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Financial Technology Sector

M&A Review

Q4 2020

M&A Overview

This quarter saw 137 M&A transactions in the FinTech sector, of which we are highlighting 58 in this report. Although the overall volume of deals has strongly increased compared to the previous quarter, it is still roughly 10% lower than the same time in 2019, highlighting remaining negative effects of the global pandemic. However, valuations remained strong with revenue multiples averaging at 4.0x and going up to 10.1x revenue.

In response to slowing growth in conventional services and advances in regulatory reforms such as the shift to open banking, the financial industry is working to acquire new sources of revenue by creating services that leverage digital technologies. Moreover, with the COVID-19 lockdown accelerating the trend for remote working, digital banking, digital wealth management and online payments, Fintech software firms offering solutions for digitalisation remain of interest to acquirers in the current market.

There were a number of significant transactions this quarter – including the acquisition of Avaloq by NEC for a total consideration of \$2.2bn – The number of large M&A deals peaked in Q4 and are expected to increase in 2021 given increased investor confidence fueled by hopes for mass vaccination and relaxation of restrictions.

In terms of deal types, 58% of the identified transactions took place domestically (nearly half happening in the US), while the remaining 42% were cross-border.

The most active regions in terms of M&A in the FinTech space continue to be the US and Europe (predominantly the UK, Germany and Switzerland), followed by Asia-Pacific.

Public Companies Overview

Q4 saw a solid increase in average revenue multiples across our sample of quoted companies, which reflects the aforementioned increase in confidence across the global economy. As of 31 December 2020, the average forward revenue multiple overall was 8.3x, going up to 10.4x for Large Cap companies.

Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are Fiserv, Coupa and Infront.

Now more than ever, a strong recurring revenue base is key for FinTech firms to survive the cashflow challenges of the current environment. Recurring revenue as a proportion of total revenues averages 78%, with Large Cap companies averaging at 81%.

FinTech Subsectors

Asset and Wealth Management Software

Systems developed for institutional asset and private wealth managers

Banking Software

Software that facilitates or enhances banking practices

Blockchain

FinTech involving blockchain technology

Data and Terminals

Companies providing data and specialised terminals to financial industry players

Financial Services Consulting

Companies that provide consulting within financial services

InsureTech

Innovations in the insurance industry through technology

Life and Pensions Administration Software

Advancing and facilitating the administration of life insurance & pensions

Payments

Innovative solutions to make faster and more efficient payments

RegTech

The use of technology to facilitate the delivery of regulatory requirements

Research Management Software

Tools to enhance and simplify financial research

Retail Investment Technology

Technology aimed at furthering retail investing

Trading and Risk Management Software

Software designed for trading and risk management activities

Other

All other company types within the financial technology spectrum

M&A HIGHLIGHTS Q4 2020

\$19.9bn

Aggregate Deal Value

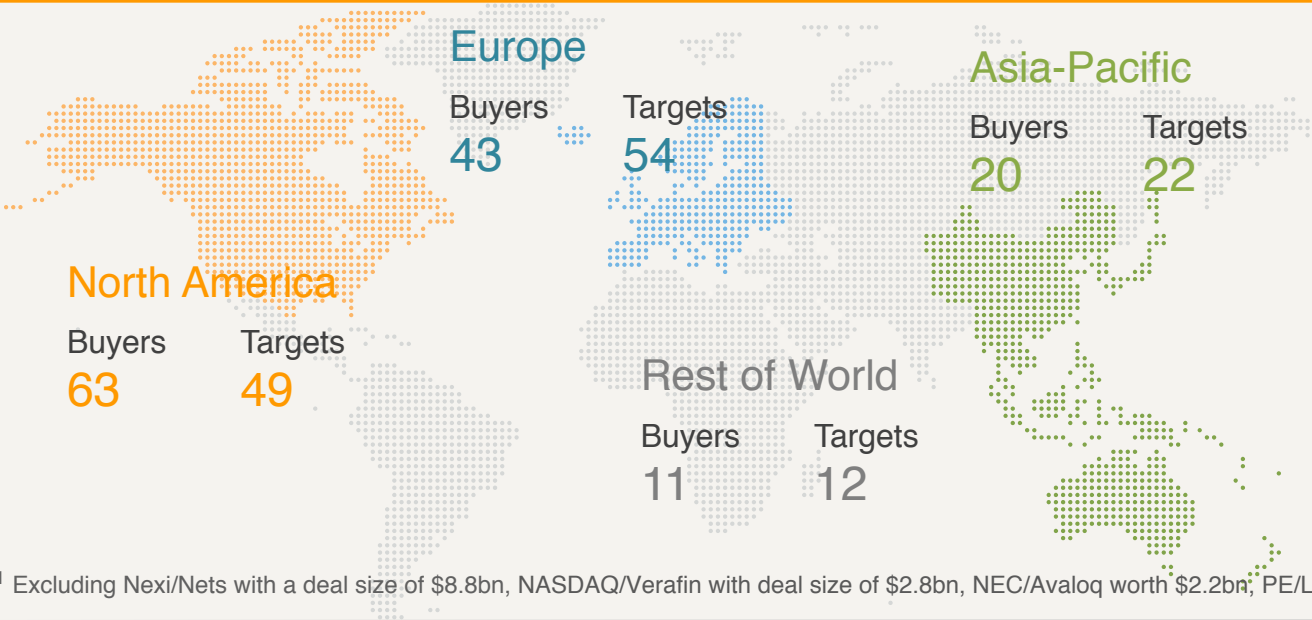
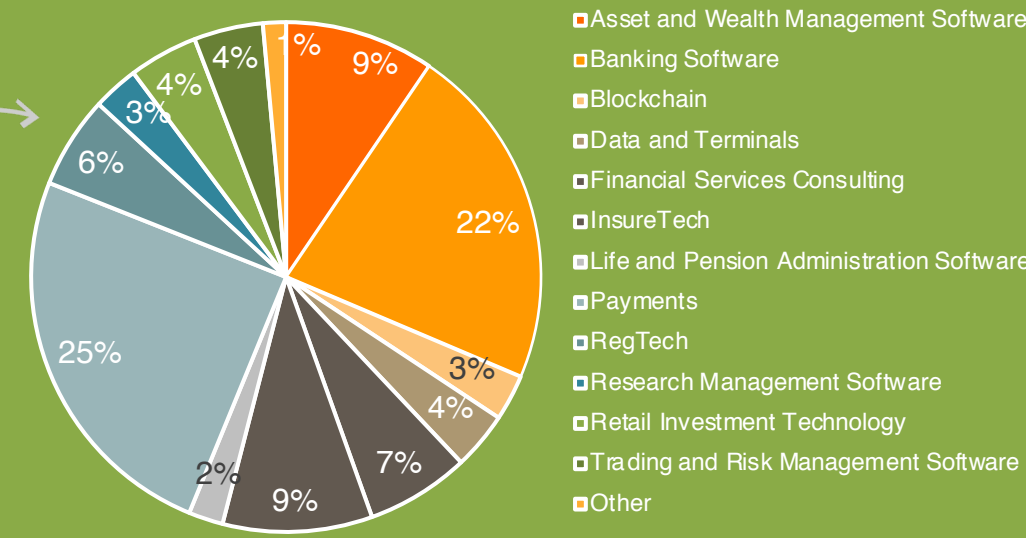
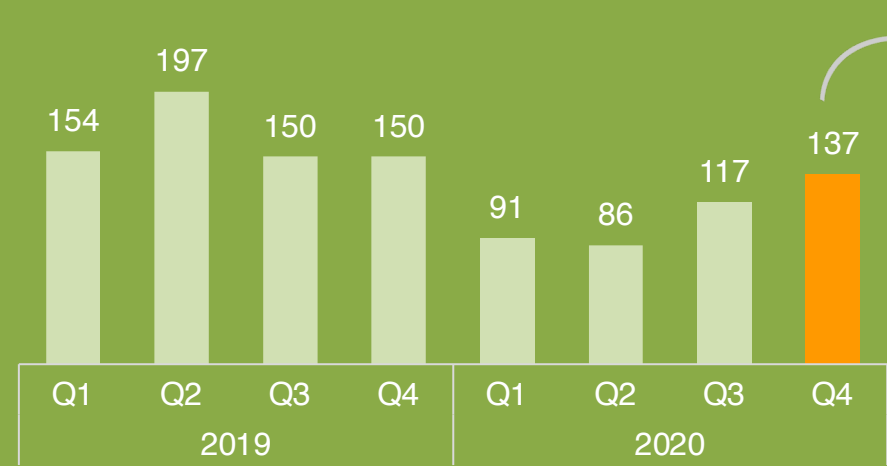
\$92m

Average Deal Size¹

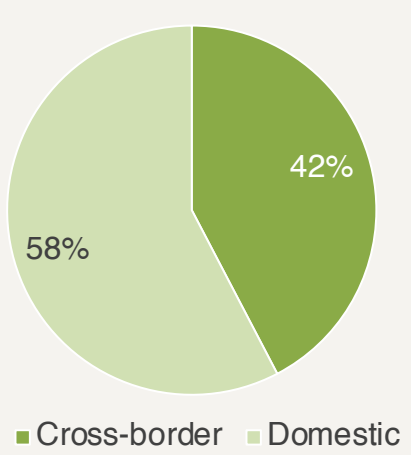
4.0x

Average Revenue Multiple

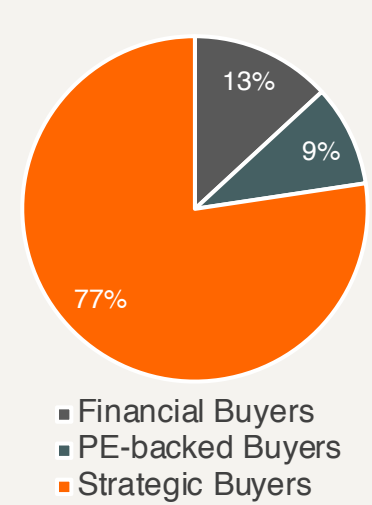
Deal Volume



Deal Volume by Type



Deals by Buyer Type



¹ Excluding Nexi/Nets with a deal size of \$8.8bn, NASDAQ/Verafin with deal size of \$2.8bn, NEC/Avaloq worth \$2.2bn, PE/Link with deal size of \$2bn

DEAL SNAPSHOTS

NEC

avalog

\$2.2b

Transaction Value

\$590m

Target's Revenue

3.9x

Revenue Multiple

- The digitisation of the financial industry is expected to have a broad impact on the sustainable development of the digital economy and society. NEC will acquire software and domain knowledge in the digital finance field through the acquisition of Avalog, and enter this field globally, while strengthening its business in the digital government field.
- Furthermore, NEC aims to expand its business and improve profitability, mainly in the digital government and digital finance areas, by globally developing SaaS business models that utilise software capable of being horizontally deployed.
- Each being a market leader in their own field, the combination of their shared vision, technological strengths, and global presence, will accelerate both companies' long-term growth, global expansion and value creation strategy.
- NEC will be placing great importance on building long-term relationships with Avalog and its customers and aims to create new solutions that combine Avalog's software with NEC's cutting-edge technologies, such as its brand of biometric authentication solutions, "Bio-Idiom," the company's AI technology brand, "NEC the WISE," and its innovative blockchain technologies.
- NEC will also promote global sales expansion of Avalog's software by taking advantage of NEC Group sales channels, including KMD, a leading European software and IT services provider that NEC acquired in February 2019.

FACTSET



TRUVALUE LABS

\$43m

Transaction Value

2013

Target Founded

1st

Acquisition by buyer in past year

- ESG funds have seen record inflows in 2020 and client demand for valuable, up-to-date ESG signals is at an all time high. Combining Truvalue Lab's offering with FactSet's content and technology suite will add value across FactSet's businesses and will yield compelling results for both firms and their joint client bases.
- US-based Truvalue Labs has carved out a niche within the world of ESG data provision through its use of AI technology which it applies to unstructured text sources in 13 languages, including news, trade journals, and nongovernmental organisations and industry reports, to detect positive and negative ESG behaviour, in contrast to a company's own ESG disclosures.
- Its coverage spans over 19,000 public and private companies and generates short-term, long-term, and momentum scores derived from hundreds of signals. These signals are mapped against the Sustainability Accounting Standards Board (SASB) standards and United Nations Sustainable Development Goals (SDGs), allowing investors to evaluate ESG risk factors and real-world actions and impacts for quantitative analysis and back-testing.
- The acquisition builds on an existing relationship between the two vendors – since 2018 Truvalue's data has been integrated with current FactSet content and products, including the FactSet workstation.

SELECTED ASSET AND WEALTH MANAGEMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Featheringill Capital (US)	InvestEdge (US)	Provider of wealth management solutions for investment firms, including portfolio management, performance measurement, client reporting, compliance monitoring, client portal, and managed account solutions.	n/a	n/a	n/a	Senior management supported and participated in the transaction, as it allows InvestEdge to better serve its customers with enhanced products and support. Featheringill's backing solidifies InvestEdge's financial position and will provide access to capital for continued investment in the company's products.
Oct-20	LPL Financial (US)	Blaze Portfolio Systems (US)	Provider of SaaS-based portfolio rebalancing and trading technology for investment professionals.	17	n/a	n/a	Upon the acquisition, LPL will integrate Blaze Portfolio's an advisor-facing trading system into its platform to expand its wealth management capabilities and drive growth. In addition to bringing Blaze Portfolio's trading capabilities to all LPL Financial advisors, LPL will continue to offer Blaze Portfolio's services as a stand-alone solution to the wealth management industry.
Nov-20	Moody's Corporation (US)	MioTech Information Technology (China)	Provider of alternative data and insights serving the environmental, social, and governance (ESG) and know your customer (KYC) markets in Greater China.	n/a	n/a	n/a	Moody's Corporation (NYSE:MCO) acquisition of a minority stake in MioTech reflects the company's commitment to providing China's evolving financial markets with innovative ESG and KYC solutions. Moody's and its affiliates will seek to incorporate MioTech's alternative data and product offerings to streamline analytical processes, monitor portfolios, inform risk assessments, accelerate product developments and deepen coverage of China.
Nov-20	FNZ (UK)	Silica Holdings (South Africa)	Provider of administration and technology solutions to asset managers and financial advisors throughout Southern Africa and Europe.	n/a	n/a	n/a	The acquisition supports FNZ's long-term strategy of expanding the accessibility of wealth management services in the South African market. This transaction provides Silica and its clients with an independent owner, solely dedicated to asset and wealth management infrastructure and with international scale.
Nov-20	PureFacts Financial Solutions (Canada)	Quartal Financial Solutions (Switzerland)	European provider of fee billing and commission solutions for the financial and insurance industries.	n/a	n/a	n/a	This acquisition further strengthens PureFacts' ability to provide mission critical, AI-driven and regulatory compliant fee solutions to its marquee clients. Additionally, the combined organisation expands PureFacts's global reach to bring market-leading solutions and opportunities to all its stakeholders. The combined entity will benefit from strengthening their core capabilities in data aggregation, machine learning and financial industry expertise.

SELECTED ASSET AND WEALTH MANAGEMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Dec-20	Etops (Switzerland)	Evolute Group (Switzerland)	Provider of a digital wealth management solution for independent wealth managers and banks in Switzerland and Ukraine.	n/a	n/a	n/a	The company merged under the roof of Etops is planning to offer an end-to-end solution with the aim of covering the entire value chain in the area of wealth management. This step would combine the strengths of Etops in its role as a service and technology provider with those offered by Evolute as the specialists in cloud-based CRM and portfolio management software, particularly in the fields of KYC, money laundering legislation, order management and regulatory compliance.
Dec-20	MJ Hudson (UK)	Prof. Gottschalg UG & PERACS (Germany)	Prof Gottschalg UG (and its subsidiary PERACS GmbH) is a fund performance analytics specialist, offering investors and asset managers in the alternative assets industry a set of proprietary tools to produce authoritative metrics and insights into the performance of funds.	7	1	6	The addition of PERACS will further strengthen MJ Hudson's existing Data & Analytics service offering, while providing PERACS with significant opportunities for growth. The deal also helps MJ Hudson to power the next generation of analytical software tools, by combining machine learning techniques with the more traditional industry standards and the latest academic research.

SELECTED BANKING SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	NEC Corporation (Japan)	Avaloq (Switzerland)	Global leader in digital banking solutions, core banking software and wealth management technology, providing powerful cloud computing solutions for banks and wealth managers through BPaaS and SaaS.	2,239	590	4	Avaloq is uniquely qualified to launch NEC into the Digital Finance field, which together with Digital Government, is one of the pillars for building NEC's global growth. The joint value proposition will build on Avaloq's reliable digital finance products and the trust it has established amongst its clients, coupled with NEC's cutting-edge technologies, global business network and digital government domain knowledge.
Oct-20	CUNA Mutual Group (US)	CuneXus Solutions (US)	Provider of a lending automation software solution for banks and credit unions to provide on-demand lending and borrowing.	n/a	n/a	n/a	This acquisition expands CUNA Mutual Group's digital capabilities. CUNA Mutual Group became an early-stage investor in CuneXus through its venture capital entity, CMFG Ventures, in January 2017. The company's last acquisition occurred in 2018, when it bought up lendtech firm Mirador.
Oct-20	Finastra (UK)	Doorr (Canada)	Provider of cloud-based point-of-sale mortgage application software used by brokers to improve the mortgage experience.	n/a	n/a	n/a	The deal is part of Finastra's strategic investment in its Filogix mortgage marketplace, connecting consumers to brokers, lenders and many supporting partners to enable a secure mortgage application process. The deal will enhance Filogix capabilities in support of delivering next generation solutions to the Canadian mortgage market and deliver benefits to consumers, brokers and lenders.
Nov-20	MeridianLink (US)	Teledata Communications (US)	Creator of DecisionLender, a SaaS loan origination solution (LOS), serving more than 500 banks, credit unions, and financial companies across the United States.	n/a	n/a	n/a	By combining the organisations' knowledge and technologies, MeridianLink will accelerate innovation within its LOS product roadmap, giving financial institutions the best enterprise business solutions. With the addition of DecisionLender to the product suite lineup, MeridianLink will continue to provide all current business enterprise solutions for banks, credit unions and mortgage lenders. In June 2018, Thoma Bravo acquired and merged MeridianLink and CRIF Lending Solutions to create a market leading financial services software platform.
Nov-20	Tata Consultancy Services (Netherlands)	Postbank Systems (Germany)	PBS has been the internal IT provider for Postbank AG, a subsidiary of Deutsche Bank, catering for the German retail banking market.	n/a	626	n/a	TCS is already a trusted IT services partner for Deutsche Bank and this transaction further strengthens the relationship between the two companies. The transaction represents an additional step in Deutsche Bank's transformation and is consistent with previously-communicated financial plans.

SELECTED BANKING SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	Thinking Capital (Canada)	Ario (Canada)	Operator of a SaaS platform that provides data driven banking and lending solutions to banks, credit unions, technology companies and non-financial services companies.	n/a	n/a	n/a	The Ario transaction will allow Thinking Capital to build on a cutting-edge cloud-based financial platform, designed from the ground up to serve small businesses. Purpose Financial, the parent company of Thinking Capital, invested in Ario back in 2017 and acquired Thinking Capital in 2018.
Nov-20	APAX Partners Development (France)	DIAPASON (France)	Provider of cash, payment and risk management software solutions.	n/a	12	n/a	Paris-based private equity firm APAX Partners Development agreed to acquire a majority stake in DIAPASON; Founder Pascal Kravitzch and its management team also invested in the deal. The company plans to grow market share among large companies, expand business in the mid-market, pursue international growth and make acquisitions.
Nov-20	LeadDesk Oy (Finland)	Loxyssoft (Sweden)	Provider of SaaS based software solutions to banks, insurance companies and energy companies.	21	8	3	The acquisition will strengthen LeadDesk's (HLSE:LEADD) position as the leading SaaS contact center software vendor in the Nordics. With the acquisition, LeadDesk gains an even stronger foothold in Sweden and Norway.
Dec-20	Peak Fintech Group (Canada)	Zhongke Software Intelligence (China)	Developer of analytics and AI software used by banks and financial institutions in China to make decisions on loan and credit applications, as well as to process and to manage the applications.	16	n/a	n/a	With this acquisition and the eventual integration of Zhongke's software to Lending Hub, Peak (CNSX:PKK) will be in a position to offer China's thousands of small banks an end-to-end solution to automate their commercial lending activities, including bringing them new clients. With the integration of the platform, Peak also expects the AI components of both Lending Hub and Zhongke's software to continuously improve as they share data with each other.
Dec-20	Sopra Steria Banking Software (France)	Fidor Solutions (Germany)	Provider of software products and digital services for digital banking.	n/a	n/a	n/a	This acquisition would significantly accelerate the pace of development and marketing of Sopra Banking Software's digital solutions, in particular by augmenting the user features offered to banks through its Digital Banking Engagement Platform (DBEP) solutions.

SELECTED BLOCKCHAIN TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	Net-Digital (Germany)	Black Pearl Digital (Germany)	Provider of software development and consulting services for the blockchain industry, including SecurePearl Wallet, a cryptocurrency wallet that enables asset managers to buy, sell, and store various digital assets and cryptocurrencies.	n/a	n/a	n/a	net Digital AG agreed to acquire Black Pearl Digital AG (XTRA:VRL) in a reverse merger transaction. Under the terms, the current shareholders of net Digital AG would hold approximately 77.5% of the shares in Black Pearl Digital AG after the transaction was completed and the current Black Pearl shareholders would retain approximately 22.5%.
Dec-20	Blockchains (US)	Cambridge Blockchain (US)	Provider of blockchain-based identity management and compliance software solutions for financial institutions.	n/a	n/a	n/a	The acquisition of Cambridge Blockchain further increases Blockchains' capacity to deliver an ecosystem of products set to prepare individuals for web 3.0 and the emerging digital economy, with a blockchain-powered digital identity solution at the core. The companies' shared ethos of returning control of personal data to users while delivering the benefits of a trusted, distributed digital identity to consumers, organisations and government institutions, solidified the union.

SELECTED DATA AND TERMINALS TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	The Dun & Bradstreet Corporation (US)	Bisnode (Sweden)	Data and analytics company that provides business, market and credit rating information.	809	n/a	n/a	The acquisition positions Dun & Bradstreet to rapidly expand across the Scandinavian, DACH and central European countries. Upon transaction close, Dun & Bradstreet will add over 110,000 Bisnode customers to its client base. At the same time, the deal provides direct access to Bisnode's 33 million records from 550+ sources throughout Europe, contributing to the scale, depth, diversity and accuracy of the Company's constantly expanding Data Cloud that contains comprehensive information on more than 360 million total businesses.
Oct-20	FactSet (US)	TruValue Labs (US)	Provider of real-time sustainability data analytics for investors, financial institutions and corporations worldwide.	43	n/a	n/a	ESG funds have seen record inflows in 2020 and client demand for valuable, up-to-date ESG signals was at a high. Combining Truvalue Lab's offering with FactSet's content and technology suite will add value across FactSet's businesses, yielding compelling results for both firms and their joint client bases.
Nov-20	United Fintech (UK)	Netdania (Denmark)	Provider of fintech solutions, such as financial workstations and information terminals, trading platforms, charts, and applications for desktop, mobile and website use for banks, brokers, currency managers and analysts.	n/a	n/a	n/a	United Fintech has completed its first acquisition, gaining a majority stake in NetDania. United Fintech plans a series of strategic acquisitions which can enhance all aspects of banks and financial institutions' operations. Its portfolio will include an extensive range of products from trading platforms, liquidity management and regulatory reporting tools through to AI and machine learning applications, Big Data tools, institutional Blockchain, Bots and Virtual Assistants.
Nov-20	BondIT (Israel)	Scorable (G-E Financial Analytics) (Germany)	Developer of an AI-based solution for analysing the credit risk of bonds helping asset managers assess the risk of their bond investments.	n/a	n/a	n/a	BondIT is engaged in developing AI-based solutions for optimising bond portfolios, and its latest acquisition will allow BondIT to expand its business and provide bonds rating solutions.
Dec-20	Private Client Resources (US)	Check6 (Netherlands)	Provider of feed-based aggregation services leveraging one of the largest custodial feed networks in the region. The service is used by a range of institutions, wealthy families and advisors.	n/a	n/a	n/a	This acquisition is a natural and important step in fulfilling PCR's vision of a safe and scalable global investment data utility. The companies have already completed integration of their technologies and are serving customers on a global basis.

SELECTED FINANCIAL SERVICES CONSULTING TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Synechron (US)	Citihub (US)	Technical consultancy focused on application modernisation, cloud enablement, cybersecurity and operating model transformation for the FIS sector.	n/a	n/a	n/a	With this acquisition, Citihub Digital brings Synechron a team of senior-level consultants with an average of 15 to 25 years of experience and deep expertise across banking and capital markets.
Oct-20	Sopra Steria Group (France)	SAB Ingenierie Informatique (France)	The company designs, develops, installs, integrates and maintains IT solutions for banks and financial institutions worldwide.	n/a	n/a	n/a	SAB's SAB AT, a solution that features front office, back office and transverse steering functions to satisfy the requirements of banks transacting business in various client areas, will be added to the acquisitive French company's existing range of acquired core offerings. For a long while, a direct competitor to SAB was Delta Informatique, which was acquired by Sopra in 2011. Sopra's strategy to-date has been to maintain all of its acquired products, now with a common digital front-end, branded as the Digital eXperience Platform (DxP).
Oct-20	Wipro (India)	Encore Theme Technologies (India)	Provider of SaaS and Cloud solutions in financial services, focused exclusively on implementing a broad suite of Trade Finance solutions, developed by Finastra to financial institutions across the Middle East, Africa, India and Asia Pacific.	13	n/a	n/a	Financial institutions are all looking to modernise their trade platforms and focus on the end-to-end digitalisation of commercial routines. Trade Finance is a strong revenue generation stream with a high cost base structure, where technology will play a big part in driving future growth. Wipro, a global strategic partner of Finastra, and Encore Theme will together enable this modernisation for financial institutions.
Dec-20	CAPCO (UK)	NEOS (US)	Provider of consulting and support services to insurance and financial service industries.	n/a	5	n/a	The transaction will complement and extend Capco's growing insurance services. NEOS's leadership team, including Founder and Managing Partner Ernst Renner, and its employees will be joining Capco.
Dec-20	CAPCO (UK)	andrion (Switzerland)	Digital and technology delivery consultancy focused on providing transformational solutions and services to Swiss banks, financial technology firms and companies in the financial services sector.	n/a	n/a	n/a	The transaction will complement and extend Capco's existing client offerings with digital and technology capabilities. andrion's leadership team, and all its staff will be joining Capco. Financial terms were not disclosed.

SELECTED FINANCIAL SERVICES CONSULTING TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Dec-20	Synechron (US)	Attra (Australia)	Australia-based technology services and solutions provider focused on the banking, finance and payments industries.	n/a	n/a	n/a	Attra's comprehensive cards and payments services complement the digital, consulting, and technology services that Synechron currently provides for its clients. Attra's core offerings span the entire software lifecycle, with end-to-end offerings across four key industry verticals – FI and Payment Companies, Third-party Payment Processors and Payment Gateways, Retailers, and Next-Generation Payments. Synechron will further strengthen its technology capabilities through the addition of Attra's core technology horizontals focused on Payment & Banking Platforms, Intelligent Automation, IT Infrastructure & Cloud, UI/UX, Mobility & Channels, and Information Management.
Dec-20	Globant (Luxembourg)	BlueCap Managemant Consulting (Spain)	Provider of consulting services related to strategic management of risk capital and value.	147	36	4	With this acquisition, Globant reinforces its leading position in transforming organisations while it continues expanding its operations in Europe. Moreover, Bluecap's strong consulting and analytical skills reinforces Globant's expertise in the strategy, design and execution of digital transformation.
Dec-20	Synerzip (US)	Prime Technology Group (US)	Provider of software solutions for insurance, financial services and healthcare industries, including IT service management, cloud storage, integration, DevOps, mobile solutions, big data and analytics, etc.	n/a	n/a	n/a	The merger of Synerzip and Prime more than doubles the combined team and extends their global reach, increasing the breadth of knowledge and areas of expertise available to clients. In December 2019, Prime was acquired by Frontenac, a private equity firm focused on investing in the lower-middle market across the consumer, industrial and services markets. With this merger of Synerzip with Prime, Frontenac continues to support both organic and inorganic growth through an aggressive acquisition plan for Prime that focuses on delivering software development, application development and managed software solutions to highly regulated industries.

SELECTED INSURETECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Bold Penguin (US)	ClaimKit (US)	Provider of RiskGenius platform is an AI-driven, SaaS-based solution developed specifically for the insurance industry.	n/a	n/a	n/a	The acquisition will add RiskGenius's data and analytics products, as well as the team, to Bold Penguin's existing SaaS platform. This is Bold Penguin's second InsureTech acquisition this year, continuing to build on its position as the market leader in the \$300bn commercial insurance connectivity space.
Oct-20	Insurity (US)	Bill It Now (US)	Cloud-based billing-as-a-service solution (BaaS) for insurers, MGAs and program administrators, offering payment plan management and policy premium issuance, as well as flexible, multi-channel payment solutions and receivable management services.	n/a	n/a	n/a	Bill It Now's capabilities, combined with Insurity's recent MGA-focused Epic-Premier and Virtual MGA acquisitions, will enhance Insurity's purpose-built MGA solutions, solidifying their leadership in the US and London MGA markets. Bill It Now also brings its own billing department that manages all aspects of the payments process including cash flow and customer support, further strengthening Insurity's direct billing solutions.
Oct-20	Tenzing Private Equity (UK)	VIPR (UK)	Provider of software solutions for the insurance market.	n/a	n/a	n/a	The fast growing company attracted the interest of Tenzing due to its attractive market niche in a global market.
Nov-20	Sapiens International (Israel)	TIA Technology (Denmark)	Developer of insurance software solutions for the insurance industry.	78	30	3	Sapiens (NasdaqGS:SPNS) will continue to develop and support Tia's products and serve its customers, who can now benefit from Sapiens' variety of offerings. In addition, Sapiens will leverage the insurance domain knowledge of Tia's 200 employees to further expand Sapiens P&C and L&P offerings in their respective regions in which it operates. In line with Sapiens' strategy, the increased local presence through Tia's acquisition demonstrates Sapiens' commitment to the Nordic markets.
Nov-20	Insurity (US)	CodeObjects (US)	Provider of a cloud-based property and casualty insurance platform.	n/a	n/a	n/a	The deal brings to Insurity a modern, powerful solution purpose-built for managing personal lines of business, rounding out the company's portfolio of industry-leading commercial line solutions. In addition, CodeObjects brings advanced AI technology which will enhance customer experiences across all Insurity solutions.
Nov-20	SGOCO Group (Hong Kong)	TROOPS InsurTech (British Virgin Islands)	Provider of innovative solutions to the insurance industry by leveraging artificial intelligence, big data and blockchain technology, machine learning and SaaS.	n/a	n/a	n/a	SGOCO Group, Ltd. (NasdaqCM:SGOC) signed a letter of intent to acquire TROOPS InsurTech to further expand its customer base, drive continued growth and product innovation,

SELECTED INSURETECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	Zywave (US)	Insurance Technologies Corporation (US)	Provider of marketing rating, and management software for the insurance industry.	n/a	n/a	n/a	Zywave's acquisition of ITC is a significant move forward towards delivering the most comprehensive suite of software solutions to the insurance industry. ITC's robust comparative rating solution accompanied by agency management and sales enablement tools will drive tremendous value for current and future Zywave customers. ITC's recent business momentum will be further accelerated by integrating their core offerings into Zywave's Sales Cloud which has a proven track record of delivering significant value within the broader insurance value chain.
Nov-20	Volpi Capital (UK)	Profit Software (Finland)	Provider of software modules for insurers, including life & pension and property & casualty.	n/a	n/a	n/a	With Profit's unique positioning as the digital transformation and insuretech leader in the Nordics, the company is expecting to continue its double-digit growth and profitability as the financial services and insurance sectors rapidly digitalise. As part of the transaction, the Company's management team will re-invest alongside Volpi to continue executing the pan-Nordic expansion strategy.
Dec-20	Next Insurance (US)	Juniper Labs (US)	Developer of AI-based tools for commercial insurers in the insurance industry.	n/a	n/a	n/a	<p>With the help of Juniper Labs, Next Insurance can improve its existing underwriting process to more accurately assess risk. Together, the two entities will develop enhanced machine learning capabilities and tools to strengthen the omnichannel customer experience. The acquisition will particularly help strengthen and scale Next Insurance's workers' compensation offering, which has seen a near 14x increase in yoy growth since November 2019.</p> <p>The acquisition comes months after Next Insurance raised a \$250m funding round, giving it a \$2bn valuation.</p>
Dec-20	Volaris Group (Canada)	SSP (UK)	Provider of technology systems and software for the insurance industry.	n/a	n/a	n/a	As an Operating Group of Constellation, Volaris is all about strengthening businesses within the markets they compete and enabling them to grow – whether that growth comes through organic measures such as new initiatives and product development, day-to-day business, or through complementary acquisitions, such as the most recent acquisition of SSP.

SELECTED LIFE AND PENSIONS ADMINISTRATION SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Bravura (Australia)	Delta Financial Systems (UK)	UK software company that provides technology to power complex pensions administration in the UK market.	30	n/a	n/a	<p>The deal broadens Bravura's (ASX:BVS) product suite and is a natural extension to its Sonata platform. The acquisition is also an extension of Bravura's reach in the UK.</p> <p>This transaction comes just over a year since Bravura was pipped to the post by FNZ for the acquisition of GBST. Bravura had agreed a non-binding deal with the pensions and capital markets vendor in early 2019. FNZ hijacked the deal in July and signed a £150m deal.</p>
Dec-20	SE2 (US)	Convergent Financial Technologies (US)	Developer of SaaS based software for insurance and retirement solutions industry.	n/a	n/a	n/a	<p>With this acquisition comes Convergent's flagship offering UV Cloud, which SE2 describes as a highly scalable cloud-native platform that enables more effective management of assets and calculation of unit values for a broad range of variable products, including mutual funds, alternative investments, and retirement products. The product suite provides insurance carriers reporting and data analytics capabilities, delivered through SaaS or as a bundled service offering. Through these capabilities, SE2 says UV Cloud serves to accelerate transformation of fund management, pricing and trading needs.</p>
Dec-20	Perseus Operating Group (Canada)	Selectapension (US)	Provider of pension and investment planning software tools and services.	n/a	n/a	n/a	<p>Selectapension's acquisition is the first for Perseus in the UK pension and investment industry. Selectapension will join the Constellation Financial Software group, which includes software in asset finance and commercial loan portfolio management.</p>

SELECTED PAYMENTS TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Dec-20	IBM Global Business Services (US)	Expertus (Canada)	Provider of cash management and payment solutions to the financial services industry in North America.	n/a	n/a	n/a	IBM has acquired Canadian fintech Expertus as part of a strategy to extend its hybrid cloud offerings deeper into the AI and payments space. Expertus provides services to more than 1,000 financial institutions, regulatory agencies and corporates around the globe and is also one of the largest North American Swift service bureaus.
Dec-20	TAS International (Switzerland)	Basilichi Central Eastern Europe (Serbia)	Provider of electronic payment solutions and related financial software for banks and financial institutions.	2	n/a	n/a	TAS International S.A. acquired remaining 30% stake in Basilichi Central Eastern Europe, as a result of which TAS International owns 100% of The company.

SELECTED REGTECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	Thoma Bravo (US)	Axiom Software Laboratories (US)	Provider of cloud-enabled risk management and regulatory solutions for banking, investment management, broker dealers and commodity trading institutions.	n/a	n/a	n/a	AxiomSL will leverage Thoma Bravo's proven operational capabilities and industry knowledge to further expand its customer base, drive continued growth and product innovation and explore attractive M&A opportunities.
Nov-20	RIMES Technologies Corporation (US)	EBR Analytics (UK)	Provider of a software solution for financial organisations to track authorised and pending benchmark administrators, population changes and complete inventory of authorised benchmarks.	n/a	n/a	n/a	There is a natural synergy between the two companies. RIMES has been active in RegTech for the buy-side since 2016 and during this time, EBR has focused its efforts on the sell-side, winning several Tier-1 clients. With this acquisition, RIMES is committed to solidifying its position as Europe's #1 BMR solution provider across the financial services industry. Through the acquisition, RIMES adds EBR's solution to RIMES RegFocusSM BMR, its own multi-award winning BMR compliance suite.
Nov-20	Nasdaq (US)	Verafin (Canada)	Developer of cloud-based enterprise fraud detection and anti-money laundering software solutions for financial institutions in North America.	2,750	n/a	n/a	<p>Verafin's capabilities will be available to the global network of nearly 250 banks, exchanges, broker-dealers and buy-side organisations, and regulatory authorities that already rely on Nasdaq's technology to detect market manipulation and abuse. Verafin's innovative fraud and AML detection platform, combined with Nasdaq's leading trade and market surveillance solution, will empower Nasdaq to play an increasingly important role in building stronger economies around the world.</p> <p>In addition, this combination meaningfully accelerates the evolution of Nasdaq's business mix toward highly scalable, subscription revenue. Verafin has delivered a compound annual revenue growth rate of approximately 30% over the last three years and expects to deliver in excess of \$140m in revenue in 2021.</p>
Dec-20	Charterhouse Capital Partners (UK)	Vermeg (Netherlands)	Provider of insurance management solutions and finance software service, such as pension and insurance, wealth and asset management, financial markets and securities services, bespoke solutions development, property and casualty insurance, regulatory reporting and collateral management.	n/a	n/a	n/a	According to the terms of the deal, Charterhouse is investing alongside the company's founder and management team, who are retaining their shareholding in Vermeg. The investment was made through Charterhouse's tenth fund, which has an average ticket size of €175m. Following the acquisition, the plan is to accelerate Vermeg's development by further building on its market position and consolidating the fragmented financial software provider industry.

SELECTED RESEARCH MANAGEMENT SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	Souter Investments and Manfield Partners (UK)	LikeZero (UK)	Provider of next-generation intelligent data capture technology solutions for the financial services industry.	n/a	n/a	n/a	PwC has spun out its proprietary intelligent data capture technology to create a new independent business LIKEZERO ("LIKEZERO", the "Company") in a management buy-out backed by Souter Investments, the private equity focused family investment office and Manfield Partners Limited.
Dec-20	Verisk Analytics (US)	Jornaya (US)	Operator of an insight platform for marketers, data analysts, and compliance professionals.	n/a	n/a	n/a	The acquisition will add Jornaya's proprietary view of consumer buying journeys to Verisk's (NasdaqGS:VRSK) growing set of marketing solutions for the insurance and financial services markets. Using advanced marketing techniques, customers in the property/casualty, life insurance, and lending industries rely on Jornaya's behavioral data, lead compliance intelligence, and other solutions to drive return on investment. With this acquisition, Verisk clients will have the intelligence and agility to time and tailor interactions based on actual in-market behaviors—ensuring engagement with customers and prospects at the right time with a relevant message.

SELECTED RETAIL INVESTMENT TECHNOLOGY TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Oct-20	SBI Liquidity Market (Japan)	TaoTao (Japan)	Cryptocurrency exchange service provider, offering an application for crypto asset trading; and an interface that gathers the information required for transactions, such as ordering functions and high-performance charts.	n/a	n/a	n/a	The acquisition bolsters SBI's crypto trading operations, currently managed by SBI VC Trade Co. The combined company intends to utilise each entity's market assets – TaoTao's existing crypto customer base and SBI's knowledge of the financial landscape.

SELECTED TRADING AND RISK MANAGEMENT SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Nov-20	BC Partners, HPS Investment Partners and Long Ridge Equity Partners (US)	Fixed Investment Business of Broadway Technology (US)	Fixed Investment Business of Broadway Technology comprises financial software and brands located in the United States.	n/a	n/a	n/a	In February, ION took a controlling stake in Broadway for an undisclosed sum. To secure regulators' approval, ION has agreed to sell Broadway's business that supplies technology to trade bonds, including UK government debt. Under a complicated arrangement, ION has agreed to sell Broadway to a consortium of investors and then transfer back the foreign exchange business and some of Broadway's staff back to ION. Disposing of the fixed-income division will leave ION with Broadway's forex software business, which supplies the tools for many of the world's biggest banks to trade in the \$6.6tn-a-day currency market. The company will be better positioned to compete against the likes of Refinitiv and FlexTrade.
Nov-20	Infront (Norway)	NBTrader Solutions (UK)	Developer of a data viewing and trading platform, including an order management solution (OMS) system for the management and routing of orders.	n/a	n/a	n/a	NB Trader's products cover a wide range a buy-side and sell-side solutions. Also, the company offers a modern Execution and Order Management System, enabling effortless management and routing of orders in a single, integrated platform. The acquisition of NB Trader will also increase Infront's (OB:INFRO) revenue base and serve as an important catalyst for future growth in the UK.
Nov-20	Olympia Financial Group (Canada)	Exempt Edge (Canada)	Provider of software solutions for Canadian private capital markets.	n/a	n/a	n/a	Prior to the acquisition, Olympia Financial Group Inc. (TSX:OLY) held 80% of the issued and outstanding shares of Exempt Edge and acquired the remaining 20% minority interest from a private third-party. The Issuer's Edge and Dealer's Edge platforms, developed by Exempt Edge and the Edgelink ecosystem in which these platforms operate, serve to promote the conduct of transactions in exempt market securities and are an important part of Olympia's continuing strategy to serve this important market.
Dec-20	Moody's Corporation (US)	ZM Financial Systems (US)	Provider of analytics software for fixed income and derivatives professionals in capital markets and banking areas.	n/a	n/a	n/a	The transaction advances Moody's (NYSE:MCO) position as a leader in integrated risk assessment by broadening Moody's Analytics' suite of enterprise risk solutions, which help financial institutions make more informed decisions. ZMFS' products complement Moody's Analytics' credit origination and credit scoring, accounting, portfolio management and forecasting tools, to form a robust suite of US banking solutions.

PUBLIC COMPS HIGHLIGHTS

8.3x

Avg. EV/Revenue CY2020E

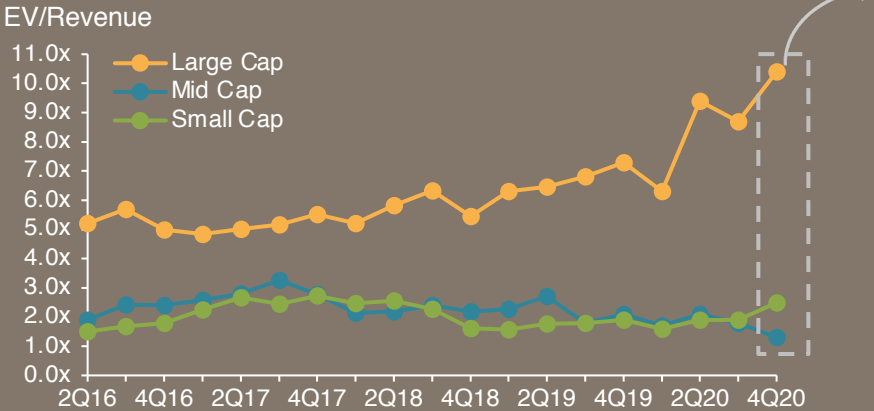
17%

Avg. Revenue Growth CY2019

78%

% Recurring Revenue

Historic Revenue Multiples



Large Cap

10.4x	16%	81%
Avg. EV/Revenue	Avg. Revenue Growth	% Recurring Revenue

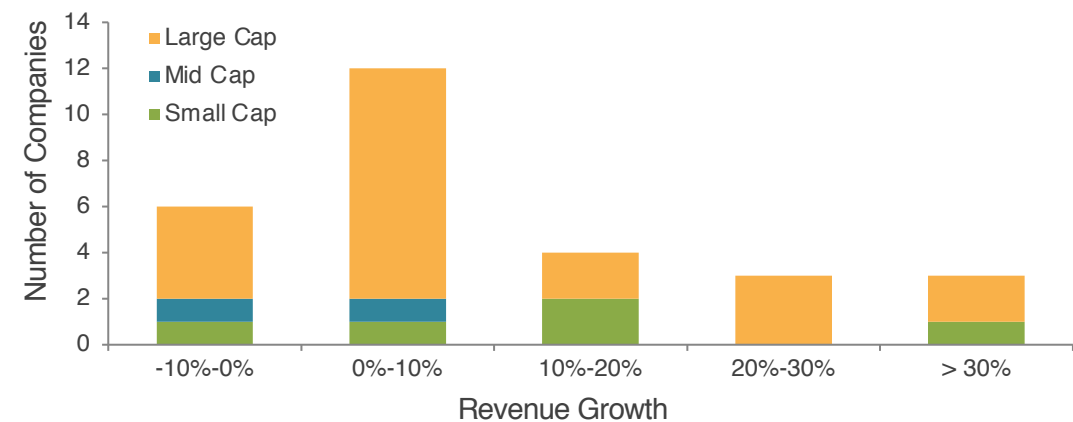
Mid Cap

1.3x	9%	80%
Avg. EV/Revenue	Avg. Revenue Growth	% Recurring Revenue

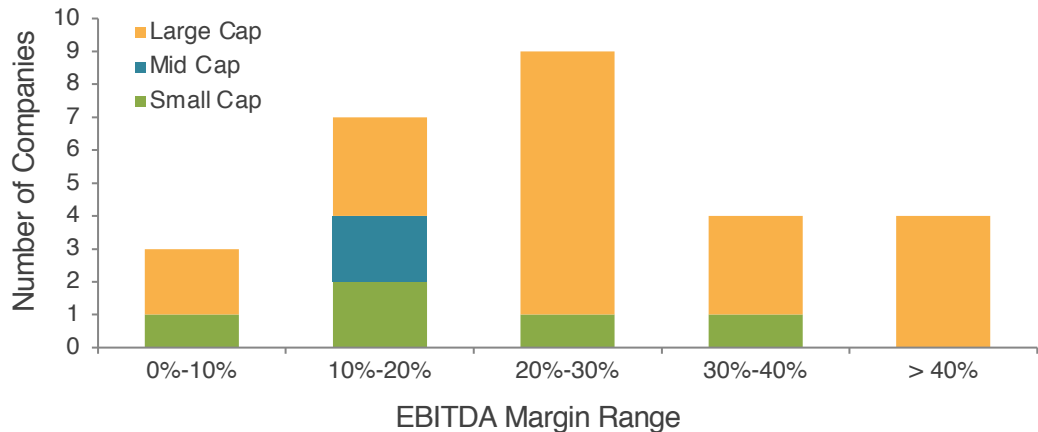
Small Cap

2.5x	19%	68%
Avg. EV/Revenue	Avg. Revenue Growth	% Recurring Revenue

Revenue Growth Distribution

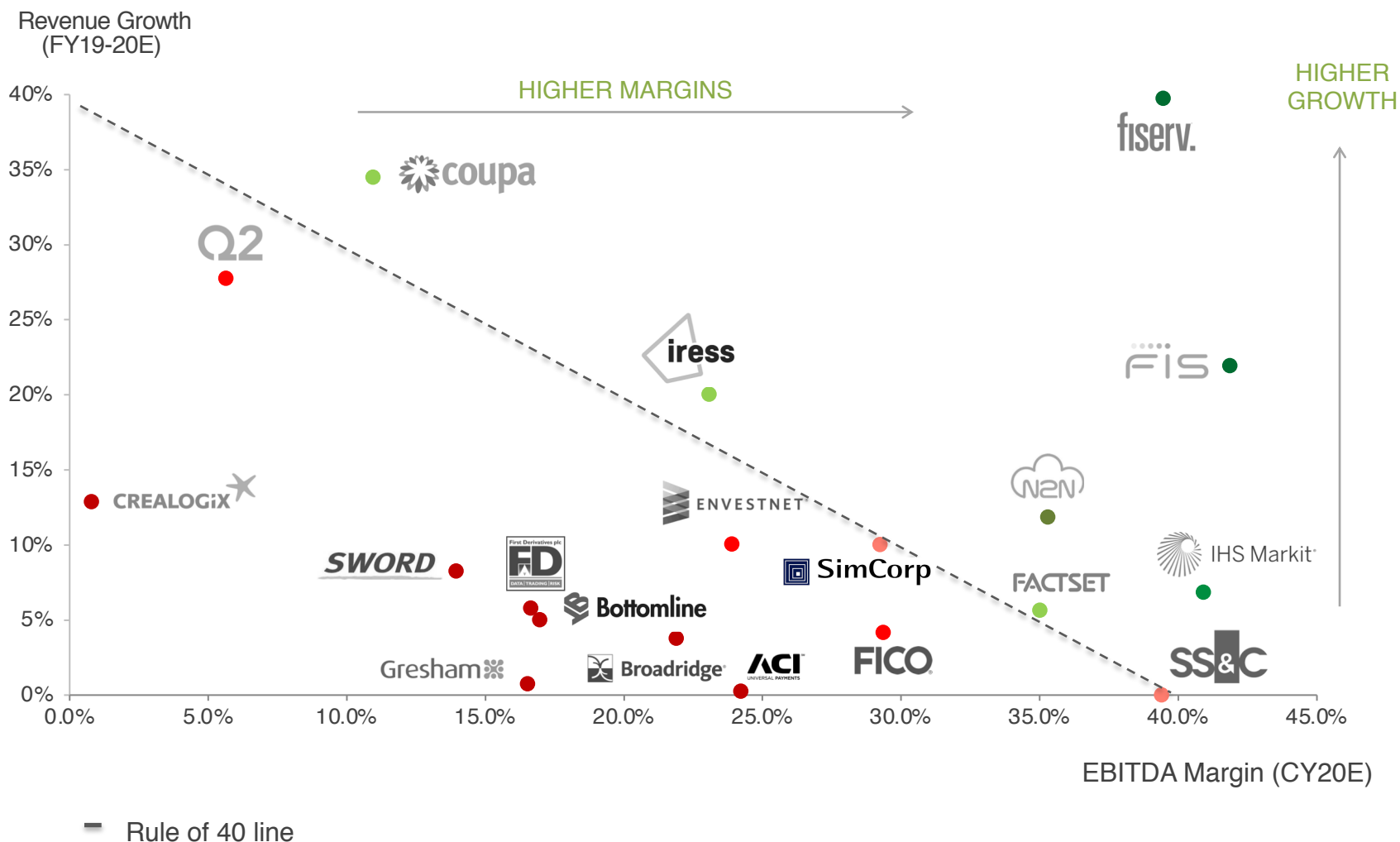


EBITDA Margin Distribution



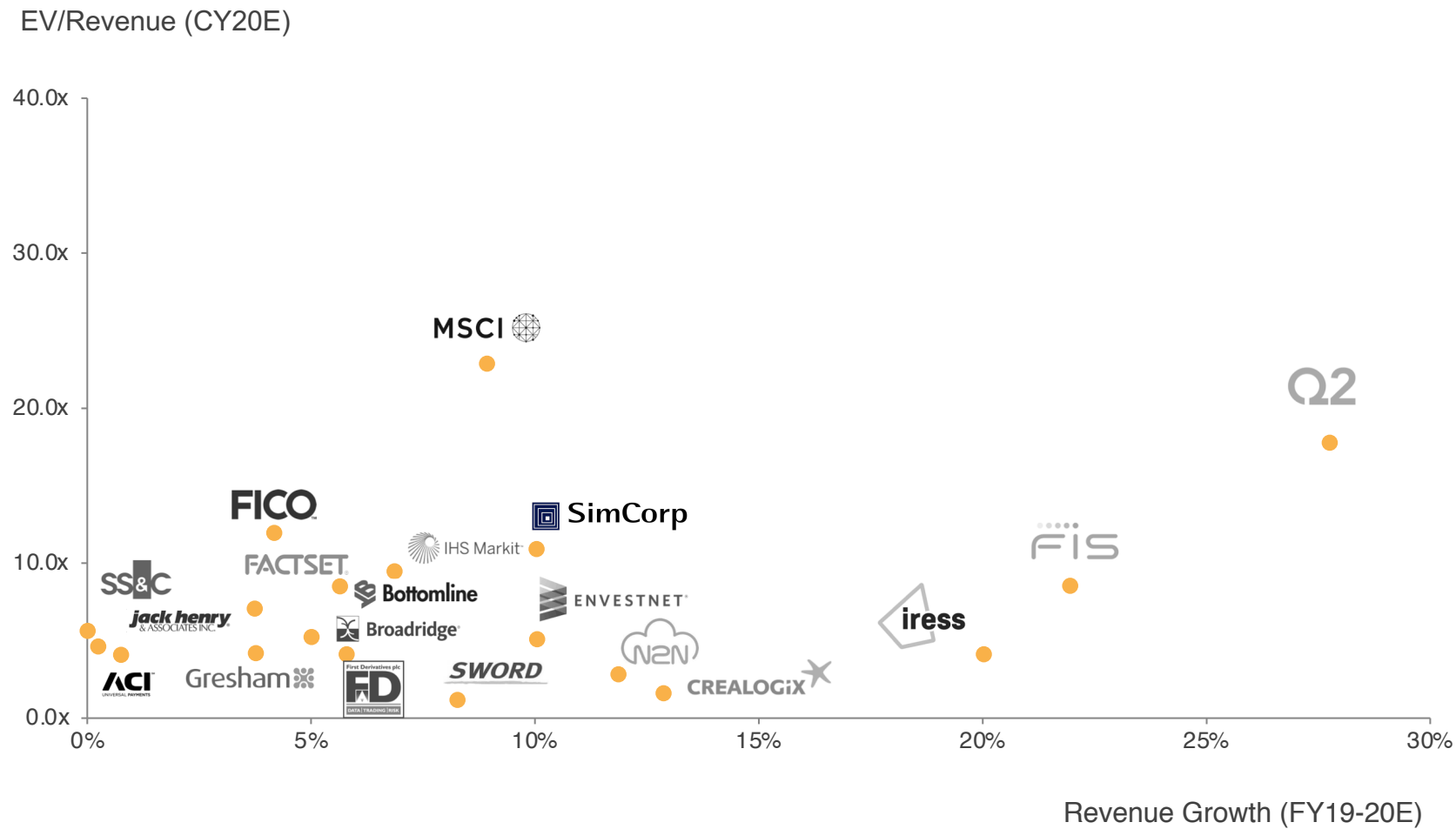
PERFORMANCE QUADRANTS

The Rule of 40 is a recognised measure of health for SaaS companies, which states that Revenue Growth % and EBITDA Margin (profitability) should ideally add up to roughly 40%.



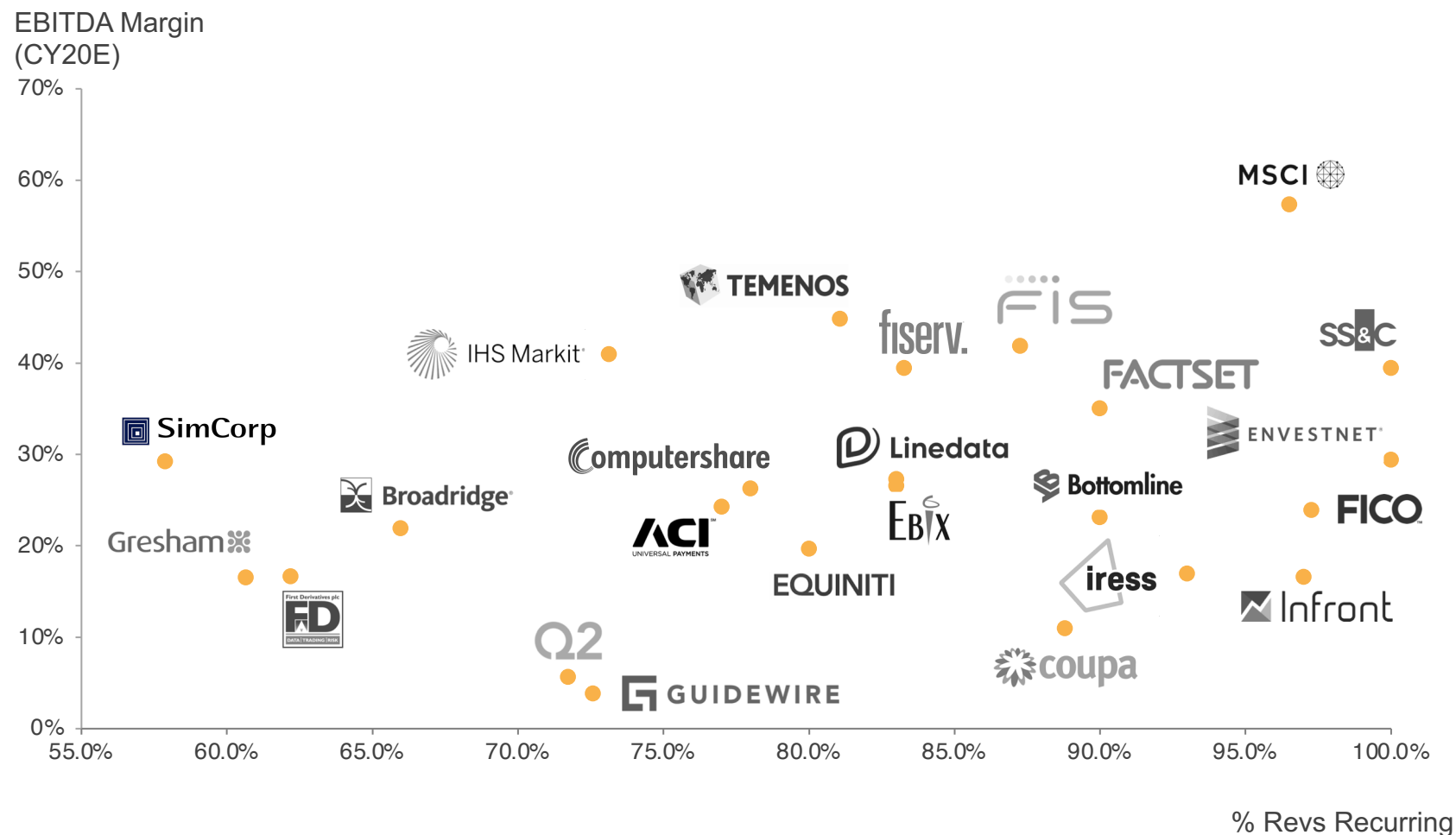
REVENUE GROWTH AS A VALUE DRIVER

Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are Q2ebanking, FIS and IRESS.



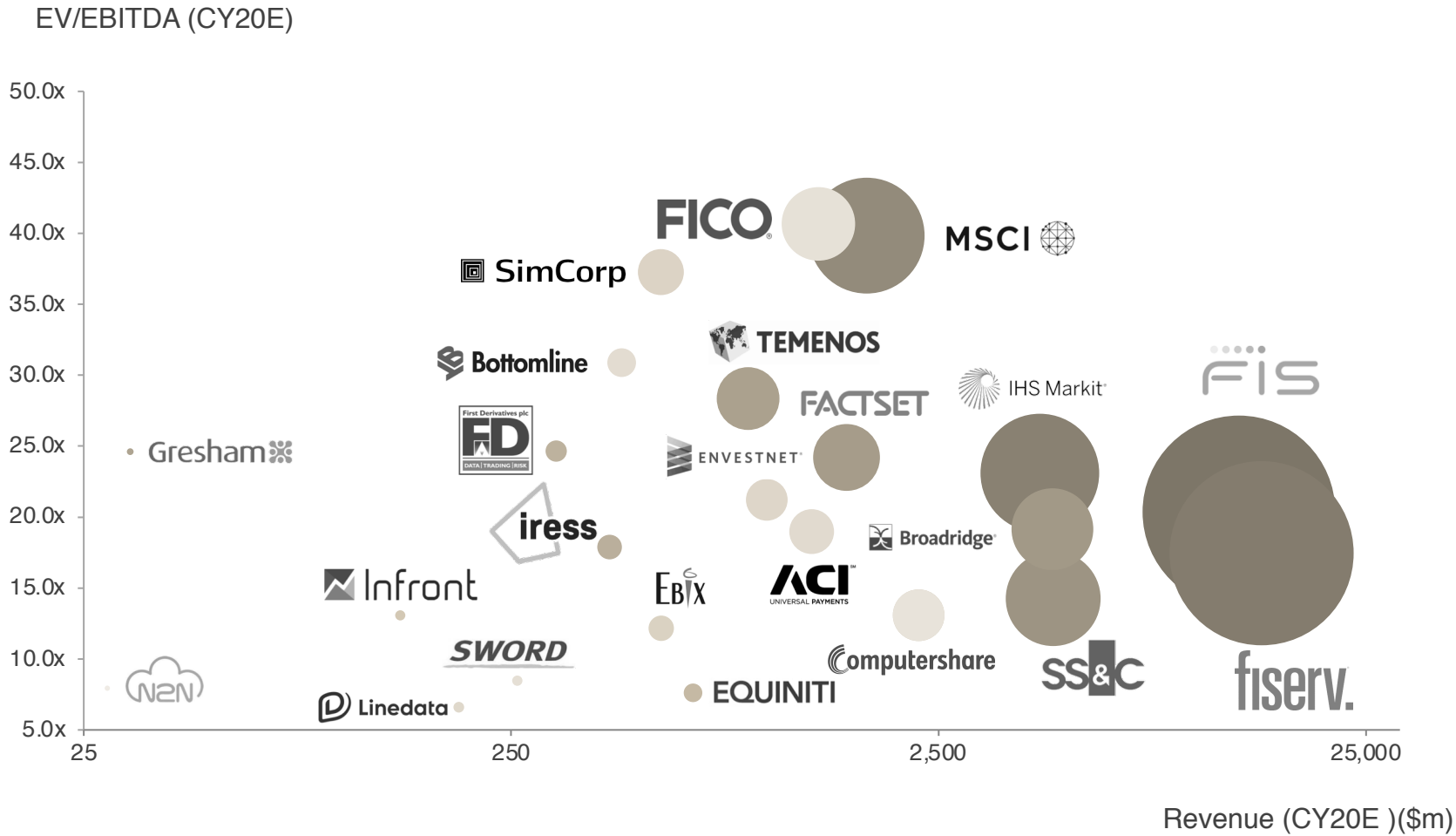
RECURRING REVENUE AS A DRIVER OF OPERATING MARGINS

Recurring revenues as a percentage of total revenues is an increasingly popular metric driving valuations. Companies of the likes of SS&C, FICO, Infront and MSCI have more nearly 100% recurring revenues, while at the bottom of the range sit First Derivatives, SimCorp and Gresham with recurring revenues of only little above 60% of total revenues.



SCALE AS A VALUE DRIVER

The size of revenue is too an important driver of higher valuations. The companies exhibiting the highest expected enterprise value this year are FIS and Fiserv, while the highest expected EBITDA multiples this year are expected to be achieved by FICO and MSCI.



SECTOR VALUATION METRICS

Company	Share Price Local 31-Dec-20	Market Cap (\$m) ⁽¹⁾	Net Debt (\$m) ⁽²⁾	Enterprise Value (\$m)	Revenue CY20E (\$m)	EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
						CY2019	CY2020E	Recurring	CY2019	CY2020E	CY2019	CY2020E	CY2019	CY2020E	Recurring ⁽³⁾
Selected Large Cap															
FIS	141.5	87,777	19,635	107,412	12,602	10.4x	8.5x	9.8x	30.2x	20.4x	22.7%	22.0%	34.4%	41.9%	87%
Fiserv	113.9	76,336	21,749	98,085	14,238	9.6x	6.9x	8.3x	28.8x	17.5x	74.9%	39.8%	33.5%	39.5%	83%
MSCI	446.5	37,015	1,752	38,767	1,697	24.9x	22.8x	23.7x	44.5x	39.8x	8.6%	8.9%	55.9%	57.4%	97%
IHS Markit	89.8	35,616	5,145	40,762	4,312	9.3x	9.5x	12.9x	25.6x	23.1x	-2.9%	6.9%	36.1%	40.9%	73%
Coupa	338.9	24,461	16	24,477	513	64.6x	47.7x	53.7x	NM	NM	49.7%	34.5%	-9.6%	11.0%	89%
SS&C	72.8	18,621	7,410	26,031	4,633	5.6x	5.6x	5.6x	14.7x	14.3x	35.4%	0.0%	38.2%	39.4%	100%
Broadridge	153.2	17,713	1,635	19,347	4,614	4.4x	4.2x	6.4x	20.6x	19.1x	3.8%	3.8%	21.1%	21.9%	66%
FICO	511.0	14,870	753	15,623	1,308	13.1x	11.9x	11.9x	51.8x	40.7x	11.6%	4.2%	25.2%	29.4%	100%
FactSet	332.5	12,632	271	12,903	1,522	8.9x	8.5x	9.4x	25.5x	24.2x	4.1%	5.6%	34.8%	35.0%	90%
Jack Henry	162.0	12,362	(144)	12,218	1,729	7.5x	7.1x	11.4x	22.8x	NA	9.3%	3.7%	33.0%	NA	62%
Guidewire	128.7	10,782	(673)	10,109	737	13.9x	13.7x	18.9x	NM	NM	3.2%	-1.8%	5.2%	3.8%	73%
Temenos	123.7	10,365	1,022	11,387	896	11.7x	12.7x	15.7x	31.1x	28.4x	15.6%	-7.8%	37.7%	44.8%	81%
Morningstar	231.6	9,919	320	10,239	NA	8.7x	NA	NA	30.0x	NA	15.6%	NA	28.9%	NA	68%
Q2 Holdings	126.5	6,818	338	7,155	403	22.7x	17.8x	24.8x	NM	NM	30.9%	27.8%	-11.5%	5.7%	72%
Computershare	14.6	6,072	1,635	7,706	2,245	3.3x	3.4x	4.4x	11.6x	13.1x	-3.2%	-2.3%	28.7%	26.2%	78%
SimCorp	905.5	6,058	45	6,102	560	12.0x	10.9x	18.8x	38.2x	37.3x	12.6%	10.0%	31.4%	29.2%	58%
ACI	38.4	4,487	1,314	5,801	1,261	4.6x	4.6x	6.0x	21.9x	19.0x	24.6%	0.2%	21.0%	24.2%	77%
Envestnet	82.3	4,440	585	5,025	991	5.6x	5.1x	5.2x	48.8x	21.2x	10.8%	10.0%	11.4%	23.9%	97%
Bottomline	52.7	2,379	(4)	2,375	453	5.5x	5.2x	5.6x	48.2x	30.9x	4.8%	5.0%	11.4%	17.0%	93%
IRESS	10.6	1,578	176	1,754	425	5.0x	4.1x	4.6x	18.8x	17.9x	1.9%	20.0%	26.3%	23.1%	90%
First Derivatives	32.0	1,207	101	1,308	319	4.3x	4.1x	6.6x	26.1x	24.7x	5.9%	5.8%	16.7%	16.7%	62%
Ebiz	38.0	1,176	686	1,861	561	3.2x	3.3x	4.0x	10.5x	12.2x	16.6%	-3.4%	30.7%	27.3%	83%
Average						11.8x	10.4x		28.9x	23.7x	16%	9%	25%	28%	81%
Total (Large Cap)		402,685	63,763	466,448											
Selected Mid Cap															
Equiniti	1.1	551	448	998	666	1.4x	1.5x	1.9x	6.0x	7.6x	0.1%	-6.2%	23.5%	19.7%	80%
Sword	31.4	366	(60)	306	258	1.3x	1.2x	NA	10.0x	8.5x	17.9%	8.3%	12.8%	14.0%	NA
Average						1.3x	1.3x		8.0x	8.0x	9%	1%	18%	17%	80%
Total (Mid Cap)		916	387	1,304											
Selected Small Cap															
Linedata	28.3	229	101	330	189	1.7x	1.8x	2.1x	6.3x	6.6x	-7.2%	-0.7%	27.5%	26.5%	83%
Crealogix	118.0	186	(5)	181	113	1.7x	1.6x	3.6x	NM	NM	3.6%	12.9%	-1.4%	0.8%	44%
Infront	35.0	178	120	298	138	3.5x	2.2x	2.2x	31.9x	13.1x	149.1%	62.6%	11.0%	16.6%	97%
MSG	2.7	142	(17)	125	NA	0.7x	NA	NA	31.7x	NA	3.4%	NA	2.3%	NA	20%
Gresham	1.5	142	(11)	131	32	4.1x	4.1x	6.7x	31.1x	24.6x	23.9%	0.8%	13.2%	16.5%	61%
N2N	0.7	107	(27)	80	28	3.1x	2.8x	NA	11.8x	7.9x	-5.3%	11.9%	26.6%	35.3%	NA
Profile Software	5.0	72	(12)	60	NA	3.4x	NA	NA	12.4x	NA	8.0%	NA	27.6%	NA	70%
63 Moons	81.8	52	(178)	NA	NA	NM	NA	NA	5.7x	NA	-19.9%	NA	-70.2%	NA	98%
Average						2.6x	2.5x		18.7x	13.1x	19%	17%	5%	19%	68%
Total (Small Cap)		1,108	(29)	1,205											
Sector Total		404,709	64,122	468,957		9.0x	8.3x	10.9x	24.9x	20.5x	17%	10%	19%	25%	78%

(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals.

(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

(4) NM - Not meaningful and NA - Not available

Quick Facts

- Partner-centric firm focused on providing advisory services to sellers and buyers in M&A projects across the globe
- Deep domain expertise across software, services and data intensive sectors, with a focus on FinTech, HRTech and Human Capital
- Our Partners have advised on 100+ transactions with values up to £130m; the majority (70%) of our engagements result in cross-border transactions
- International presence with offices in London, San Diego and Buenos Aires
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic investors

Selected Transactions

 FinTech	 FinTech	 FinTech	 FinTech	 FinTech
 Has been acquired by: 	 Has been acquired by: 	 Has acquired: 	 Has been acquired by: 	 Has been acquired by: 
				

Offices

LONDON
49 Grosvenor Street
London
W1K 3HP
United Kingdom

SAN DIEGO
415 Laurel Street PMB 326
San Diego, California
92101
United States

BUENOS AIRES
Torre ABN Amro Victoria Ocampo 360
Puerto Madero, Buenos Aires
C1107BGA
Argentina

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Fintech Partners



Chris Brooke
London



William Berrington
London



Kevin O'Neill
San Diego



Carlos Ratto
Buenos Aires