

Welcome to the ninth edition of QuEST, which presents valuation and investment trends for SaaS companies during Q1 2017. 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 HOST ANALYTICS, INC. AND GOLUB CAPITAL

For this edition, Golub Capital's Peter Fair interviewed Ian Charles, Chief Financial Officer of Host Analytics, Inc.

Peter: Hi Ian. Thanks so much for joining us today. I'm looking forward to chatting about your experience at Host Analytics. To start, tell us about being a venture-backed technology business in 2017. Have you noticed any changes in consumer buying trends and behaviors?



Ian Charles, CFO, Host Analytics, Inc.

Ian: Hi Peter, thanks for having me. Heading into the second half of 2017, we see customers requiring a higher degree of diligence in the financial stability of any vendor partnership they enter into. However, we also continue to see customers voting with their wallet and not turning to solution providers simply because of price. There is a growing focus on not only finding a solution to current business problems, but also a solution that scales with those issues that arise in the future. This has become an added requirement for a vendor.

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

Ian: The recent volatility has shaken out some of the weaker players. This has resulted in additional pressure to perform in secondary metrics that include net revenue retention, LTV, growth efficiency index, etc. It's no longer about top line growth, it's about the true underlying long term value of that growth and the profitable sustainability.

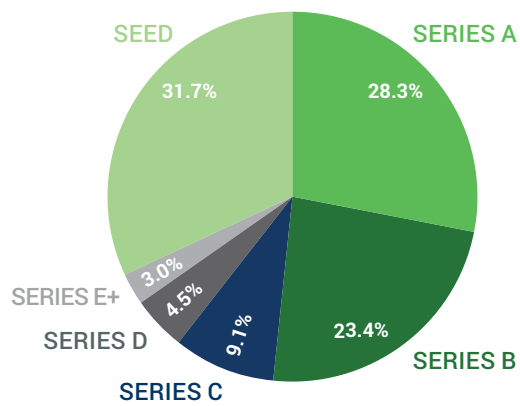
Peter: How are you thinking about new services, and increasing adoption and/or entry into new markets?

Ian: We are constantly advancing our thoughts and progress towards new features and products that are mission critical to the finance function within Enterprise Performance Management. Our efforts include expanding go-to-market partnerships with companies like Workiva and Sage in addition to the expansion of channel partnerships with Deloitte, Accenture and RSM.

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

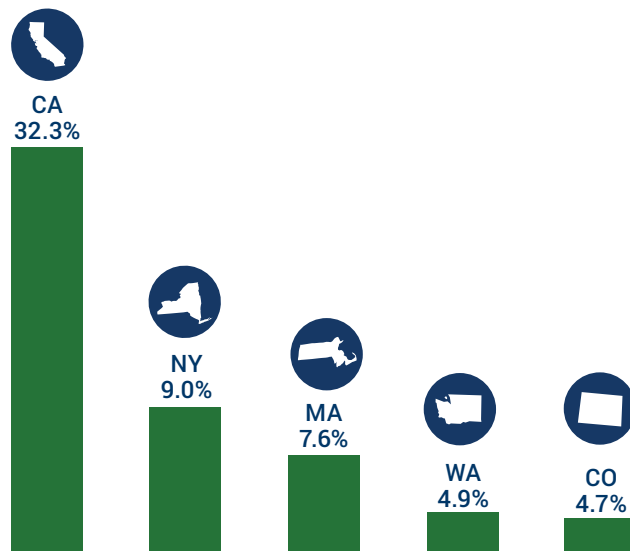
Ian: One. Hire the best people who can execute, execute, execute. Two. Don't think about the current quarter—let your team handle that. Think about where you want to be next year.

Q1 2017 VENTURE-BACKED SaaS COMMITMENT BREAKDOWN



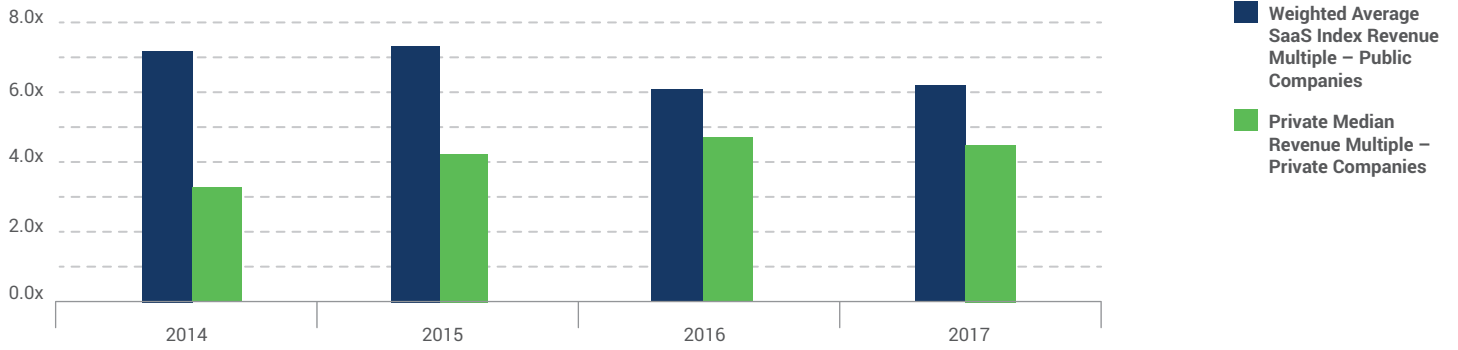
Source: PitchBook

STATES WITH HIGHEST PERCENTAGE OF VENTURE-BACKED SaaS DEALS IN Q1 2017



Source: PitchBook

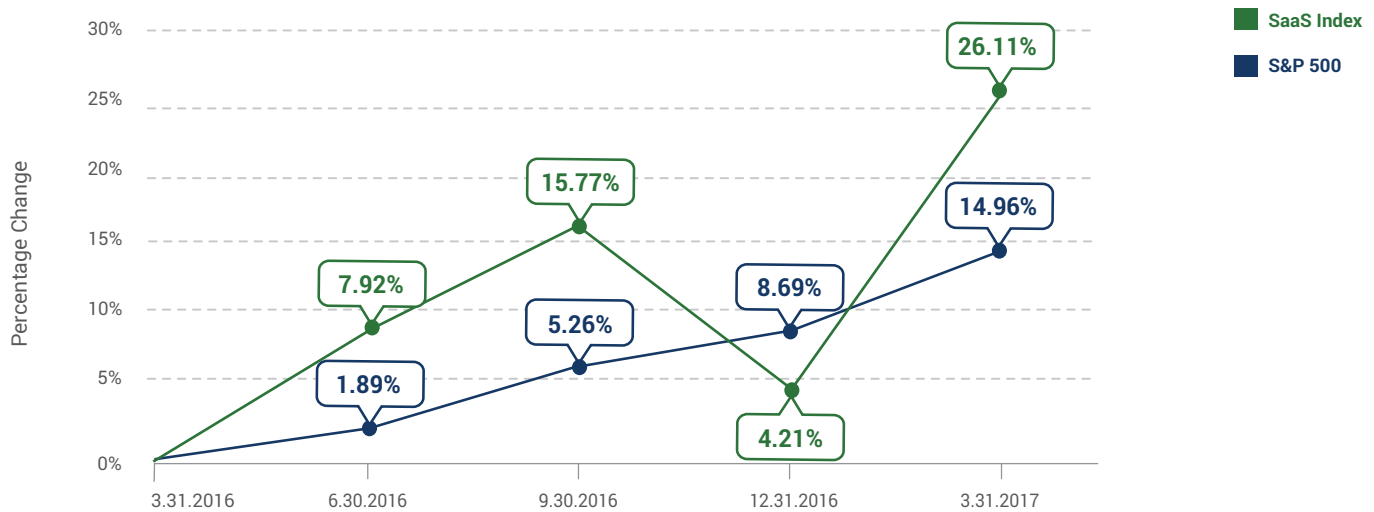
PUBLIC* VS. PRIVATE REVENUE MULTIPLE



*For companies on the SaaS Index 1.01.2014 – 3.31.2017

Source: CapIQ, GC Internal Data

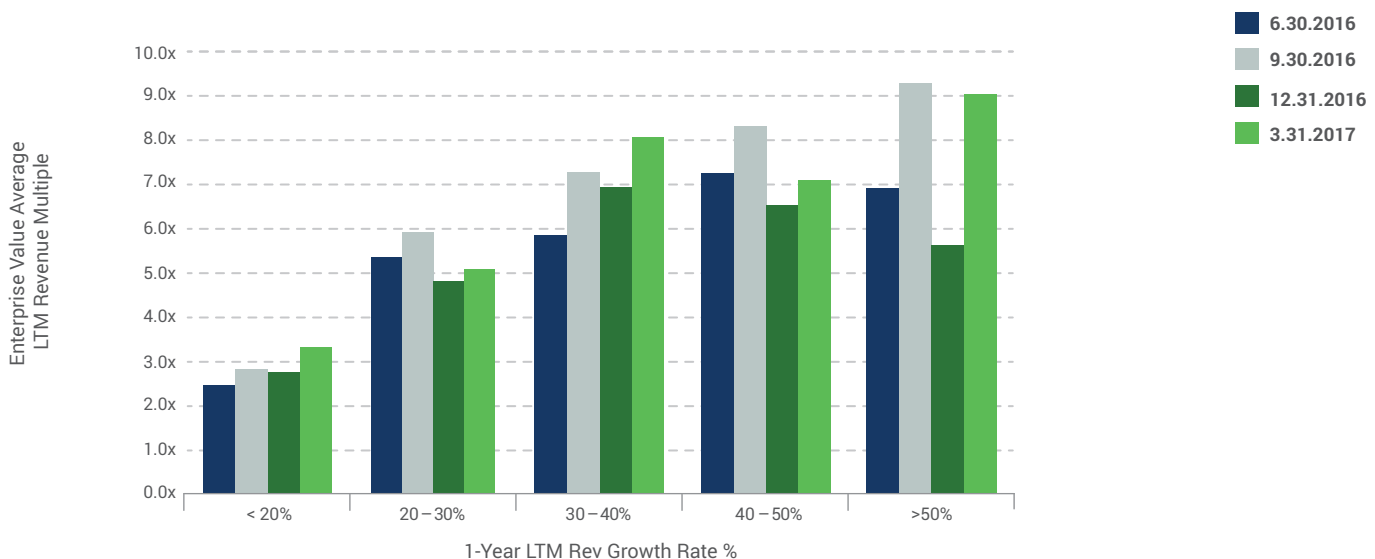
SaaS INDEX PRICE MOVEMENT* VS. S&P 500 PRICE MOVEMENT



*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

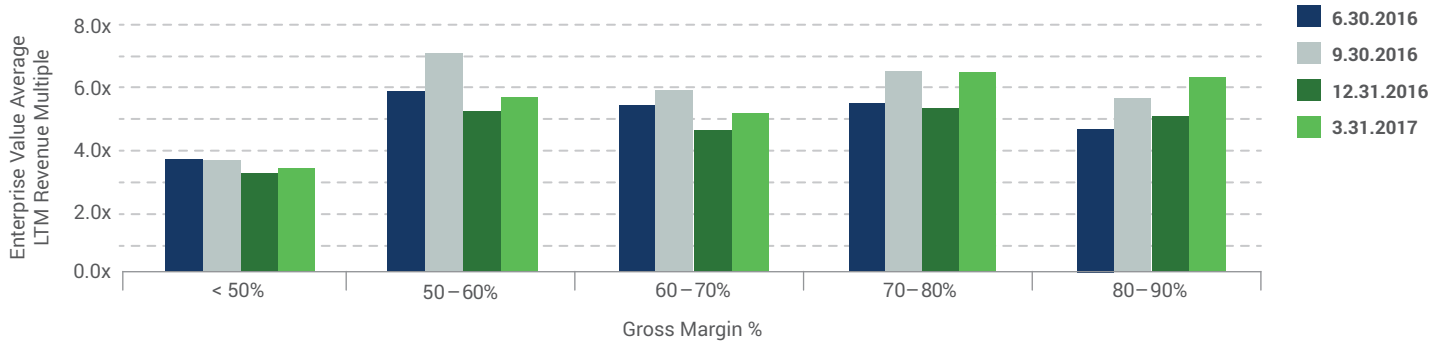
LTM REVENUE MULTIPLE VS. 1-YEAR GROWTH*



*For companies on the SaaS Index from 6.30.2016 – 3.31.2017.

Source: CapIQ

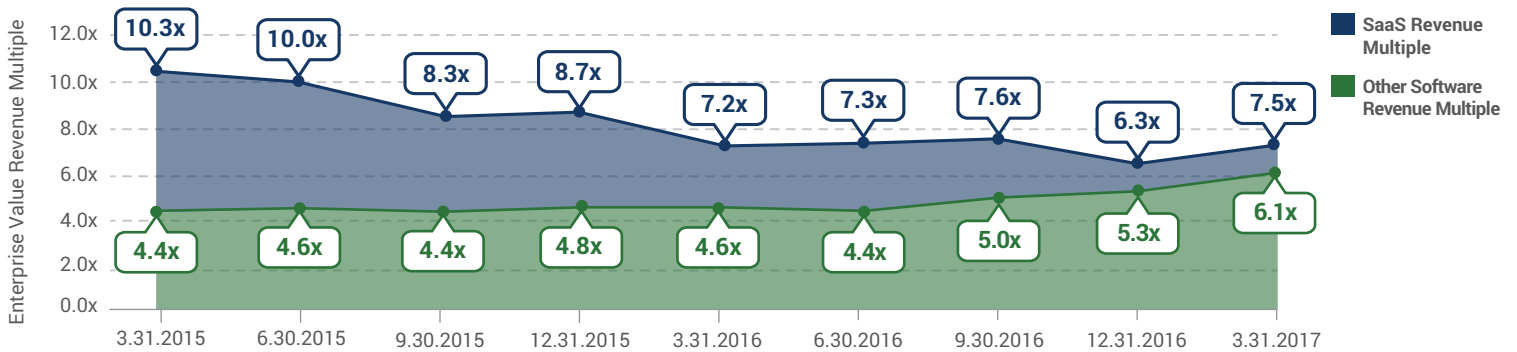
LTM REVENUE MULTIPLE VS. GROSS MARGIN PERCENTAGE*



* For companies on the SaaS Index from 6.30.2016 – 3.31.2017

Source: CapIQ

WEIGHTED AVERAGE LTM SaaS REVENUE MULTIPLE* VS. OTHER SOFTWARE¹ REVENUE MULTIPLE

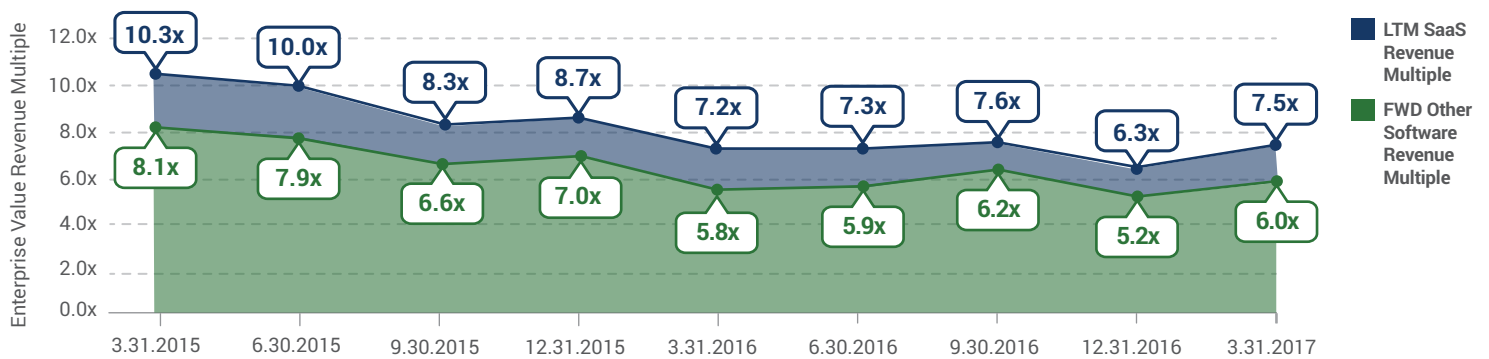


*For companies on the SaaS Index from 3.31.2015 – 3.31.2017

Source: CapIQ

1. Other Software - typically defined as companies with perpetual license revenue models

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



*For companies on the SaaS Index from 3.31.2015 – 3.31.2017

Source: CapIQ

Q1 2017 SaaS INDEX COMPANIES SORTED BY MARKET CAP

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

All data as of 3.31.2017.

Ticker	Price	Mkt Cap	EV	LTM Rev	FWD Rev	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	2.0x	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	3.5x	33.3%	265
HUBS	47.00	1,674	1,561	271	328	5.8x	4.8x	48.9%	209
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
KXS	46.53	1,155	1,046	116	136	9.0x	7.7x	27.0%	80
QLYS	31.65	1,130	920	198	224	4.6x	4.0x	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
ECOM	14.35	370	307	113	124	2.7x	2.5x	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
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
CNXR	1.68	38	107	82	92	1.3x	1.2x	-14.6%	26

Source: CapIQ