



Undercover Metrics That Signal Your SaaS is Primed for Acquisition



Ignacio Villanueva

VP of Origination at BOOPOS

A white rounded rectangle containing the word 'Boopos' in a black sans-serif font. The 'o' is stylized with a small square protruding from its top right corner, matching the logo in the top left.

Boopos

Over the next 20 minutes

I'm going to show you

STATE OF THE MARKET

- ✓ Overview of M&A market for SaaS
- ✓ Valuations
- ✓ Why is SaaS so sexy now

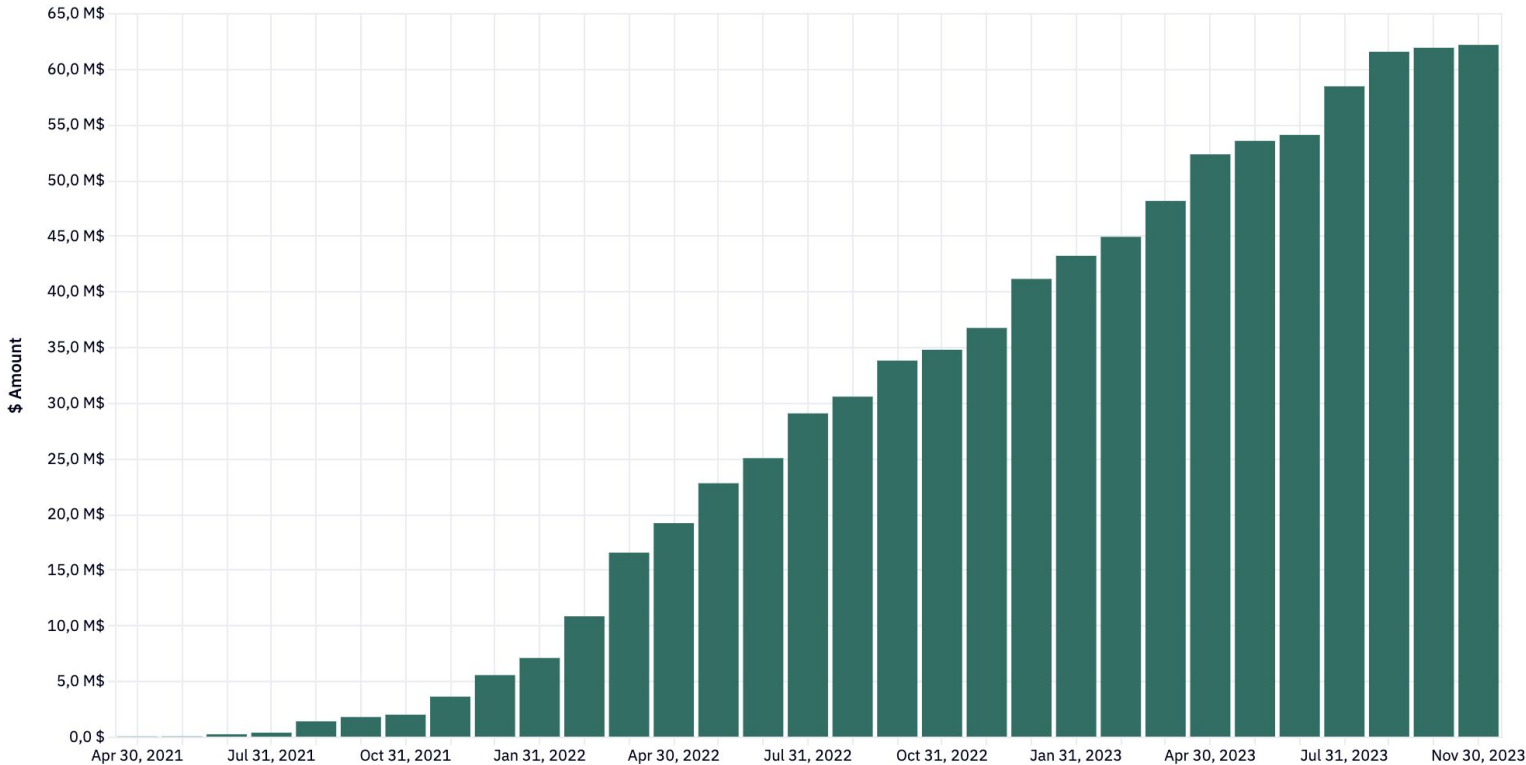
WHAT MAKES THE PERFECT DEAL?

- ✓ Financial Performance
- ✓ Cohorts
- ✓ Financing

WHEN SHOULD I SELL?

- ✓ De-risking
- ✓ Macro-Environment
- ✓ The art of the second exit

Our Growth in M&A



Let's Start With the State of the Market

I'm going to show you

MARKET

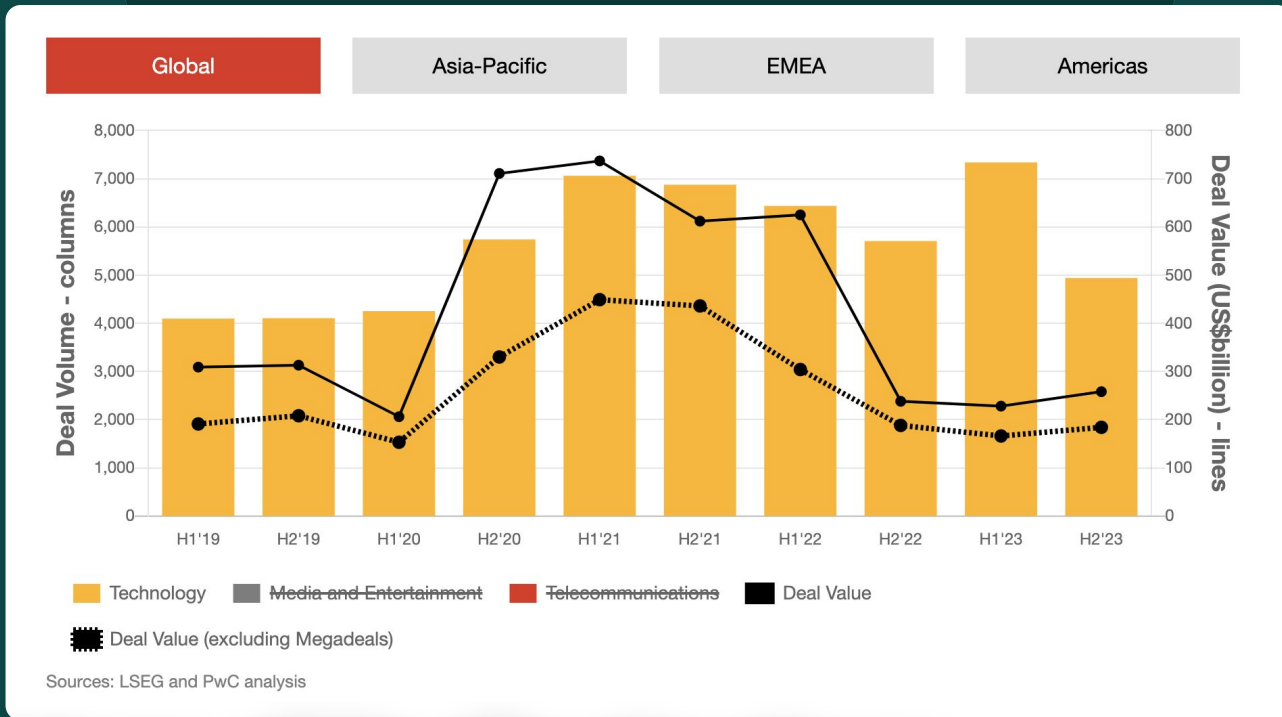
- ✓ Overview of M&A market for SaaS

VALUATIONS

- ✓ Valuations and key metrics

MAXIMISING

- ✓ Why do buyers love SaaS now?



The Return of the Dealmakers

SaaS Historical Valuations



Mid-market valuations have shown remarkable strength, from lows of 3.0x SDE in Q2 2022 to highs of 4.6x SDE in Q3 2023, a 53% increase, in the median SDE multiple over just over a year.

Why SaaS in 2024?

- ✓ Recurrence of revenues = stability
- ✓ Build once, sell twice
- ✓ **Premium multiples**
- ✓ Abundance of remote tech talent
- ✓ A marketer's market
- ✓ Macro factors disrupting other monetizations



What makes a perfect deal?

I'm going to show you

FINANCIALS

- ✓ Historical financial performance

COHORTS

- ✓ Customer churn and acquisition rates

FINANCING

- ✓ Maximizing a potential exit

Revenue Growth

From 41% to 12.7%

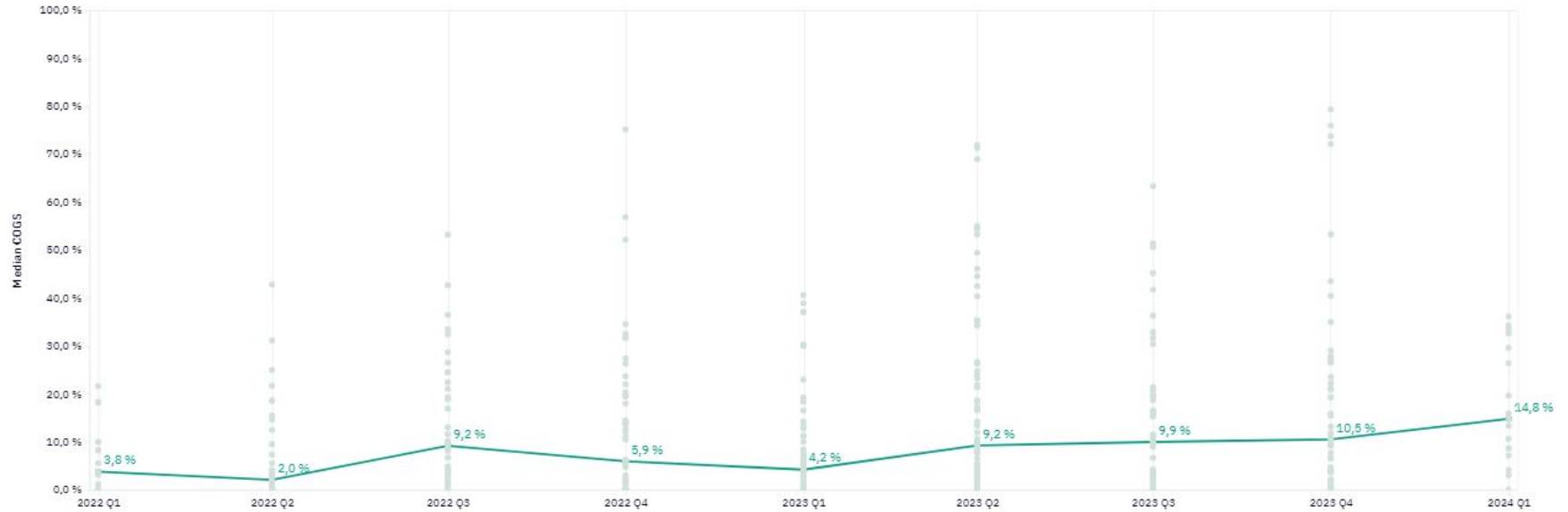
Subscription-based: Median revenue growth evolution



COGS

Increasing Cloud Computing Infrastructure Costs (AI)

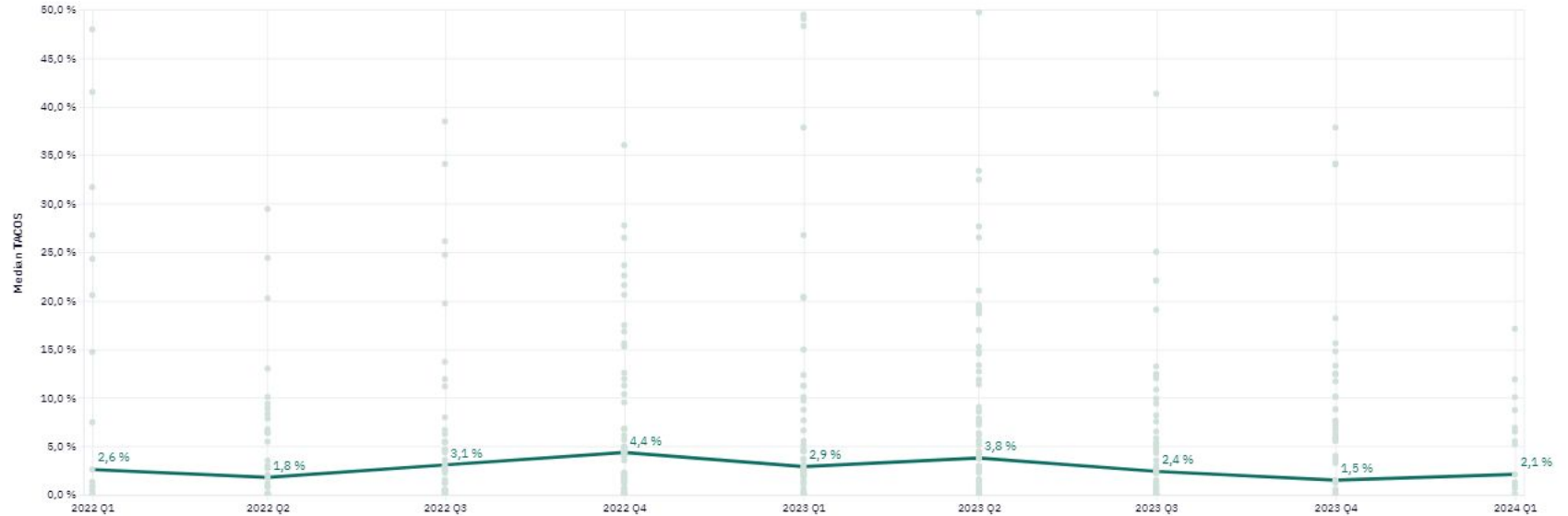
Subscription-based: Median COGS% evolution



TACOS

Competition for Ad Space & Levers for Growth

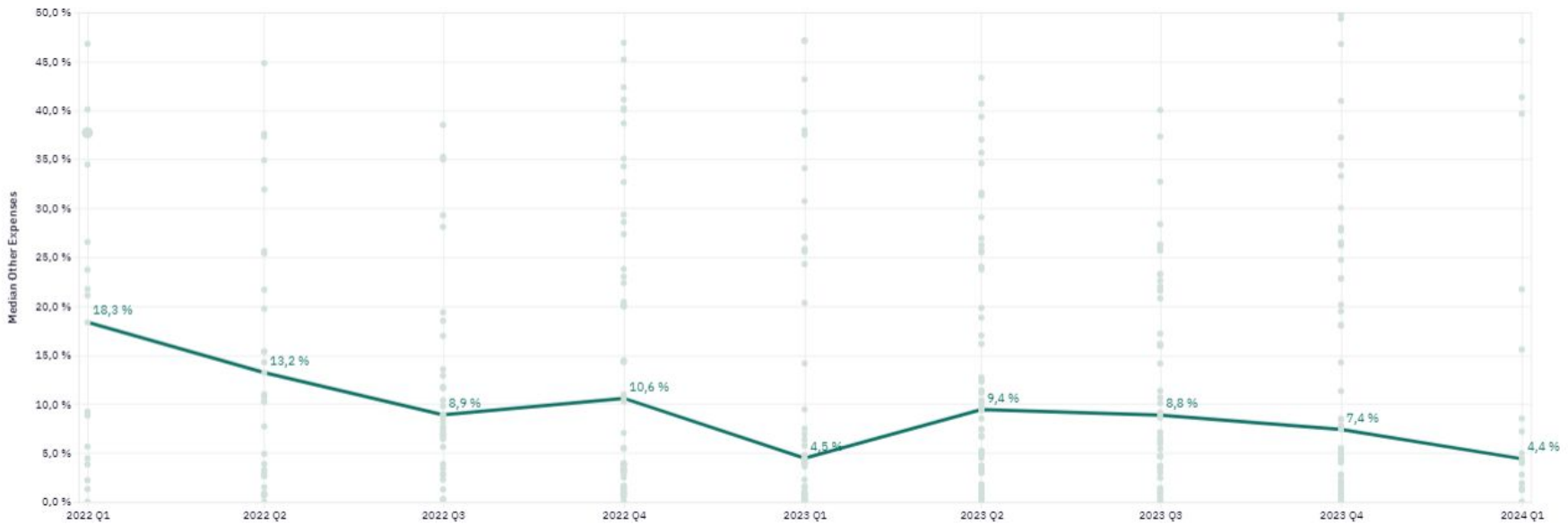
Subscription-based: Median TACOS% evolution



Other Costs

Lay-offs

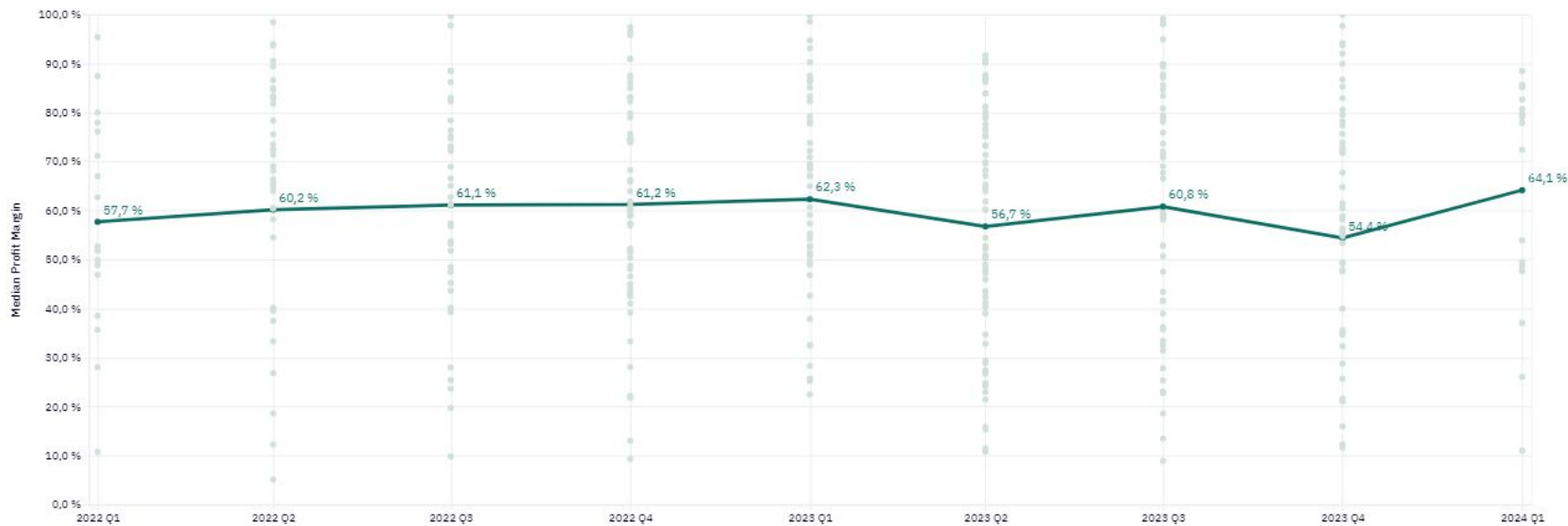
Subscription-based: Median Other Expenses% evolution



Profit Margins

Cash-flowing Businesses (+60%)

Subscription-based: Median profit margin evolution



Benchmark Insights

- ✓ The most common revenue growth rate falls between 0% and 50%, with the moderate 10% - 20% category peaking above 11% of all businesses measured.
- ✓ A vast majority of businesses manage to keep their COGS under 20%, an attractive trait typical for SaaS businesses.
- ✓ The majority of businesses keep TACoS under 10%.
- ✓ The distribution of profit margins is concentrated between the 40% - 90% range, which aligns with expectations for the sector.

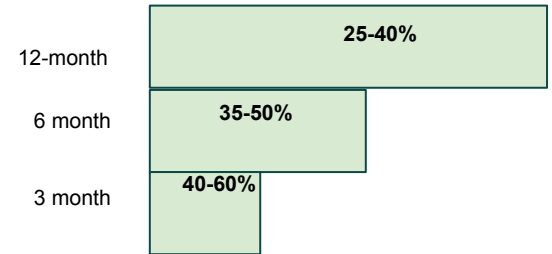




Month	Total	0	1	2	3	4	5	6	7	8	9	10	11
March 2017	45	96%	90%	82%	75%?	73%	65%	58%	52%	48%	35%	28%	9%
April 2017	57	98%	95%	85%	78%?	75%	45%	35%	25%	15%	13%	8%	
May 2017	49	96%	94%	92%	90%	55%	45%	35%	25%	15%	9%		
June 2017	50	96%	91%	81%	65%?	55%	45%	35%	15%	9%			
July 2017	47	98%	95%	82%	65%?	35%	25%	12%	7%				
August 2017	34	97%	85%	75%	65%?	55%	45%	35%					
September 2017	26	100%	85%	75%	65%?	55%	45%						
October 2017	24	100%	85%	75%	65%?	55%							
November 2017	27	100%	85%	75%	65%?								
December 2017	28	93%	85%	75%									
January 2018	35	97%	85%										
February 2018	25	96%											

Rule of Thumb:

Customer Retention



The Stickiness of a Business

Financing Options

Offer Leverage + Maximize your Success

	SBA Loan	Equity	Boopos
Time	90+ Days	60+ Days	2 to 7 Days
Analysis	Forms	Complex	Data Driven
Payments	Fixed	n/a	Flexible
Personal Guarantee	Yes	No	No
Dilution	No	Yes	No



Sample Term Sheet (Boopos)

Boopos

Boopos has approved the following acquisition facility for L#1966

- Loan amount of \$1,200,000.00 to be repaid within 48 months.
- With an opening fee of 3% and an annual interest rate of 21%.
- Interest-only period: 6 months.
- Final payment: \$117,600.00 (9.8% of the loan amount).
- Early repayment fee: 3%.

See full amortization schedule

Why Boopos?



No personal guarantees



Funding in 7 days



No dilution

Do you want to acquire this business?

⇒ [Start the Boopos process](#) ⇒

Boopos

Termsheet for a Fixed Term Loan

Target: L#1966

Investor: Boopos Innovation, Inc., or any company belonging to the same economical group.

Date: January 12, 2024

This "Term Sheet", when agreed to and accepted by the parties for the purposes provided herein, shall evidence our respective intentions to proceed with negotiations, in good faith, with the objective of carrying out an analysis of the business assets of Investee in order to consider a potential revenue redemption financing by Boopos (the "Purpose").

This Term Sheet is based on the information provided to Boopos by you (Buyer).

This Term Sheet is not intended to constitute a binding agreement by and between the parties to enter into the operations related to the Purpose, and no liability or obligation of any nature whatsoever is intended to be created hereunder, except as expressly set forth in this Term Sheet. Investee, Investor and Buyer hereby agree to use their reasonable best efforts to negotiate, in good faith, a financing by Boopos, as soon as practicable and within the time frame provided herein. This Term Sheet does not contain all matters on which agreement must be reached in order to consummate the transactions contemplated herein, as it is intended solely as an outline of certain material terms.

More questions?

Go to ⇒ boopos.com/contact ⇒

What About Seller Financing?

- ✓ 6% to 20% seller financing on average
- ✓ Creative deal structures
- ✓ Stay involved & skin-in-the-game

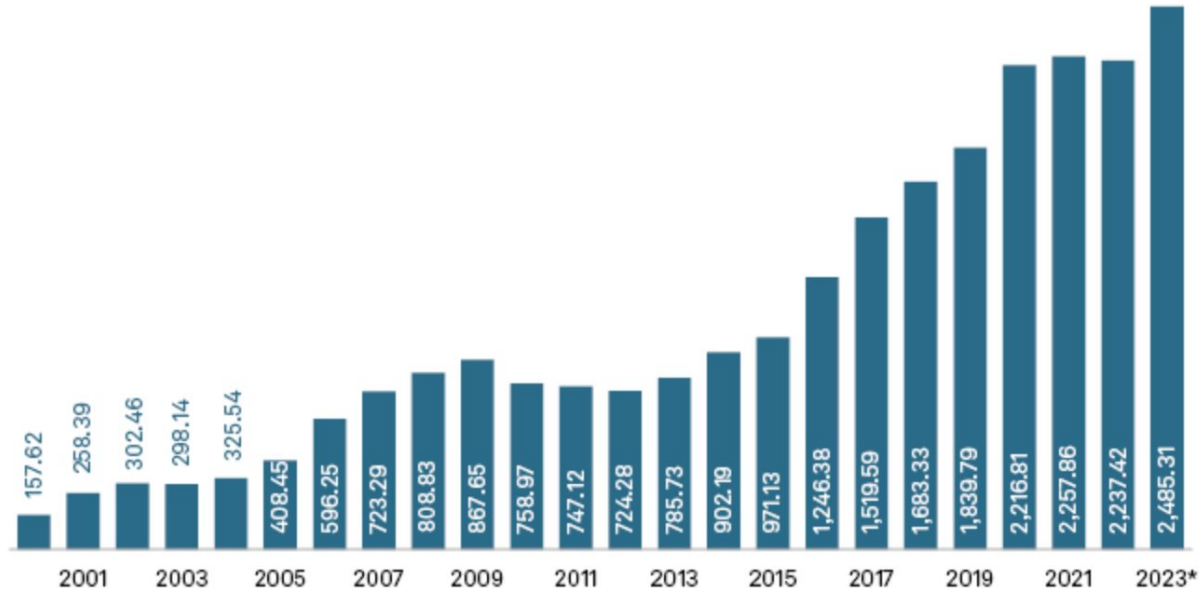
2. **Purchase Price.** The purchase price for the Assets would be \$1,500,000.00 (the "**Purchase Price**") in cash, subject to adjustment, and payable as follows:

- (a) \$1,150,000.00 payable at the closing of the Transaction; and
- (b) \$350,000.00 to be paid by Buyer on a form promissory note mutually acceptable to Buyer and Seller bearing interest at the rate of 5% over the course of 12 months.

3. **Consideration.** The consideration will be one million nine hundred thousand US Dollars (\$1,900,000.00) (the "**Purchase Price**"). The Purchaser will not assume any liabilities or obligations of the Seller, and the Seller will indemnify and hold harmless the Purchaser against all such liabilities and obligations. The Purchase Price will be paid out as follows:

- i. One million US Dollars (\$1,000,000.00) cash at Closing.
- ii. Six hundred thousand US Dollars (\$600,000.00) to be paid sixty (60) days from the Closing Date and is contingent upon the seller satisfying transition assistance requirements to be specifically outlined in the Asset Purchase Agreement.
- iii. Three hundred thousand US Dollars (\$300,000.00) to be paid in a lump sum upon the business achieving one hundred and fifty thousand US Dollars (\$150,000.00) in Monthly Recurring Revenue ("**MRR**") for any three (3) consecutive months from the Closing Date.

Record High Dry Powder in PE



Data compiled July 3, 2023.

* As of July 3, 2023.

Analysis includes aggregate dry powder of global private equity funds with vintage year between 2000 and 2023.

Dry powder data is supplemented by Preqin.

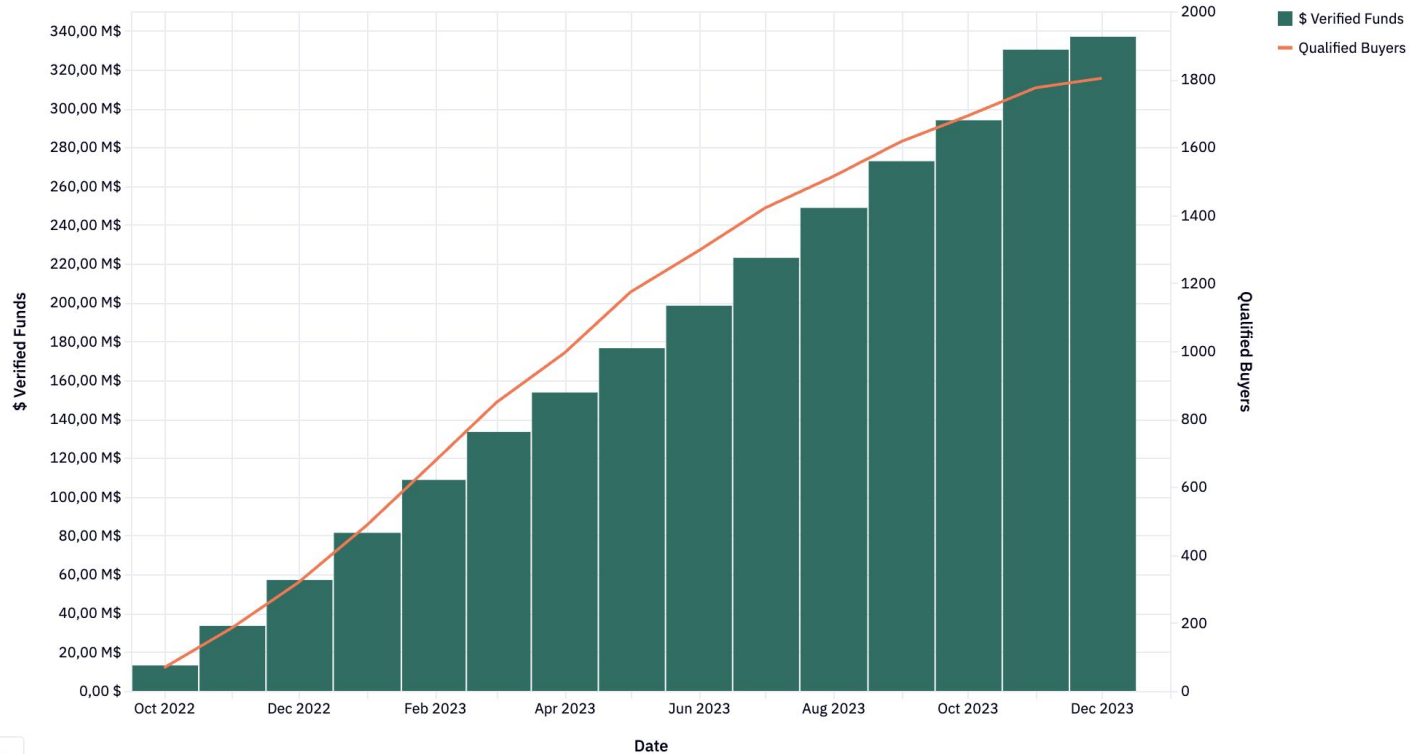
Source: S&P Global Market Intelligence.

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Verified Liquidity in Micro PE

Verified Funds & Qualified Buyers Evolution





ECONOMY

The Fed held interest rates as inflation shows signs of cooling

Russia strikes back at Ukraine for 'monstrous act of terrorism' after market, oil terminals attacked

Middle East

Houthi attacks on shipping in Red Sea persist, U.S. and allies strike

TAIWAN TENSIONS

Taiwan begins extended one-year conscription in response to China threat

670 recruits expected in first batch, will undergo more intense training

The Calm Before the Storm?

Terms Nice, Exit Twice

- ✓ Work with a seasoned advisor. Negotiate terms suited to your unique circumstances.
- ✓ Creative deal structures.
- ✓ Keep some skin-in-the-game, exit twice.
- ✓ **There is never a perfect time to take some chips off the table.**



Thank you!

Boopos



Ignacio Villanueva Martin

M&A Debt and Sell-side Advisory / VP of
Origination / Olympic Rugby Player 2016

