by Will Hernandez
(subscription required)

Public Market Indicators

In the last twelve months, all three FinTech niches of Payments, Technology, and Solutions outperformed the market by a relatively wide margin.

- The Payments, Solutions, and Technology niches returned 34-48% and outperformed the S&P 500 which was up 18% in the last twelve months.

The FinTech IPO drought that started in 2016 finally ended with three new FinTech IPOs in the second quarter of 2018 (EVO Payments, GreenSky, and i3 Verticals).



Source: S&P Global Market Intelligence

Median Total Return

as of September 30, 2018

Segment	3Q18	YTD 9/18	LTM 9/18
FinTech - Payments	14.8%	37.1%	48.5%
FinTech - Solutions	9.2%	25.7%	33.6%
FinTech - Technology	9.2%	32.4%	36.7%
S&P 500	7.7%	10.6%	17.9%

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 September 30, 2018

Segment	Price / LTM EPS	Price / 2018 (E) EPS	Price / 2019 (E) EPS	Ent'p Value / LTM EBITDA	Ent'p Value / FY18 (E) EBITDA	Ent'p Value / FY19 (E) EBITDA	Ent'p Value / LTM Revenue
FinTech - Payments	36.6	24.8	21.3	19.0	16.0	14.4	4.8
FinTech - Solutions	33.2	27.6	26.4	20.1	16.5	13.9	5.0
FinTech - Technology	37.9	32.5	29.2	23.4	20.7	17.5	4.7

Source: S&P Global Market Intelligence

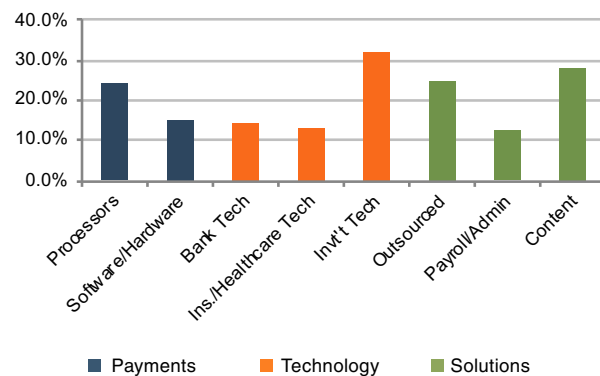
Consistent with recent historical growth patterns and near-term outlook, FinTech companies remain priced at a premium to the broader markets with the S&P 500 priced at ~17x estimated forward earnings at end of 3Q18 (per [FactSet](#)).

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 Payments and Solutions, primary reflecting lower margins as price-to-revenue multiples were lower than other niches.

FinTech Margins

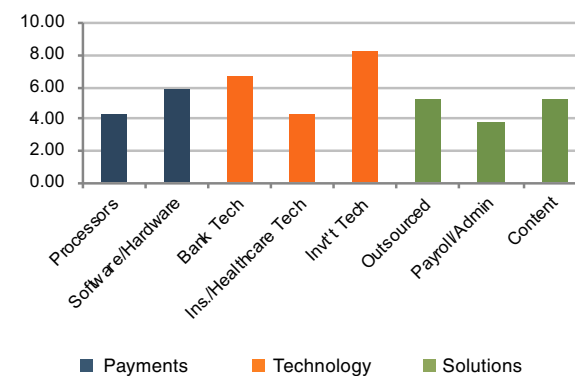
EBITDA Margin (LTM)



Source: S&P Global Market Intelligence

FinTech Revenue Multiples

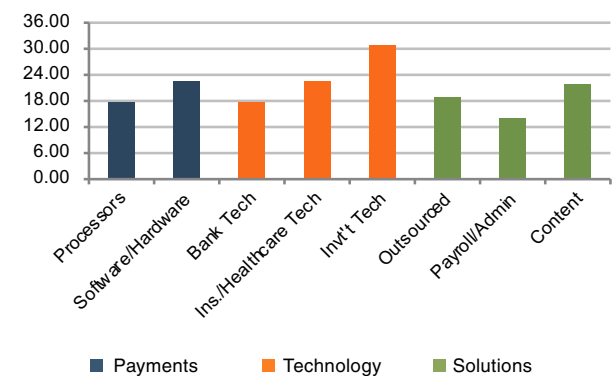
EV / Revenue (LTM)



Source: S&P Global Market Intelligence

FinTech EBITDA Multiples

EV / EBITDA (LTM)



Source: S&P Global Market Intelligence

FinTech M&A

Third Quarter 2018

Deal activity declined 6.2% in the first three quarters of 2018 (compared to the first three quarters of 2017).

- However, when examining this by niche, the Solutions niche had a significant increase in activity (approximately 30%).
- Despite the decline in overall deal activity, there was a marked increase in activity involving larger transactions as there was a higher number of deals with values exceeding \$500 million.
- Several of the larger transactions were within the Payments and Solutions niches.

Deal value/revenue multiples in the first three quarters of 2018 were also up relative to 2017 and 2016 levels.

There were no IPOs in 3Q18 following the three in 2Q18 from EVO Payments, Greensky, and i3 Verticals.

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

	YTD 9/18	YTD 9/17	2017	% Change YTD 9/18 / YTD 9/17
# of Deals	136	145	180	-6.2%
Total Reported Deal Value (\$M)	\$77,666.8	\$13,874.9	\$17,265.8	459.8%
Median Reported Deal Value (\$M)	\$180.6	\$29.5	\$65.0	512.2%

Deal Activity by FinTech Industry Niche

	# of Deals			% Change
	YTD 9/18	YTD 9/17	2017	
Payments Total	33	32	44	3.1%
Technology Total	64	83	37	-22.9%
Solutions Total	39	30	99	30.0%

Median Pricing Metrics

	YTD 9/18	YTD 9/17	2017	% Change
Deal Value / Revenue	3.75	3.13	3.13	19.8%
Deal Value Greater than \$1BN	13	3	4	
Deal Value Greater than \$500M	14	7	9	
Deal Value Greater than \$50M	31	28	37	

Median Deal Value (\$M)

	YTD 9/18	YTD 9/17	2017
Payments	\$126.0	\$167.0	\$167.0
Technology	\$73.0	na	\$140.0
Solutions	\$249.6	\$125.0	\$89.5

Publicly Traded Payments Companies

		9/30/18 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	236.16	12,975	34,002	14.8	10.4	9.2	19.0	16.0	14.4	4.3	7,842	1,786	23%	12%	
CATM	Cardtronics plc	31.64	1,458	2,254	NM	17.4	16.8	7.2	8.3	8.1	1.6	1,380	297	22%	2%	
PMTS	CPI Card Group Inc.	3.39	38	326	NM	NM	NM	16.1	10.9	10.2	1.2	266	20	8%	-15%	
DLX	Deluxe Corporation	56.94	2,712	3,545	11.6	10.0	9.6	7.0	6.7	6.2	1.7	1,968	472	24%	9%	
EEFT	Euronet Worldwide, Inc.	100.22	5,113	4,873	37.0	18.5	16.2	11.6	10.2	8.9	2.1	2,492	464	19%	6%	
EVRI	Everi Holdings Inc.	9.17	638	1,686	NM	152.8	49.6	7.9	7.3	6.8	2.3	725	213	29%	-3%	
EVTC	EVERTEC, Inc.	24.10	1,695	2,173	32.0	13.6	12.7	15.4	10.7	10.2	5.2	435	159	37%	17%	
FDC	First Data Corporation	24.47	22,848	42,888	13.7	16.8	14.8	13.6	13.2	12.3	5.1	8,617	3,017	35%	21%	
FLT	FleetCor Technologies, Inc.	227.84	20,138	23,687	25.3	21.8	19.0	19.2	17.6	15.7	10.2	2,400	1,292	54%	33%	
GPN	Global Payments Inc.	127.40	20,153	24,848	36.6	24.7	21.3	19.7	17.2	15.4	6.5	3,540	1,270	36%	17%	
GDOT	Green Dot Corporation	88.82	4,669	3,607	38.2	28.8	25.3	21.6	14.6	12.8	3.7	988	167	17%	13%	
MA	Mastercard Incorporated	222.61	231,170	229,127	49.9	34.6	29.7	27.9	25.8	22.6	16.4	14,455	8,577	59%	36%	
MGI	MoneyGram International, Inc.	5.35	298	1,002	NM	7.8	7.2	4.6	4.0	3.9	0.6	1,561	218	14%	-2%	
SQ	Square, Inc.	99.01	40,636	40,086	NM	218.1	125.8	NM	159.5	89.6	14.9	2,685	(13)	0%	-2%	
TSS	Total System Services, Inc.	98.74	18,012	21,423	28.1	22.5	20.3	20.0	15.9	14.9	4.8	4,283	1,051	25%	16%	
JTPY	JetPay Corporation	1.90	29	102	NM	NM	NM	27.0	13.8	10.8	1.3	79	4	5%	-2%	
V	Visa Inc.	150.09	333,968	344,359	36.6	31.4	27.0	25.2	23.0	20.3	17.2	20,609	14,174	69%	50%	
WU	The Western Union Company	19.06	8,525	11,052	NM	10.3	9.9	8.1	7.8	7.6	1.9	5,627	1,366	24%	-9%	
WEX	WEX Inc.	200.76	8,651	10,507	43.1	24.8	21.3	21.7	17.8	15.6	7.9	1,440	550	38%	16%	
Median			8,525	10,507	34.3	21.8	19.0	17.5	13.8	12.3	4.3	2,400	472	24%	12%	

Publicly Traded Payments Companies

		9/30/18 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.	150.66	65,905	66,870	41.2	31.9	27.5	22.5	21.6	18.6	4.9	13,572	3,063	23%	13%	
EVOP	EVO Payments, Inc.	23.90	608	916	NM	47.5	31.5	7.7	6.4	5.6	1.7	540	117	22%	0%	
IIIV	i3 Verticals, Inc.	22.98	209	312	NM	nm	37.0	11.6	nm	10.1	1.0	311	27	9%	-2%	
NSP	Insperty, Inc.	117.95	4,945	4,683	45.3	33.5	29.8	26.7	21.0	18.6	1.3	3,688	187	5%	3%	
PAYX	Paychex, Inc.	73.65	26,491	26,025	28.5	29.1	24.9	18.3	18.8	17.1	7.7	3,451	1,432	42%	28%	
WDAY	Workday, Inc.	145.98	31,678	29,870	NM	135.5	96.9	NM	68.2	46.8	12.3	2,428	(169)	-7%	-14%	
PAYC	Paycom Software, Inc.	155.41	9,111	9,061	101.7	59.3	48.7	77.3	39.2	32.0	18.3	530	135	25%	18%	
PCTY	Paylocity Holding Corporation	80.32	4,238	4,153	114.7	55.9	53.7	128.1	42.0	28.5	10.9	397	37	9%	12%	
TNET	TriNet Group, Inc.	56.32	3,973	4,116	18.4	20.5	18.3	14.7	13.5	11.9	1.2	3,434	285	8%	7%	
UPLD	Upland Software, Inc.	32.31	697	837	NM	21.2	19.7	32.8	16.9	15.2	6.9	121	25	21%	-13%	
Median			4,592	4,418	43.2	33.5	30.7	22.5	21.0	17.8	5.9	1,484	126	15%	5%	
Overall Payments Median			5,113	4,873	36.6	24.8	21.3	19.0	16.0	14.4	4.8	2,400	285	23%	9%	

Publicly Traded Solutions Companies

Ticker	Name	9/30/18 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.
Outsourced															
CSGS	CSG Systems International, Inc.	40.14	1,345	1,520	22.5	14.0	12.9	10.9	7.8	7.8	1.9	819	140	17%	7%
EFX	Equifax Inc.	130.57	15,722	18,158	31.4	22.3	20.7	18.4	15.3	14.2	5.3	3,415	851	25%	13%
EXLS	ExlService Holdings, Inc.	66.20	2,272	2,330	47.2	24.0	21.6	18.7	14.1	11.8	2.6	846	110	13%	5%
FICO	Fair Isaac Corporation	228.55	6,661	7,335	54.6	34.3	29.1	32.5	29.0	23.3	7.3	1,032	237	23%	14%
FIS	Fidelity National Information Services, Inc.	109.07	35,864	44,355	25.4	20.8	18.7	17.3	14.0	13.1	5.0	8,877	2,616	29%	17%
FISV	Fiserv, Inc.	82.38	33,358	37,960	24.3	26.3	23.4	20.3	17.1	16.5	6.5	5,788	1,862	32%	25%
INTU	Intuit Inc.	227.40	58,822	57,544	49.0	37.8	34.2	33.2	25.0	22.7	9.6	5,964	1,735	29%	20%
PRGX	PRGX Global, Inc.	8.70	205	212	127.9	NM	30.5	17.6	8.5	7.2	1.3	169	13	8%	1%
SSNC	SS&C Technologies Holdings, Inc.	56.83	13,529	19,483	57.3	22.6	18.7	27.5	17.5	13.5	9.0	2,748	824	30%	8%
Median			13,529	18,158	47.2	23.3	21.6	18.7	15.3	13.5	5.3	2,748	824	25%	13%

Publicly Traded Solutions Companies

Ticker	Name	9/30/18 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.	28.14	3,257	3,878	NM	38.5	27.1	26.4	15.0	12.8	3.9	996	147	15%	0%
EPAY	Bottomline Technologies (de), Inc.	72.71	3,084	3,101	NM	54.7	46.5	73.7	31.5	28.1	7.9	394	42	11%	2%
BR	Broadridge Financial Solutions, Inc.	131.95	15,349	16,139	37.1	30.6	27.3	20.1	19.3	17.3	3.7	4,330	807	19%	10%
CDK	CDK Global, Inc.	62.56	8,098	9,932	22.5	17.6	14.8	13.8	11.7	10.6	4.4	2,273	718	32%	17%
DBD	Diebold Nixdorf, Incorporated	4.50	342	2,607	NM	NM	34.6	7.1	8.3	7.2	0.5	4,539	221	5%	-12%
NCR	NCR Corporation	28.41	3,350	7,007	NM	10.9	9.6	7.9	6.9	6.5	1.1	6,386	797	12%	-1%
NTWK	NetSol Technologies, Inc.	6.60	76	77	17.4	nm	nm	9.2	nm	nm	1.3	61	9	14%	7%
PEGA	Pegasystems Inc.	62.60	4,923	4,680	NM	90.5	65.1	NM	58.2	39.2	5.6	830	(9)	-1%	-3%
WK	Workiva Inc.	39.50	1,711	1,649	NM	NM	NM	NM	NM	NM	7.3	226	(54)	-24%	-26%
Median			3,257	3,878	22.5	34.6	27.3	13.8	15.0	12.8	3.9	996	147	12%	0%
Content															
CLGX	CoreLogic, Inc.	49.41	3,999	5,666	22.7	17.7	16.5	13.9	11.5	11.0	3.1	1,839	416	23%	9%
CSGP	CoStar Group, Inc.	420.84	15,315	14,243	85.4	53.3	42.6	50.1	36.1	28.6	13.4	1,130	305	27%	18%
DNB	The Dun & Bradstreet Corporation	142.51	5,291	6,444	22.4	17.1	16.4	12.1	12.3	11.8	3.6	1,792	517	29%	13%
FDS	FactSet Research Systems Inc.	223.71	8,581	8,918	33.0	25.4	22.8	21.1	19.2	17.6	6.6	1,350	437	32%	20%
TRU	TransUnion	73.58	13,590	17,557	31.7	30.1	26.1	22.8	19.6	17.0	8.4	2,210	783	35%	19%
FORR	Forrester Research, Inc.	45.90	830	687	69.6	33.5	29.6	21.7	15.8	13.1	2.0	349	31	9%	3%
IT	Gartner, Inc.	158.50	14,395	16,354	170.6	42.1	36.1	32.9	22.7	20.2	4.4	3,901	570	15%	4%
MORN	Morningstar, Inc.	125.90	5,368	5,091	34.6	nm	nm	19.6	nm	nm	5.3	1,000	280	28%	18%
VRSK	Verisk Analytics, Inc.	120.55	19,856	22,291	33.2	29.0	26.7	21.5	19.7	18.2	9.8	2,352	1,057	45%	28%
Median			8,581	8,918	33.2	29.5	26.4	21.5	19.4	17.3	5.3	1,792	437	28%	18%
Overall Solutions Median			5,368	7,007	33.2	27.6	26.4	20.1	16.5	13.9	5.0	1,792	416	23%	9%

Publicly Traded Technology Companies

Ticker	Name	9/30/18 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.	
Banking Technology																
ELLI	Ellie Mae, Inc.	94.77	3,283	3,011	92.8	50.4	38.3	44.7	23.1	17.5	6.6	477	68	14%	7%	
GSKY	GreenSky, Inc.	18.00	1,038	1,121	21.5	27.5	19.9	7.0	5.7	4.3	3.0	369	161	44%	23%	
QTWO	Q2 Holdings, Inc.	60.55	2,596	2,495	NM	NM	223.4	NM	108.9	71.4	11.6	215	(12)	-6%	-12%	
JKHY	Jack Henry & Associates, Inc.	160.08	12,355	12,323	33.0	40.5	37.4	26.0	22.2	20.2	8.0	1,537	474	31%	25%	
PFMT	Performant Financial Corporation	2.12	110	142	NM	NM	NM	8.9	67.8	12.3	0.9	151	16	11%	-2%	
Median			2,596	2,495	33.0	40.5	37.9	17.4	23.1	17.5	6.6	369	68	14%	7%	
Insurance/Healthcare Technology																
ATHN	athenahealth, Inc.	133.60	5,411	5,453	48.9	31.1	27.6	22.5	14.5	13.0	4.2	1,287	243	19%	9%	
CRVL	CorVel Corporation	60.25	1,138	1,047	29.7	nm	nm	14.9	nm	nm	1.9	583	76	13%	7%	
CRD.B	Crawford & Company	9.21	508	698	32.5	12.4	9.9	7.0	5.8	5.2	0.6	1,121	99	9%	1%	
EBIX	Ebix, Inc.	79.15	2,492	3,016	23.6	21.5	17.9	21.0	17.9	15.0	7.0	430	144	33%	25%	
GWRE	Guidewire Software, Inc.	101.01	8,142	7,380	NM	77.3	80.5	223.1	45.3	47.7	11.2	661	33	5%	-3%	
HMSY	HMS Holdings Corp.	32.81	2,738	2,854	78.1	35.3	31.9	24.9	19.7	18.4	5.1	591	128	22%	8%	
MGLN	Magellan Health, Inc.	72.05	1,767	2,347	16.2	18.1	14.9	9.9	7.1	6.8	0.3	6,730	237	4%	2%	
CSLT	Castlight Health, Inc.	2.70	372	303	NM	NM	NM	NM	NM	28.5	2.1	145	(52)	-36%	-39%	
HQY	HealthEquity, Inc.	94.41	5,878	5,575	94.9	85.0	68.9	68.1	50.0	38.9	21.6	258	82	32%	24%	
INOV	Inovalon Holdings, Inc.	10.05	1,534	2,420	NM	28.4	23.5	30.8	14.3	12.0	5.1	476	78	16%	0%	
EVH	Evolent Health, Inc.	28.40	2,212	2,146	NM	NM	265.1	NM	103.5	50.7	4.2	506	(14)	-3%	-10%	
Median			2,212	2,420	32.5	29.8	27.6	22.5	17.9	16.7	4.2	583	82	13%	2%	
Investment Technology																
ENV	Envestnet, Inc.	60.95	2,766	3,085	150.6	32.5	27.5	37.6	19.9	16.8	4.1	758	83	11%	2%	
MSCI	MSCI Inc.	177.41	15,760	16,966	42.8	33.6	29.2	23.4	21.5	19.5	12.4	1,407	756	54%	30%	
Median			9,263	10,025	96.7	33.1	28.3	30.5	20.7	18.2	8.2	1,082	420	32%	16%	
Overall Technology Median			2,544	2,674	37.9	32.5	29.2	23.4	20.7	17.5	4.7	544	83	14%	5%	



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