



# Market Update Commerce Enablement

Q2 2018

## Key Highlights

- Lincoln update: Lincoln has 40+ active Technology, Media & Telecom (TMT) engagements globally and has completed 65+ transactions in the past three years
- The stock price indices for all segments of the commerce enablement sector outperformed the S&P 500 Index during Q2 2018
- EV / LTM Revenue multiples for the subsectors were up 0.8x over the prior quarter and up 2.0x on a year over year basis, averaging 6.2x at the end of Q2 2018

## Lincoln International's Commerce Enablement Sector

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

Lincoln International's dedicated commerce enablement sector has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the commerce enablement space. This update tracks pricing and valuation metrics and transaction activity for transaction activity for multiple segments within the commerce enablement sector, including:

- Business Intelligence & Analytics
- Digital Content Management
- Digital Goods & Services
- Mobile & Social Commerce
- Multichannel Ordering & Fulfillment

### Select, Relevant Lincoln Transactions

**DYNASTY**  
Sports & Entertainment

has sold a minority stake to

**ZMC**  
ZELENCK MEDIC CAPITAL

Great Lakes Scrip Center<sup>®</sup>

has been sold to

**BoldOrange**

a portfolio company of

**MOUNTAINGATE CAPITAL**

**LDC**

has sold

**nexinto**  
TO FINANCIAL WORK

to

**plusseryer**

a portfolio company of

**BC Partners**

**FP**  
FRANCISCO PARTNERS

has sold

**LUMATA** | \1/

to

**evolving SYSTEMS**

**Lake Pacific**  
PARIS

has sold

**C**  
C O O

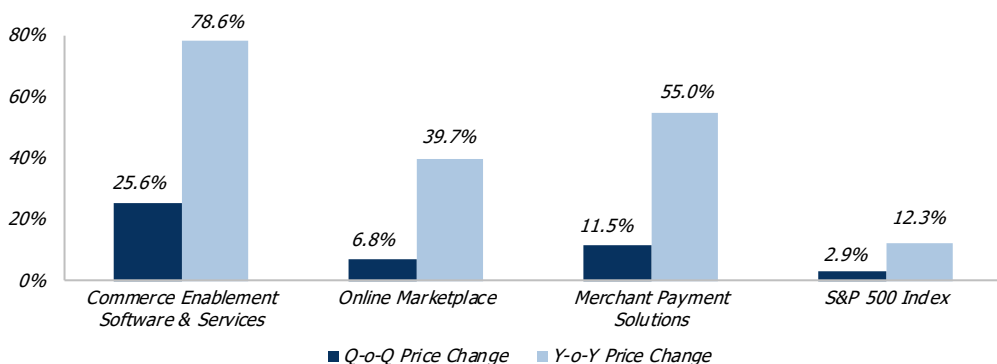
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**WICKS**

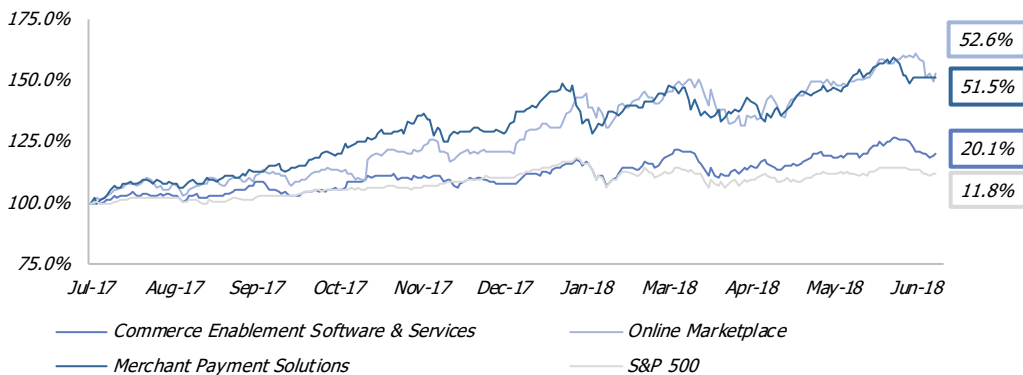
### Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
eGain Corporation	89.9%	Vipshop Holdings Limited	(34.7%)
Wayfair Inc.	75.9%	Rakuten, Inc.	(17.6%)
ChannelAdvisor Corporation	54.4%	eBay Inc.	(9.9%)
Blucora, Inc.	50.4%	CarGurus, Inc.	(9.7%)
Etsy, Inc.	50.4%	Overstock.com, Inc.	(7.2%)

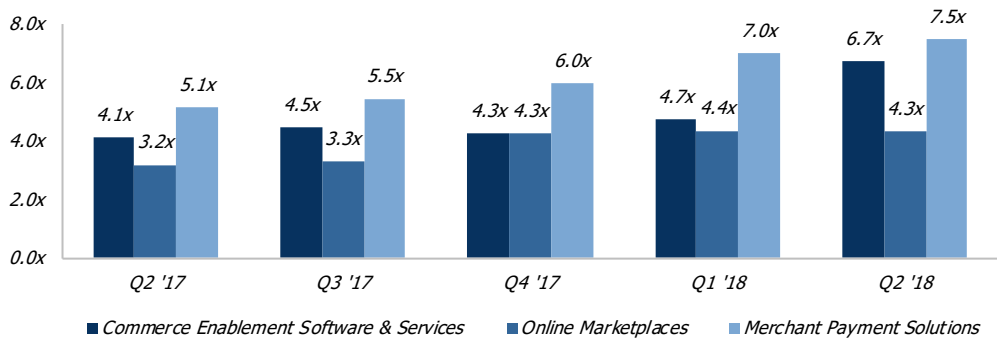
### Quarter over Quarter & Year over Year Stock Indices Price Change



### LTM Relative Stock Indices Price Performance



### Historical Enterprise Value / LTM Revenue Valuation Performance



## Lincoln International Marketing Technology &amp; Services Index

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
<b>Commerce Enablement Software &amp; Services</b>										
Axiom Corporation	\$29.95	91.0%	\$2,309	\$2,396	\$917	\$95	4.5%	10.4%	2.6x	25.2x
Adobe Systems Incorporated	243.81	94.2%	119,385	114,935	8,122	2,913	24.5%	35.9%	14.2x	NM
Akamai Technologies, Inc.	73.23	88.1%	12,495	12,352	2,571	647	6.7%	25.2%	4.8x	19.1x
Blucora, Inc.	37.00	91.1%	1,738	1,978	533	96	8.5%	18.0%	3.7x	20.6x
Cardlytics, Inc.	21.76	84.6%	441	410	136	(17)	7.0%	(12.3%)	3.0x	NM
ChannelAdvisor Corporation	14.05	89.9%	381	326	126	(5)	6.4%	(4.0%)	2.6x	NM
Cognizant Technology Solutions Corporation	78.99	92.8%	46,280	42,223	15,176	3,158	7.4%	20.8%	2.8x	13.4x
DocuSign, Inc.	52.95	79.3%	8,291	8,570	561	(267)	47.0%	(47.7%)	15.3x	NM
eGain Corporation	15.10	97.4%	415	411	60	2	3.6%	3.5%	6.8x	NM
Endurance International Group Holdings, Inc.	9.95	99.5%	1,420	3,215	1,173	295	0.2%	25.1%	2.7x	10.9x
GoDaddy Inc.	70.60	93.9%	11,072	13,059	2,375	339	18.4%	14.3%	5.5x	NM
Manhattan Associates, Inc.	47.01	86.7%	3,141	3,022	582	184	(2.6%)	31.6%	5.2x	16.5x
Oracle Corporation	44.06	82.4%	175,410	169,424	39,831	16,346	5.6%	41.0%	4.3x	10.4x
Quotient Technology Inc.	13.10	73.4%	1,236	1,003	336	15	16.4%	4.6%	3.0x	NM
salesforce.com, inc.	136.40	96.0%	101,333	98,162	11,089	1,045	25.0%	9.4%	8.9x	NM
SAP SE	115.66	94.8%	137,817	137,405	28,875	7,775	9.3%	26.9%	4.8x	17.7x
Shopify Inc.	145.89	83.3%	15,486	13,906	760	(35)	49.4%	(4.7%)	18.3x	NM
Stamps.com Inc.	253.05	88.6%	4,536	4,423	497	200	18.5%	40.1%	8.9x	22.2x
Web.com Group, Inc.	25.85	98.9%	1,287	1,927	751	147	0.2%	19.5%	2.6x	13.2x
Zuora, Inc.	27.20	72.0%	2,923	2,736	187	(52)	65.8%	(27.7%)	14.6x	NM
<b>Mean</b>		<b>88.9%</b>					<b>16.1%</b>	<b>11.5%</b>	<b>6.7x</b>	<b>16.9x</b>
<b>Online Marketplace</b>										
Alibaba Group Holding Limited	\$185.53	87.6%	\$476,715	\$474,477	\$39,894	\$13,664	53.4%	34.3%	11.9x	34.7x
Amazon.com, Inc.	1,699.80	96.4%	824,789	844,313	193,194	17,233	28.7%	8.9%	4.4x	NM
CarGurus, Inc.	34.74	85.6%	3,750	3,608	349	17	35.5%	4.9%	10.4x	NM
eBay Inc.	36.26	77.2%	36,042	40,492	9,844	2,989	6.5%	30.4%	4.1x	13.5x
Etsy, Inc.	42.19	92.0%	5,041	4,713	465	63	17.4%	13.6%	10.1x	NM
Expedia Group, Inc.	120.19	74.7%	18,046	19,498	10,379	1,078	9.8%	10.4%	1.9x	18.1x
Liquidity Services, Inc.	6.55	82.4%	210	111	248	(25)	(13.6%)	(9.9%)	0.4x	NM
Overstock.com, Inc.	33.65	37.5%	972	829	1,758	(82)	(4.1%)	(4.7%)	0.5x	NM
Rakuten, Inc.	6.76	53.7%	9,110	13,068	9,173	1,438	20.8%	15.7%	1.4x	9.1x
Vipshop Holdings Limited	10.85	56.7%	7,150	6,562	12,247	584	28.8%	4.8%	0.5x	11.2x
Wayfair Inc.	118.76	99.1%	10,577	10,415	5,164	(215)	31.4%	(4.2%)	2.0x	NM
<b>Mean</b>		<b>76.6%</b>					<b>19.5%</b>	<b>9.5%</b>	<b>4.3x</b>	<b>17.3x</b>
<b>Merchant Payment Solutions</b>										
First Data Corporation	\$20.93	94.5%	\$19,444	\$40,795	\$8,331	\$2,929	5.3%	35.2%	4.9x	13.9x
FleetCor Technologies, Inc.	210.65	94.5%	18,882	22,392	2,315	1,192	12.3%	51.5%	9.7x	18.8x
Global Payments Inc.	111.49	93.1%	17,788	21,699	3,850	1,161	(8.1%)	30.1%	5.6x	18.7x
PayPal Holdings, Inc.	83.27	95.1%	98,874	89,363	13,804	2,645	17.4%	19.2%	6.5x	33.8x
Square, Inc.	61.64	88.8%	24,699	24,123	2,421	(30)	27.2%	(1.2%)	10.0x	NM
Worldpay, Inc.	81.78	95.0%	24,323	32,743	3,949	1,001	4.0%	25.3%	8.3x	32.7x
<b>Mean</b>		<b>93.5%</b>					<b>9.7%</b>	<b>26.7%</b>	<b>7.5x</b>	<b>23.6x</b>

Sources: Bloomberg, Capital IQ and company filings, as of 6/29/2018

## Acquisition Spotlight

05/21/2018: **Adobe (Nasdaq:ADBE)** has acquired **Magento Commerce**, a leading ecommerce platform that provides digital and physical shopping integration solutions, for **\$1.7 billion** (11.2x EV / Revenue) from **Permira Advisers**.

"**Adobe** and **Magento** share a vision for the future of digital experiences that brings together **Adobe's** strength in content and data with **Magento's** open commerce innovation."

- Brad Rencher, EVP and GM, Digital Experience at **Adobe**

## Market Intelligence

06/26/2018: **Ingenico (EPA:ING)**, the France-based payment services provider, is understood to have attracted interest from potential buyers. Several private equity firms and fintech competitors are among the interested parties.

05/30/2018: **Cars.com (NYSE:CARS)**, the Illinois-based online car marketplace, is exploring a potential sale. The company reached a settlement with activist **Starboard Value** in March, with the parties agreeing that three independent directors will join the board. **Cars.com** had drawn the attention of private equity through the activist's campaign.

05/16/2018: **Amazon (NASDAQ:AMZN)**, the Washington-based e-retailer, has initiated preliminary talks to acquire stake in retail, supermarket and hypermarket companies in

India. **Amazon** plans to initially acquire 10%-15% stake in one of the targets and later scale up its investment.

05/08/2018: **HubSpot (NYSE:HUBS)**, the Massachusetts-based digital sales and marketing firm, wants to acquire a complementary software business in Canada that it can transform into a second North American headquarters.

04/26/2018: **BigCommerce**, the Texas-based ecommerce platform, closed USD 64m in growth equity funding led by Goldman Sachs, with participation from current investors General Catalyst, GGV Capital and Tenaya Capital. With the new funding, **BigCommerce** has now raised over USD 200m.

## Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Web.com Group	Provides internet and online marketing services	Siris Capital Group
Announced	Hyperwallet Systems	Operates as a global payment platform	PayPal
Announced	Dotpay/eCard of Dotcard	Provides online payment services	Nets
Announced	Zunos Technologies	Provides sales enablement software	BigTinCan
Announced	Warc	Provides digital subscription solutions that help assess marketing effectiveness	Ascential
Announced	WeddingWire	Operates as an online marketplace for wedding products and services	Permira Advisers
Announced	iZettle	Provides payment processing and other commerce tools for SMBs	PayPal
Announced	Landcadia	Operates as a platform for online ordering and on-demand food delivery	Waitr
Announced	WordStream	Provides search marketing software and pay-per-click management solutions	Gannett
Jun-18	Infield Digital	Provides digital experience consulting services	HS2 Solutions
Jun-18	Internet Payment Exchange	Provides online payment services	BillingTree
Jun-18	Atavist	Provides story creation and web design software and services	Automattic
Jun-18	MyAlerts	Provides marketing services for ecommerce platforms	Think3
Jun-18	CentriQ Group	Provides logistics software solutions and support services	Korber Logistics Systems
Jun-18	e2y	Provides digital commerce and marketplace consulting services	Dimension Data Holdings
Jun-18	Magento	Operates as a digital commerce platform providing shopping integration solutions	Adobe Systems
Jun-18	Slickdeals	Operates as an online portal that allows shopping deal searching solutions	Goldman Sachs Merchant Banking Division
Jun-18	Email Aptitude	Provides email program management, advanced email strategy, CRM and creative services	Elite SEM
Jun-18	foodjunky	Provides online food delivery services to corporations and party planners	Delivery.com
May-18	Symphony Commerce	Provides store, inventory and fulfillment solutions	Quantum Retail Technology
Mar-18	ShareFaith	Provides development and commerce enablement solutions for faith-based organizations	Ministry Brands

Source: Capital IQ, Mergermarket, Company Filings as of 6/30/2018

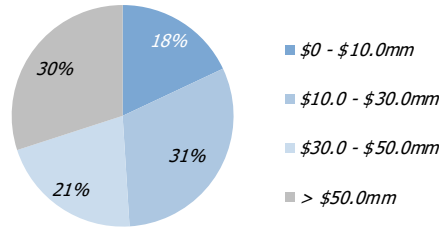
## The Lincoln VOG Database – Lincoln’s Perspectives on the Mid-Market

### About the Lincoln VOG Database:

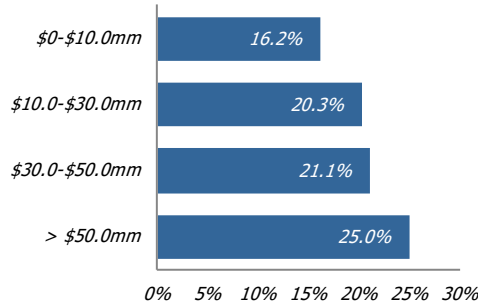
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the Valuations and Opinions Group, containing financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the mid-market where reliable data is otherwise limited. Valuation metrics reflect observed transaction multiples. Financial results reflect information available at the end of each calendar quarter (typically, financial statements for one or two months preceding the end of the period). The database contains nearly 970 mid-market companies.

### Trends by Size (LTM EBITDA)

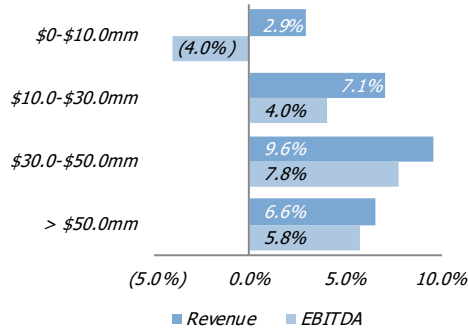
Distribution by Size



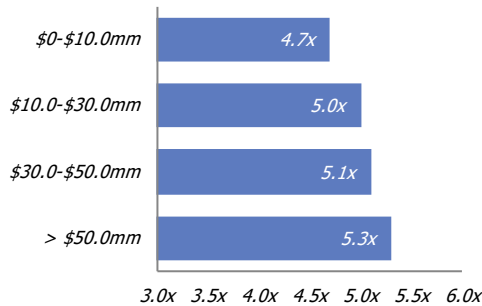
### Average LTM EBITDA Margin by Size



### Quarter over Prior Year Quarter Revenue and EBITDA by Size

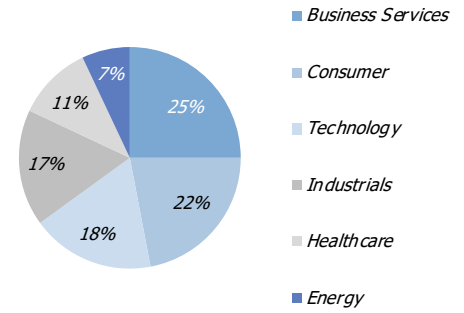


### Average Current Leverage by Size

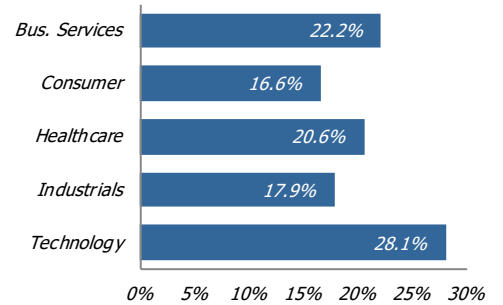


### Trends by Industry Vertical

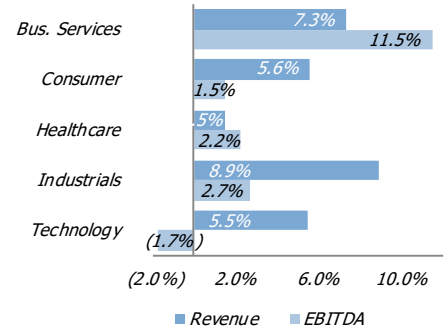
Distribution by Vertical



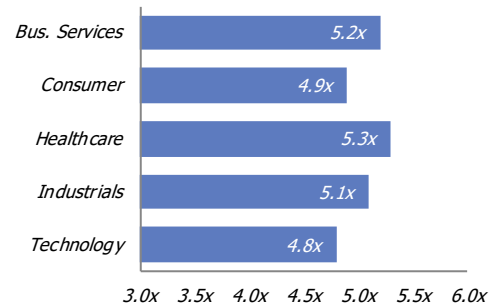
### Average LTM EBITDA Margin by Vertical



### Quarter over Prior Year Quarter Revenue and EBITDA by Vertical



### Average Current Leverage by Vertical





## Global Industry Groups

Business Services  
Consumer  
Energy, Power & Infrastructure  
Healthcare  
Industrials  
Technology, Media & Telecom

## Global Locations

Amsterdam  
Beijing  
Chicago  
Dallas  
Frankfurt  
London  
Los Angeles  
Madrid  
Milan  
Moscow  
Mumbai  
Munich  
New York  
Paris  
San Francisco  
São Paulo  
Stockholm  
Tokyo  
Vienna  
Zurich

## Advisory Services

Mergers & Acquisitions  
Debt Advisory  
JV & Partnering  
Valuations & Opinions  
Special Situations

## About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With twenty offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

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