13TH ANNUAL

2022
SAAS SURVEY RESULTS

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KBCM TECHNOLOGY GROUP 2022 PRIVATE SAAS 13th ANNUAL COMPANY SURVEY

- This report provides an analysis of the results of a survey of private SaaS companies which KBCM Technology Group's software investment banking team conducted in June - August 2022
  - Results include responses from senior executives of over 100 companies, with an emphasis on larger scale companies
- Representative statistics on the survey participants[2]:
  - $17.6MM median 2021 Ending ARR[1], with 40 companies >$25MM
  - Median organic growth in ARR in 2021 was 31%
  - Median employees (FTEs): ~181
  - Median customer count: ~413
  - ~$40k median initial annual contract value
  - 66% headquartered in the U.S.
- In our 2021 survey, companies with <$5MM ending ARR comprised nearly 40% of our total respondents compared to just 22% in 2022

Valuation[2]

6.1x

Median Multiple of ARR

in capital raise or change of control event since Jan. 2021

see Slide 62 for results

Growth Forecasts[2]

36%

Median 2022E Organic ARR Growth Forecast

Compared to 31% in 2021A

see Slide 17 for results

Exit Expectations[2]

Exit	'21 Median Growth Rate
Public Listing	56%
Sponsor Acquisition	22%
Strategic Acquisition	25%
Uncertain	24%

see Slide 65 for results

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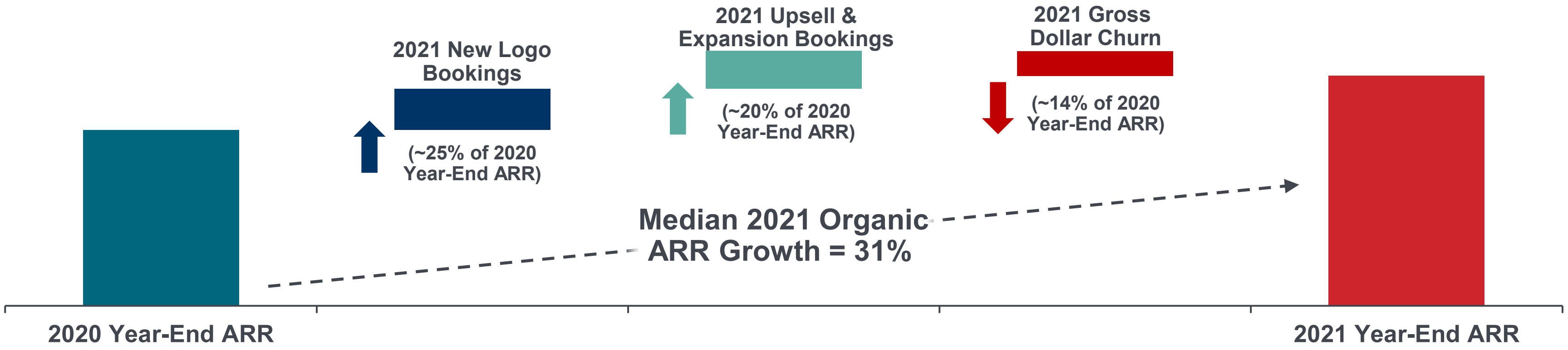
[1] ARR is defined as committed annual recurring revenue run-rate

[2] For companies ≥$5M in ARR

SUMMARY VIEW OF MEDIAN 2021 SAAS METRICS PERFORMANCE

Excluding Companies <$5MM in 2021 Ending ARR



Customer Acquisition Costs

Median CAC Ratios[1]	**2020**	**2021**
Blended CAC Ratio Fully-loaded S&M spend to acquire $1 of new ARR across all customers	$1.20	$1.20
New Customer CAC Ratio Fully-loaded S&M spend to acquire $1 of new ARR from a new customer	$1.67	$1.78
Existing Customer CAC Ratio Fully-loaded S&M spend to acquire $1 of ARR from upsells and expansions	$0.63	$0.61

Margin Profile

Median Margins[2]	**2020**	**2021**
Subscription Gross Margin	80%	77%
Total Gross Margin[3]	73%	73%
Sales & Marketing as a % of Revenue	35%	40%
Free Cash Flow Margin	0%	(5%)

[1] Excluding companies with less than $5M of S&M spend

[2] All margins based on 2021 GAAP revenue, adjusted for stock-based compensation add-back

[3] Gross margin determined based on including customer support in COGS

Respondents: Median 2021 Organic ARR Growth: 78, 2021 New Logo Bookings: 78, 2021 Upsell Bookings: 78, 2021 Gross Dollar Churn: 78, Customer Acquisition Costs: 72

SURVEY PARTICIPANT COMPOSITION

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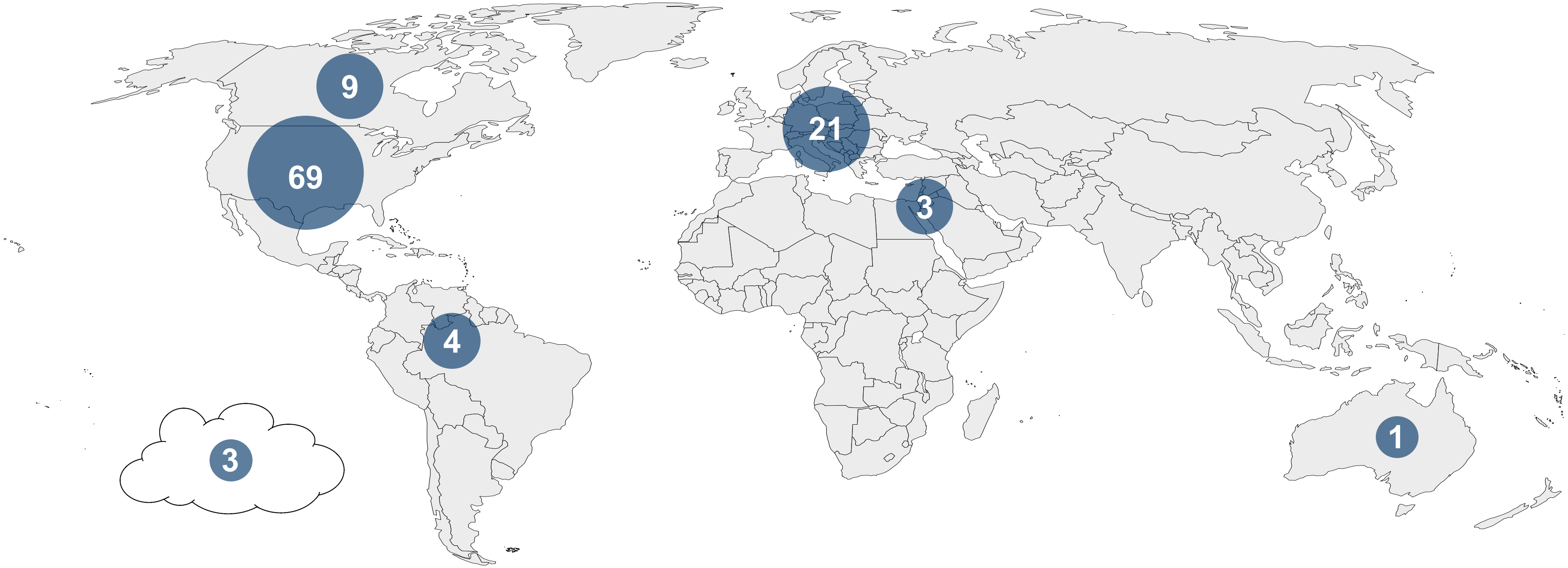
SURVEY PARTICIPANT GEOGRAPHY (HQ)

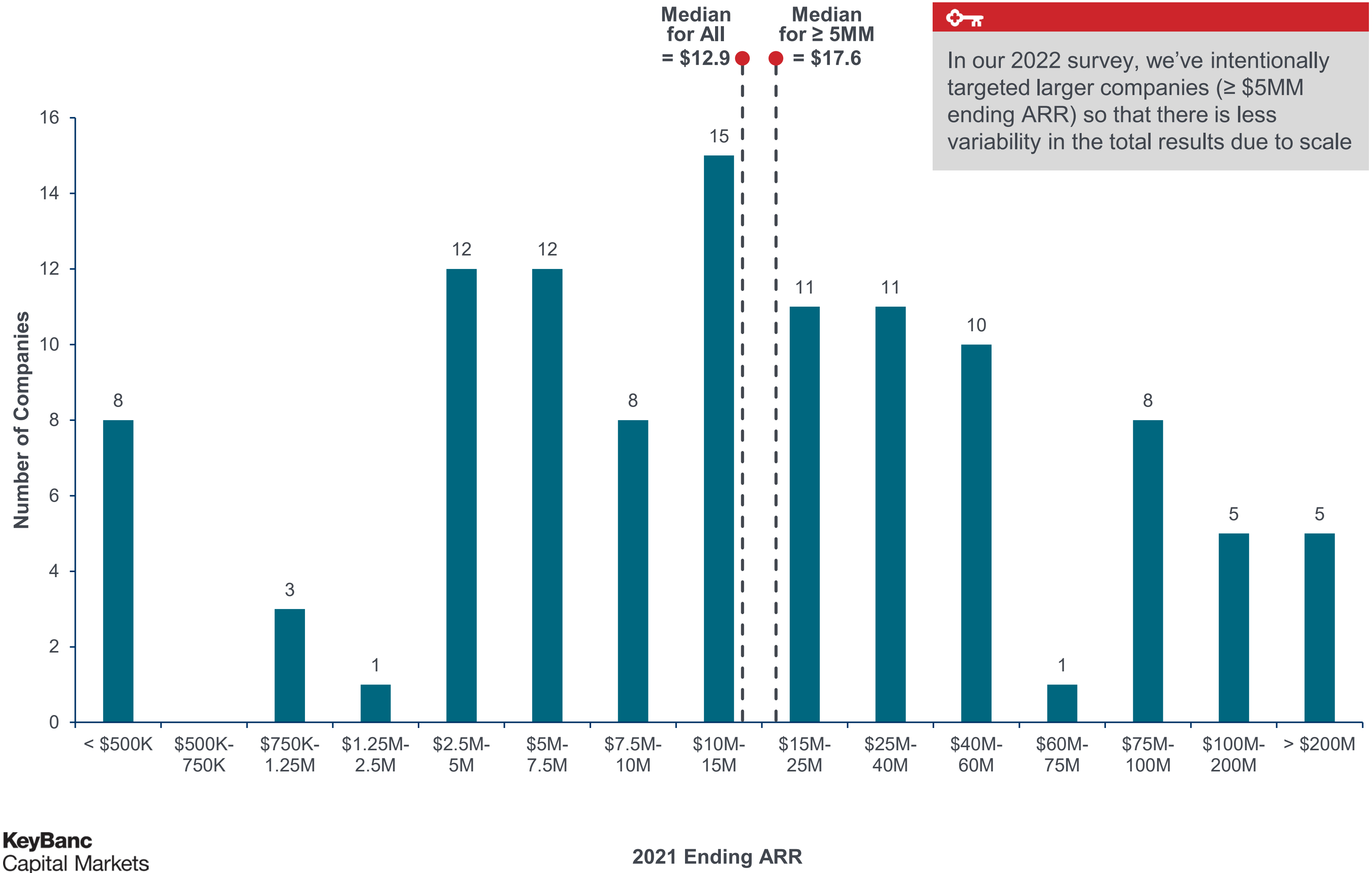


Global	# of Companies	Median 2021 Ending ARR ($ in MM)	Median 2021 Organic Growth Rate	% of Revenue: Home Region / North America / RoW)
U.S.	69	$15.0	28%	85% / 5% / 10%
Europe	21	10.6	34%	50% / 30% / 20%
Canada	9	10.8	29%	86% / 4% / 10%
Latin America	4	8.0	46%	98% / 1% / 1%
Israel	3	59.3	48%	54% / 23% / 23%
Virtual	3	52.0	74%	- / 100% / -
Australia/New Zealand	1	1.0	-	- / - / -
TOTAL	**110**	**$12.9**	**32%**	

Note: Self-reported
Locations based on company headquarters

PARTICIPANTS BY ENDING ARR

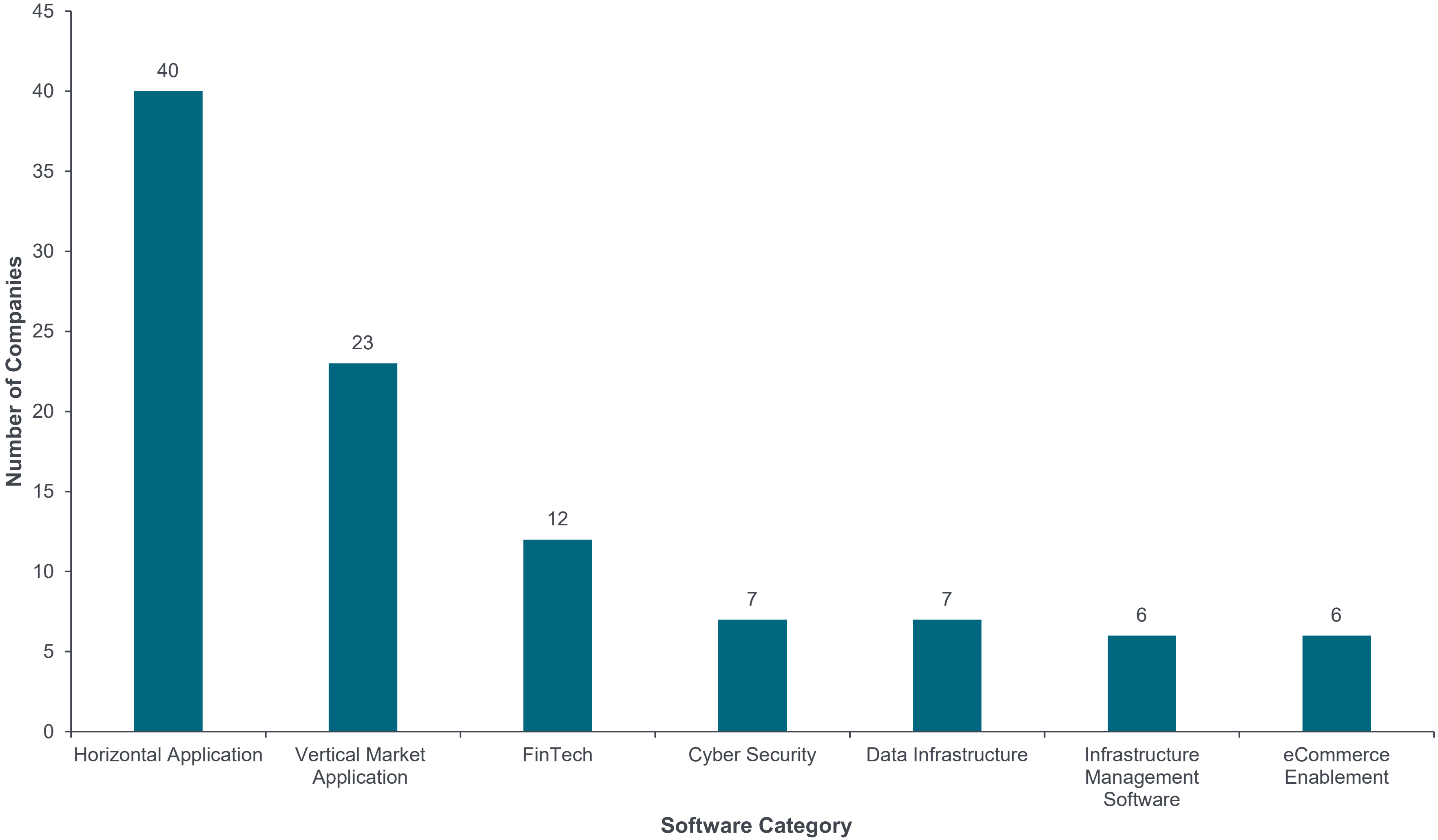
2021 ARR: Contracted Annual Recurring Revenue at Year-End 2021



In our 2022 survey, we've intentionally targeted larger companies (≥ $5MM ending ARR) so that there is less variability in the total results due to scale

110 Respondents

PARTICIPANTS BY SOFTWARE CATEGORY

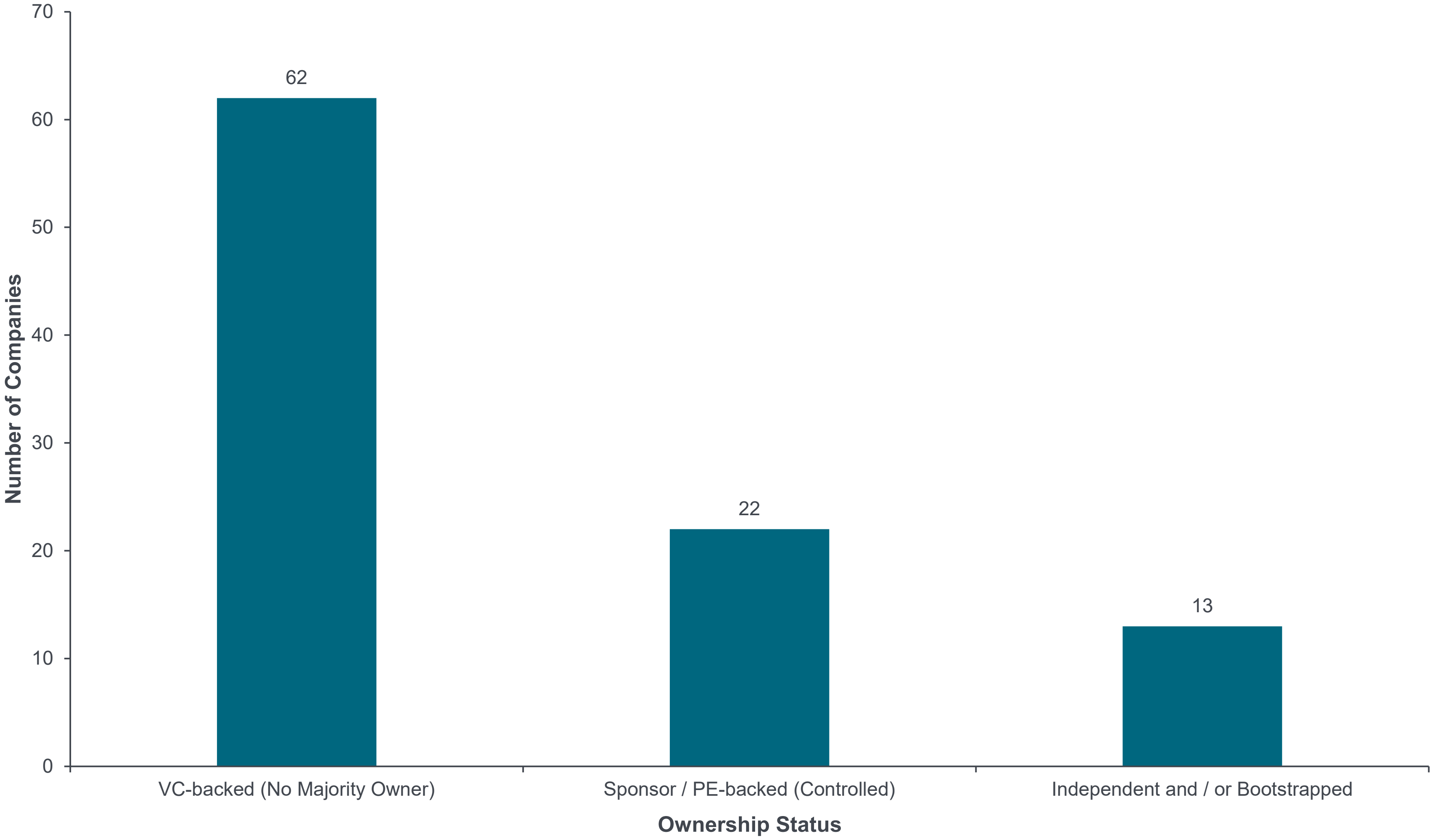


Horizontal Application	40
Vertical Market Application	23
FinTech	12
Cyber Security	7
Data Infrastructure	7
Infrastructure Management Software	6
eCommerce Enablement	6

Category Examples: Horizontal Application - CRM, ERP, HCM; Vertical Application - Health Care, Real Estate; Infrastructure Management Software - APM, DevOps; Communications - CPaaS, UCaaS

101 Respondents

PARTICIPANTS BY OWNERSHIP STATUS



97 Respondents

2021 GROWTH

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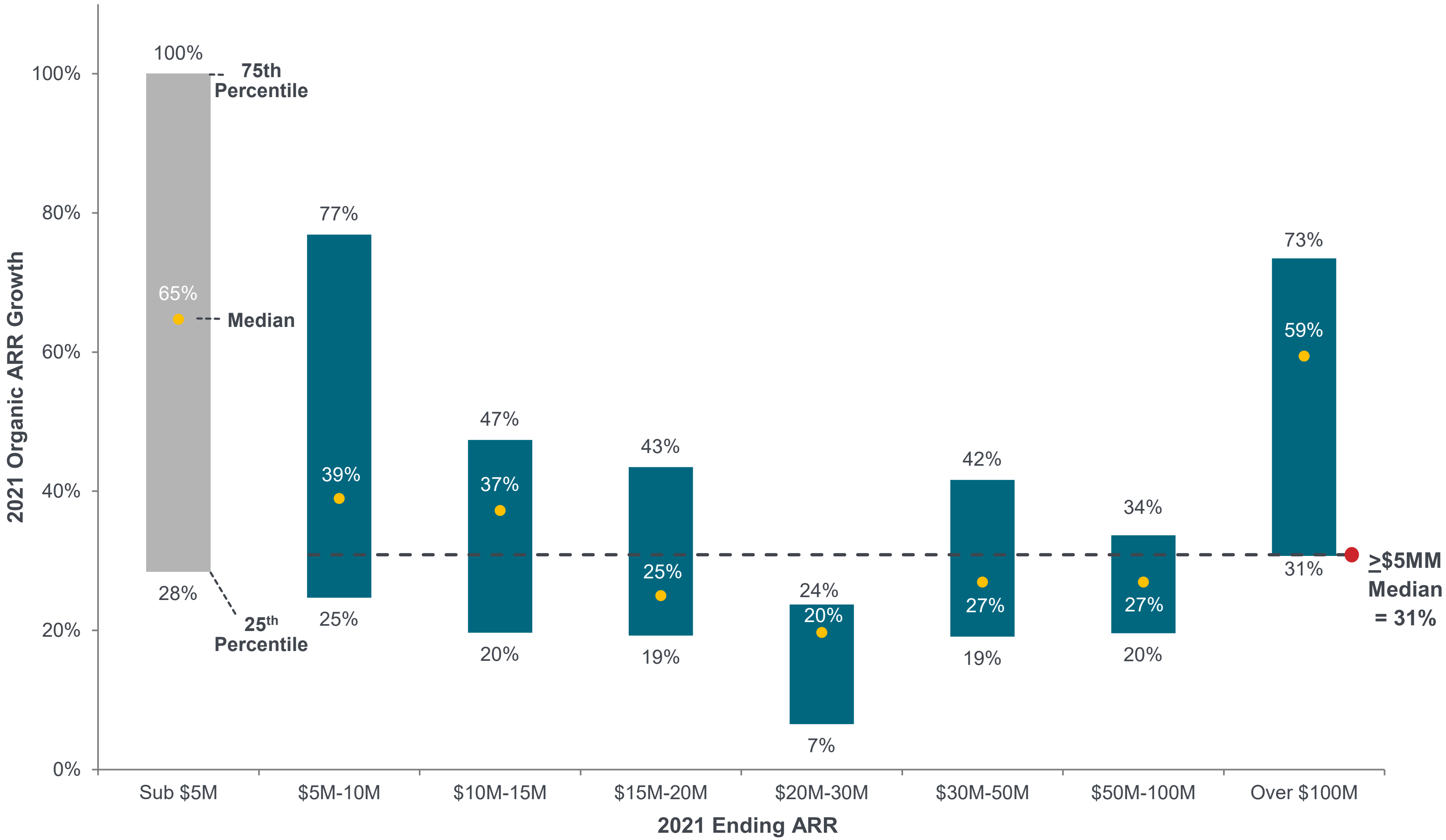
2021 ORGANIC ARR GROWTH

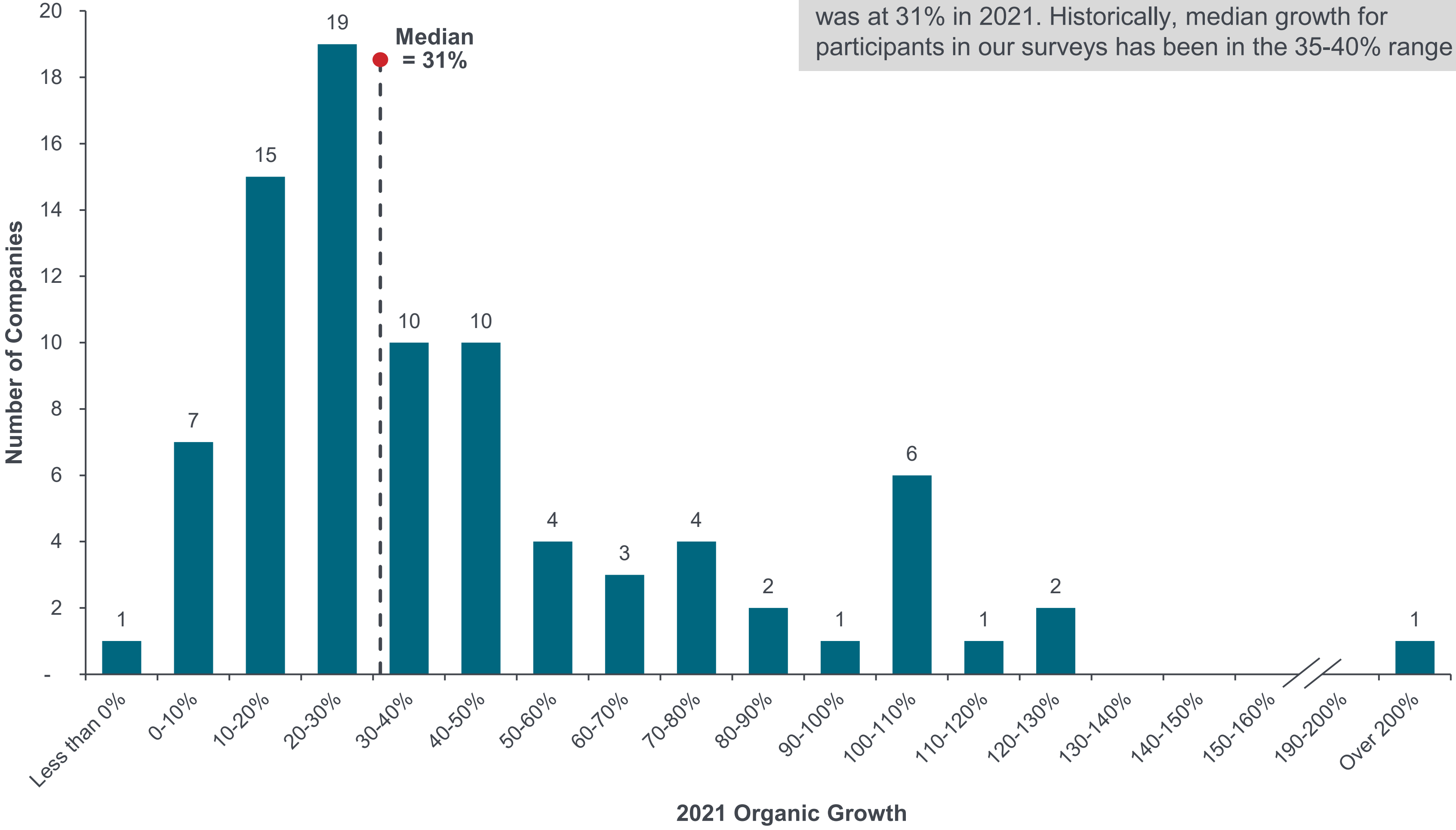


105 Total Respondents; Sub $5M: 19, $5M-10M: 20, $10M-15M: 15, $15M-20M: 9, $20M-30: 5, $30M-50M: 11, $50M-100M: 16, Over 100M: 10

ORGANIC ARR GROWTH HISTOGRAM

Excluding Companies <$5MM in 2021 Ending ARR

Median ARR growth for companies (excluding those <$5MM) was at 31% in 2021. Historically, median growth for participants in our surveys has been in the 35-40% range



Less than 0%	1
0-10%	7
10-20%	15
20-30%	19
30-40%	10
40-50%	10
50-60%	4
60-70%	3
70-80%	4
80-90%	2
90-100%	1
100-110%	6
110-120%	1
120-130%	2
Over 200%	1

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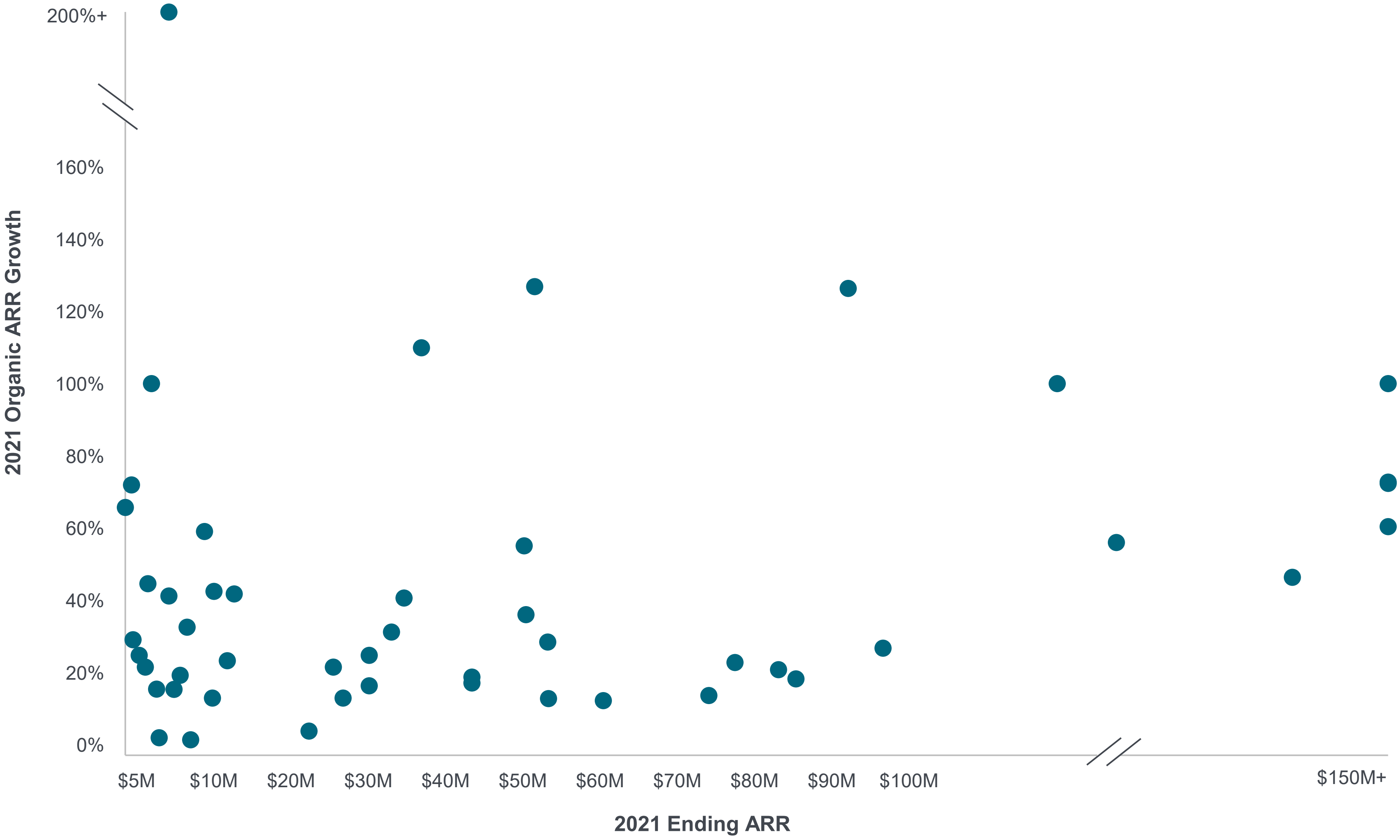
86 Total Respondents

HOW FAST DID YOU GROW ORGANICALLY IN 2021?

Excluding Companies <$5MM in 2021 Ending ARR



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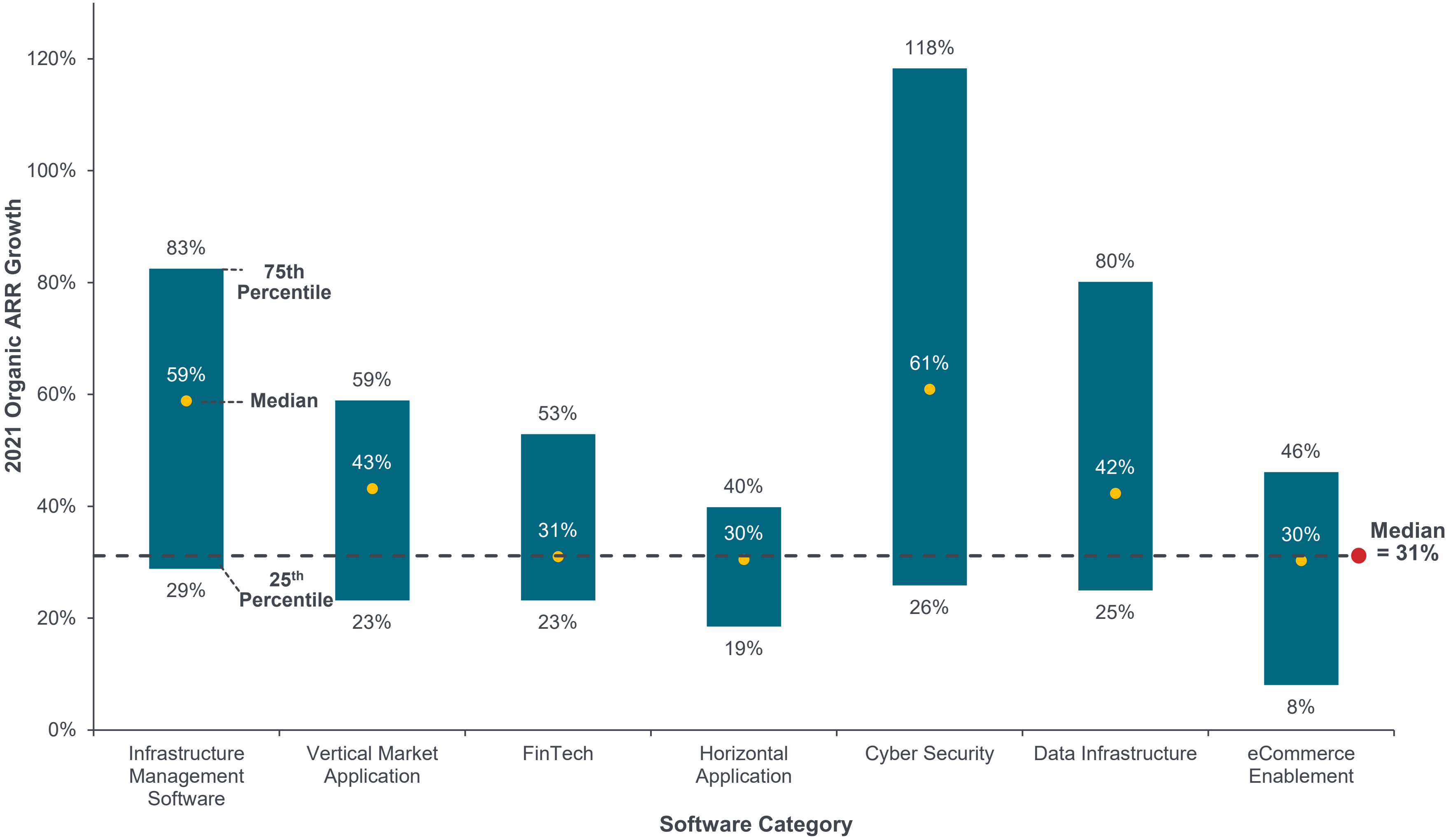
Note: Excludes 4 companies with negative organic ARR growth
82 Respondents

2021 ARR GROWTH BY SOFTWARE CATEGORY

Excluding Companies <$5MM in 2021 Ending ARR

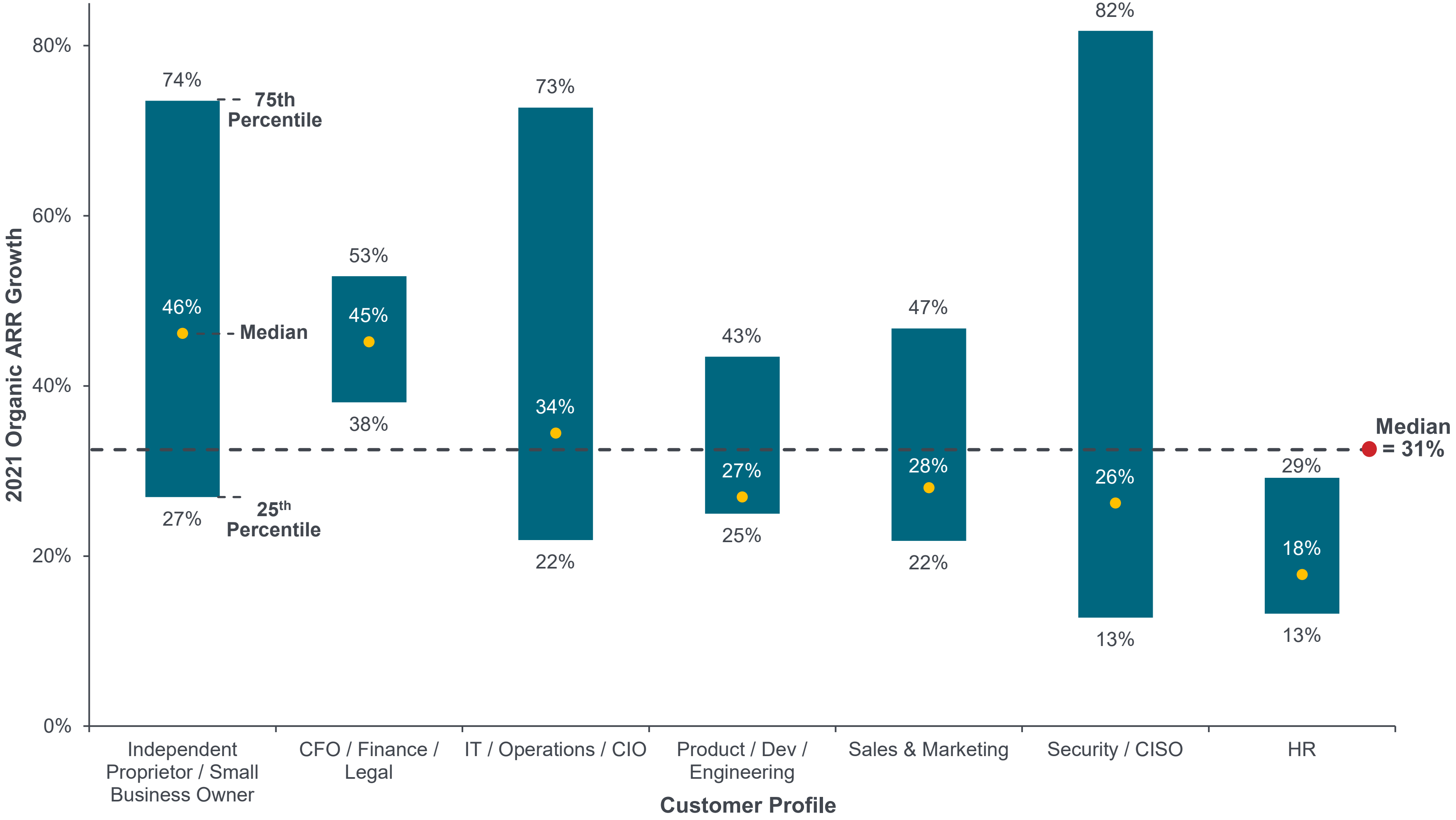


	25th Percentile	Median	75th Percentile
Infrastructure Management Software	29%	59%	83%
Vertical Market Application	23%	43%	59%
FinTech	23%	31%	53%
Horizontal Application	19%	30%	40%
Cyber Security	26%	61%	118%
Data Infrastructure	25%	42%	80%
eCommerce Enablement	8%	30%	46%

79 Total Respondents; Cyber Security: 6, FinTech: 8, Data Infrastructure: 7, Infrastructure Management Software: 5, Vertical Application: 16, Horizontal Application: 31, Ecommerce Enablement: 6

2021 ARR GROWTH BY CUSTOMER PROFILE

Excluding Companies <$5MM in 2021 Ending ARR



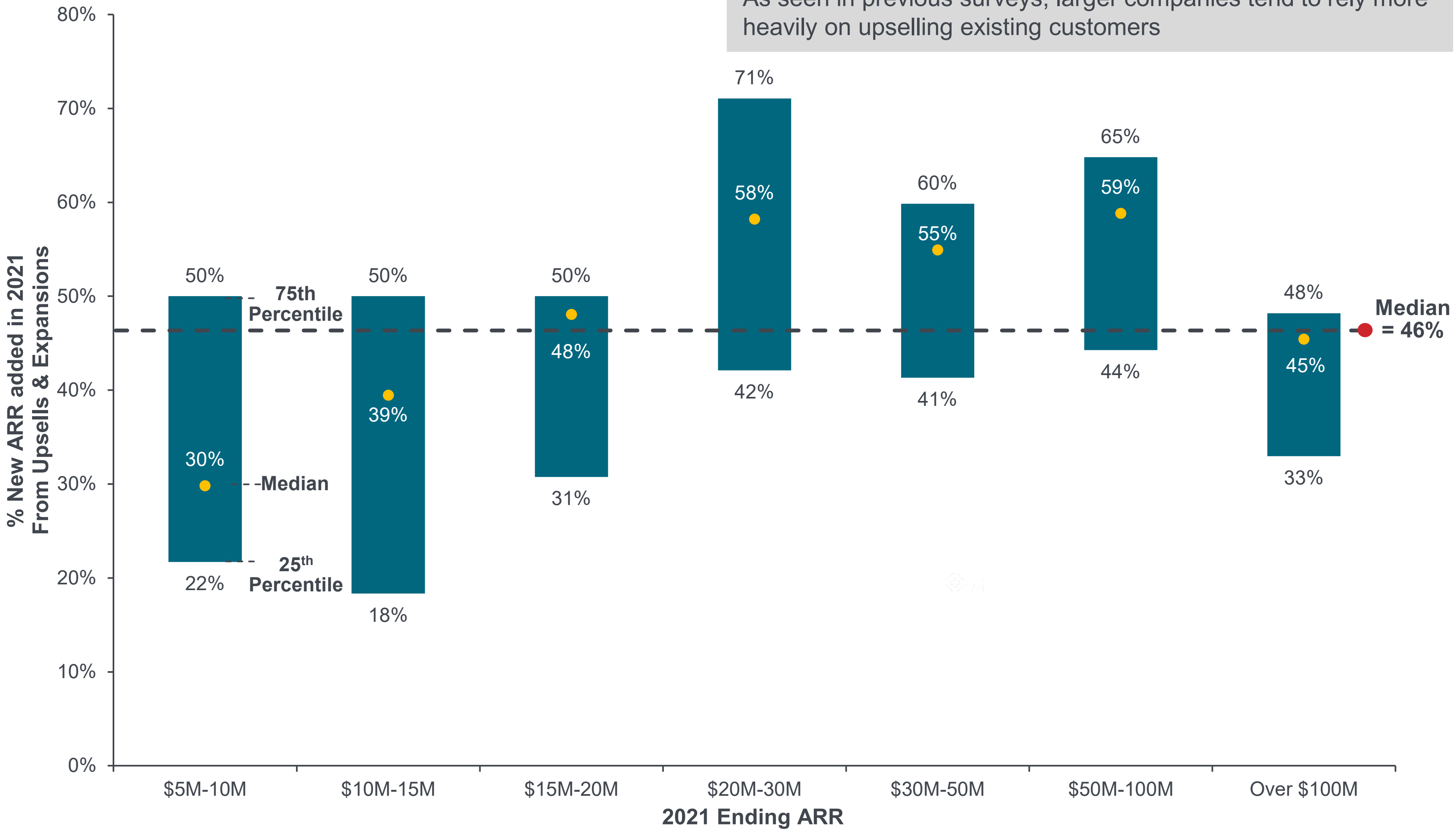
Note: Consumer category removed due to low number of respondents.

73 Total Respondents; Security / CISO: 6, Independent Proprietor / Small Business Owner: 5, CFO / Finance / Legal: 8, Product / Dev / Engineering: 4, IT/Operations/CIO: 25, HR: 7, Sales & Marketing: 18

RELIANCE ON UPSELLS & EXPANSIONS IN 2021

Excluding Companies <$5MM in 2021 Ending ARR

As seen in previous surveys, larger companies tend to rely more heavily on upselling existing customers



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86 Total Respondents; $5M-10M: 20, $10M-15M: 15, $15M-20M: 9, $20M-30M: 5, $30M-50M: 11, $50M-100M: 16, Over $100M: 10

2022 GROWTH FORECAST

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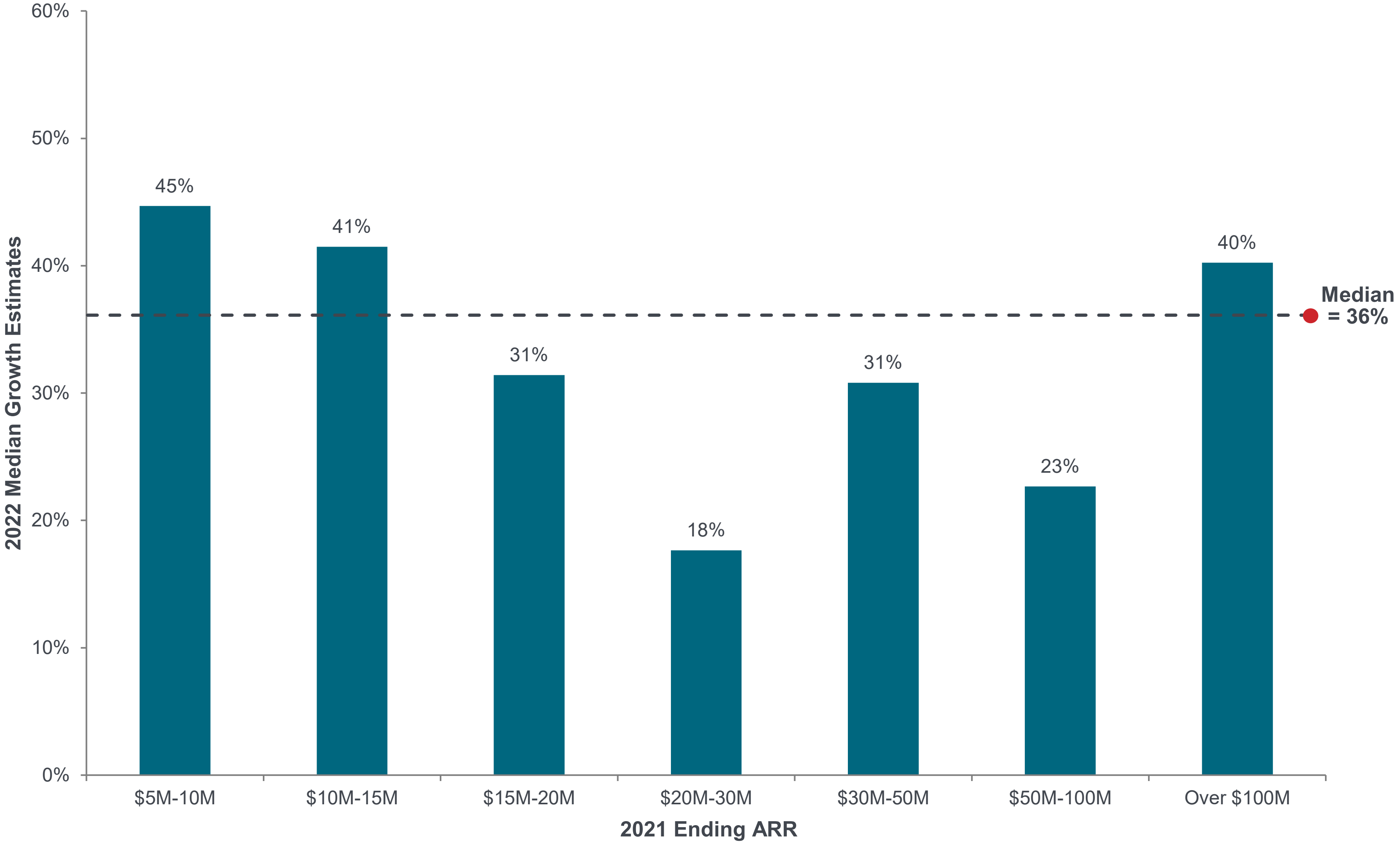
2022 GROWTH FORECAST

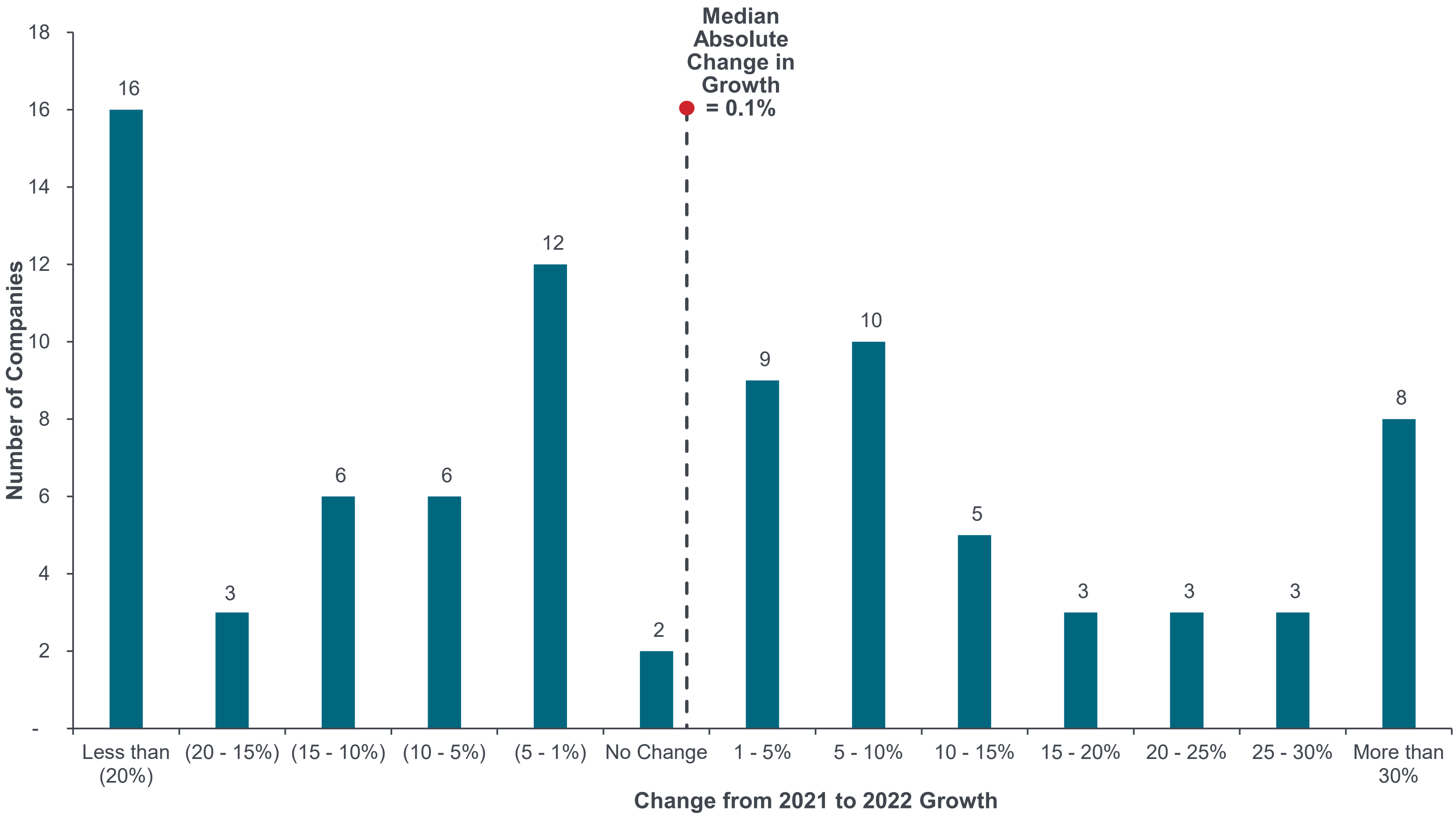
Excluding Companies <$5MM in 2021 Ending ARR



86 Total Respondents; $5M-10M: 20, $10M-15M: 15, $15M-20M: 9, $20M-30M: 5, $30M-50M: 11, $50M-100M: 16, Over $100M: 10

2022 GROWTH FORECAST: ACCELERATION VS DECELERATION

Excluding Companies <$5MM in 2021 Ending ARR

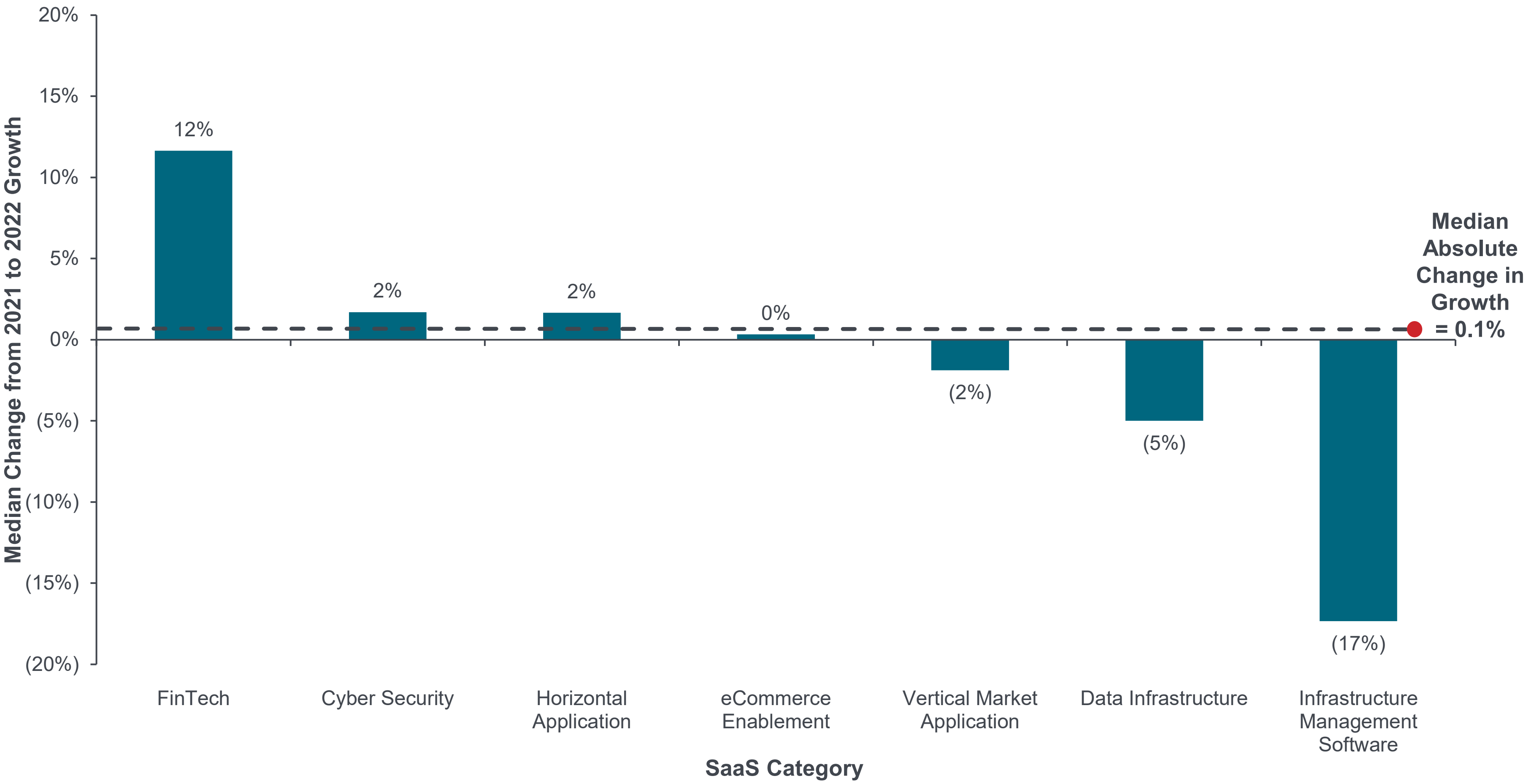


Less than (20%)	16
(20 - 15%)	3
(15 - 10%)	6
(10 - 5%)	6
(5 - 1%)	12
No Change	2
1 - 5%	9
5 - 10%	10
10 - 15%	5
15 - 20%	3
20 - 25%	3
25 - 30%	3
More than 30%	8

Note: Absolute Change in Growth is calculated as the difference between 2021 Ending ARR Growth % and 2022 Forecasted Growth %
86 Total Respondents

2022 GROWTH FORECAST: ACCELERATION VS DECELERATION BY SOFTWARE CATEGORY

Excluding Companies <$5MM in 2021 Ending ARR

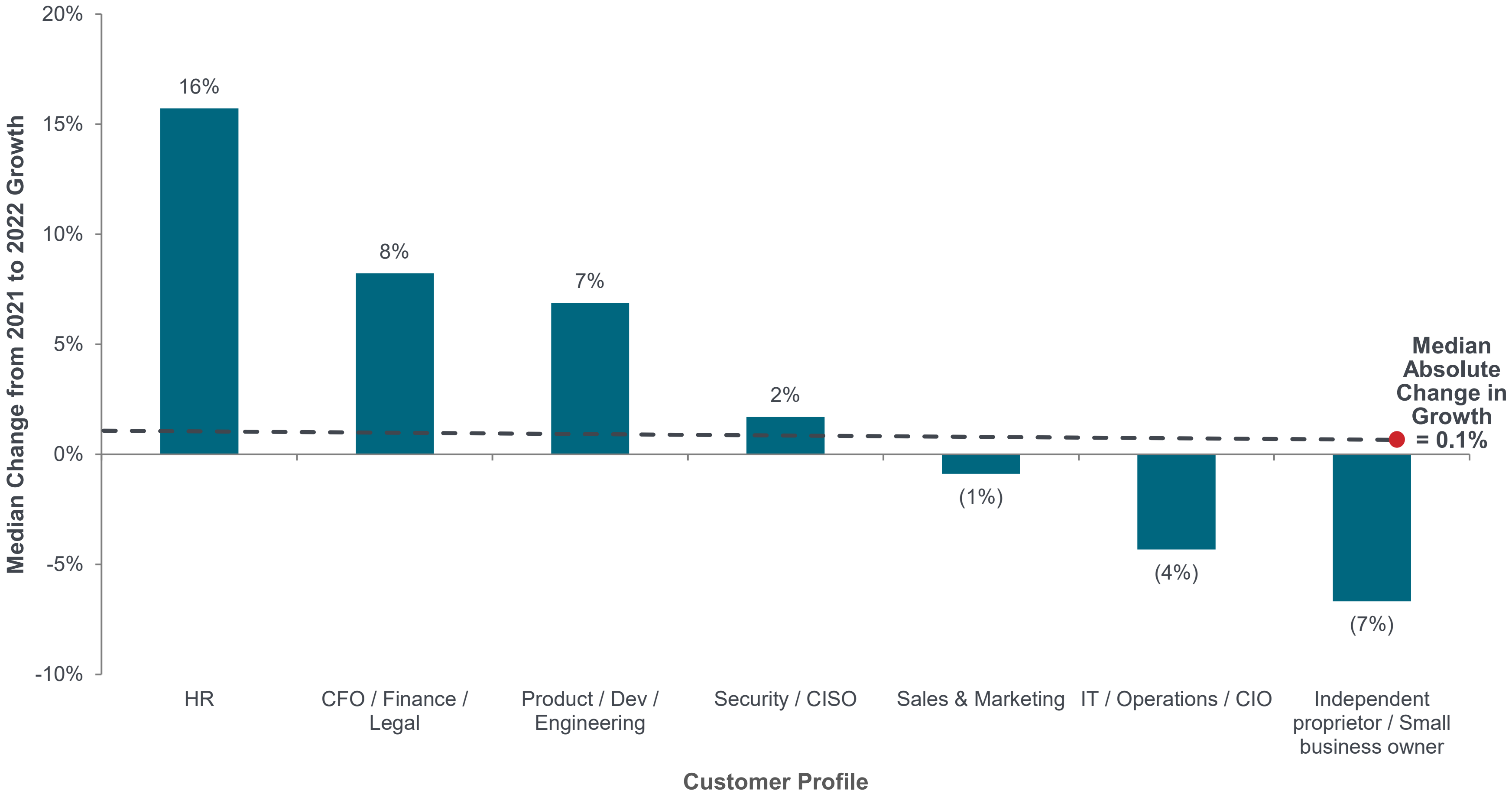


Median 2021 Growth	**31%**	**61%**	**30%**	**30%**	**43%**	**42%**	**59%**

79 Total Respondents; Cyber Security: 6, FinTech: 8, Data Infrastructure: 7, Infrastructure Management Software: 5, Vertical Application: 16, Horizontal Application: 31, eCommerce Enablement: 6

2022 GROWTH FORECAST: ACCELERATION VS DECELERATION BY CUSTOMER PROFILE

Excluding Companies <$5MM in 2021 Ending ARR



Median 2021 Growth	**18%**	**45%**	**27%**	**26%**	**28%**	**34%**	**46%**

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73 Total Respondents; Security/CISO: 6, Independent Proprietor/Small Business Owner: 5, CFO/Finance/Legal: 8, Product Dev/Engineering: 4 IT/Operations/CIO: 25, HR: 7, Sales & Marketing: 18

RETENTION AND CHURN

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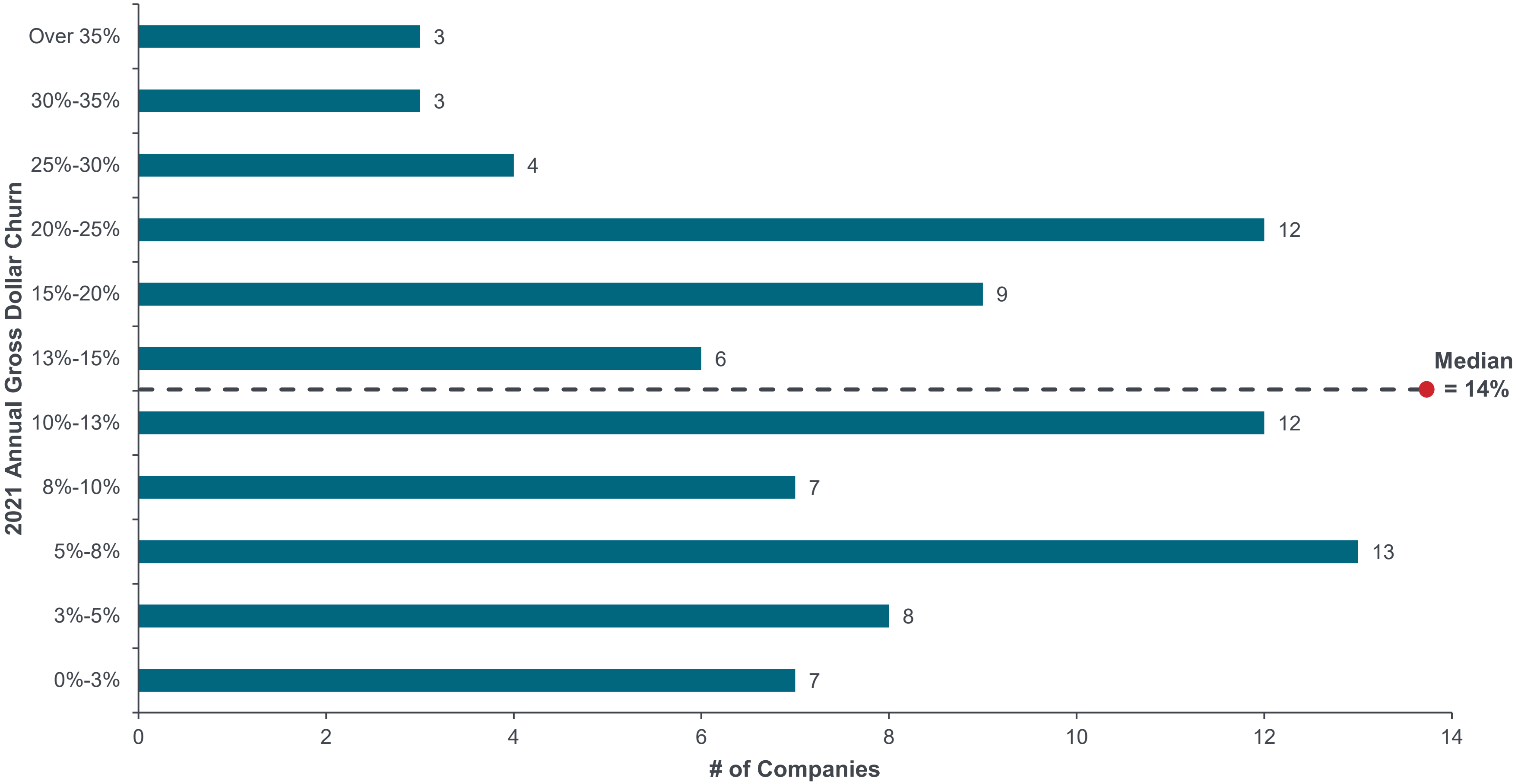
ANNUAL GROSS DOLLAR CHURN

Excluding Companies <$5MM in 2021 Ending ARR

On a dollar basis, what percentage of ARR contracted as of 12/31/20, churned during 2021? (Excluding benefits of upsells and expansions)

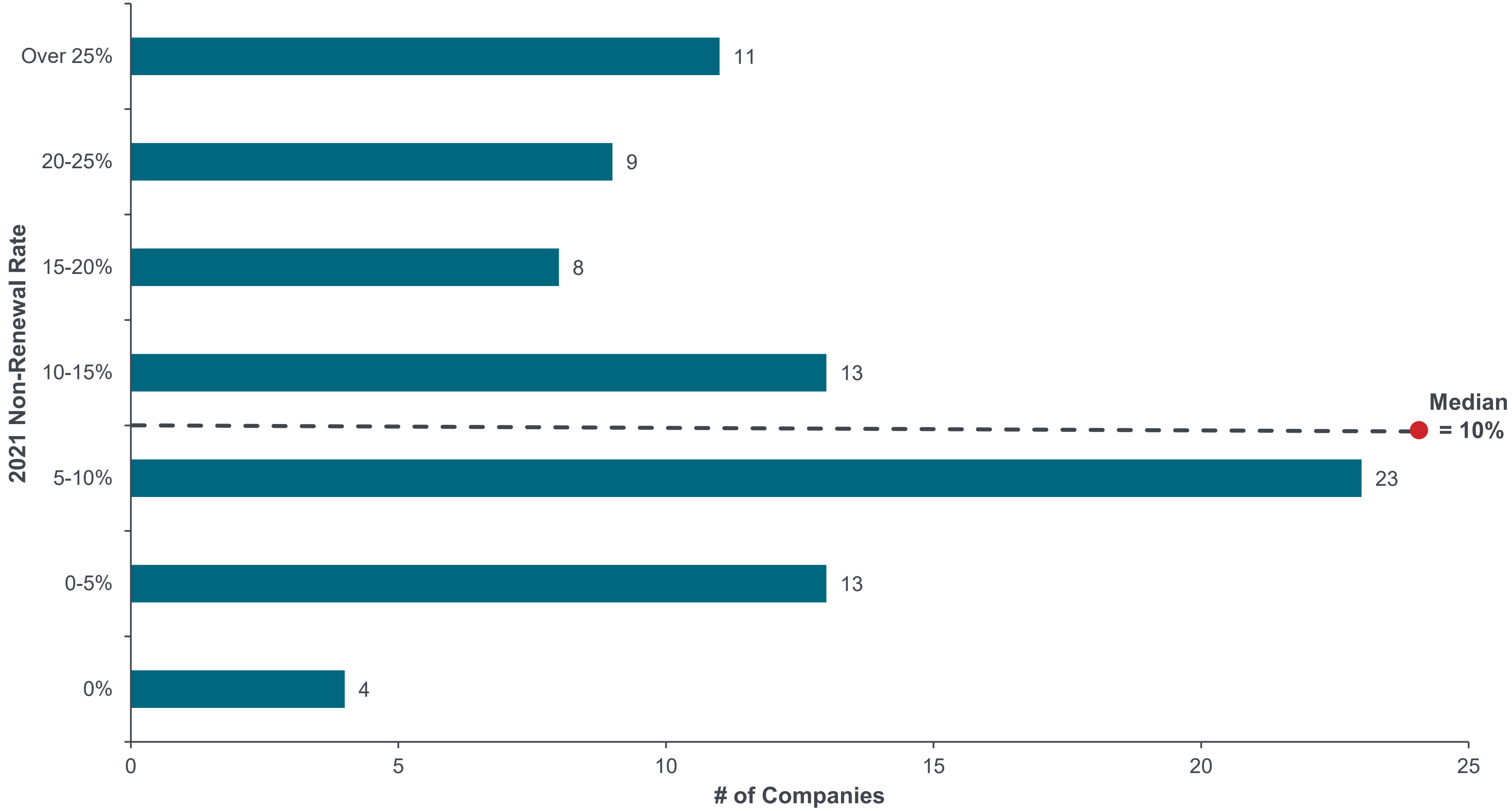


Respondents: 84

ANNUAL NON-RENEWAL RATE

Excluding Companies <$5MM in 2021 Ending ARR

On a dollar basis, what percentage of ARR up for renewal during 2021 did not renew? (Excluding benefits of upsells and expansions)

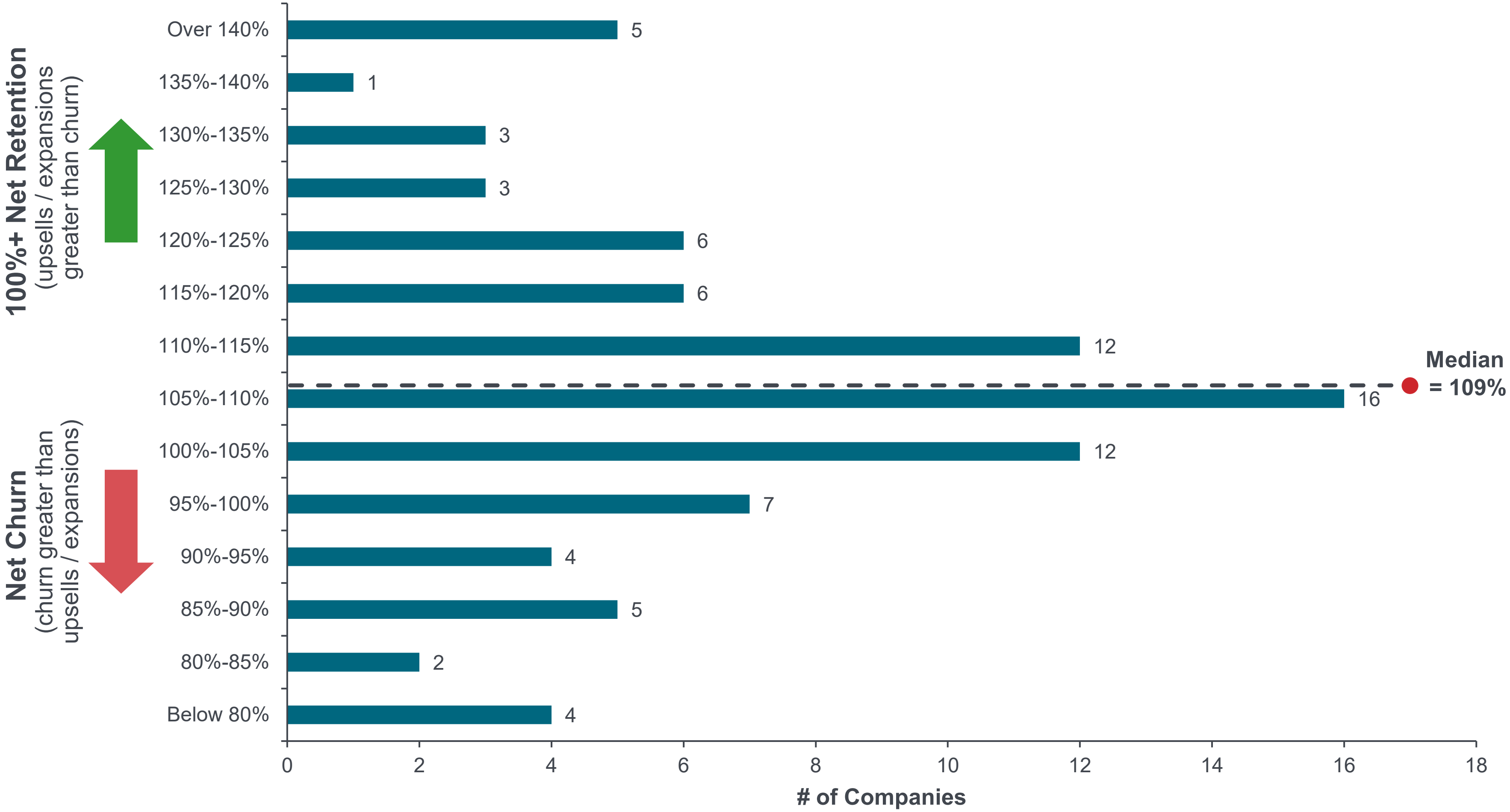


Respondents: 81

ANNUAL NET DOLLAR RETENTION FROM EXISTING CUSTOMERS

Excluding Companies <$5MM in 2021 Ending ARR

How much did your existing ARR base at the end of 2021 expand or contract, adding upsells and expansions from existing customers, subtracting gross dollar churn?



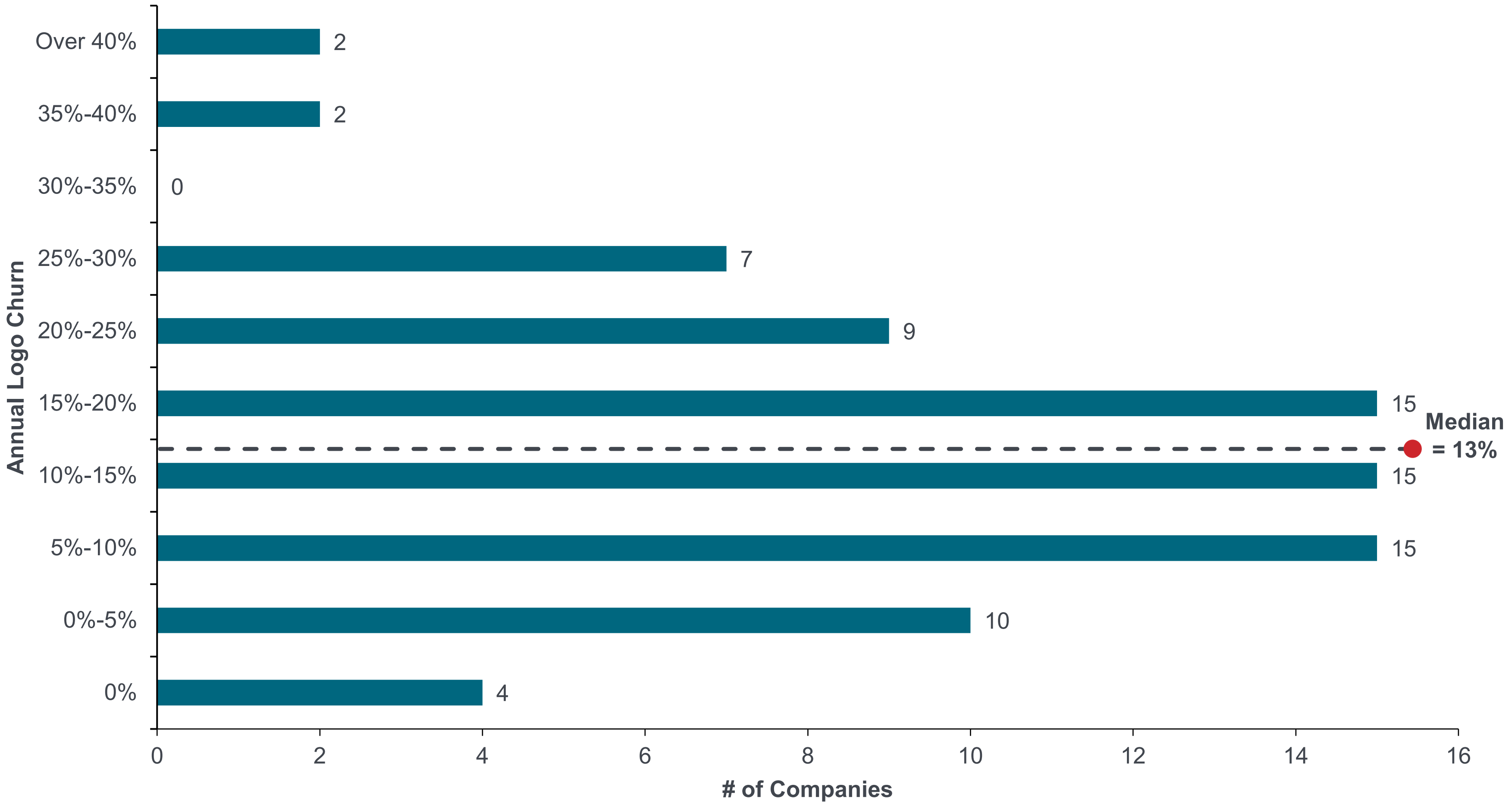
Over 140%	5
135%-140%	1
130%-135%	3
125%-130%	3
120%-125%	6
115%-120%	6
110%-115%	12
105%-110%	16
100%-105%	12
95%-100%	7
90%-95%	4
85%-90%	5
80%-85%	2
Below 80%	4

Respondents: 86

ANNUAL LOGO CHURN

Excluding Companies <$5MM in 2021 Ending ARR

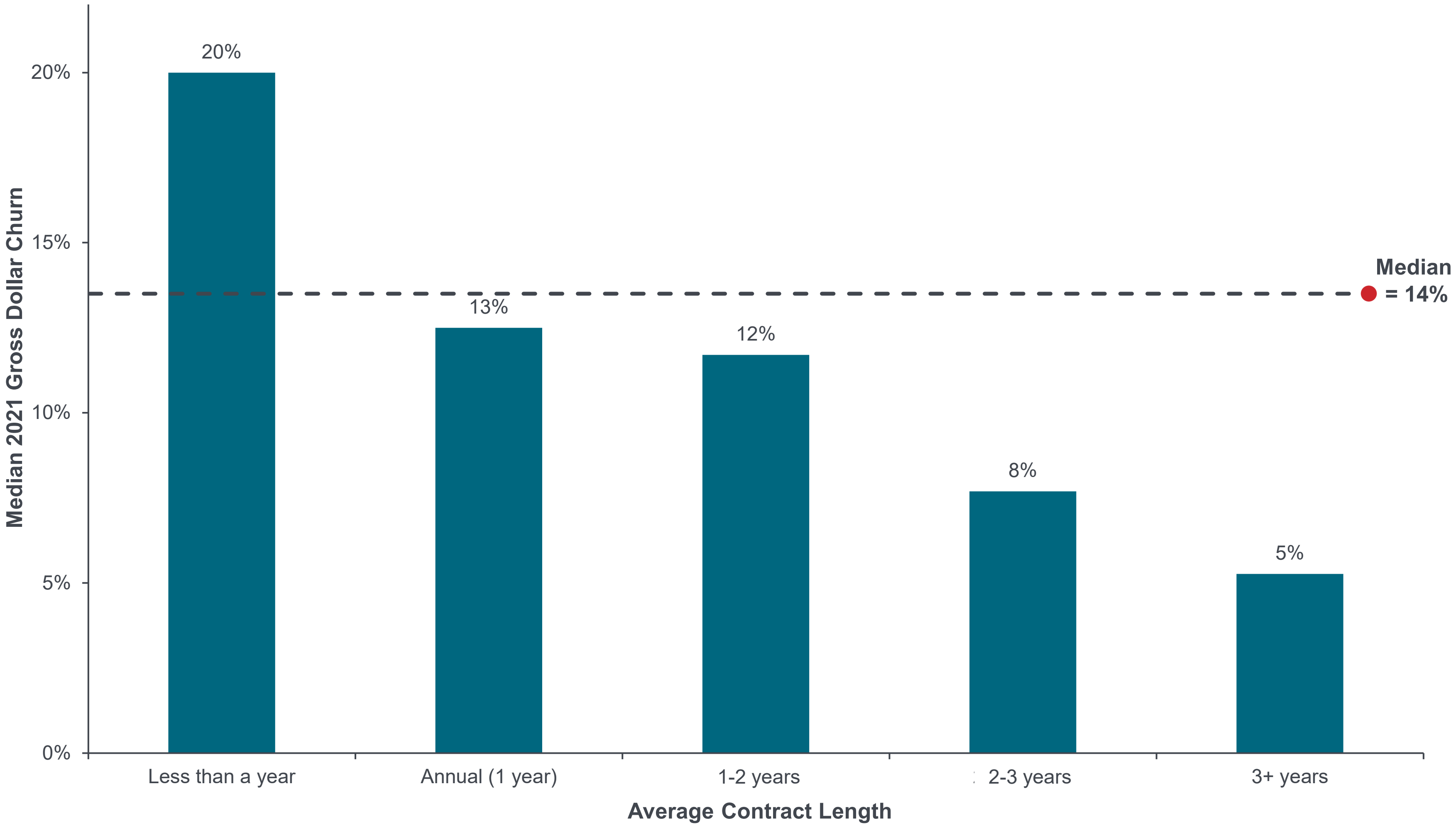
Annual Logo Churn: Number of Pre-existing Customers Lost During 2021 Divided by Total Number of Customers at Year-End 2020?



Respondents: 79

ANNUAL GROSS DOLLAR CHURN AS A FUNCTION OF CONTRACT LENGTH

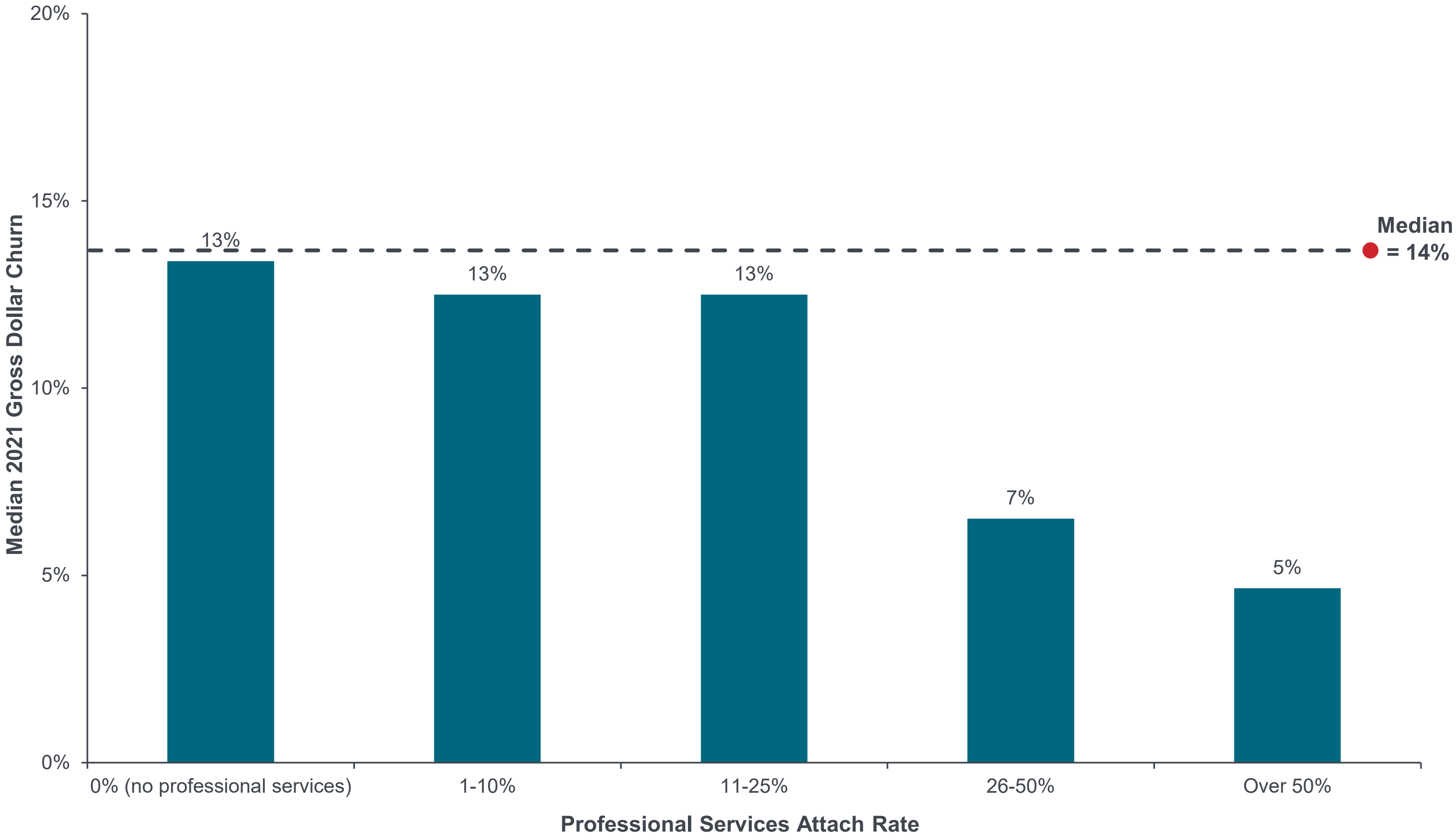
Excluding Companies <$5MM in 2021 Ending ARR



Respondents: 83; Less than a year: 10, Annual: 35, 1-2 years: 10, 2-3 years: 15, 3+ years: 13

ANNUAL GROSS DOLLAR CHURN AS A FUNCTION OF UPFRONT PROFESSIONAL SERVICES

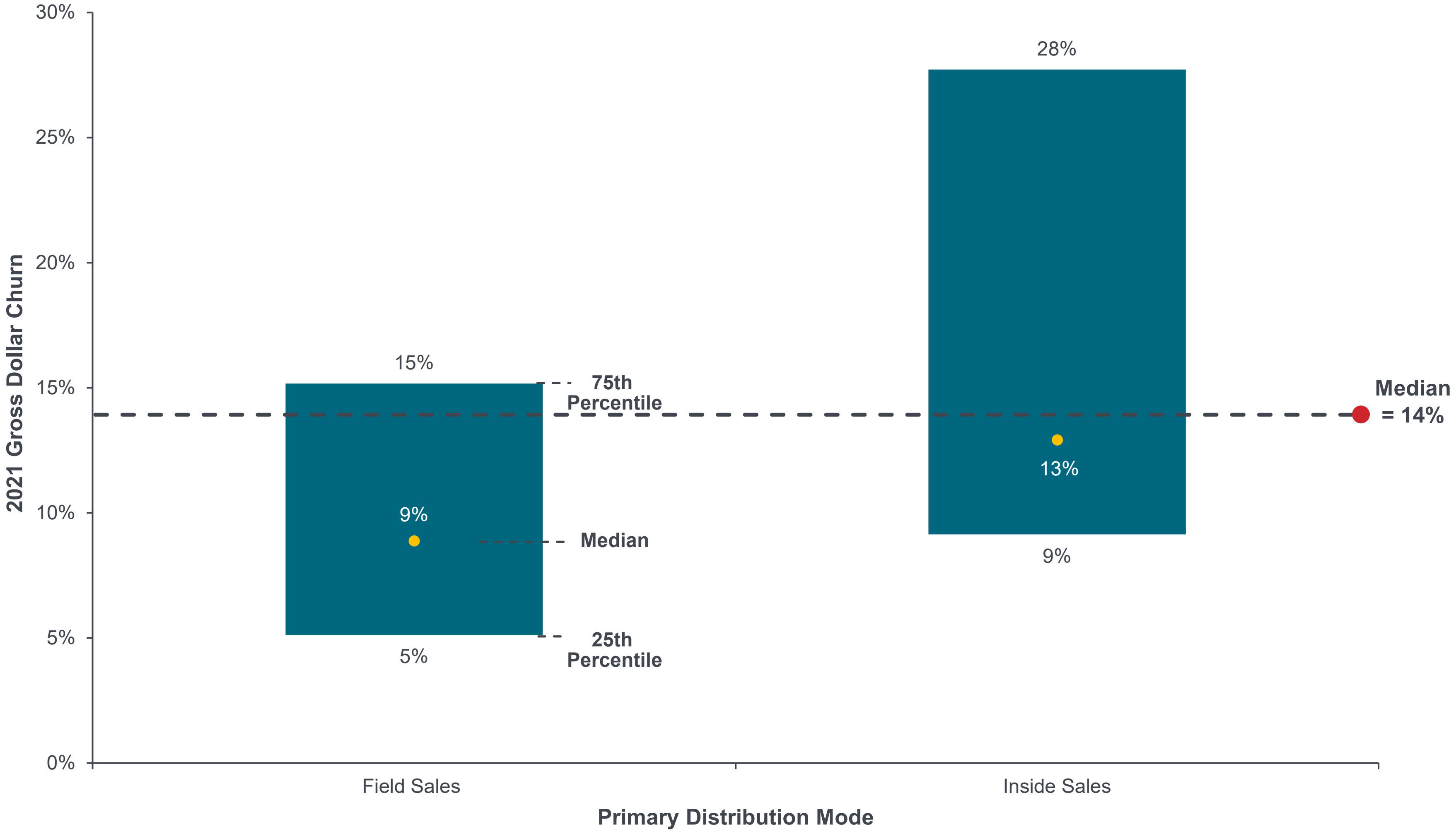
Excluding Companies <$5MM in 2021 Ending ARR



Respondents: 79; 0% (no professional services): 24, 1-10%: 27, 11-25%: 17, 26-50%: 3, Over 50%: 8

ANNUAL GROSS DOLLAR CHURN AS A FUNCTION OF GO-TO-MARKET MOTION[1]

Excluding Companies <$5MM in 2021 Ending ARR



Field Sales (Named Accounts / Higher-Touch)

Inside Sales (Higher Velocity / Lower-Touch)

[1] Primary Mode of Distribution defined by determining the greatest contributor to new sales and confirming that it is at least a 20% point higher contributor than any other. If no mode satisfies these conditions, then it is Mixed

Respondents: 65; Field Sales: 47, Inside Sales: 18

GO-TO-MARKET AND SALES AND MARKETING

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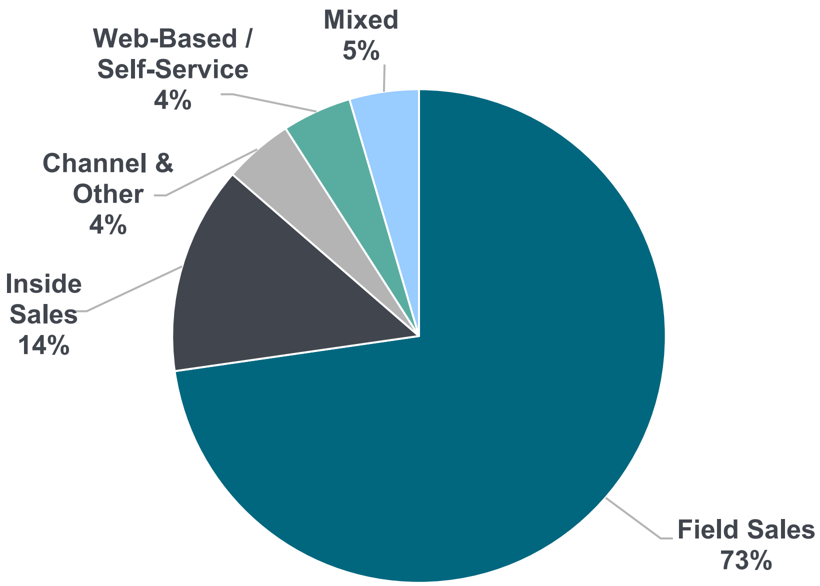
PRIMARY GO-TO-MARKET MOTION[1]

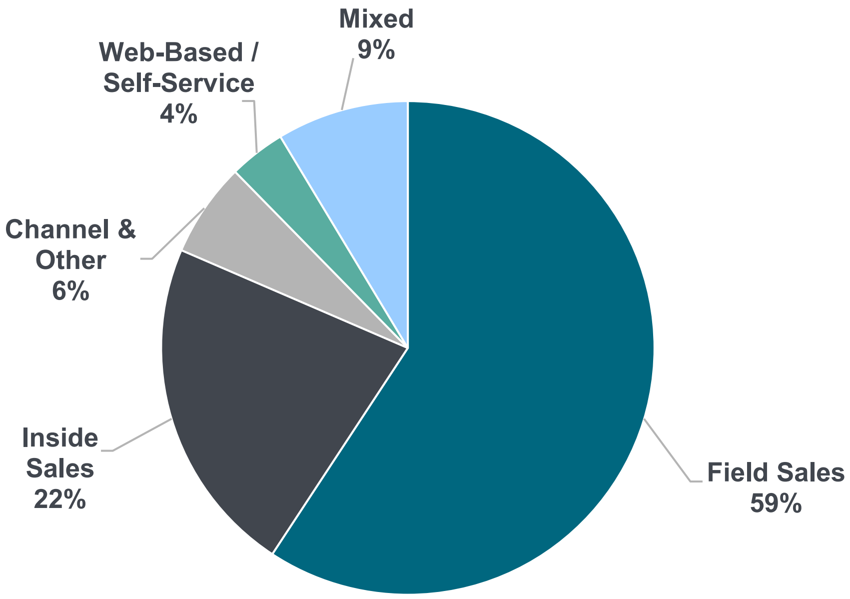
Smaller Companies

<$5MM in 2021 Ending ARR



Larger Companies

≥ $5MM in 2021 Ending ARR



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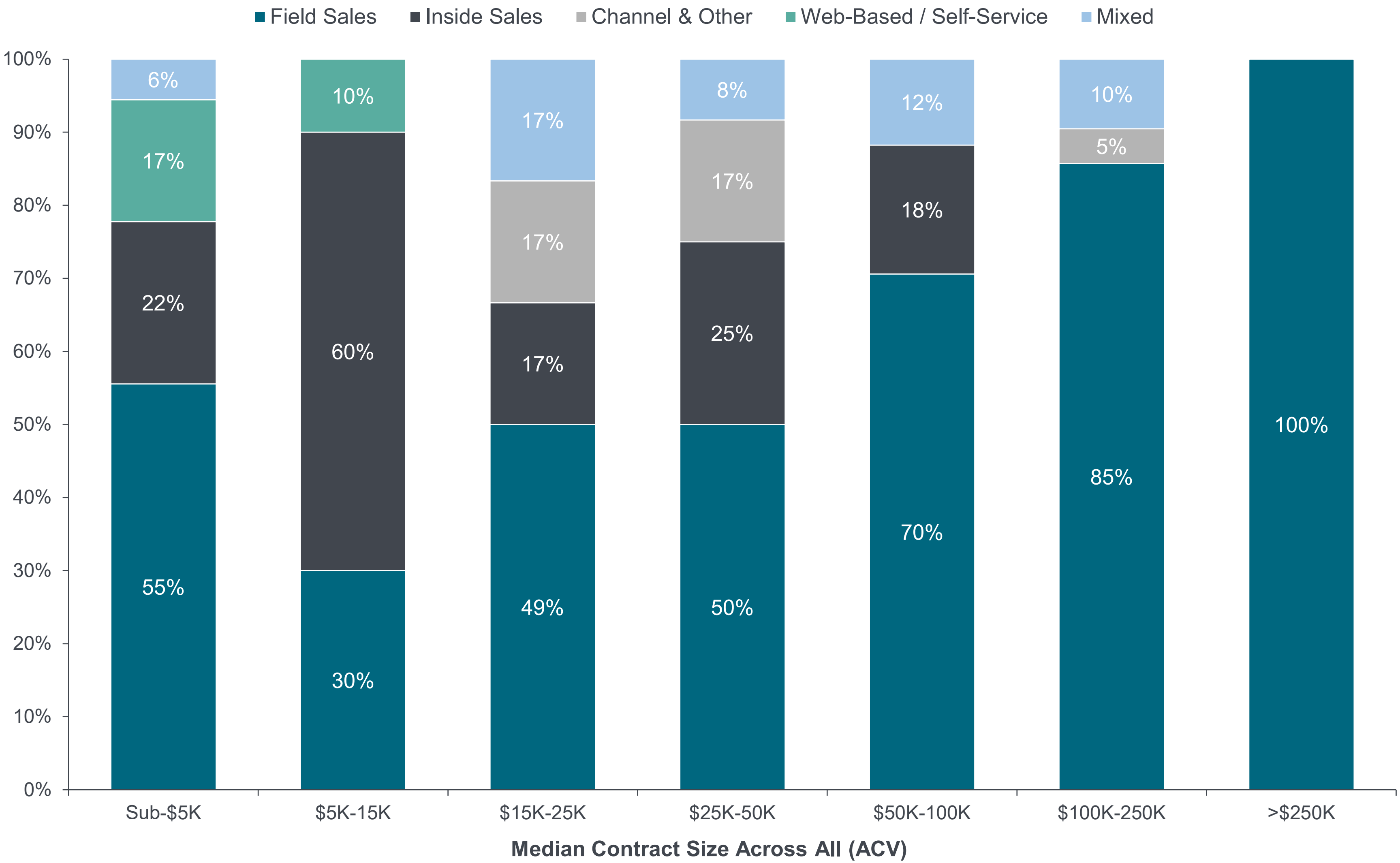
[1] Primary Go-To-Market Motion is defined by determining the greatest contributor to new sales and confirming that it is at least a 20% point higher contributor than any other. If no mode satisfies these conditions, then it is Mixed

Note: Field sales defined as "named accounts / higher-touch" model, Inside sales defined as "higher-velocity / lower-touch" model

22 and 81 respondents, respectively

PRIMARY MODE OF DISTRIBUTION[1] AS A FUNCTION OF MEDIAN CONTRACT SIZE



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[1] See definition on page 30

Respondents: Total: 99, Sub-$5K: 18, $5K-15K: 10, $15K-25K: 12, $25K-50K: 12, $50K-100K: 17, $100K-250K: 21, >$250K: 9

ANALYSIS OF FIELD VS. INSIDE SALES

Excluding Companies <$5MM in 2021 Ending ARR

Median	Field-Dominated	Inside-Dominated
2021 Ending ARR	$17MM	$27MM
Initial ACV per Customer	$98K	$20K
Average Contract Length	1 Year	1 Year
Professional Services Attach Rate	8%	2%
Commissions for New Sales to New Accounts – Direct	10%	10%
2021 ARR per FTE	$145K	$154K

2021 Organic ARR Growth Rate	32%	28%
S&M % of Revenue	40%	41%
2021 FCF Margin	(7%)	0%
2021 Rule of 40	25%	35%

Blended CAC Ratio[1]	$1.00	$0.91
% of New ARR from Upsells and Expansions	48%	41%
Annual Gross Dollar Churn[2]	9%	13%
Net Dollar Retention Rate[3]	110%	104%

We compared those favoring Field vs Inside and found Field-sales driven companies had higher professional services attach rates, while also having higher burn rates

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[1] Fully-loaded sales & marketing spend divided by new ARR added from all customers

[2] The % of dollar ARR under contract at the end of the prior year which was lost during the most recent year (excludes the benefits of upsells and expansions)

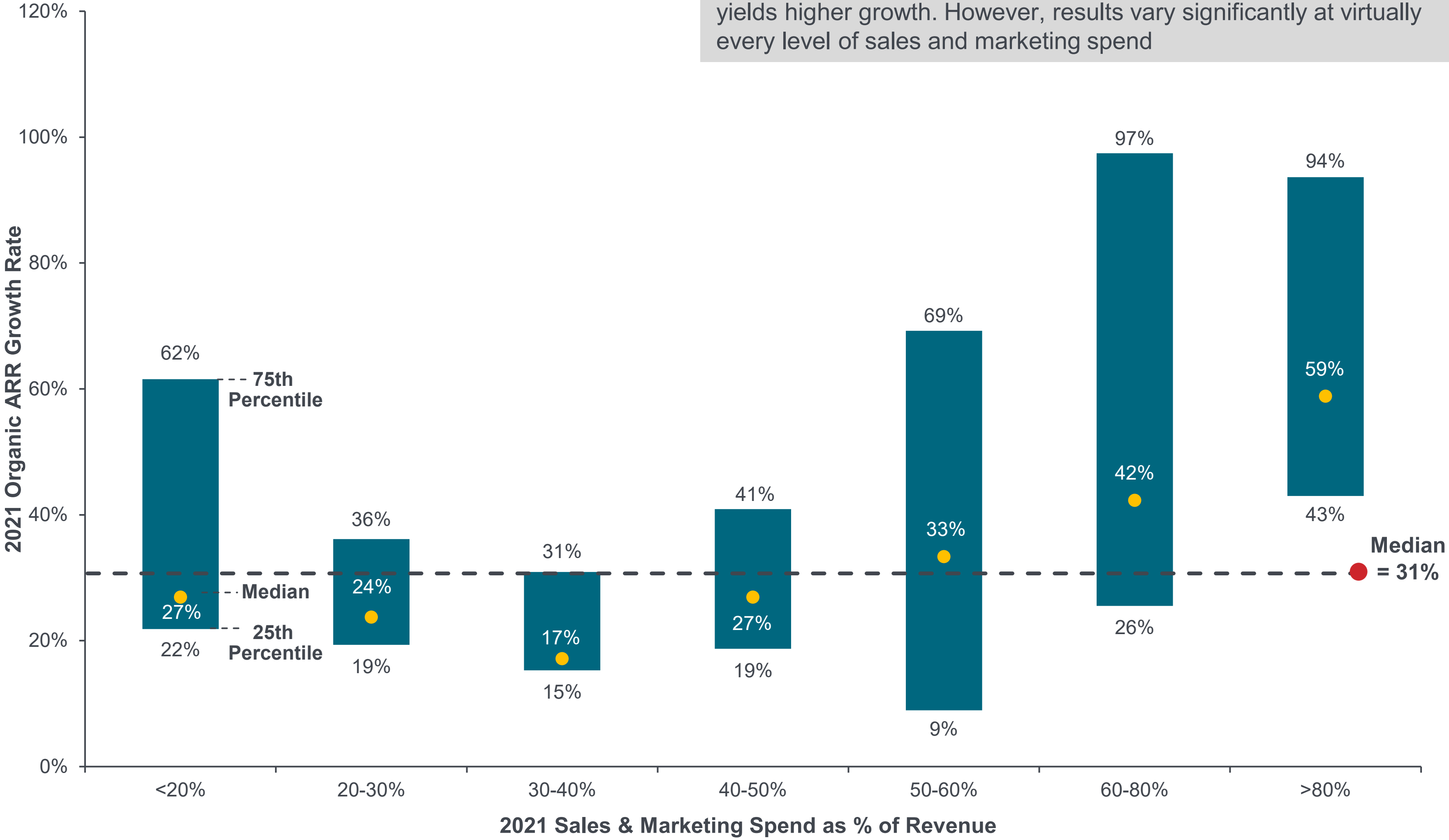
[3] The % change in ACV from existing customers, resulting only from the effect of churn, upsells / expansions and price increases

Respondents: Total: 60, Field-Dominated: 44, Inside-Dominated: 16

SALES & MARKETING SPEND VS. GROWTH RATE

Excluding Companies <$5MM in 2021 Ending ARR

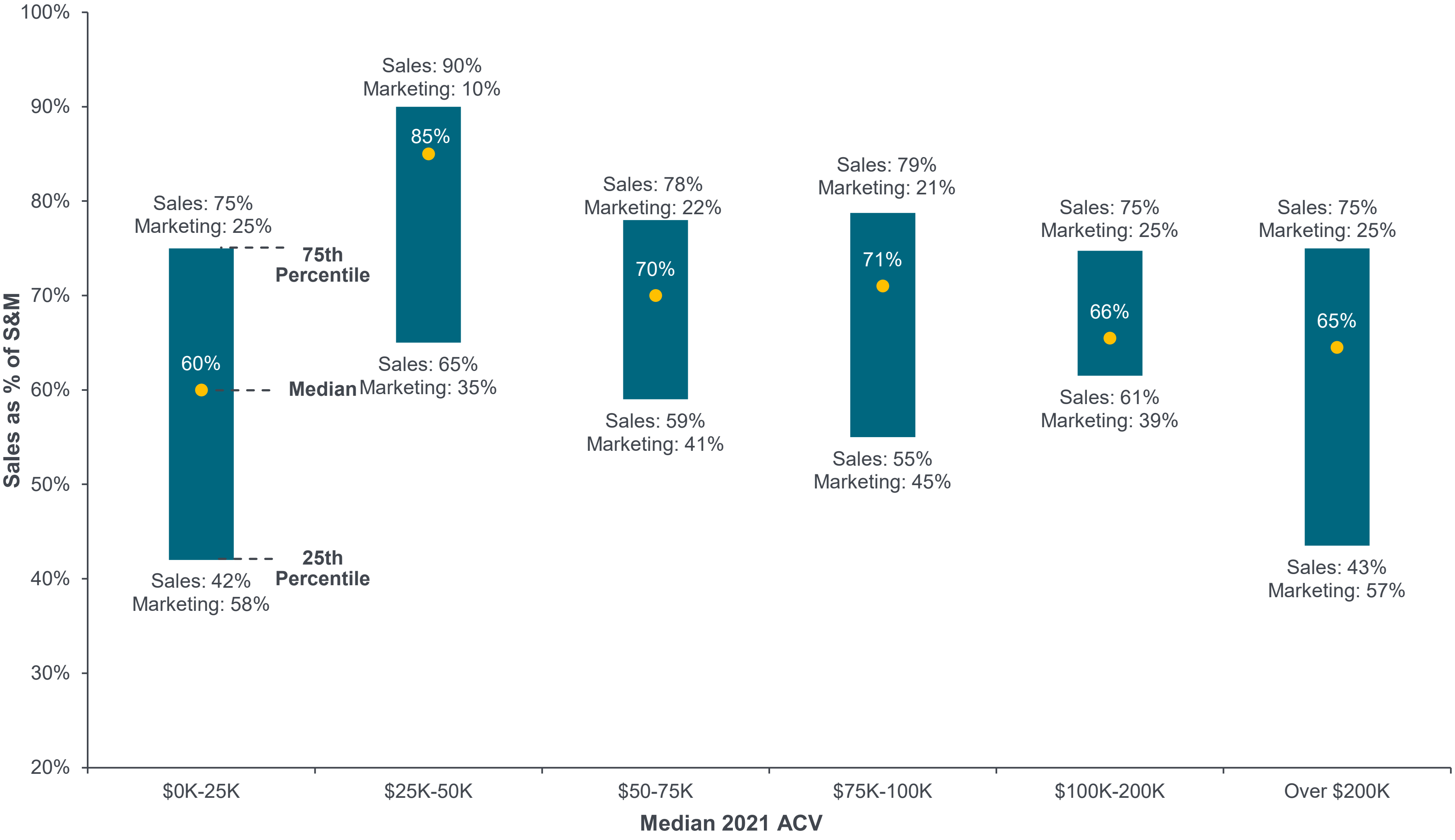
As anticipated, spending more on sales and marketing generally yields higher growth. However, results vary significantly at virtually every level of sales and marketing spend



Respondents: Total: 85; <20%: 17, 20-30%: 15, 30-40%: 8, 40-50%: 17, 50-60%: 6, 60-80%: 11, >80%: 11

SALES & MARKETING COST COMPOSITION BY MEDIAN ACV

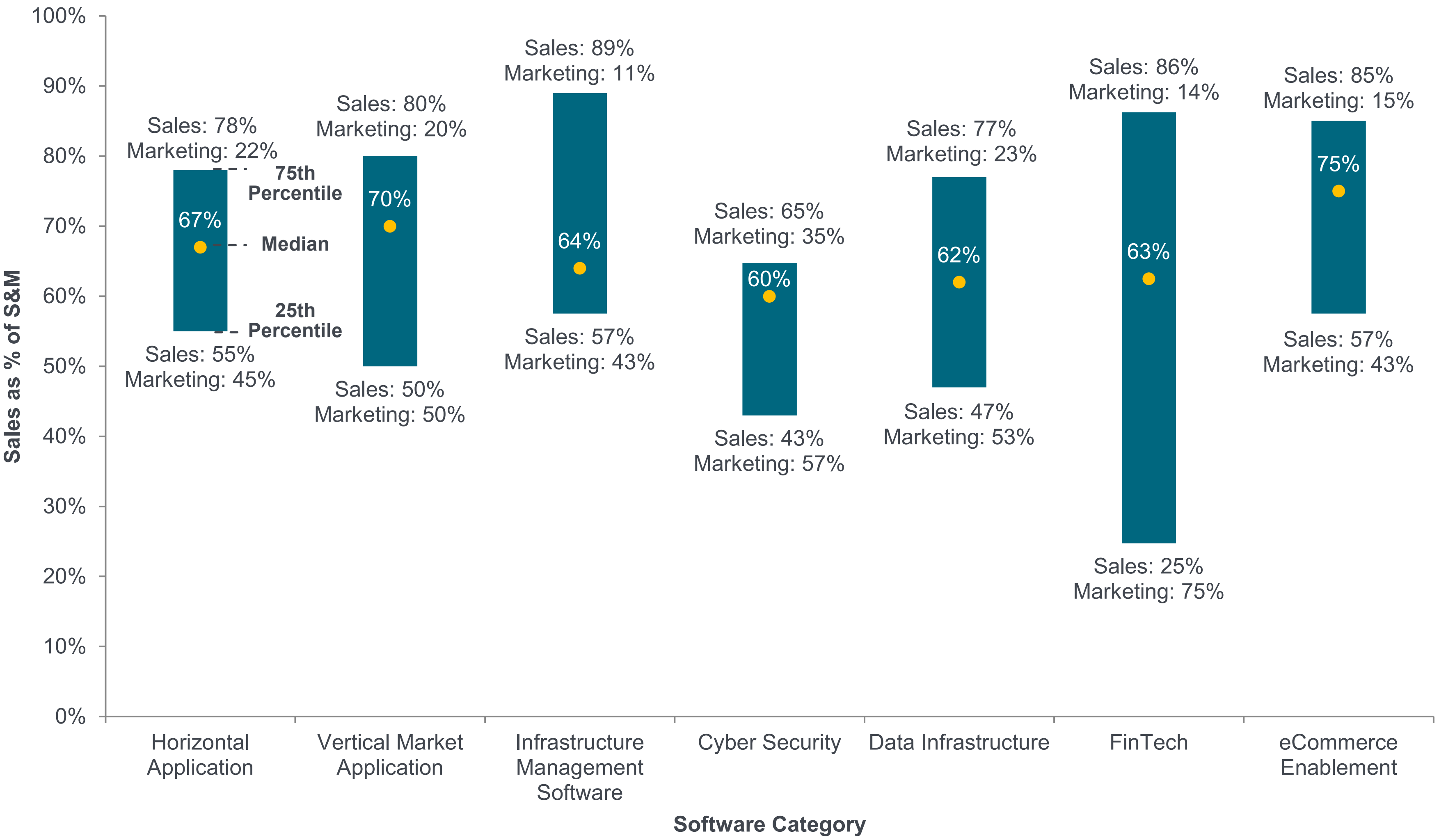
Excluding Companies <$5MM in 2021 Ending ARR



Respondents: Overall: 85; Sub $25K: 33, $25K-50K: 9, $50-75K: 7, $75K-100K: 4, $100K-200K: 14, Over $200K: 18

SALES VS. MARKETING COMPOSITION BY SOFTWARE CATEGORY

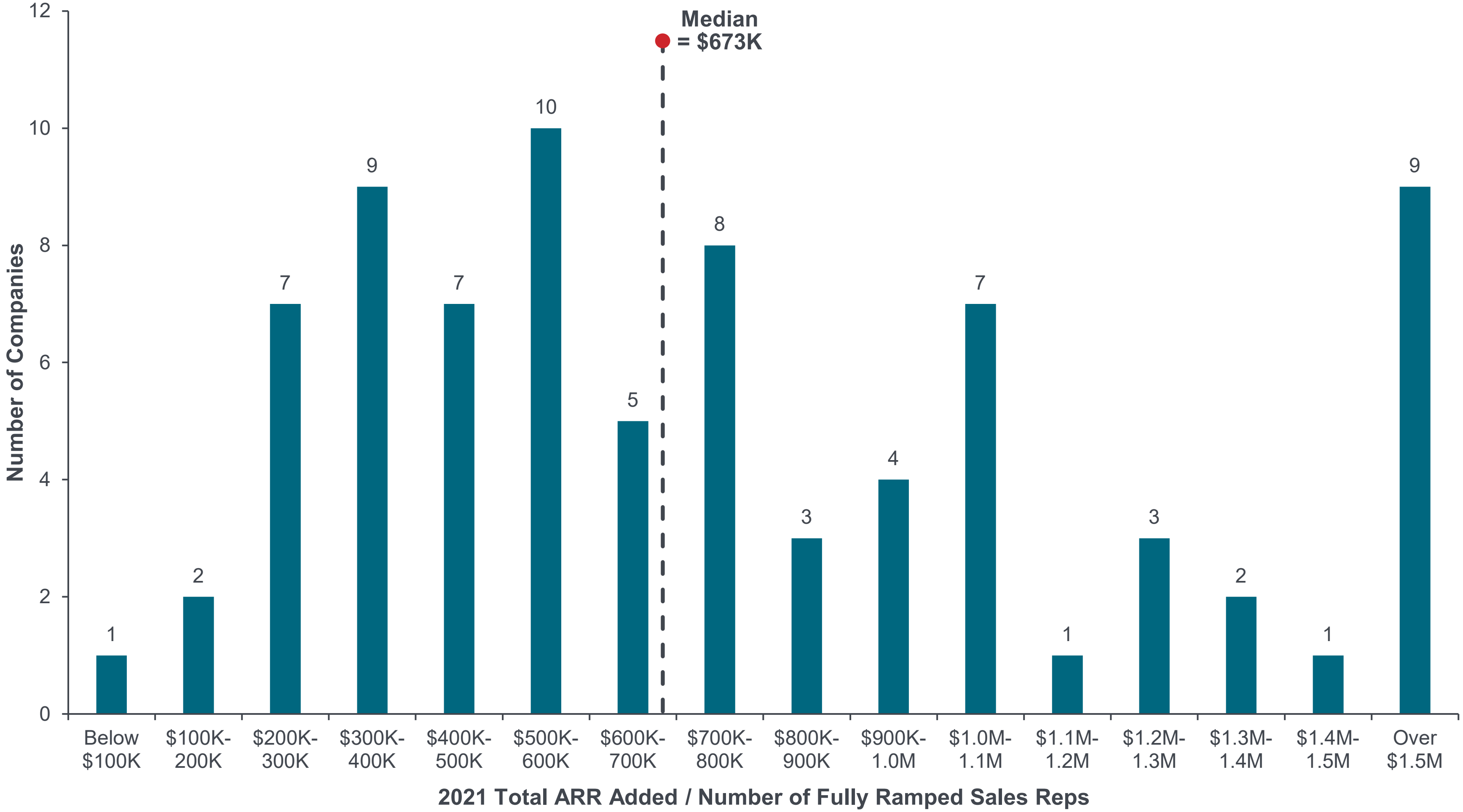
Excluding Companies <$5MM in 2021 Ending ARR



74 Total Respondents; Horizontal Application: 31, Vertical Application: 15, Infrastructure Management Software: 5, Cyber Security: 6, Data Infrastructure: 3, FinTech: 8, eCommerce Enablement: 6

SALES REP EFFICIENCY HISTOGRAM

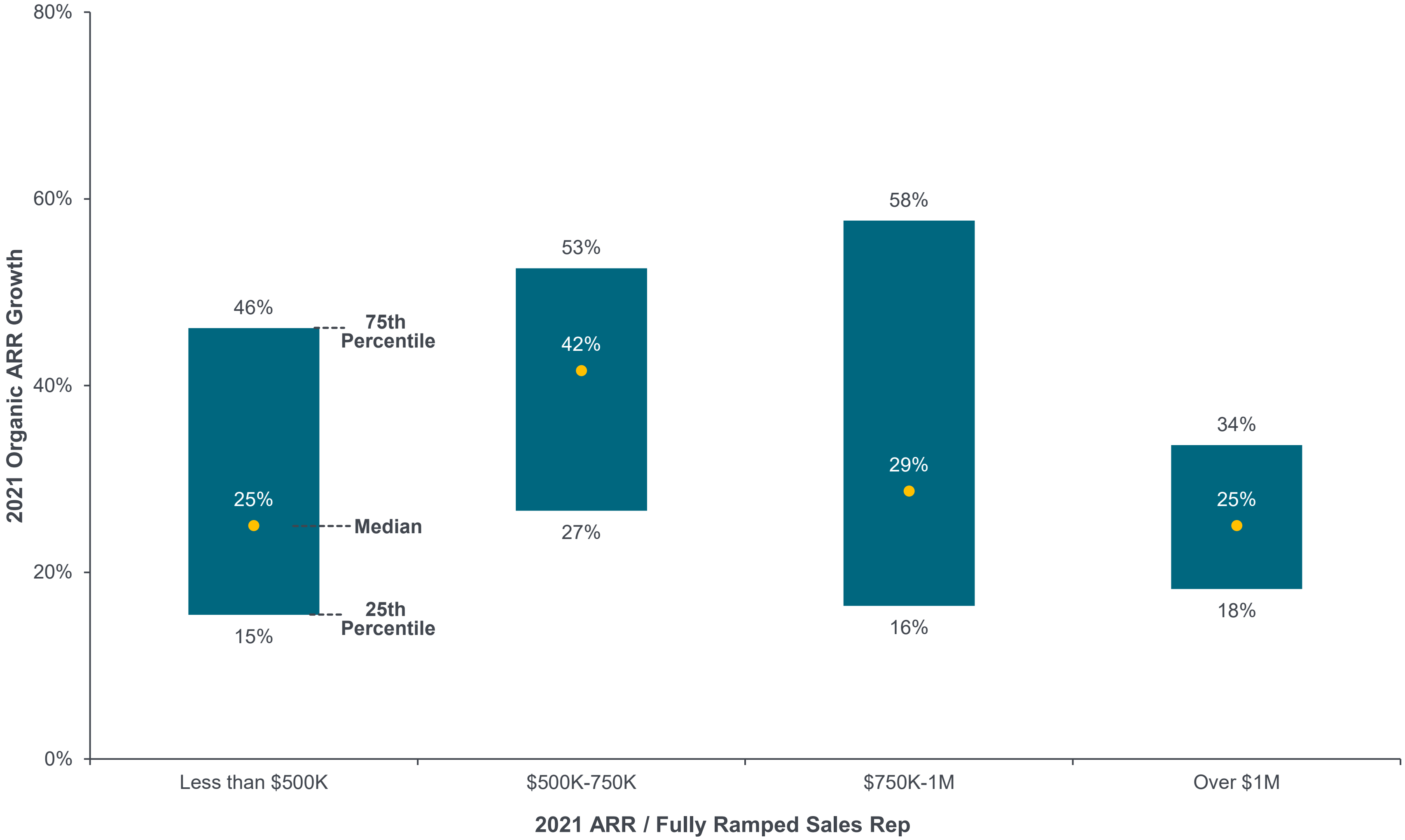
Excluding Companies <$5MM in 2021 Ending ARR



Total 79 Respondents

SALES REP EFFICIENCY VS. GROWTH RATE

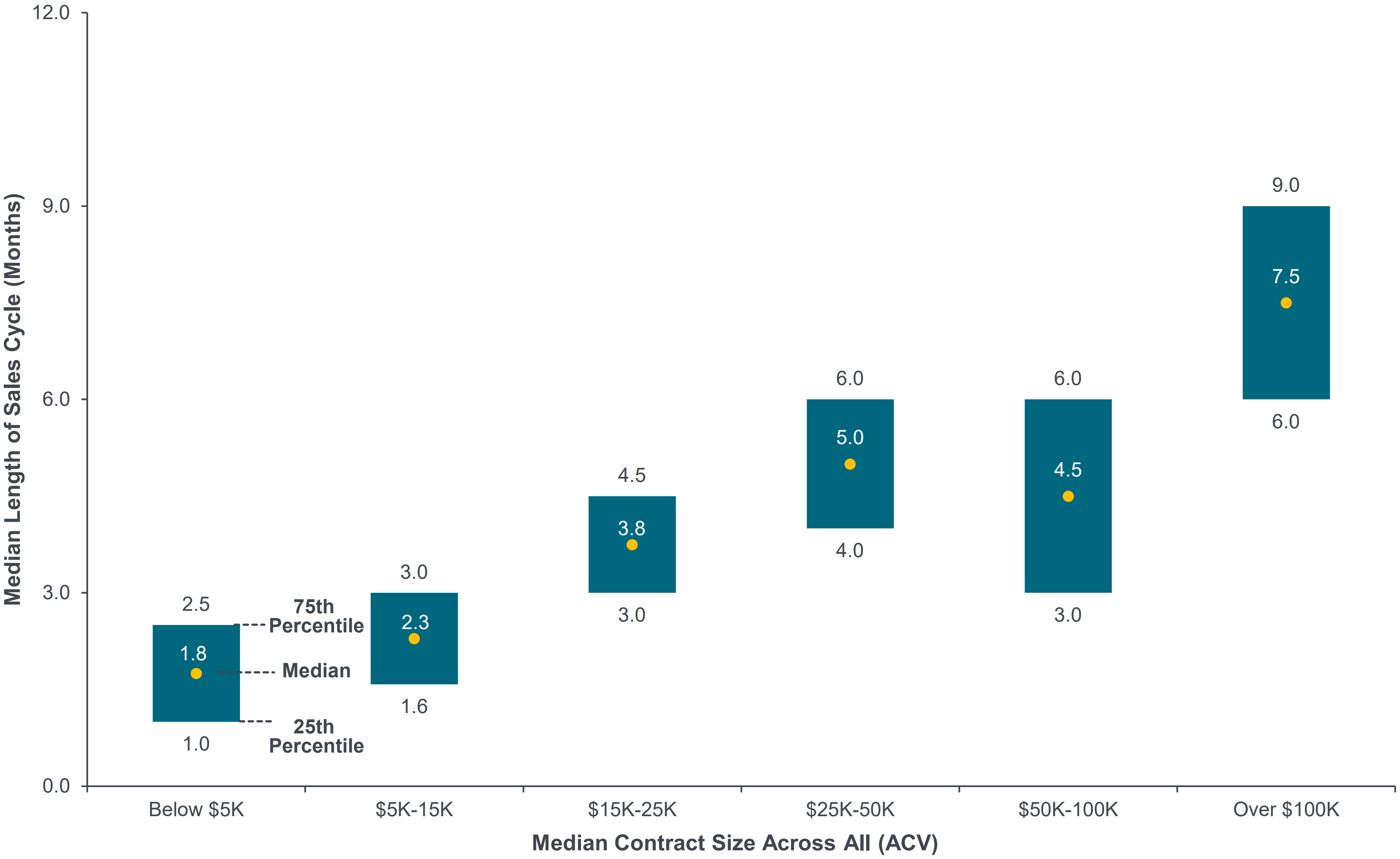
Excluding Companies <$5MM in 2021 Ending ARR



Total 79 Respondents; Less than $500K: 25, $500K - 750K: 20, $750K - 1M: 12, Over $1M: 22

MEDIAN ACV VS. SALES CYCLE LENGTH

Excluding Companies <$5MM in 2021 Ending ARR



Total 81 Respondents; Below $5K: 11, $5K - 15K: 7, $15K - 25K: 11, $25K - 50K: 9, $50K - 100K: 11, Over $100K: 32

CAC RATIOS AND CAC PAYBACK

CAC RATIO DEFINITIONS

Blended CAC Ratio

Fully-loaded S&M spend to acquire $1 of new ARR across all customers

$$\frac{\text{2021 Fully-loaded S\&M}}{\text{2021 Gross ARR Bookings}}$$

New Customer CAC Ratio

Fully-loaded S&M spend to acquire $1 of new ARR from a new customer

$$\frac{\text{2021 Fully-loaded S\&M Targeted at New Customers}}{\text{2021 ARR Bookings from New Customers}}$$

Upsell & Expansion CAC Ratio

Fully-loaded S&M spend to acquire $1 of new ARR from upsells and expansions

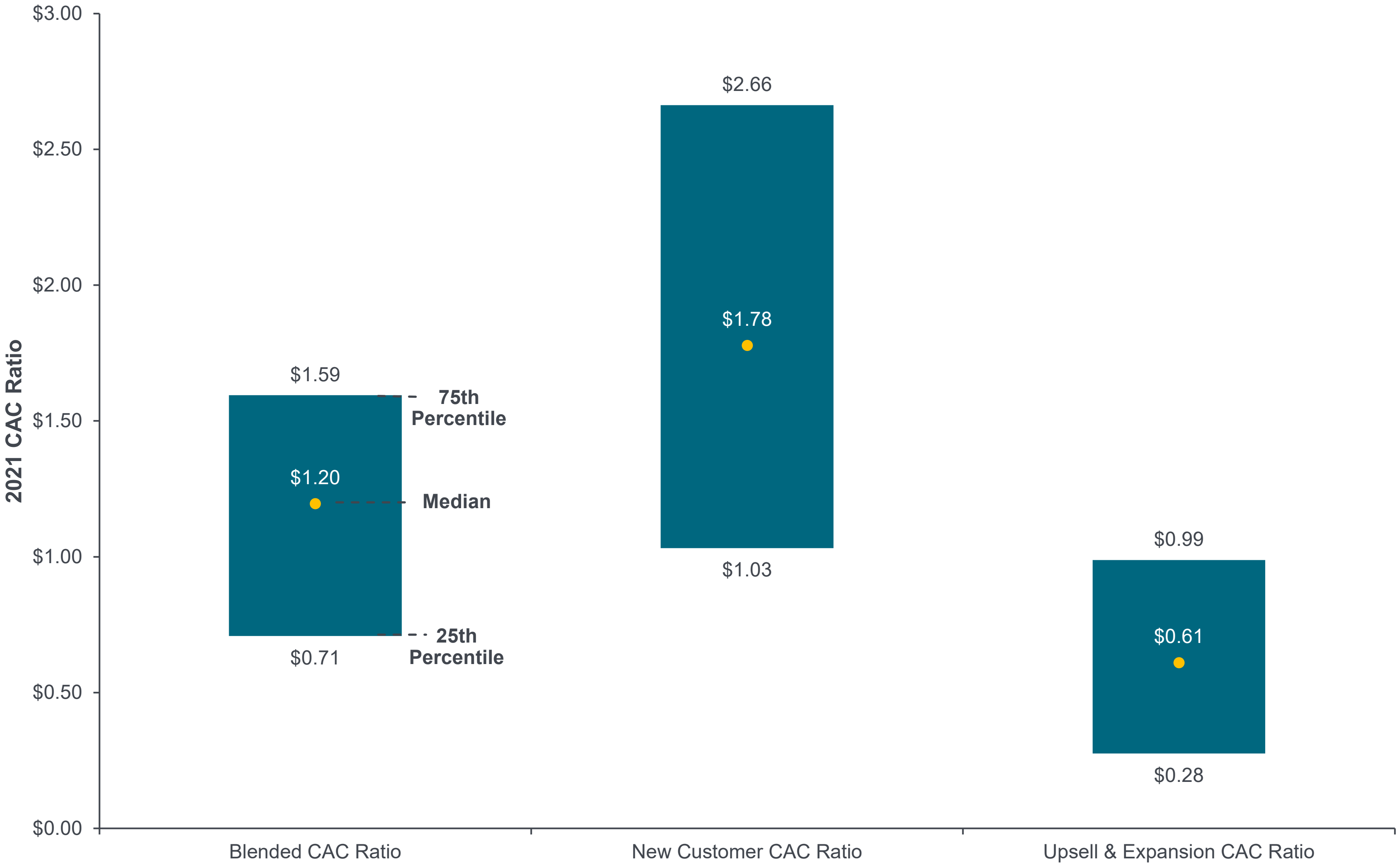
$$\frac{\text{2021 Fully-loaded S\&M Targeted at Upsell \& Expansion}}{\text{2021 ARR Bookings from Upsell \& Expansion}}$$

Note that we acknowledge some companies may believe it's appropriate to assume a slight timing difference in their CAC Ratio analysis – S&M expenses determining future period ARR bookings, but for simplicity and consistency, we do not attempt to capture such assumptions here

Excluding S&M spend targeted at renewals

DISTRIBUTION OF 2021 CAC RATIOS

Excluding Companies <$5MM in 2021 Sales & Marketing Spend



Refer to CAC definitions on page 40

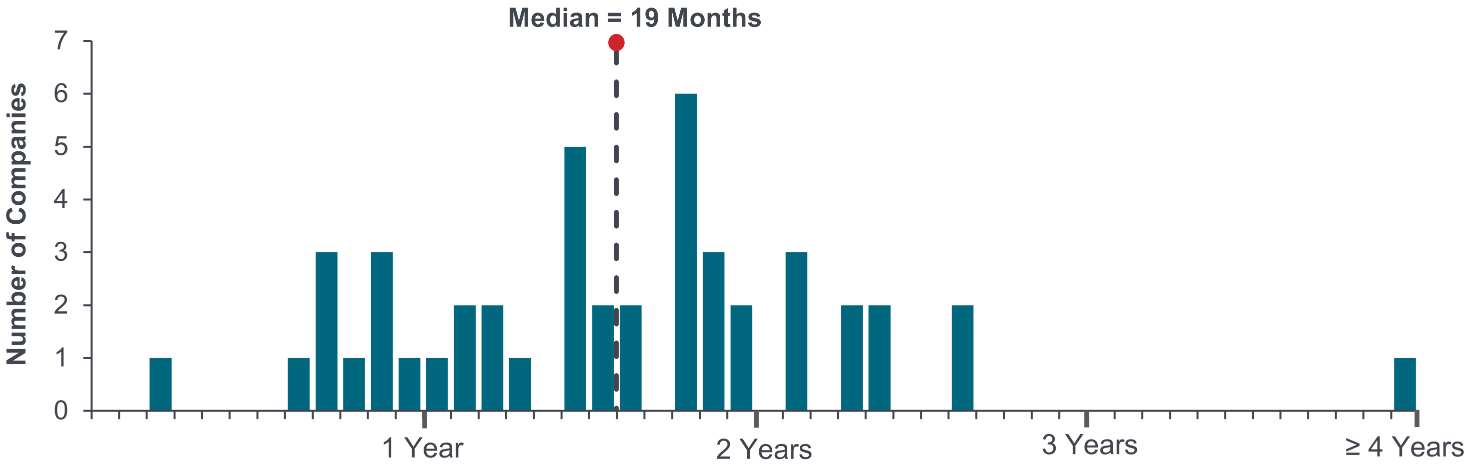
Respondents: Blended: 76, New: 76, Upsell & Expansion: 67

CAC PAYBACK PERIOD[1] (GROSS MARGIN BASIS)

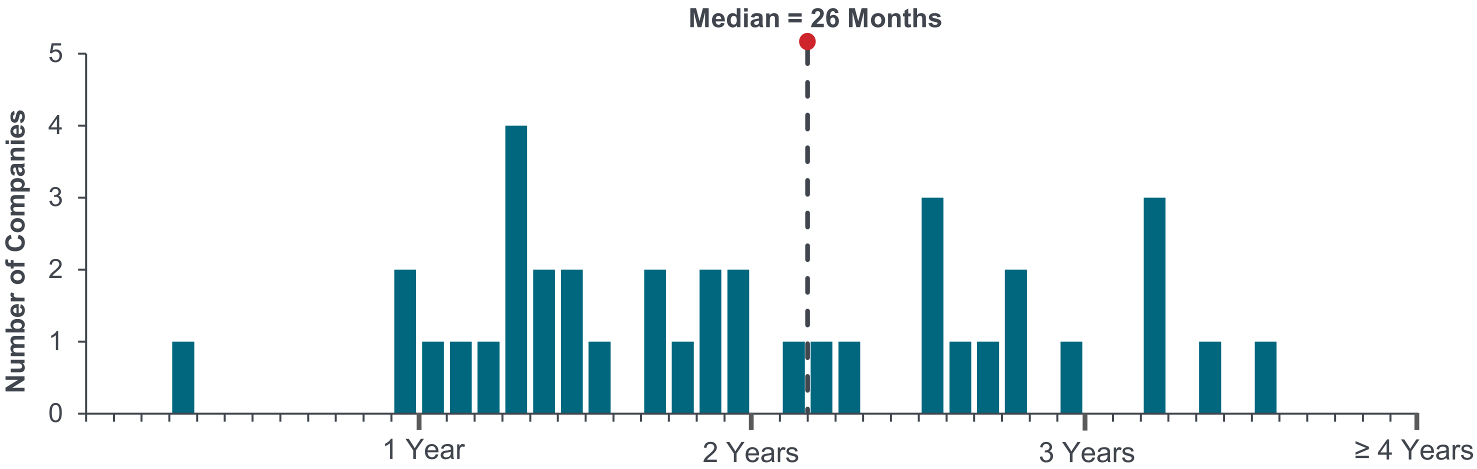
Excluding Companies <$5MM in 2021 Sales & Marketing Spend

How Long Does It Take to Recover Blended CAC vs. New Customer CAC, Based on Gross Margin Subscription Dollars Received?

Blended CAC Payback Period



New Customer CAC Payback Period



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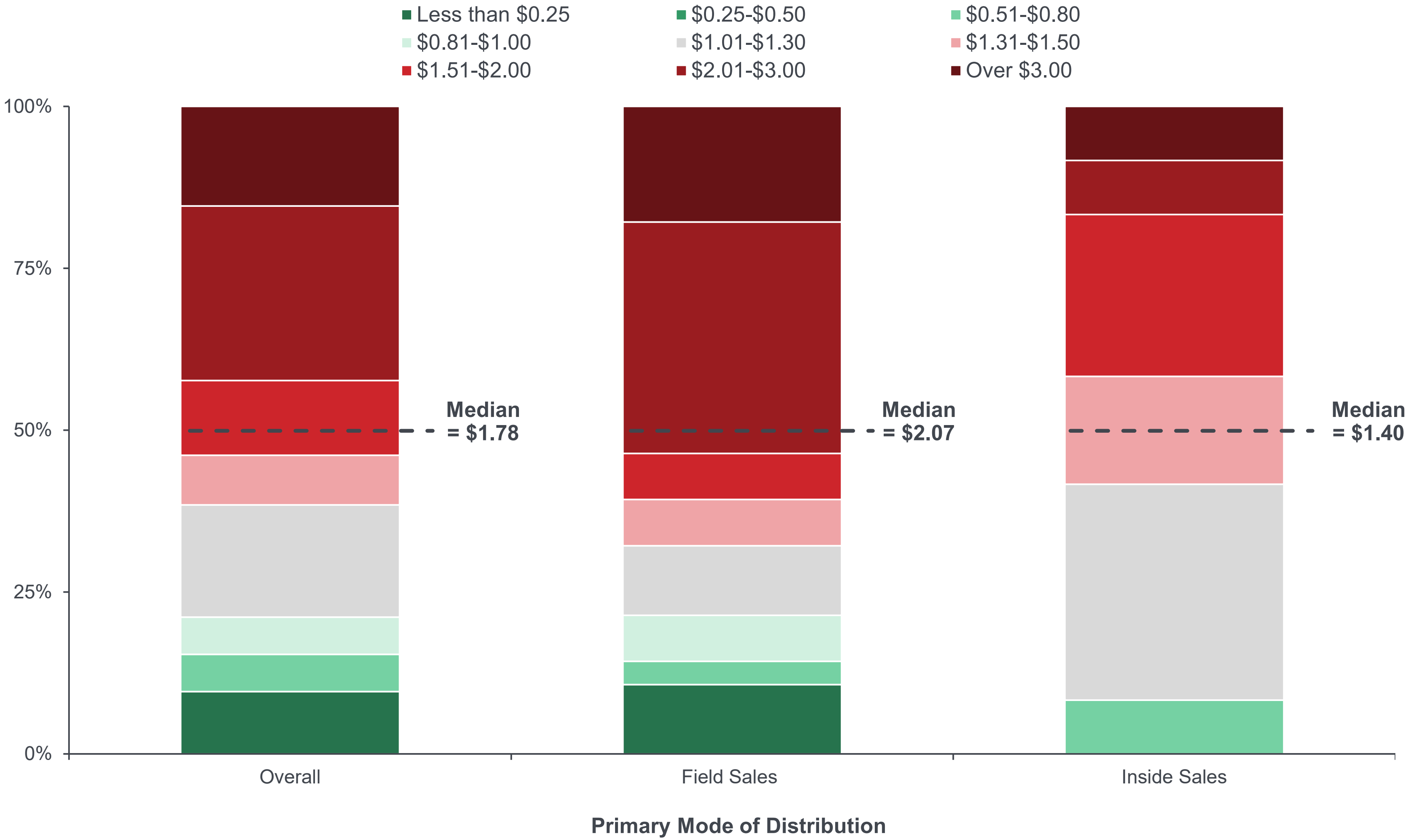
[1] Implied CAC Payback Period: Defined as # of months of subscription gross profit required to recover the fully-loaded cost of acquiring a customer; calculated by dividing CAC ratio by subscription gross margin

Respondents: Blended: 91, New: 91

NEW CUSTOMER CAC RATIO BY PRIMARY MODE OF DISTRIBUTION[1]

Excluding Companies <$5MM in 2021 Sales & Marketing Spend



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[1] See definition on page 30

Excludes companies with less than $5M in 2021 S&M Spend and web-based / self-serve, and channel

Respondents: Overall: 52, Field Sales: 28, Inside Sales: 12

CONTRACTING AND PRICING

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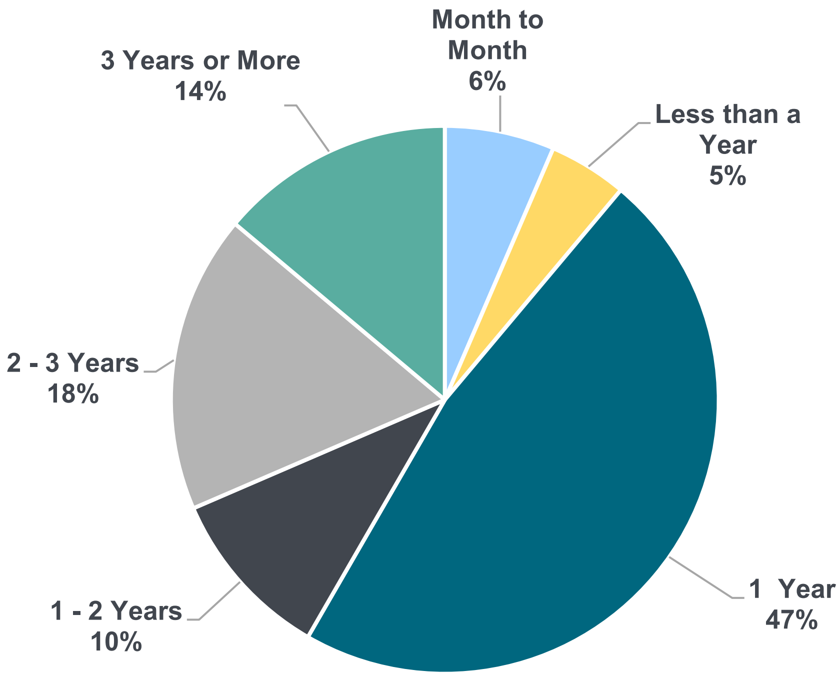
MEDIAN / TYPICAL CONTRACT TERMS FOR THE GROUP

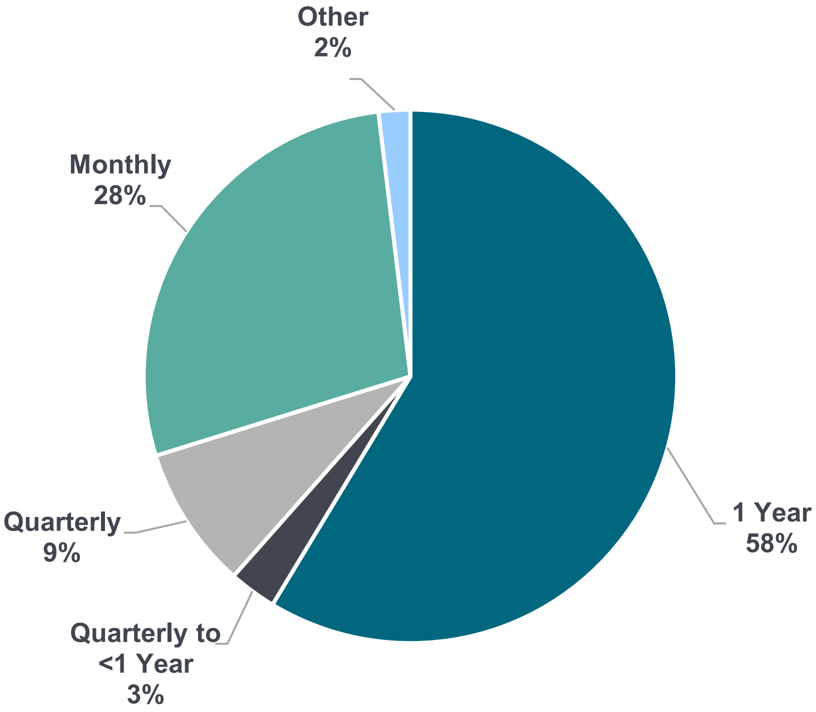
Average Contract Length

Median = 1 Year



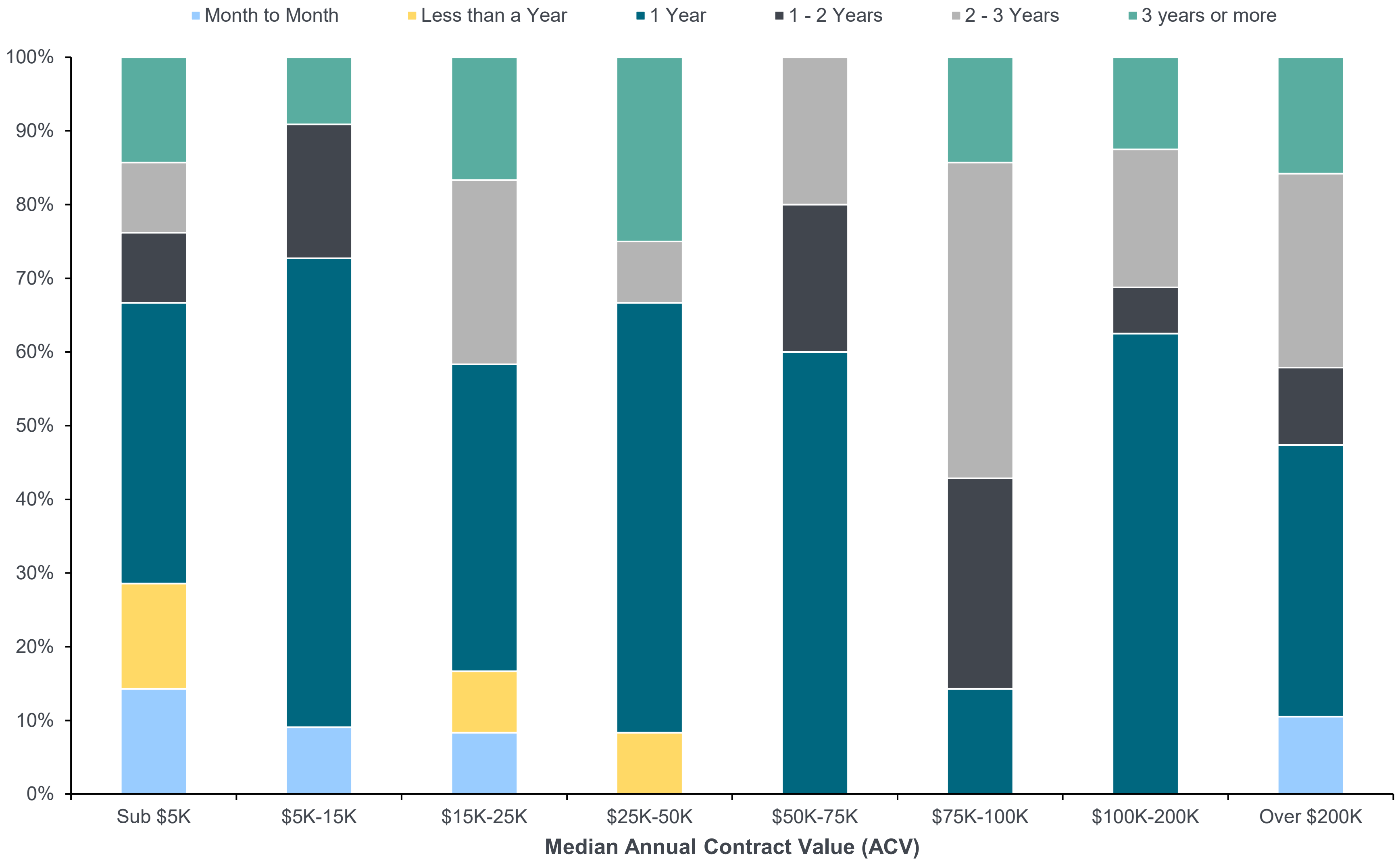
Average Billing Frequency

Median = 1 Year



Respondents: Average Contract Length: 108, Average Billing Frequency: 104

CONTRACT LENGTH AS A FUNCTION OF CONTRACT SIZE



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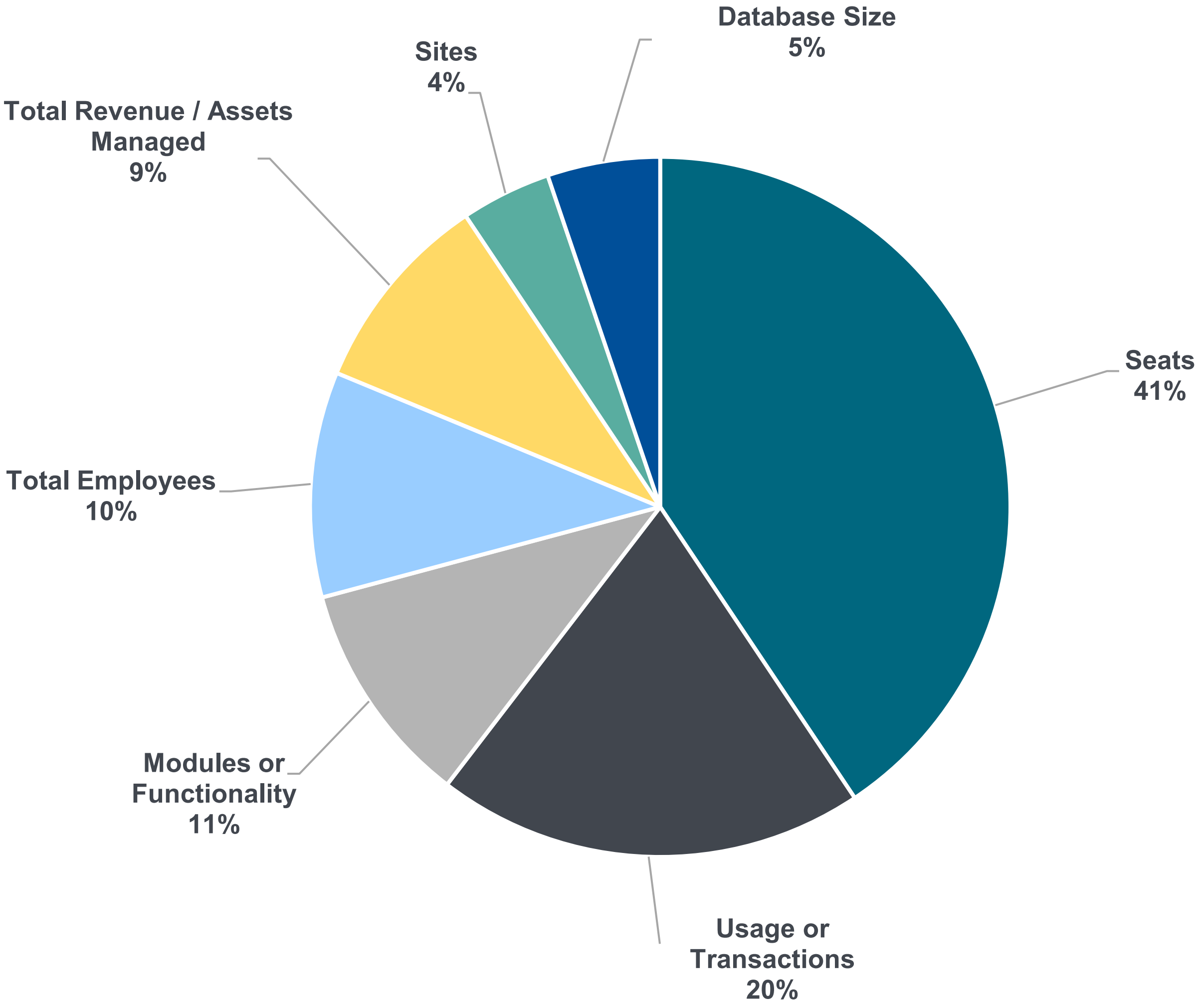
109 Total Respondents; Sub $5K: 22, $5K-15K: 11, $15K-25K: 12, $25K-50K: 12, $50K-75K: 10, $75K-100K: 7, $100K-200K: 16, Over $200K: 19

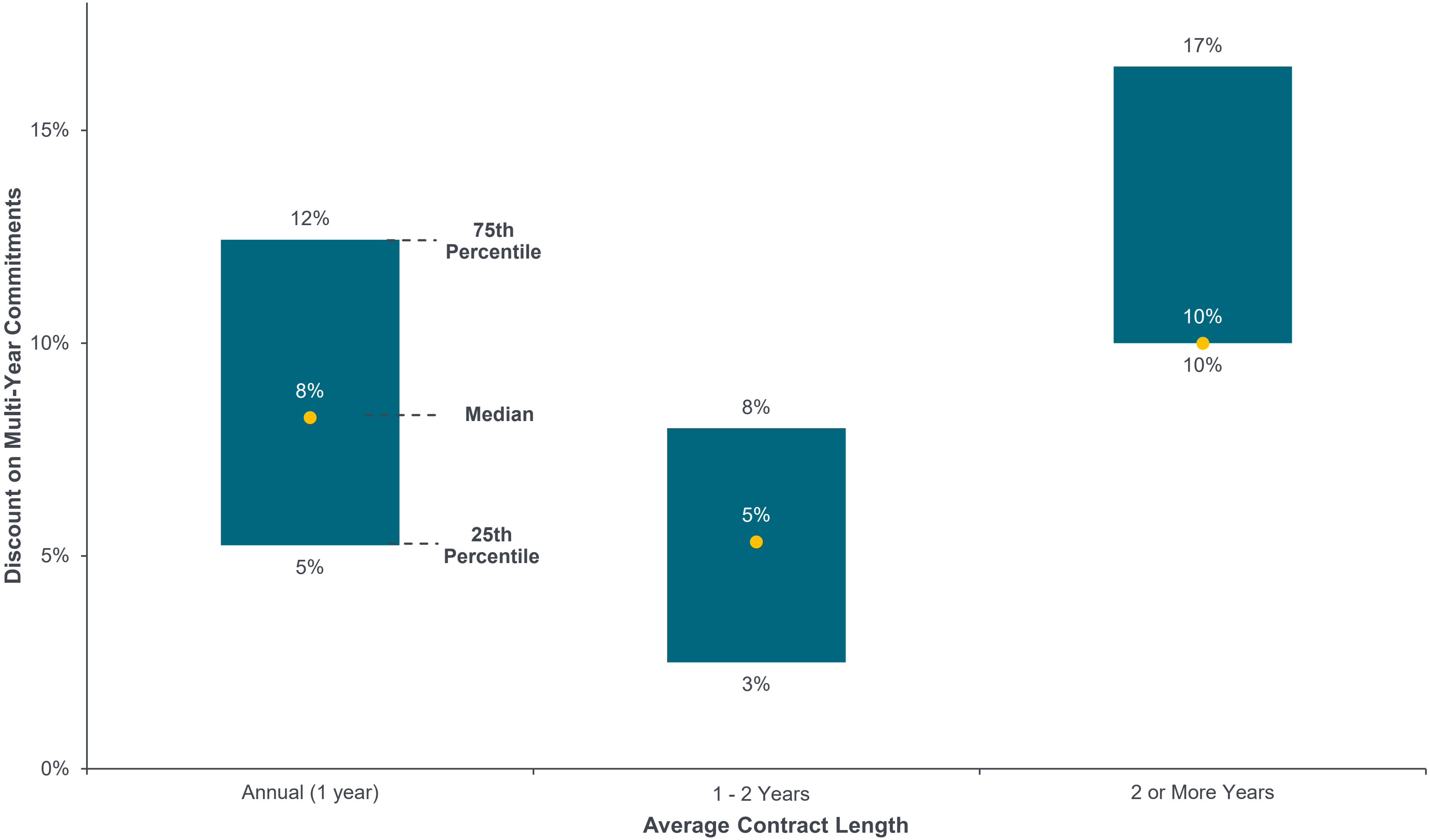
WHAT IS YOUR PRIMARY PRICING METRIC?



Respondents: 96

DISCOUNTS ON MULTI-YEAR COMMITMENTS

Excluding Companies <$5MM in 2021 Ending ARR

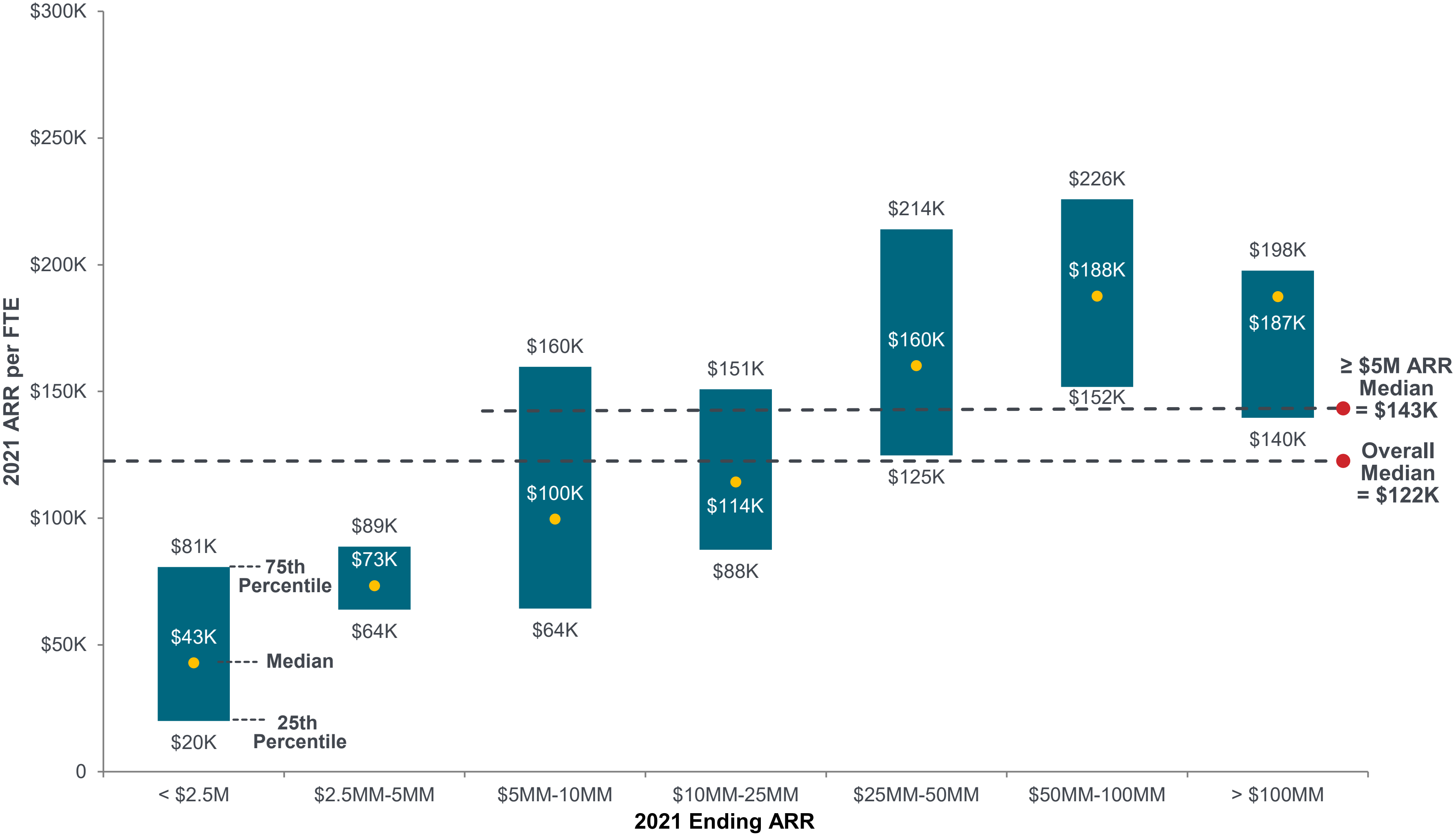


Respondents: 50; Annual: 24, 1 - 2 Years: 19, 2 or More Years: 7

OPERATIONS AND COST STRUCTURE

HUMAN CAPITAL EFFICIENCY

ARR per FTE

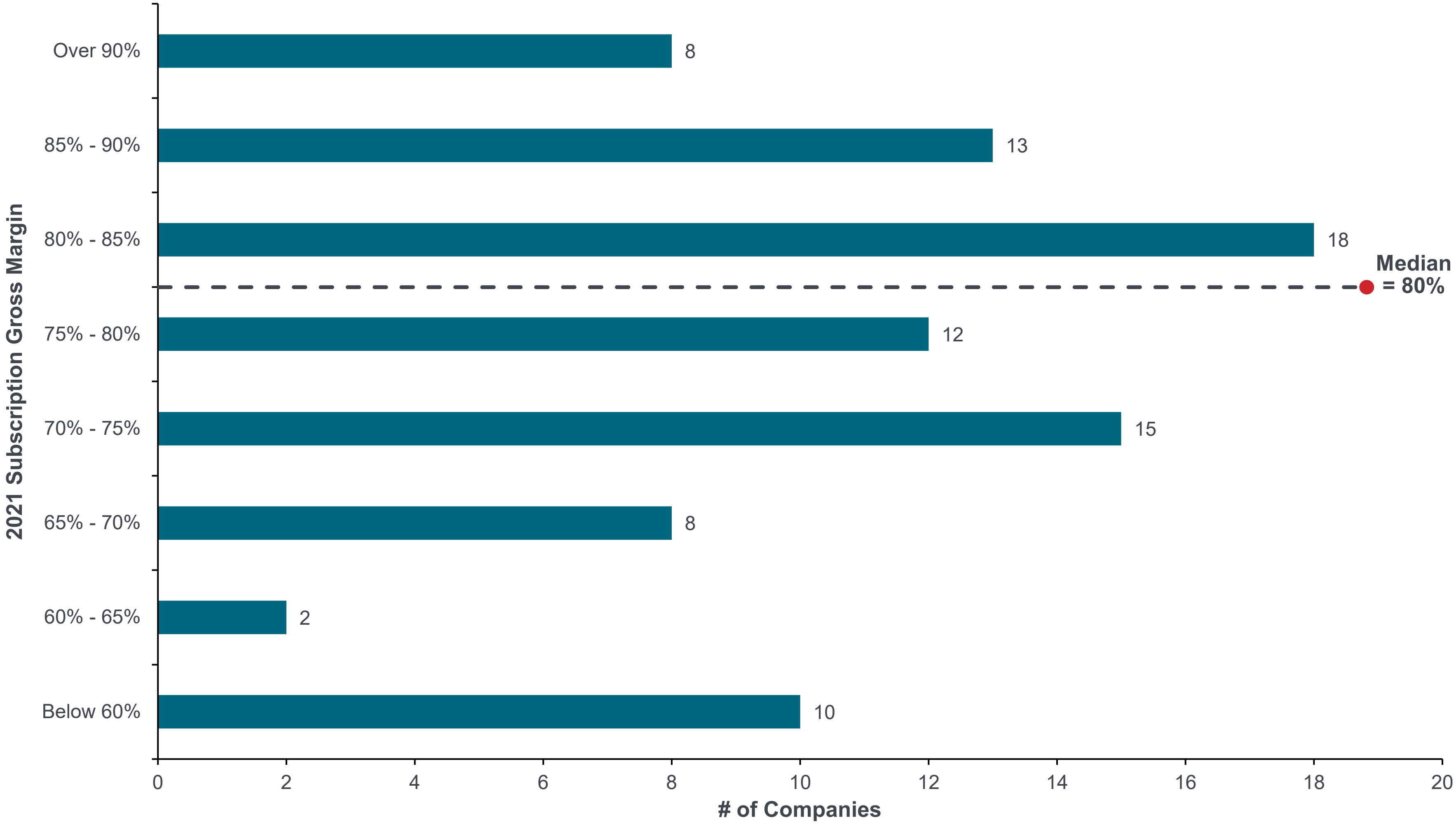


Total 106 Respondents; < $2.5M: 9, $2.5MM - 5MM: 12, $5MM –10MM: 20, $10MM - 25MM: 25, $25MM - 50MM: 14, $50MM - 75MM: 16, >$100M: 10

SUBSCRIPTION GROSS MARGIN

Excluding Companies <$5MM in 2021 Ending ARR

"What is Your Gross Profit Margin on Just Subscription / SaaS Revenues?"



Note: Respondents asked to back out stock-based comp. expenses and include customer support expenses

86 Respondents

ALLOCATION OF CUSTOMER SUCCESS AND SUPPORT COSTS

Excluding Companies <$5MM in 2021 GAAP Revenue

Customer Success Costs[1]	Average Allocation
Cost of Good Sold	28%
Sales & Marketing	65%
General & Administrative	8%

Customer Support Costs[2]	Average Allocation
Cost of Good Sold	82%
Sales & Marketing	11%
General & Administrative	7%

	Customer Success Cost Allocation[3]		
	All / Most in COGS	All / Most in S&M	Split
Number of Respondents	15	41	19
Median Total Gross Margin	73%	74%	78%
Median Subscription Gross Margin	76%	80%	78%
Median S&M as a % of Revenue	40%	42%	30%

---

[1] Customer Success / Account management defined as personnel expenses involved in renewals and upsell / cross-sells / expansions

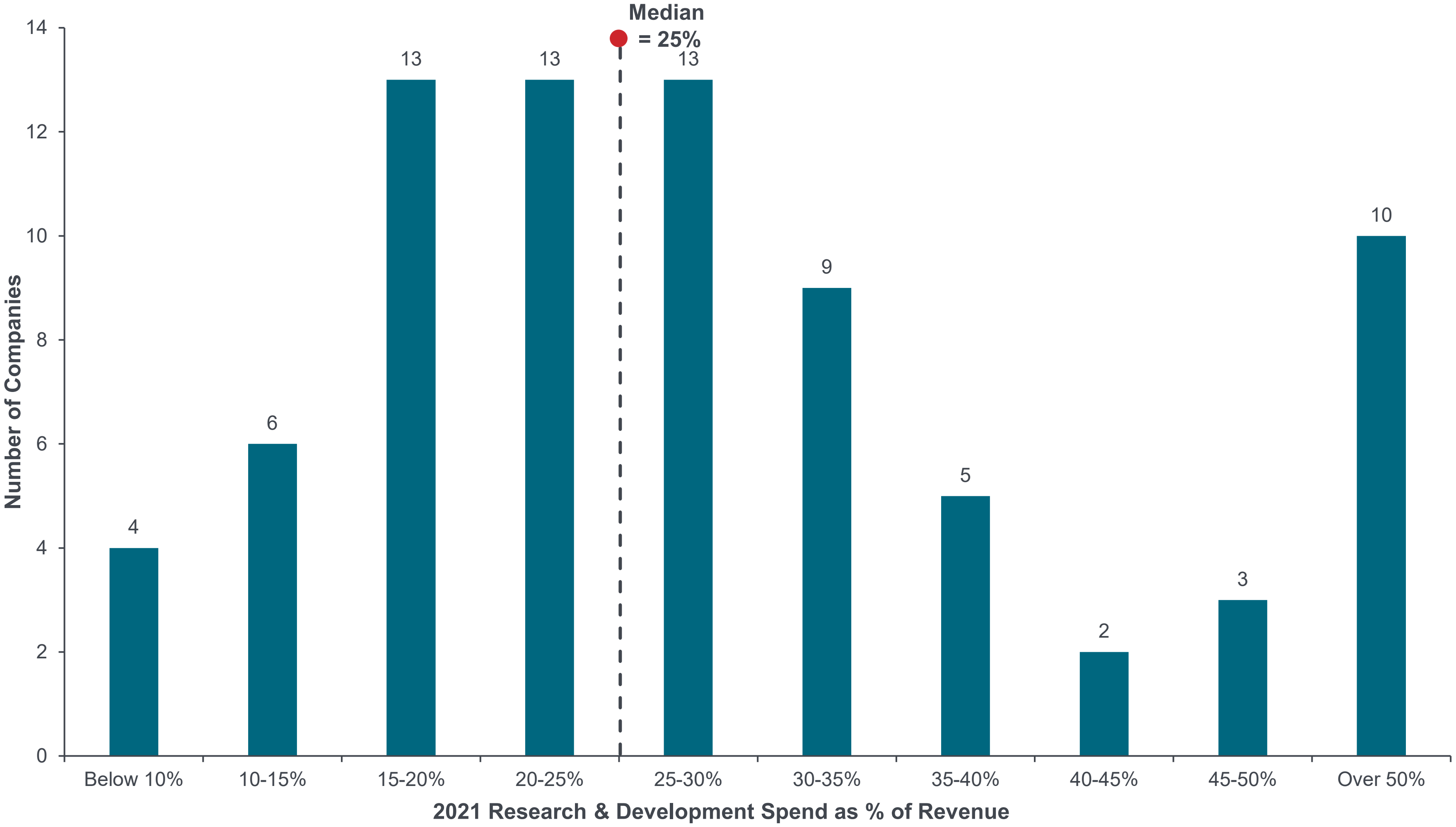
[2] Customer Support defined as costs associated with supporting existing customers' use of a product

[3] Bucket defined as 80% or greater allocated in respective category, otherwise considered Split

Respondents: Customer Success Costs: 76, Customer Support Costs: 79

R&D AS % OF REVENUE HISTOGRAM

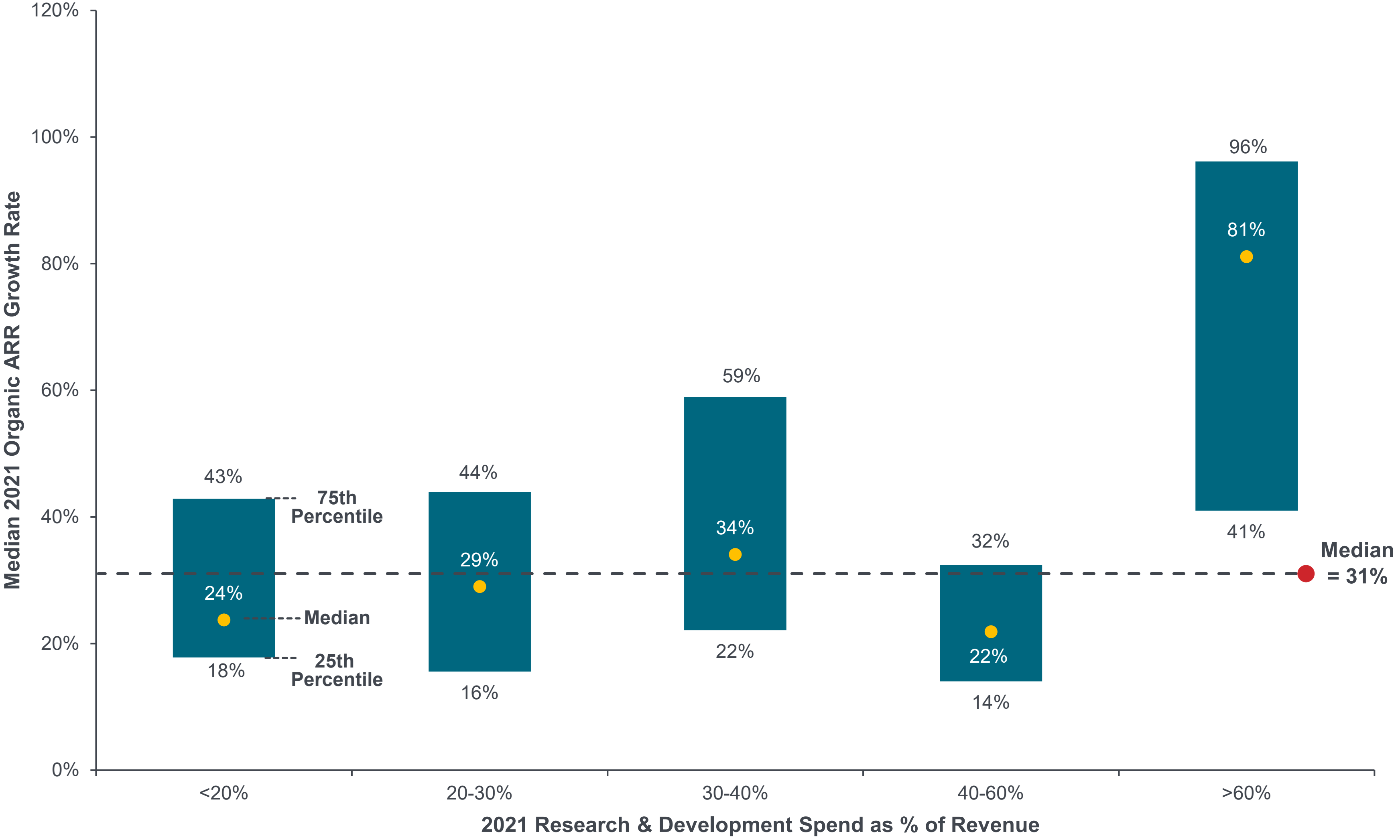
Excluding Companies <$5MM in 2021 Ending ARR



Respondents: Total: 78

R&D AS % OF REVENUE VS. GROWTH

Excluding Companies <$5MM in 2021 Ending ARR



	<20%	20-30%	30-40%	40-60%	>60%
75th Percentile	43%	44%	59%	32%	96%
Median	24%	29%	34%	22%	81%
25th Percentile	18%	16%	22%	14%	41%

Respondents: Total: 78; <20%: 21, 20%-30%: 22, 30%-40%: 20, 40%-60%: 7, >60%: 8

COST STRUCTURE

Excluding Companies <$5MM in 2020 and 2021 GAAP Revenue

Gross Margins:	2020 Median[1]	2021 Median[1]
Subscription Gross Margin	80%	77%
Total Gross Margin[2]	73%	73%

Operating Expense Margins:		
Sales & Marketing	35%	40%
Research & Development	26%	25%
General & Administrative	18%	19%

Profitability & Growth:		
EBITDA Margin	(1%)	(10%)
FCF Margin	0%	(5%)
YoY Organic ARR Growth Rate	27%	28%

[1] All margins based on 2020 and 2021 GAAP, adjusted for stock-based compensation add-back

[2] Gross margin determined based on including customer support in COGS

Note: Margins may differ from margins on other pages due to the fact that the $5MM size threshold is based on companies' 2021 GAAP Revenue instead of 2021 ARR (consistent with previous years' surveys)

2020 Respondents Reporting: Subscription Gross Margin: 169, Gross Margin: 169, Sales & Marketing: 177, Research & Development: 170, General & Administrative: 170, EBITDA Margin: 172, FCF Margin: 173, YoY Organic ARR Growth Rate: 187

2021 Respondents Reporting: Subscription Gross Margin: 86, Gross Margin: 86, Sales & Marketing: 86, Research & Development: 86, General & Administrative: 86, EBITDA Margin: 85, FCF Margin: 83, YoY Organic ARR Growth Rate: 86

MEDIAN COST STRUCTURE BY SIZE

Excluding Companies <$5MM in 2021 GAAP Revenue

	Size of Company (2021 GAAP Revenue)				
	All Respondents	$5MM –$25MM	$25MM –$50MM	$50MM –$100MM	>$100MM
Gross Margins:					
Subscription Gross Margin	77%	76%	78%	82%	75%
Total Gross Margin	73%	75%	76%	71%	65%
Operating Expense Margins:					
Sales & Marketing	40%	40%	40%	39%	40%
Research & Development	25%	26%	24%	26%	20%
General & Administrative	19%	20%	20%	16%	16%
Profitability and Growth:					
EBITDA Margin	(10%)	(10%)	(15%)	0%	(9%)
FCF Margin	(5%)	(5%)	(11%)	0%	(6%)
YoY Organic ARR Growth Rate	28%	31%	30%	23%	48%

Note: Margins may differ from margins on other pages because here companies are excluded based on their 2021 GAAP Revenue instead of 2021 ARR, which is consistent with previous years' surveys

Note: Numbers do not add due to the fact that medians were calculated for each metric separately and independently

Average Number of Respondents: $5MM-$25MM: 45, $25MM-$50MM: 17, $50MM-$100MM: 13, >$100MM: 11

FOR COMPARISON: HISTORICAL RESULTS OF SELECTED PUBLIC SAAS COMPANIES

	Public SaaS at Historical Revenue Run-Rates		
	~$25MM	~$50MM	~$100MM
	Median Values		
Gross Margins:			
Total Gross Margin	64%	67%	69%
Operating Expense Margins:			
Sales and Marketing	47%	44%	44%
Research and Development	23%	23%	22%
General and Administrative	15%	16%	16%
Profitability and Growth:			
EBIT Margin	(29%)	(24%)	(25%)
Adj. EBITDA Margin	(25%)	(12%)	(15%)
FCF Margin	(31%)	(20%)	(20%)
YoY Revenue Growth Rate[1]	88%	46%	44%

[1] YoY Revenue Growth compares against previous year's revenue of the companies at the time

Note: Excludes stock-based compensation (SBC)

Median includes AI, ALKT, ALRM, AMBR, AMPL, API, APPF, APPN, APTI, ASAN, ATHN, AVDX, AVLR, AYX, BCOV, BIGC, BILL, BL, BLND, BNFT, BOX, BV, CARB, CFLT, CNVO, COUP, COVS, CRM, CRWD, CSLT, CSOD, CTCT, CVT, CXM, DDOG, DMAN, DOMO, DWRE, ECOM, ELLI, EOPN, ESTC, ET, EVBG, FIVN, FLTX, FROG, FSLY, GTLB, HCP, HUBS, INST, JIVE, KLTR, KXS, LOGM, MB, MDB, MIME, MKTG, MKTO, MNDY, MRIN, MULE, N, NCNO, NET, NEWR, NOW, ONTF, OKTA, OPWR, PAYC, PCOR, PCTY, PD, PFPT, PLAN, QLYS, QTWO, RNG, RNOW, RP, RSKD, S, SEMR, SEND, SFSF, SHOP, SMAR, SNOW, SPSC, SPT, SQI, SUMO, TOST, TENB, TLEO, TWLO, TWOU, TXTR, ULTI, VEEV, VTEX, VOCS, WDAY, WK, WKME, WORK, XRO, XTLY, YDLE, ZS and ZUO

~$25MM median excludes AI, ALKT, ALRM, AMBR, AMPL, APPN, APTI, ASAN, ATHN, AVDX, AVLR, BIGC, BILL, BL, BLND, BNFT, CBLK, CFLT, COUP, COVS, CRWD, CSLT, CVT, CXM, DDOG, DOMO, ECOM, ELLI, EOPN, ESTC, FIVN, FLTX, FROG, GTLB, FSLY, HCP, KLTR, KXS, MB, MDB, MIME, MKTG, MKTO, MNDY, MULE, N, NCNO, NET, OKTA, ONTF, PAYC, PCOR, PCTY, PD, PFPT, PLAN, QLYS, RNG, RP, RSKD, S, SEMR, SEND, SFSF, SMAR, SNOW, SPT, SUMO, TENB, TOST, TWLO, ULTI, VTEX, WK, WKME, WORK, WTC, XRO, YDLE, ZS and ZUO

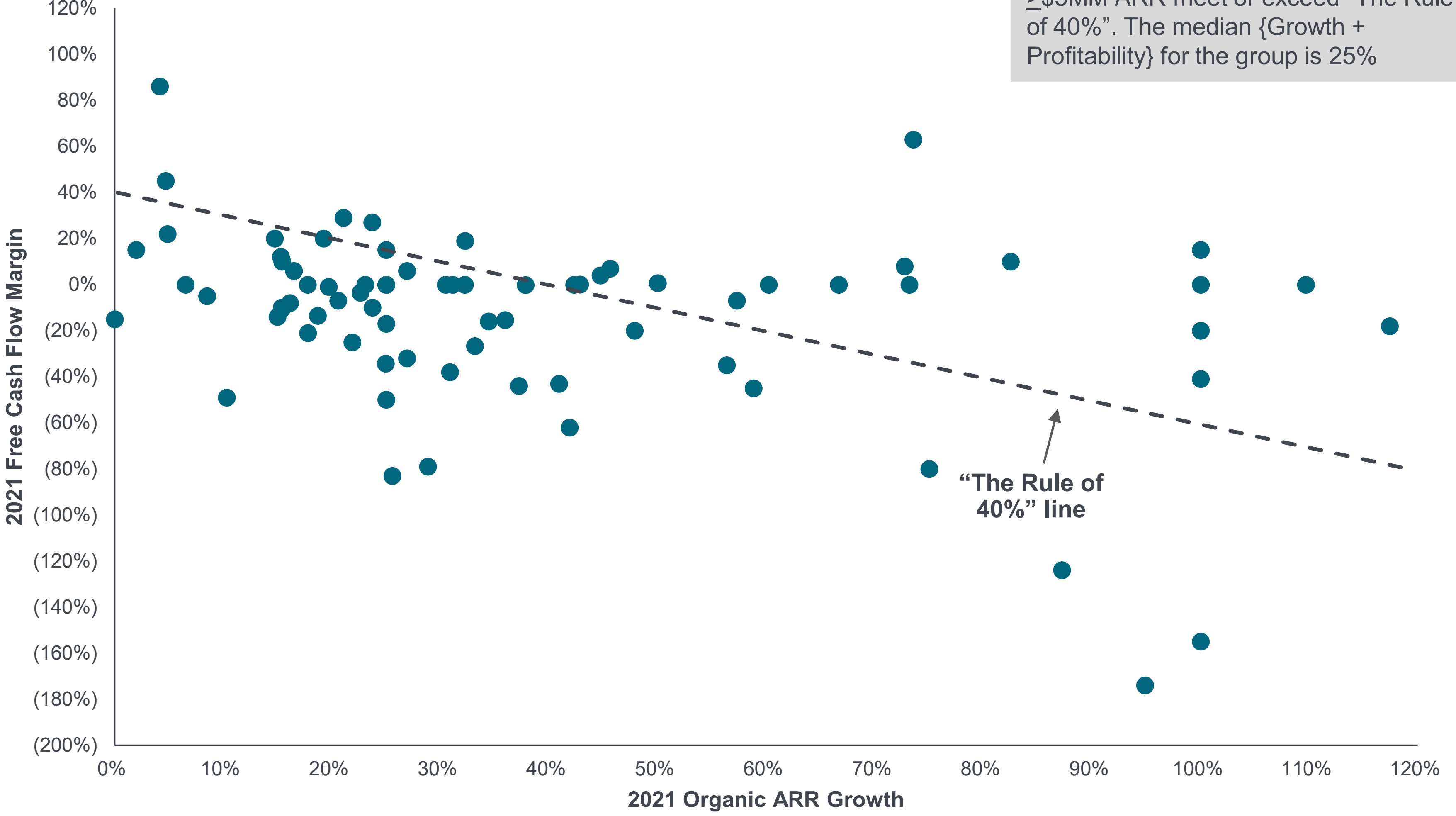
~$50MM median excludes AI, ALRM, APPN, AMPL, APTI, AVDX, AVLR, BIGC, BNFT, BSY, BV, CBLK, CFLT, CXM, DDG, DOMO, FLTX, FSLY, HCP, MDB, N, NET, NEWR, ONTF, PCOR, PD, PLAN, RP, RSKD, SEMR, SNOW, SFSF, TENB, TOST, WDAY, WKME, WORK and ZUO

~$100MM median excludes BLND, BOX, CFLT, CXM, EOPN, KLTR, NOW, S and VEEV

MEASURING SURVEY PARTICIPANTS AGAINST "THE RULE OF 40%"

Excluding Companies <$5MM in 2021 Ending ARR

32% of participants (24 / 76) with >$5MM ARR meet or exceed "The Rule of 40%". The median {Growth + Profitability} for the group is 25%



Note: Some of the 76 respondents fall outside of the graph

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COMPARISON OF “THE RULE OF 40%” QUALIFIERS VS. OTHERS

Excluding Companies <$5MM in 2021 Ending ARR

	Rule of 40%[1]	
	{G + P} ≥ 40% (Medians)	**{G + P} < 40%** (Medians)
Respondents	**24**	**52**
Scale / Growth / Profitability:		
2021 Ending ARR (MM)	$21.5	$17.6
2021 Organic ARR Growth Rate	59%	25%
2021 FCF Margin	0.0%	(0.1%)
% of Gross Bookings from New Customers	62%	51%
Churn & CAC:		
Annual Gross Dollar Churn	9%	12%
Net Dollar Retention Rate	115%	105%
% of Bookings from Upsells and Expansions	38%	49%
Blended CAC Ratio	$0.71	$1.21
CAC Ratio for New Customers	$1.05	$1.80
Margins:		
Subscription Gross Margins	79%	78%
Sales & Marketing Expense	40%	40%
Research & Development Expense	22%	27%
General & Administrative Expense	18%	18%
Business Focus / Go-To-Market:		
% of Companies with a Vertical Focus	21%	13%
% of Companies with an Enterprise Focus	50%	44%
% of Companies with a Middle Market Focus	17%	12%
% of Companies with an SMB Focus	8%	13%
% of Companies with an Inside Sales GTM	25%	21%
% of Companies with a Field Sales GTM	67%	50%
Median ACV per Customer	$83K	$30K
Capital / Maturity:		
Capital Consumption Ratio	1.1x	1.6x

Customer Acquisition Cost, among other metrics, stands out as a differentiator between companies which achieve “Rule of 40%” status and those which don’t

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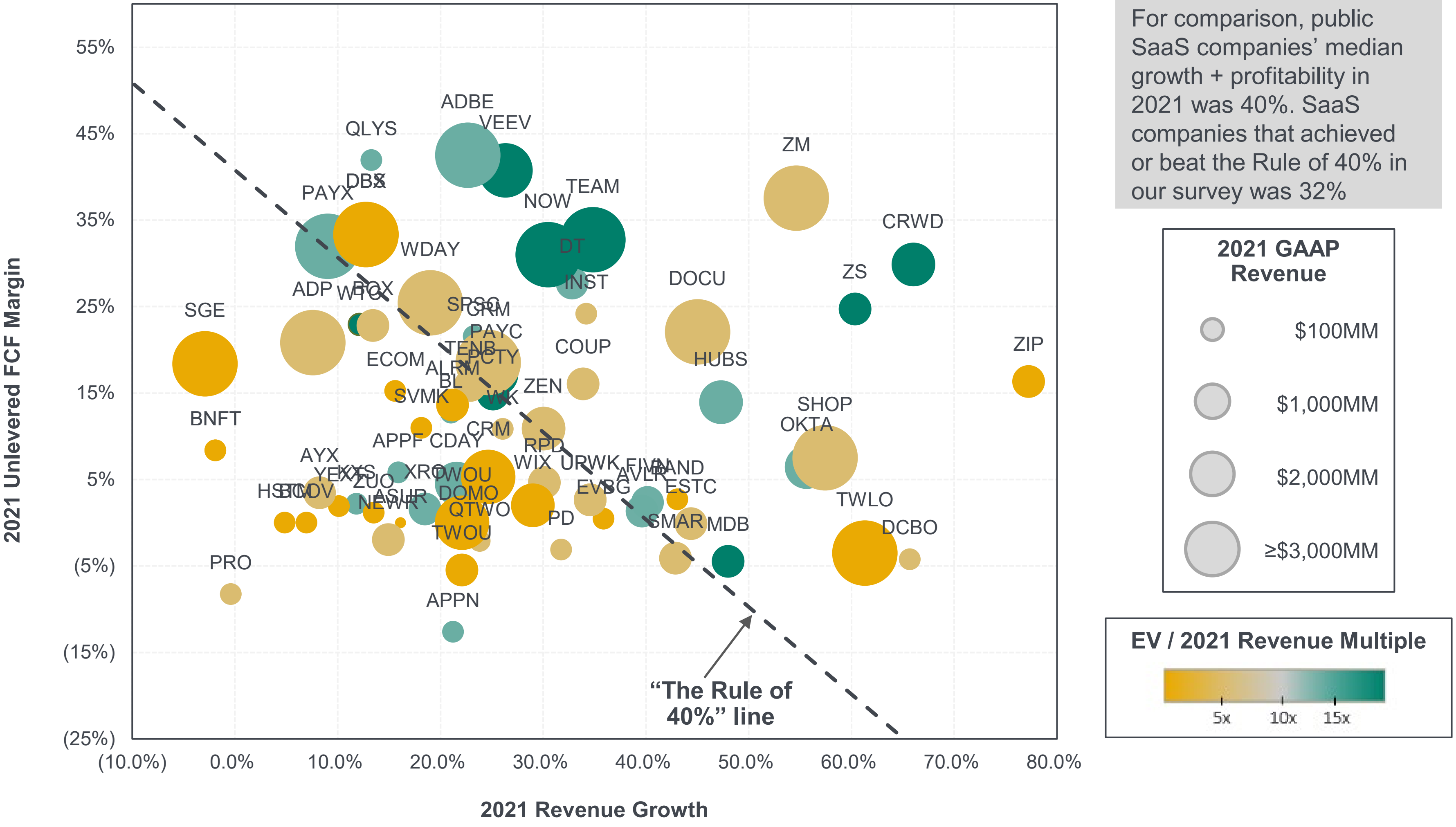
[1] G+P equals 2021 organic ARR growth rate plus 2021 FCF margin

Note: Capital Consumption Ratio calculated as ARR / Cumulative Capital Consumption

FOR COMPARISON: “THE RULE OF 40%” FOR PUBLIC SAAS COMPANIES

For comparison, public SaaS companies’ median growth + profitability in 2021 was 40%. SaaS companies that achieved or beat the Rule of 40% in our survey was 32%



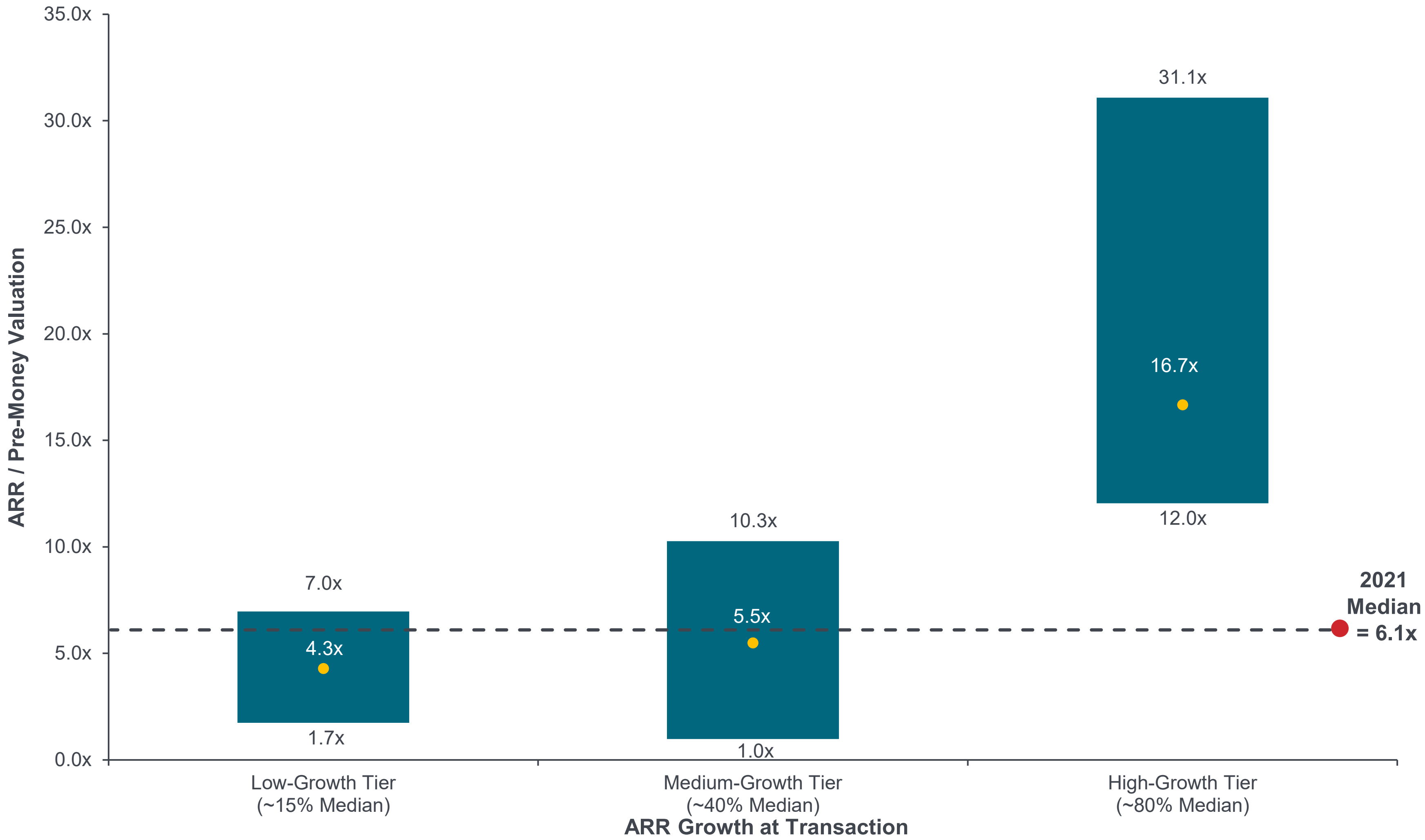
Source: Capital IQ; market data as of 7/29/2022

Note: Some companies fall outside the bounds of this chart

VALUATION,
CAPITAL EFFICIENCY AND EXIT EXPECTATIONS

VALUATION BY GROWTH SINCE JANUARY 2021

Excluding Companies <$5MM in Ending ARR at Time of Last Capital Raise or Change of Control Event



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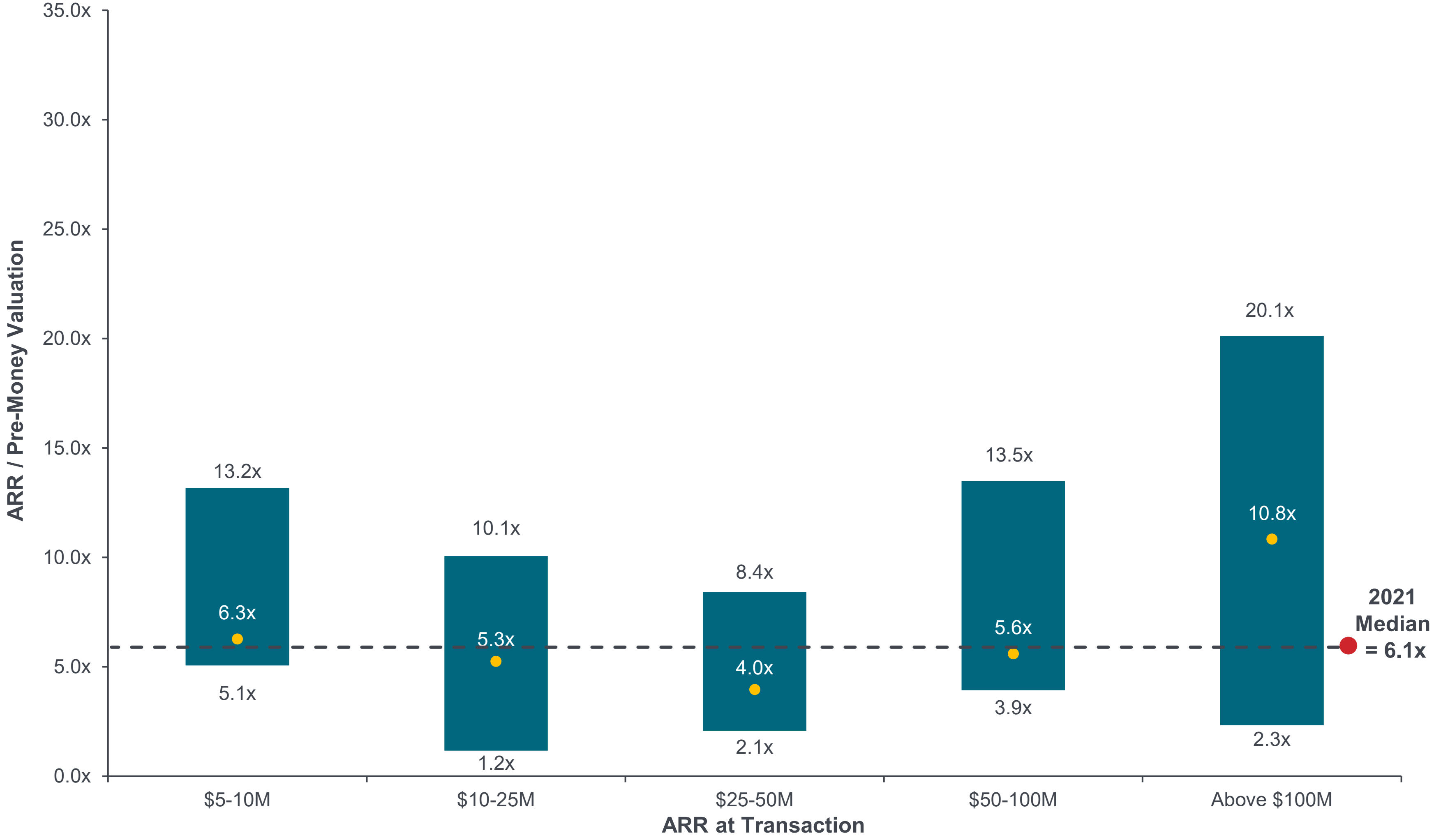
Note: Excluding respondents that raised or transacted prior to 2021
76 Respondents: Low Growth: 32, Medium Growth: 29, High Growth: 15

VALUATION BY SIZE SINCE JANUARY 2021

Excluding Companies <$5MM in Ending ARR at Time of Last Capital Raise or Change of Control Event



Note: Excluding respondents that raised or transacted prior to 2021

77 Respondents: $5 - 10M: 18, $10 - 25M: 24, $25 - 50M: 14, $50 - 100M: 13, Above $100M: 8

CAPITAL EFFICIENCY

Time and Investment Required to Reach Selected ARR Thresholds

	Medians			
Threshold	2020 Years Required	2020 Total Capital Consumed (MM)[1]	2021 Years Required	2021 Total Capital Consumed (MM)[1]
$5MM ARR	4.4	$6.5	4.5	$9.2
$10MM ARR	5.1	12.7	5.6	16.0
$25MM ARR	6.5	21.5	7.1	31.5
$50MM ARR	7.9	32.1	7.6	51.3
$100MM ARR	8.7	52.1	9.3	72.7

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[1] Capital consumed defined as total cumulative primary equity raised plus debt drawn minus cash on the balance sheet (adjusted for dividends / distributions)

2022 Total Respondents: Years Required: 84, Capital Consumed: 77

2021 Total Respondents: Years Required: 182, Capital Consumed: 162

MEDIAN EXIT EXPECTATIONS

Excluding Companies <$5MM in 2021 Ending ARR

As expected, companies anticipating an eventual public listing are growing significantly faster and burning more – specifically on Sales and Marketing. These companies are also able to drive more upsell and expansion revenue evidenced by strong net dollar retention

	Expected Exit			
Median	**Public Listing**	**Acquisition by Sponsor**	**Acquisition by Strategic**	**Uncertain**
2021 Ending ARR	$59M	$44M	$12M	$26M
2021 Organic Growth	56%	22%	25%	24%
2021 FCF Margin	(20%)	9%	(10%)	0%
2021 Rule of 40	23%	29%	19%	19%
S&M % of Revenue	50%	30%	40%	40%
New CAC Ratio	$1.07	$1.08	$1.82	$1.82
Gross Dollar Churn	(12%)	(12%)	(11%)	(11%)
Net Dollar Retention Rate	115%	101%	109%	102%
Capital Consumed to Date	$43M	$13M	$28M	$8M
Ownership Status (VC / PE / Independent & Other)	78% / 13% / 9%	33% / 67% / 0%	56% / 25% / 19%	69% / 23% / 8%

83 Respondents: Public Listing: 23, Acquisition by sponsor: 10, Acquisition by strategic: 36, Uncertain and other: 14

KBCM TECHNOLOGY GROUP LEADERSHIP IN SOFTWARE TRANSACTION EXECUTION

Advisory

$140,000,000
platform.sh
received an investment from
DIGITAL+ PARTNERS
Revaia
Morgan Stanley

Undisclosed
GLOBAL UPSIDE CORPORATION
acquired by
SAFEGUARD GLOBAL
portfolio company of
AKKR
ACCEL-KKR

Undisclosed
QUANTUM WORKPLACE
portfolio company of
McCarthy Capital
LLR Partners

Undisclosed
FOGHORN
acquired by
Johnson Controls

$160,000,000
SMARTLING
has received an Investment from
Battery

$350,000,000
CloudCheckr
acquired by
NetApp

$255,000,000
convey
acquired by
project44

Undisclosed
Sensu
acquired by
sumo

Equity Capital Markets

December 2021	HashiCorp	$1,224,000,000
October 2021	GitLab	$800,800,000
October 2021	avidxchange	$660,000,000
September 2021	Amplitude	Direct Listing
September 2021	toast	$1,000,000,000
July 2021	riskified	$367,500,000
July 2021	VTEX	$415,150,000
July 2021	KALTURA	$150,000,000

Debt Capital Markets

September 2022
VISTA EQUITY PARTNERS
ELLIOTT
acquired
citrix
$16,500,000,000
Senior Credit Facilities
Joint Bookrunner

July 2022
celonis
$500,000,000
Senior Credit Facilities
Joint Bookrunner

June 2022
OneTrust
$100,000,000
Senior Credit Facilities
Joint Bookrunner

April 2022
FINANCIALFORCE
$175,000,000
Senior Credit Facilities
Joint Bookrunner

March 2022
DigitalOcean
$250,000,000
Senior Credit Facilities
Joint Bookrunner

March 2022
PERMIRA
CROSSPOINT CAPITAL
acquired
McAfee
$9,996,000,000
Senior Credit Facilities
Joint Bookrunner

January 2022
ZipRecruiter
$550,000,000
Senior Notes
Joint Bookrunner

December 2021
WOW!
$980,000,000
Senior Credit Facilities
Joint Bookrunner

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