

Welcome to the eighth edition of QuEST, which presents valuation and investment trends for SaaS companies during Q4 2016. QuEST utilizes data from both private companies and publicly traded companies referred to as the "SaaS Index." The SaaS Index represents the weighted-average movement of the market capitalization for over 50 publicly traded SaaS companies.

A CONVERSATION WITH xMATTERS AND GOLUB CAPITAL

For this edition, Golub Capital's Peter Fair interviewed Troy McAlpin, CEO of xMatters, a communication software platform.



Troy McAlpin, CEO of xMatters

Peter: Hi Troy. Thanks so much for joining us today. I'm looking forward to chatting about your experience at xMatters, and how you're thinking about growth, the ever-changing tech landscape, and all things SaaS. To start, tell us about being a venture-backed technology business in 2017. Have you noticed any changes in consumer buying trends and behaviors?

Troy: Hey Peter, thanks so much for having me. 2017 is starting out to be quite the year. Enterprises of all sizes are comfortable buying and consuming technology via multiple delivery methodologies: on-premise, hosted in a company-owned data center with containers, hosted in co-location facilities, hosted by a cloud provider, or consumed from a SaaS provider. Procurement departments, legal departments, end-users and executives are now accustomed to the variety of delivery channels; their discussions have evolved from trying to solve the mystery of how a service is provided, to what the service offers, its unique value, differentiation and fit. Options for how to solve any technical problem have increased, giving the buyer more power in making the right decision for their organization.

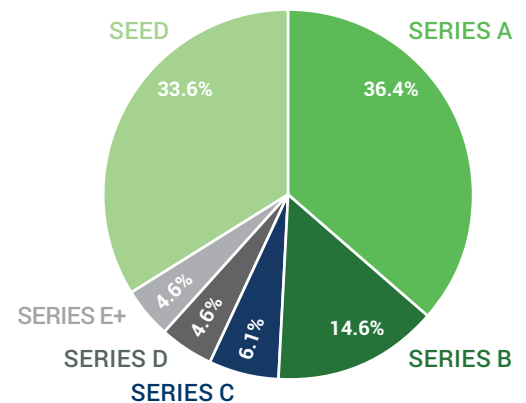
Peter: There has been volatility in valuations in recent years; how has that impacted/affected your experience?

Troy: Valuation sentiment is as cyclical and volatile as any other indicator of a fickle market. From 2001 to 2009 to today, we have experienced both corrections and unabashed valuation enthusiasm.

We believe in a few core tenets around creating value, specifically delivering great customer service, differentiating ourselves from competition, creating meaningful, lasting customer relationships, focusing on 1,000 days out and providing a service customers need. This formula has insulated us through good and bad times. Valuations on the other hand are harder to control, with opinions

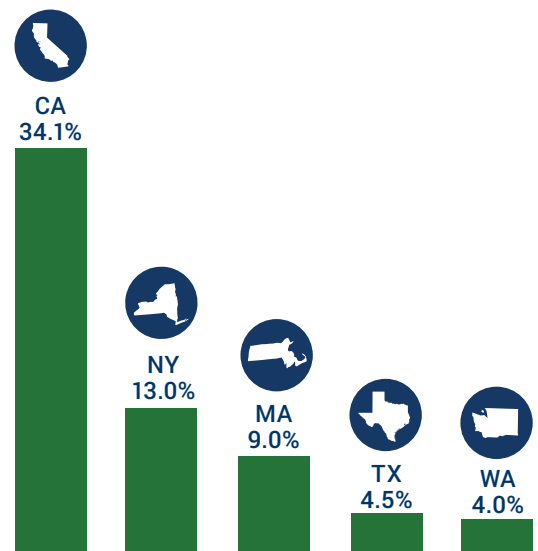
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Q4 2016 VENTURE-BACKED SaaS COMMITMENT BREAKDOWN



Source: PitchBook

STATES WITH HIGHEST PERCENTAGE OF VENTURE-BACKED SaaS DEALS IN Q4 2016



Source: PitchBook

continued from page 1

changing with the wind. We maintain that excellent SaaS companies can be built with limited amounts of equity capital and supplemented with thoughtful amounts of growth debt.

Peter: That's a great approach. How are you thinking about new services, and increasing adoption and/or entry into new markets?

Troy: You know, this is a very dynamic, exciting time in technology. A large new workforce who have entered the marketplace ("millennials") expect their employer to have excellent business processes and applications to effectively do their jobs. Many of whom don't know life without mobile phones, mobile apps and Instagram – this is their software application reference set so you can see why large organizations have to do a lot to help this workforce be effective in the workplace.

Ultimately, the technology field, as well as the process and pipeline of how products are developed, deployed, consumed and supported, is rapidly changing to meet the customer's need for digital service. We believe that where there is change, there is opportunity.

Peter: Absolutely. If you were talking to a group of medium and small software company CEOs, name two things you'd say they should focus on.

Troy: To start, a relentless focus on the customer's problems today, tomorrow, and three years from now is more important now than it was 10 years ago. In the

past you could make a mistake, be slow to respond and be just fine. Now, if you are not properly addressing today's needs, and thoughtfully building for the state of the technology industry three years from now, you will be a relic.

Customers often can't articulate their pain that will occur in 1,000 days. It's our job to help them think through not just their current pain points, but also their future needs, and for us to stay ahead of those needs.

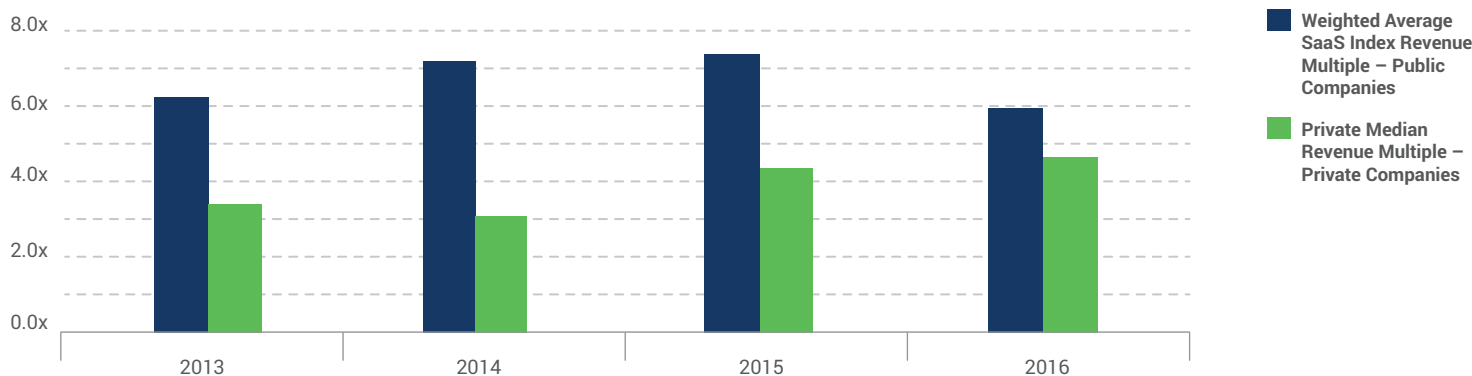
The other area of focus is to remember that only a select few companies can run at unicorn-spend levels. Investors and customers appreciate financial maturity as we run our cloud-based applications and services. The last thing your customers want to hear is that you didn't get your financing and now there will be an impact to your service.

Peter: Definitely. Keeping with the theme of looking forward, where do you see xMatters in 10 years?

Troy: Our focus will be on assisting companies with applications that communicate, learn and automate the resolution of events before there is a harmful impact to their business. xMatters's goal is to improve our abilities to ensure that our technology infrastructure meets the needs of their digital business.

Peter: I think that's a great note to end on. Thanks so much for your time today, and we're thrilled to see what xMatters does in the future.

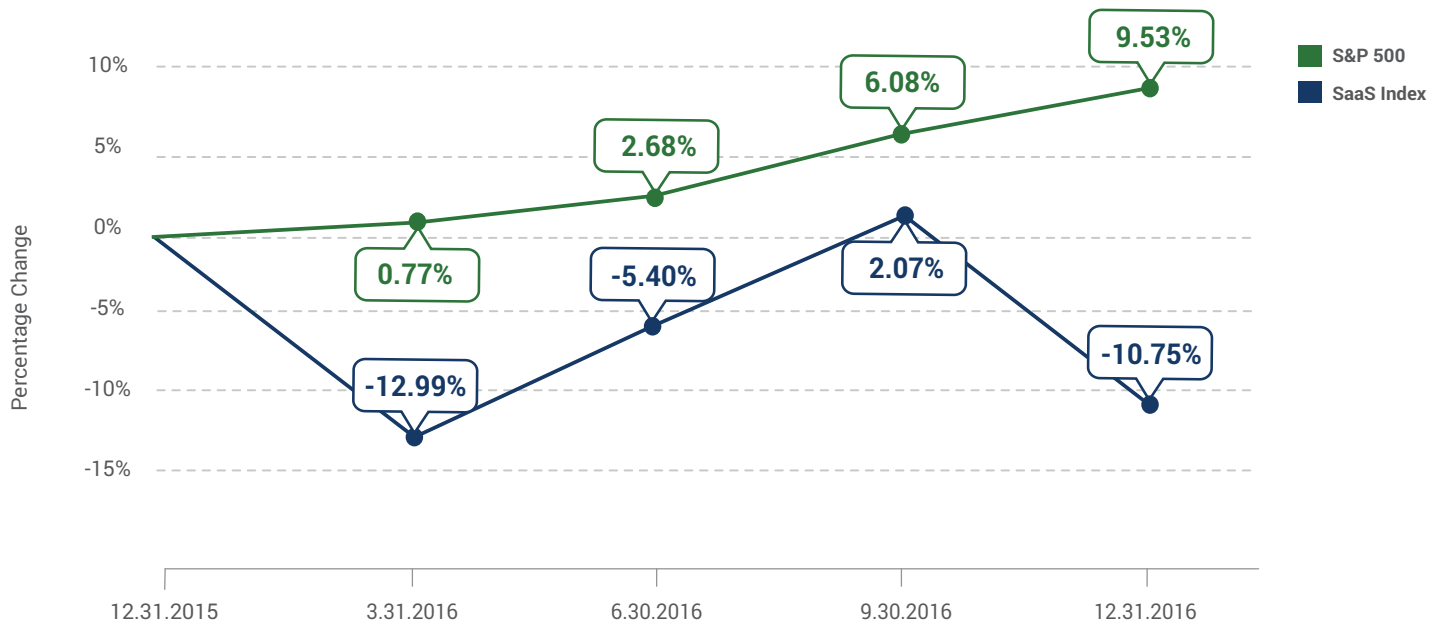
PUBLIC VS. PRIVATE REVENUE MULTIPLE



For companies on the SaaS Index 01.01.2013 – 12.31.2016

Source: CapIQ, GC Internal Data

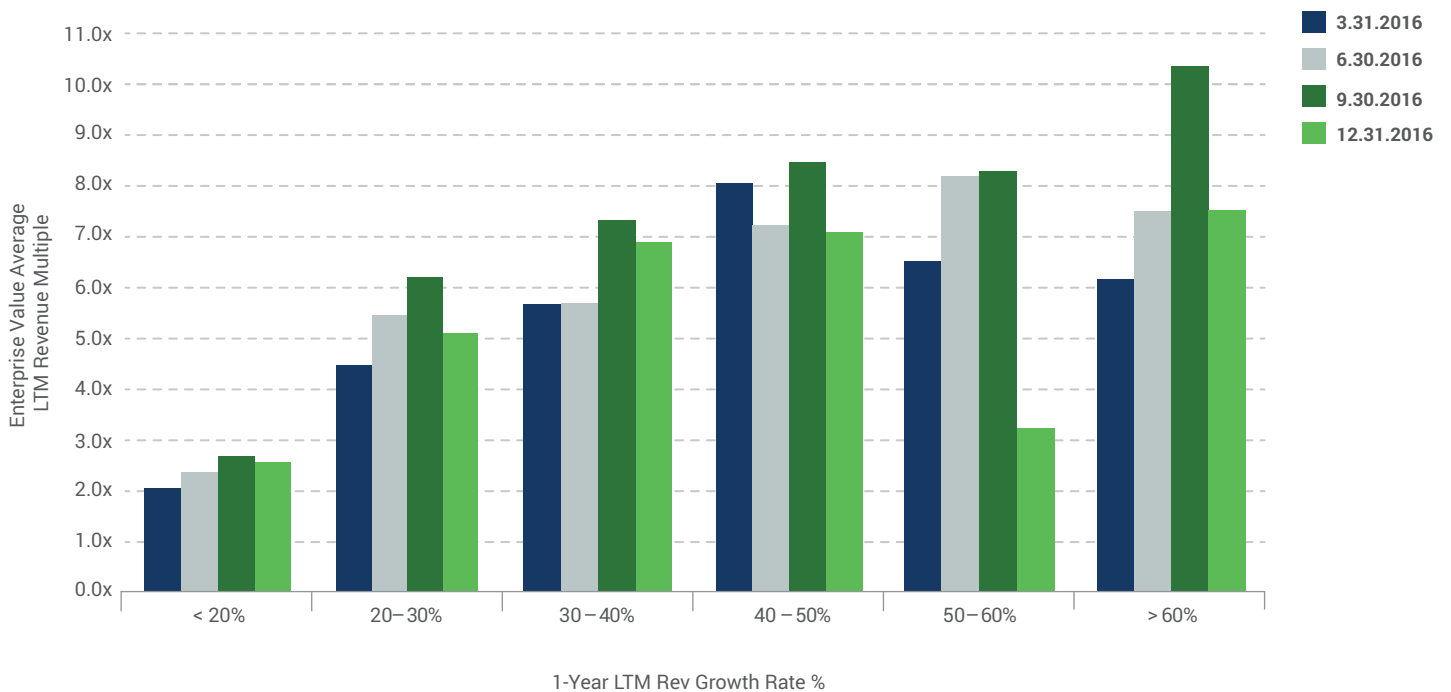
SaaS INDEX PRICE MOVEMENT* VS. S&P 500 PRICE MOVEMENT



*The SaaS Index represents the weighted-average movement of the market capitalization for 50+ publicly traded SaaS companies. See page 5 for the full company listing.

Source: CapIQ

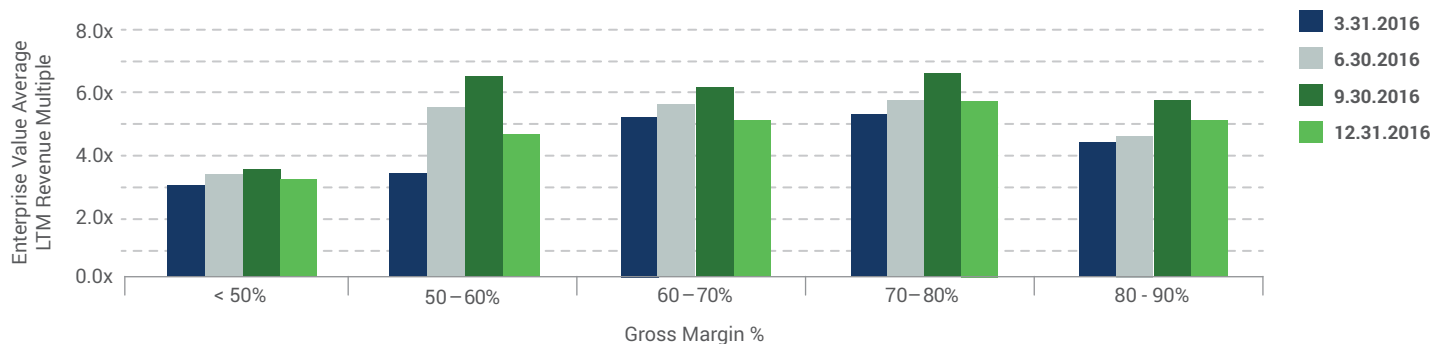
LTM REVENUE MULTIPLE VS. 1-YEAR GROWTH*



* For companies on the SaaS Index from 3.31.2016 – 12.31.2016

Source: CapIQ

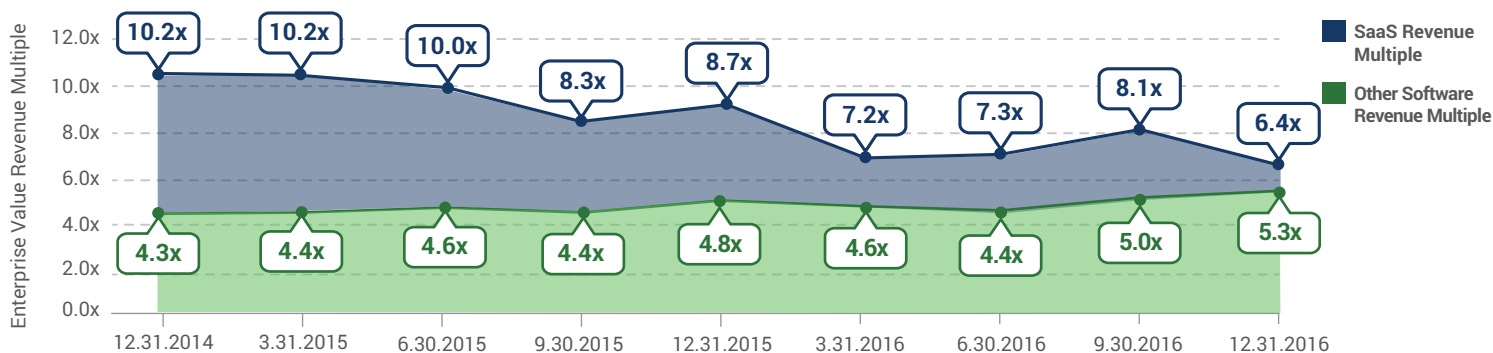
LTM REVENUE MULTIPLE VS. GROSS MARGIN*



* For companies on the SaaS Index from 3.31.2016 – 12.31.2016

Source: CapIQ

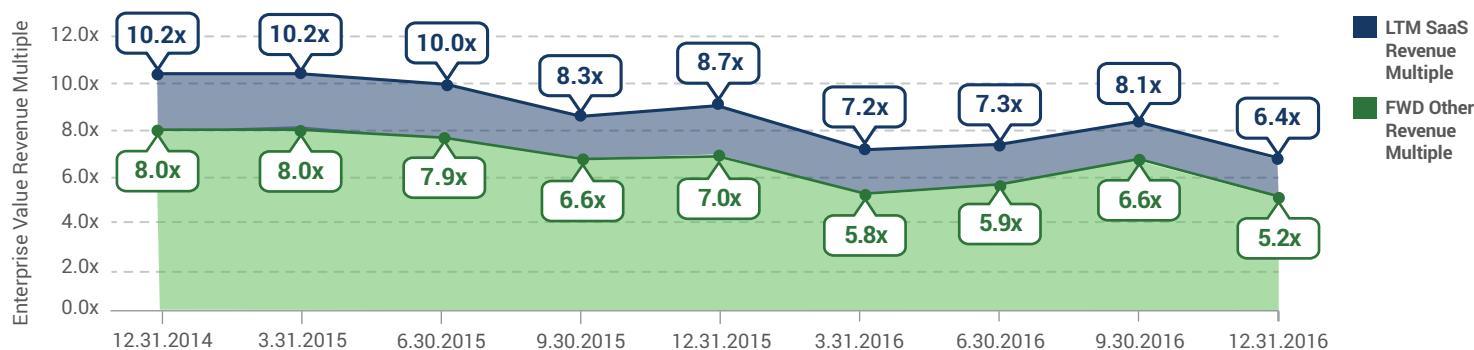
WEIGHTED AVERAGE LTM SaaS REVENUE MULTIPLE* VS. OTHER SOFTWARE



*For companies on the SaaS Index from 12.31.2014 – 12.31.2016

Source: CapIQ

WEIGHTED AVERAGE LTM SaaS REVENUE MULTIPLE* VS. WEIGHTED AVERAGE FWD REVENUE MULTIPLE



*For companies on the SaaS Index from 12.31.2014 – 12.31.2016

Source: CapIQ

Q4 2016 SaaS INDEX COMPANIES SORTED BY MARKET CAP

Companies in the SaaS Index, listed by Market Cap, below:

All data as of 12.31.2016. New items to the SaaS Index are highlighted in green.

Ticker	Price	Mkt Cap (Millions)	EV (Millions)	LTM Rev (Millions)	FWD Rev (Millions)	EV/ LTM Rev	EV/ FWD Rev	1 Year Rev Growth	LTM Gross Profit
CRM	68.46	46,491	47,806	7,907	9,692	6.0x	4.9x	25.5%	5,856
WDAY	66.09	13,284	11,898	1,456	1,878	8.2x	6.3x	36.7%	1,000
NOW	74.34	12,341	12,034	1,391	1,689	8.7x	7.1x	38.3%	992
SPLK	51.15	6,939	6,000	864	1,110	6.9x	5.4x	44.9%	695
VEEV	40.70	5,583	5,072	508	622	10.0x	8.2x	33.0%	341
ULTI	182.35	5,288	5,188	781	916	6.6x	5.7x	26.4%	481
ATHN	105.17	4,150	4,311	1,083	1,249	4.0x	3.5x	17.1%	549
JCOM	81.80	3,931	4,205	874	1,073	4.8x	3.9x	21.3%	727
SHOP	42.87	3,814	3,413	389	510	8.8x	6.7x	89.7%	209
DATA	42.15	3,207	2,343	827	856	2.8x	2.7x	26.5%	728
GDDY	34.95	3,057	3,730	1,848	2,032	2.0x	1.8x	15.0%	1,190
PFPT	70.65	3,002	2,951	375	458	7.9x	6.4x	41.5%	267
MDSO	49.67	2,861	2,791	463	529	6.0x	5.3x	18.1%	351
ELLI	83.68	2,809	2,422	360	413	6.7x	5.9x	41.9%	240
PAYC	45.49	2,734	2,690	329	395	8.2x	6.8x	46.5%	281
WAGE	72.50	2,657	2,069	365	460	5.7x	4.5x	9.1%	234
TWLO	28.85	2,514	2,261	277	326	8.2x	6.9x	66.1%	157
LOGM	96.55	2,467	2,287	336	371	6.8x	6.2x	23.7%	291
RP	30.00	2,414	2,468	568	629	4.3x	3.9x	21.3%	326
CSOD	42.31	2,377	2,376	423	468	5.6x	5.1x	24.6%	287
FEYE	11.90	2,036	1,843	714	762	2.6x	2.4x	14.6%	442
ZEN	21.20	2,021	1,810	312	384	5.8x	4.7x	49.4%	218
WIX	44.55	1,892	1,746	290	356	6.0x	4.9x	42.5%	245
EBIX	57.05	1,849	2,013	298	311	6.7x	6.5x	12.4%	213
BOX	13.86	1,755	1,652	374	474	4.4x	3.0x	33.3%	265
HUBS	47.00	1,674	1,561	271	328	5.8x	4.8x	48.9%	209
KXS	62.50	1,552	1,405	116	182	12.1x	7.7x	27.0%	80
PCTY	30.01	1,541	1,463	264	312	5.5x	4.7x	40.8%	152
RNG	20.60	1,516	1,379	380	444	3.6x	3.1x	28.2%	288
NEWR	28.25	1,472	1,275	243	291	5.3x	4.4x	49.6%	196
TWOU	30.15	1,419	1,262	206	250	6.1x	5.0x	37.1%	165
BL	27.63	1,417	1,463	123	150	11.9x	9.8x	47.3%	93
COUP	25.01	1,250	1,029	122	156	8.4x	6.6x	68.4%	77
SPSC	69.89	1,191	1,066	193	218	5.5x	4.9x	21.9%	129
QTWO	28.85	1,158	1,066	150	181	7.1x	5.9x	38.0%	73
QLYS	31.65	1,130	920	198	224	4.6x	4.1x	20.5%	155
TTD	27.67	1,067	995	203	226	4.9x	4.4x	78.3%	163
CALD	16.80	1,066	880	207	233	4.3x	3.8x	19.4%	129
BNFT	29.70	884	899	233	263	3.9x	3.4x	26.0%	113
MB	21.30	863	792	139	169	5.7x	4.7x	37.1%	96
APPF	23.85	804	786	106	128	7.4x	6.1x	40.8%	61
FIVN	14.19	752	739	162	178	4.6x	4.1x	25.8%	95
VRNS	26.80	715	603	164	185	3.7x	3.3x	29.3%	149
APTI	18.53	710	587	161	180	3.7x	3.3x	24.2%	106
LRN	17.16	698	600	893	916	0.7x	0.7x	-1.9%	333
WK	13.65	563	530	179	198	3.0x	2.7x	23.0%	127
INST	19.55	552	469	111	139	4.2x	3.4x	51.5%	78
HDP	8.31	505	421	184	218	2.3x	1.9x	51.3%	112
EVBG	18.45	501	439	77	90	5.7x	4.9x	30.9%	53
BV	4.85	402	353	201	207	1.7x	1.7x	2.4%	126
ECOM	14.35	370	307	113	124	2.7x	2.0x	12.5%	86
XTLY	11.00	345	317	92	107	3.5x	3.0x	29.1%	55
JIVE	4.35	340	240	204	206	1.2x	1.2x	4.2%	137
MOBL	3.75	330	250	164	179	1.5x	1.4x	9.8%	134
TNGO	7.88	311	279	219	229	1.3x	1.2x	0.0%	119
ZIXI	4.94	265	240	60	64	4.0x	3.8x	9.9%	50
AMBR	9.08	244	250	73	80	3.4x	3.1x	9.0%	37
UPLD	8.95	160	182	75	78	2.4x	2.3x	6.9%	47
MRIN	2.35	91	57	100	93	0.6x	0.6x	-8.0%	65
COVS	1.90	78	43	71	-	0.6x	0.0x	-10.4%	38
CNXR	1.68	38	107	82	92	1.3x	1.2x	-14.6%	25

Source: CapIQ