



Houlihan  
Lokey

Office of the CFO Software:  
Spend Management Software  
Market Insights

September 2024



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# Executive Summary

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## 01 Houlihan Lokey in Office of the CFO Software

- We have a dedicated, global team specialising in the Office of the CFO software ecosystem, combining sector expertise, coverage at a global scale, and local execution capabilities.
- We have a strong track record of advising industry champions across many subverticals in the space and maintain a continuous dialogue with strategic players and financial investors focusing on the space.

## 02 Defining the Office of the CFO Software Ecosystem

- The CFO function keeps changing, and the value chain in the CFO arena is increasingly adopting digital tools, making managing the CFO office more efficient and insightful.
- We are actively covering 10 subverticals in the Office of the CFO software space, including corporate/financial performance management, treasury management, spend management software, and tax management.

## 03 Defining Spend Management Software

- Spend management software—an overarching term that includes source-to-pay software and expense management software—is a unified platform with consistent workflows for capturing all non-payroll spend.
- Players active in this market include pure-play expense management software vendors, specialists in source-to-pay software, and broader spend management software players, as well as companies with a wider Office of the CFO software offering.

## 04 Deep Dive on Source-to-Pay Software

- Source-to-pay software is an exceptionally active space with several leading major suite vendors and a highly fragmented market of ‘best-of-breed’ point solutions providers catering to the needs of all types of organisations.
- Key trends include analytics and AI-native best-of-breed players revolutionising accounts payable automation and supplier ESG management.

## 05 Deep Dive of Expense Management Software

- Expense management software vendors are providing solutions required by micro-SMEs to the largest organisations to streamline operations, improve employee experience practically, and ensure regulatory and corporate compliance.
- The use cases and successful business models in expense management vary by the size of the organisation, and the competitive environment is impacted by the geographic coverage required by a solution.

## 06 Current Valuation Levels in the Market

- Spend management software players are a subset of the Office of the CFO software market, which broadly trades in the mid-to-upper-single-digit revenue multiples or around/above 20x EBITDA.
- An extract of our valuation work in the space is shown later in this presentation, and further details can be requested by contacting [OoCFO@HL.com](mailto:OoCFO@HL.com).





Houlihan Lokey in  
Office of the CFO Software

01

# About Our Firm

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

## CORPORATE FINANCE

2023 M&A Advisory Rankings  
All Global Transactions

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>352</b>
2	Rothschild & Co	349
3	Goldman Sachs & Co	300
3	JP Morgan	300
5	Morgan Stanley	253

Source: LSEG (formerly Refinitiv).  
Excludes accounting firms and brokers.

**No. 1**  
Global M&A Advisor

**Leading**  
Capital Markets Advisor

## FINANCIAL RESTRUCTURING

2023 Global Distressed Debt &  
Bankruptcy Restructuring Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>73</b>
2	PJT Partners Inc	64
3	Rothschild & Co	51
4	Lazard	37
5	Evercore Partners	27

Source: LSEG (formerly Refinitiv).

**No. 1**  
Global Restructuring Advisor

**1,700+**  
Transactions Completed Valued at  
More Than **\$3.5 Trillion** Collectively

## FINANCIAL AND VALUATION ADVISORY

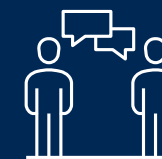
1999 – 2023 Global M&A  
Fairness Advisory Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>1,247</b>
2	JP Morgan	1,035
3	Duff & Phelps, A Kroll Business	977
4	UBS	884
5	Morgan Stanley	716

Source: LSEG (formerly Refinitiv).  
Announced or completed transactions.

**No. 1**  
Global M&A Fairness Opinion  
Advisor Over the Past 25 Years

**2,000+**  
Annual Valuation Engagements



Learn more about how  
our advisors can serve  
your needs:

Corporate Finance →

Financial Restructuring →

Financial and  
Valuation Advisory →

Our Industry Coverage →



# Houlihan Lokey A Global M&A Powerhouse



**\$10.9B**  
Market Cap<sup>(1)</sup>

**\$2.0B**  
Revenue<sup>(2)</sup>

**2,584**  
Employees

**18**  
Countries

**328**  
Managing  
Directors<sup>(3)</sup>

**36**  
Locations  
Worldwide

## No. 1

### Global M&A Advisor

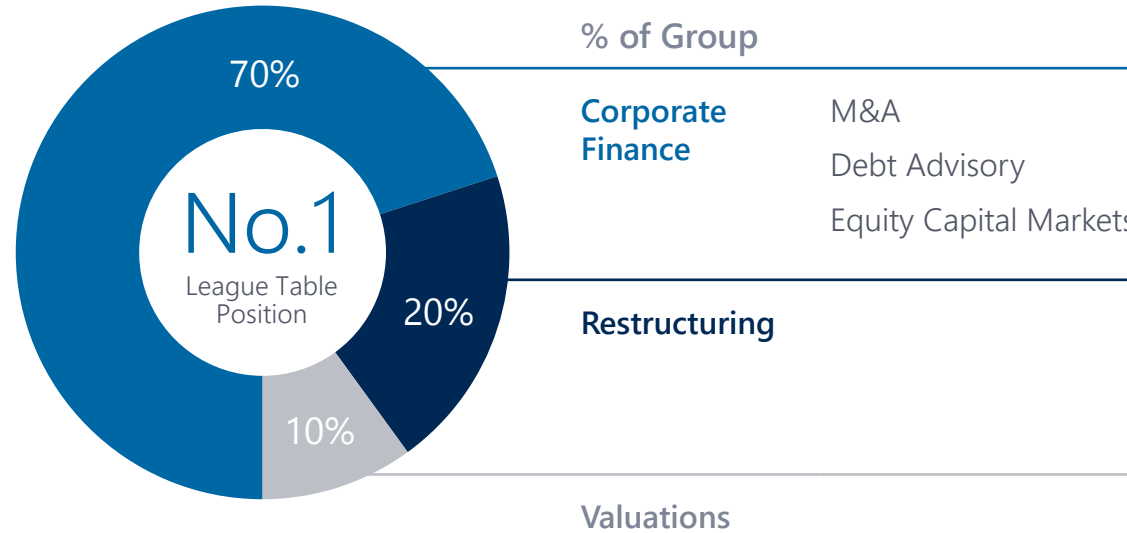
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All Global Transactions

Advisor	Deals
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2 Rothschild & Co	349
3 Goldman Sachs & Co	300
3 JP Morgan	300
5 Morgan Stanley	253

Source: LSEG (formerly Refinitiv).  
Excludes accounting firms and brokers.

Sources: LSEG (formerly Refinitiv), Mergermarket.  
Note: League tables as of 2023.

(1) As of 30 August 2024. (2) LTM ended 30 June 2024. (3) As of 30 June 2024; excludes corporate MDs.



## No. 1 Global Tech Team

2023 M&A Advisory Rankings  
All Global Technology Transactions

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>89</b>
2 Rothschild & Co	76
3 JP Morgan	68
4 Goldman Sachs & Co	63
5 Morgan Stanley	59

Source: LSEG (formerly Refinitiv).  
Excludes accounting firms and brokers.

**89** Tech Deals in CY23  
**13%** Tech % of Revenues  
**150+** Team Members



**i** Technology Industry Coverage



Unparalleled Global Reach  
With One P&L Across  
All Local Technology Teams

**AMERICAS**

- Atlanta
- Baltimore
- Boston
- Charlotte
- Chicago
- Dallas
- Houston
- Los Angeles\*
- Miami
- Minneapolis
- New York
- San Francisco
- São Paulo
- Washington, D.C.

**EUROPE & MIDDLE EAST**

- Amsterdam
- Antwerp
- Dubai
- Frankfurt
- London
- Madrid
- Manchester
- Milan
- Munich
- Paris
- Stockholm
- Tel Aviv
- Zurich

**ASIA-PACIFIC**

- Beijing
- Fukuoka
- Gurugram
- Hong Kong SAR
- Mumbai
- Shanghai
- Singapore
- Sydney
- Tokyo

Local technology teams  
\*HQ

One Global P&L

~80+

Tech Finance Professionals in the U.S.

~70

Tech Finance Professionals in Europe

~30

Tech Managing Directors Globally

# Global Team Specialised in Office of the CFO Software

Delivering Sector Expertise, Global Coverage, and Local Execution



**Sascha Pfeiffer**  
Global Co-Head of Software

- More than 25 years of M&A track record and highly experienced across technology M&A.
- Member of the Office of the CFO Software team.



**Ryan Lund**  
Global Co-Head of Software

- More than 25 years of M&A track record and highly experienced across technology M&A.
- Member of the Office of the CFO Software team.



**Geoff Rhizor**  
Managing Director

- More than 15 years of experience in technology M&A.
- Member of the Office of the CFO Software team.



**Declan O'Connor**  
Director

- More than 13 years of experience in technology M&A.
- Member of the Office of the CFO Software team.



**Anton A. Røthe**  
Senior Vice President

- More than 10 years of experience in technology M&A.
- Member of the Office of the CFO Software team.

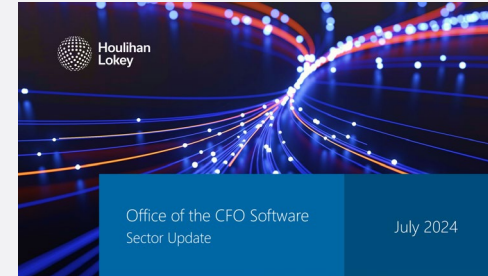


**Pascal Haas**  
Senior Vice President

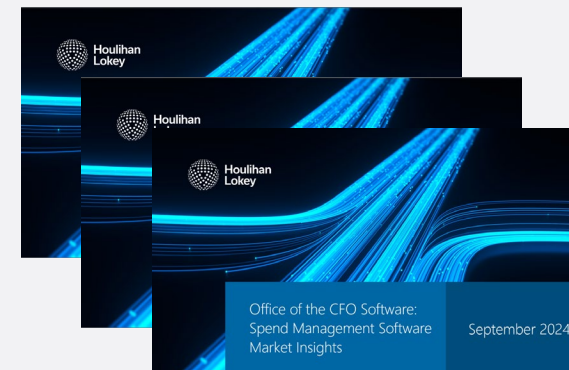
- More than 10 years of experience in technology M&A.
- Member of the Office of the CFO Software team.

## Thought-Leading Market Coverage

### Office of the CFO Software Sector Coverage



## Subsector Spotlight Publications



Upcoming: Accounts Receivable Software Q1 2025

## Participation in Industry-Leading Conferences



## Collective Deal Experience





# Overview of Our Software Transactions in the Ecosystem

## Office of the CFO Software

<p><b>easybill</b><sup>★</sup></p> <p>a portfolio company of</p> <p><b>LEA PARTNERS</b></p> <p>has completed a refinancing</p> <p>Financing Advisor</p> <p>ARIA</p>	<p><b>FLEX CAPITAL</b></p> <p>has acquired</p> <p><b>omikron</b></p> <p>e-banking solutions</p> <p>Financing Advisor</p> <p>Treasury Management</p>	<p><b>ANACAP</b></p> <p>has sold a majority stake in</p> <p><b>gtt</b></p> <p>to</p> <p><b>STIRLING SQUARE</b></p> <p>Sellside Advisor</p> <p>Tax</p>	<p><b>onventis</b></p> <p>a portfolio company of</p> <p><b>MAIN CAPITAL PARTNERS</b></p> <p>has been acquired by</p> <p><b>KEENSIGHT CAPITAL</b></p> <p>Sellside Advisor</p> <p>S2P</p>	<p><b>xSuite</b></p> <p>It's simple. It's digital.</p> <p>a portfolio company of</p> <p><b>PINOVA CAPITAL</b></p> <p>has received an investment from</p> <p><b>3i</b></p> <p>Sellside Advisor</p> <p>APIA</p>
<p><b>lyanthe</b></p> <p>a portfolio company of Founders and</p> <p><b>Capital-A INVESTMENT PARTNERS</b></p> <p>has been acquired by</p> <p><b>VISMA</b></p> <p>Sellside Advisor</p> <p>Accounts Automation</p>	<p><b>exago</b></p> <p>has been acquired by</p> <p><b>insightsoftware</b></p> <p>Sellside Advisor</p> <p>CPM</p>	<p><b>billogram</b></p> <p>has received equity financing from</p> <p><b>partech</b></p> <p>Sellside Advisor*</p> <p>ARIA</p>	<p><b>POLLEN STREET</b></p> <p>and</p> <p><b>DBAY Advisors</b></p> <p>have jointly acquired</p> <p><b>proactis</b></p> <p>Buyside Advisor</p> <p>P2P</p>	<p><b>HANNOVER Finanz</b></p> <p>has sold</p> <p>Corporate Planning</p> <p>to</p> <p><b>PROALPHA</b></p> <p>a portfolio company of</p> <p><b>ICG</b></p> <p>Sellside Advisor*</p> <p>CPM</p>
<p><b>jedox.</b></p> <p>has received a Series C growth equity investment of €20,000,000 from</p> <p><b>iris capital</b></p> <p><b>CAPITAL</b></p> <p>Financial Advisor</p> <p>CPM</p>	<p><b>LEA PARTNERS</b></p> <p>has sold</p> <p><b>IDL</b></p> <p>to</p> <p><b>insightsoftware</b></p> <p>a portfolio company of</p> <p><b>TA ASSOCIATES GENSTAR</b></p> <p>Sellside Advisor*</p> <p>CPM</p>	<p><b>LEA PARTNERS</b></p> <p>has sold</p> <p><b>BELLIN</b></p> <p>to</p> <p><b>coupa</b></p> <p>Sellside Advisor*</p> <p>Treasury Management</p>	<p><b>BOWMARK CAPITAL</b></p> <p>has acquired</p> <p><b>TAX SYSTEMS</b></p> <p>Buyside Advisor*</p> <p>Tax</p>	<p><b>INFONIQ</b></p> <p>a portfolio company of</p> <p><b>WARBURG PINCUS</b></p> <p>has acquired</p> <p><b>sage Switzerland</b></p> <p>Buyside Advisor*</p> <p>Business Mgmt. Software</p>

## Business Management Software

<p>Transaction Pending</p> <p><b>bsi</b></p> <p>a portfolio company of</p> <p><b>capvis</b></p> <p>has agreed to be acquired by</p> <p><b>Bregal</b></p> <p>Unternehmerkapital</p> <p>Sellside Advisor</p> <p>Business Process Mgmt. Software</p>	<p>Transaction Pending</p> <p><b>SOLVARES GROUP</b></p> <p>a portfolio company of</p> <p><b>Deutsche Beteiligung AG</b></p> <p>has agreed to receive an investment from</p> <p><b>Five Arrows</b></p> <p>Rothschild &amp; Co</p> <p>Sellside Advisor</p> <p>FSM Software</p>
<p><b>clearlake</b></p> <p>and</p> <p><b>INSIGHT PARTNERS</b></p> <p>have acquired</p> <p><b>alteryx</b></p> <p>\$4.4 Billion</p> <p>Buyside Advisor</p> <p>Data and Analytics Software</p>	<p><b>Symbio</b></p> <p>a portfolio company of</p> <p><b>FORTINO CAPITAL PARTNERS</b></p> <p>has been acquired by</p> <p><b>celonis</b></p> <p>Sellside Advisor</p> <p>Business Process Mgmt. Software</p>
<p><b>LUMENISITY</b></p> <p>has been acquired by</p> <p><b>Microsoft</b></p> <p>Sellside Advisor</p> <p>Communication Technology</p>	<p><b>Acumatica</b></p> <p>The Cloud ERP</p> <p>has been acquired by</p> <p><b>IEQT</b></p> <p>Sellside Advisor*</p> <p>Business Mgmt. Software</p>

Tombstones included herein represent transactions closed from 2018 forward.

\*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.

Notes: Flag to the left: target; flag to the right: acquirer.



Defining the Office of the CFO  
Software Ecosystem

02



# Defining the Office of the CFO Software Ecosystem

At the early stages of digitisation and automation, with significant opportunities for market growth.

## What is Office of the CFO Software?

- Software sold to the finance function of enterprises.
- Sophisticated group of connected tools used to run, improve, and optimise finance, accounting, and operational processes.

## Used by

- Horizontal applications with use cases across all verticals and businesses of any size.
- Occasional vertical or geographic focus.

## Selected Use Cases

- Streamlining historically Excel-driven tasks.
- Automating manual processes.
- Enabling collaboration and decision-making.
- Monitoring cash and optimising cash flows.
- Maintaining financial control.
- Ensuring regulatory compliance.

## Office of the CFO Software Applications





# The Finance Tech Stack Offers Perfect Alignment With the CFO Team



Note: The companies listed above are nonexhaustive examples focused largely on the respective subsectors.

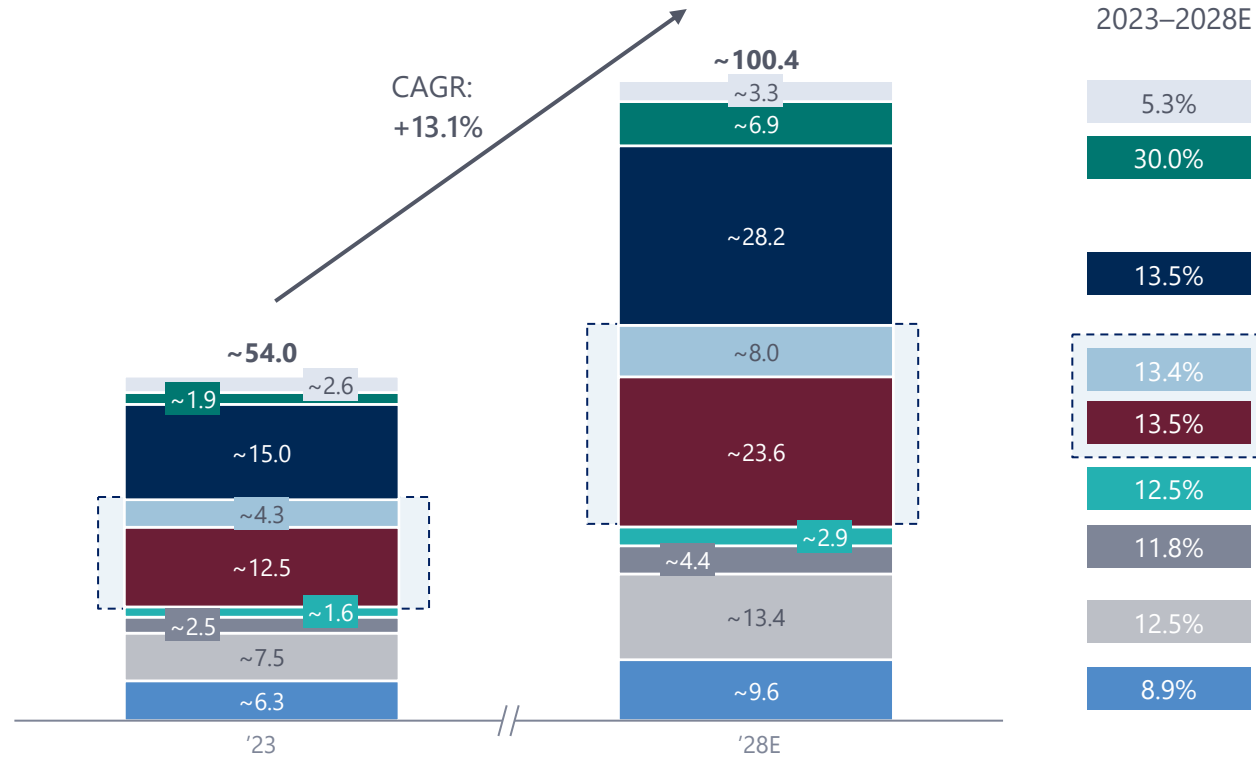
# Office of the CFO Software Is a Multibillion Market Opportunity

> €50B

## Global Office of the CFO Software Market Size (2023)

In € Billions

- Core Financial Management Suite<sup>(1)</sup>
- Financial CPM/Financial Close & Strategic CPM/FP&A<sup>(1)</sup>
- AR & Invoice Automation
- Treasury Management
- Source-to-Pay Software<sup>(2)</sup>
- Expenses Management
- Tax Management
- Equity Management
- Corporate Secretary



## Office of the CFO Software Market Development

- In 2023, the global Office of the CFO Software market was worth more than €50 billion, and it is now expected to grow by ~13% per year until 2028.
- The market's growth is fuelled by strong underlying trends, such as the replacement of Excel-based work, data visualisation, advanced analytics and AI.
- Equity management, tax management, expense management, and source-to-pay software are among the fastest-growing subverticals.
- While the Office of the CFO Software market is highly horizontal—providing solutions required by organisations of every type and size globally—we recommend segmenting the market for each business by:
  - Product
  - Size of organisation
  - Type of organisation
  - Country

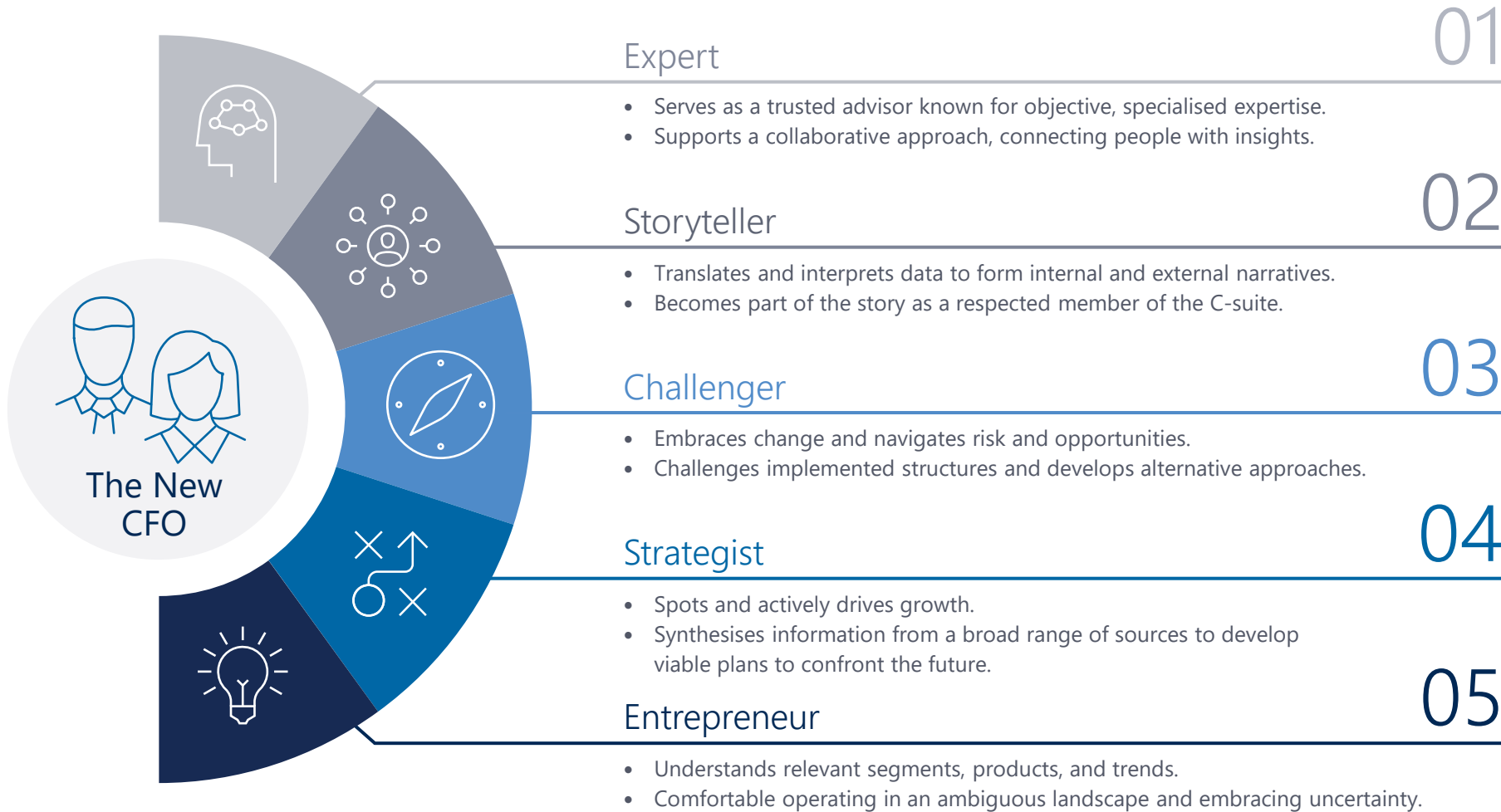
Sources: Software Club, PwC.

Approximated by general ledger accounting software.

(1) Market for enterprise performance management.

(2) Represents the global source-to-pay market (analytics, sourcing, contract management, supplier management, e-procurement).

# The Role of the CFO Keeps Evolving



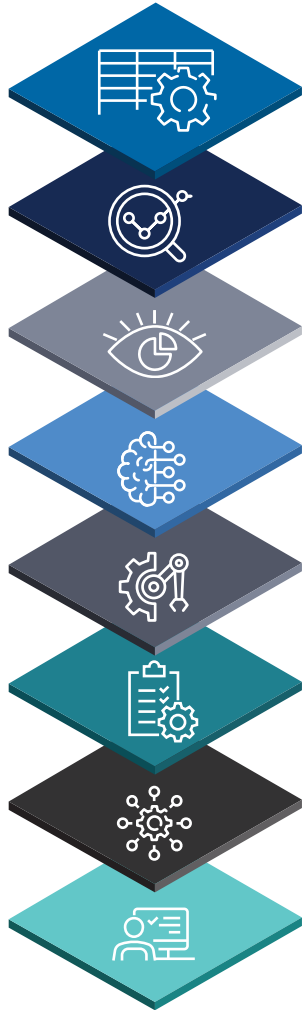
## New Topics on the Agenda for Holistic Stakeholder Management

- 
**Digital/Automation**  
 The CFO needs to assess automation potential and adapt to appropriate solutions.
- 
**Data and KPIs**  
 Data and KPIs need to be strategically relevant to the broader organisation.
- 
**ESG**  
 The CFO needs to identify regulations and assess the impact of ESG on strategy.
- 
**Change Agenda**  
 The CFO needs to understand the impact/breadth of change on the broader organisation.

Sources: KPMG, Grant Thornton.



# Transforming the CFO Organisation Into a Digital Powerhouse



## 01 Replacement of Manual/Excel-Based Work

Finance organisations are implementing cloud-based automation tools to replace manual work, providing a new lever for managing costs and an opportunity for operational efficiency.

## 02 Advanced Analytics/BI

Advanced analytics can reinvent the planning and forecasting process and develop advanced scenario modelling capabilities to support agile and dynamic planning decisions.

## 03 Data Visualisation

User-friendly dashboards and improved data visualisation deliver insights and real-time information to the business and can help avoid doubts about data.

## 04 Generative AI

Enterprise adoption of generative AI supports forecasting and reporting processes, generating strategic insights, and detecting anomalies.

## 05 Robotic Process Automation

Automating repetitive and time-consuming tasks, helping finance teams to focus on more strategic and mission-critical work.

## 06 Automated Reporting

Leveraging sophisticated data analysis tools to automate the presentation of comprehensive financial information.

## 07 Data Integrity

“Single source of truth” to ensure every employee bases decisions on the same data.

## 08 Self-Service

Serving a growing finance stakeholder base with self-service solutions.



Traditional finance functions are becoming increasingly automated. However, digitalisation offers CFOs the opportunity to advance their company’s competitiveness with AI-supported forecasts.

Sources: Gartner, McKinsey, KPMG, PwC.



Defining Spend Management  
Software

03

# Subverticals Within Spend Management Software

## Spend Management Software



CFO

Accounts Payable

Bookkeeper

1

## Source-to-Pay



- Software covering the entire procurement value chain from strategic sourcing, supplier management, and contract management to invoicing, payables automation, and spend analytics.
- A market covered by global suites targeting the enterprise to regional middle-market suites and best-of-breed specialists targeting SMBs to upper middle-market customers and moving upwards.
- Large and highly unconsolidated market with high consolidation/suite-creation potential.

2

## Expense Management



- Software supporting the management, payment, and compliance of employee expenses, requiring both customer and end-user friendliness.
- A market comprising global enterprise solutions overlapping with source-to-pay and other Office of the CFO suites, as well as highly nimble and modern specialist providers focusing on the end user.



# Functional Areas of Spend Management

A spend management platform combines the following three functional areas into one unified system with consistent workflows to capture all nonpayroll spend.

## Spend Management Platform



### EXPENSE MANAGEMENT SOFTWARE



Manual Expense Management

Traditional paper-based methods, where expenses are recorded manually via paper sheets or spreadsheets, create a significant administrative burden.



Lack of control, open to errors, risk of expense fraud, and complex workflows to manage.

Expense Management Software

Automated expense management is done via software that helps streamline the process of submitting, approving, and reimbursing expenses with much precision and clarity:



- Automated claim submission and approval processes
- Enhanced data security patches
- Compatibility with mobile devices
- Automated data entry and management
- Data-driven reports to record digital audit trails for better compliance

### CORPORATE CARDS



Market split between three approaches:

#### Traditional Cards



The market is traditionally dominated by AMEX, although it is difficult to get visibility into card usage (especially more traditional credit cards) until after a card statement is received, which makes it harder for companies to control their budget.

#### Controllable Cards



Better recordkeeping, with a digital audit trail of spending details.

Greater control, including:

- Total spend limitations
- Vendor limitations
- Time limitations

Streamlined reconciliations.

#### Virtual Cards



Similar safeguards to controllable cards. Virtual cards on a spend management platform do not generate a card statement—instead, they create a full audit trail and sync directly to the general ledger.

### ACCOUNTS PAYABLE



Handling traditional POs and invoices.



International payments.

Intelligently building invoices with context from emails.



Support for international subsidiaries.

Bill creation from an invoice using OCR or manually.



W-9 compliance settings.

Amortisation schedule options.



Auto-categorisations and invoice splitting by category.

Vendor portals.



Direct syncing to a GL.

Vendor credits.



Receipt compliance settings.

Scheduling payments via check, ACH, or virtual card.



Spend reporting in real-time by type, department, and individual.

# Functional Areas of Spend Management (cont.)

Three pillars of spend management support its three functional areas of expense management, corporate cards, and accounts payable.

## Spend Management Platform



### EXPENSE MANAGEMENT SOFTWARE



Features of effective approval workflows:

Easy to navigate and easily managed from a single platform.

Consistent across all use cases, with clear transparency for employees and managers, reflective of company policies.

Flexible enough to change workflow parameters as circumstances change.

Integrated with communication tools (e.g. Slack or email) to minimise the time between request and approval.

Able to avoid bottlenecks in productivity (e.g. setting up a replacement approver when a primary approver is unavailable).

Effective approval process audit trails, enabling identification of where in the workflow an item needs to be addressed.

Benefits of strong approval workflows:

- Time savings.
- Increased visibility and control for budget owners.
- Compliance protections for employees.
- A better, healthier spend culture.
- Audit trails of approval.
- Flexible, adjustable budgeting.

### CORPORATE CARDS



**Accounting processes.** Basic AP features such as bill amortisation, payment scheduling, and payment execution are fully automated.

**Approval workflows and receipt compliance.** Automation of operational workflows is essential to ensure adherence to policy and form a clear, reliable audit trail.

**Auto-categorisation for GLs.** By using machine learning to improve its performance, auto-categorisation frees up substantial time for accounting teams.

**OCR.** Used to extract data from physical documents so that manual inputs are not needed.

**Compliance tracking.** Additional oversight to ensure adherence to company policy.

**Invoice management.** Automatic routing of emails to an invoice inbox saves time and administrative work.

**PO creation.** When a customer requests a purchase order, the system should be able to generate one and match it against the invoice(s).

**Alerts and reminders.** Fraud, missing W-9s, approval requests, subscriptions already being paid for by a company, and more.

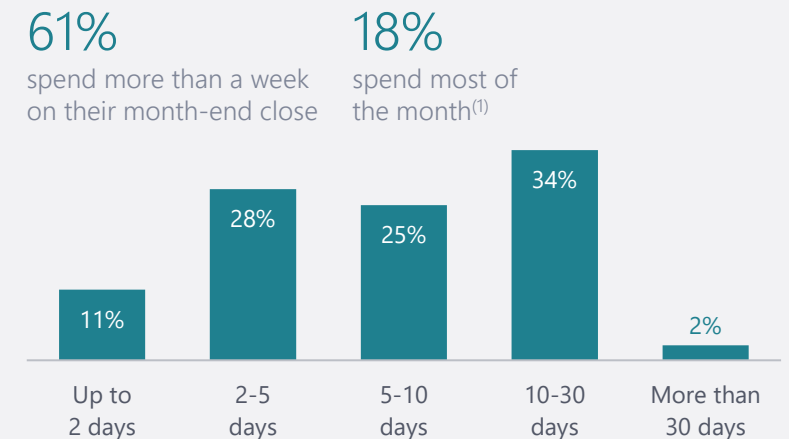
### ACCOUNTS PAYABLE



Benefits of real-time data and visibility:

- Strategies for budget recasting derived from customisable reports.
- Reduced duplicate costs that might not have been detected.
- Increased fraud prevention.
- Operations assisted by real-time data and KPIs.

Days it takes finance teams for month-end close:







Deep Dive on Source-to-Pay  
Software

04

# The Market Is Facing Significant Procurement Challenges

Companies need a comprehensive and digital source-to-pay solution.



Source: Spend Matters Research.

“Digital technology is **central** to resilient and sustainable supply chains”



“Future procurement strategies **must be digital**”



“**Technology** will enable procurement to make its mark in today’s volatile world”

**Globality**

“**82%** of digitalised companies succeed with value creation thanks to procurement data”





# Source-to-Pay Software—a Large and Fragmented Market Opportunity

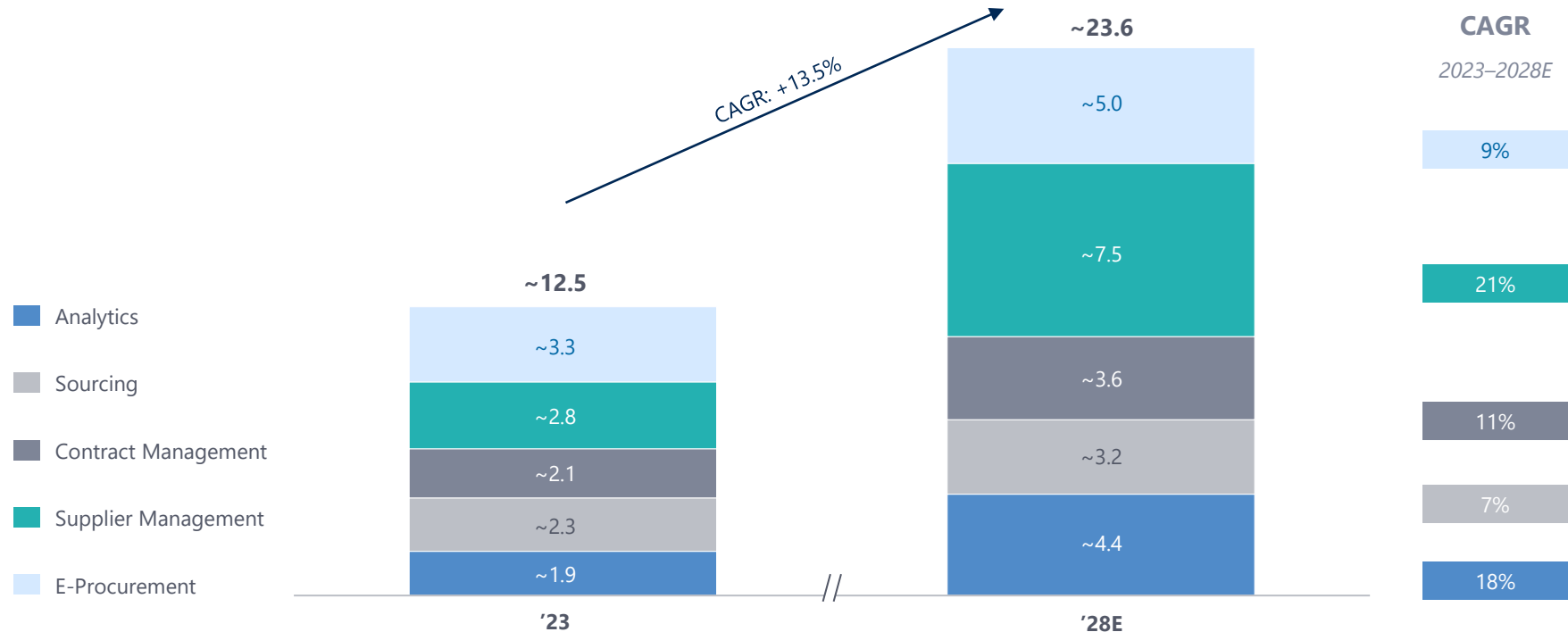
> €12.5B

Global Source-to-Pay Market Size (2023)

In € Billions

~30%

European Share of the Source-to-Pay Market



Source: Spend Matters Research.

## Source-to-Pay Market Development

- Source-to-pay suites are becoming a must-have for middle-market companies, making it a quite mature market compared with SMBs, where it is an emerging tool.
- Enterprises have limited whitespace (less than 20%), while the middle market is estimated to have 40% and SMBs approximately 80%.
- SaaS transition has entered all markets with few players operating on perpetual licences.
- Vendors have quickly moved into cloud and multitenant tech stacks, with modern best-of-breeds moving into the full suite; however, continental Europe still has many legacy tech providers lacking scalability.
- Large enterprise providers have approximately 50% of the market; the rest, however, is highly fragmented.
- Customers in the middle market and up tend to rely on platforms (one-stop-shops) for procurement needs; however, point solutions may flourish in SMBs or AP automation in high-volume situations.
- Highly sticky product suites due to switching complexities and cost.

# Strong Underlying Tailwinds Driving Market Growth

Supply chain uncertainty driven by the geopolitical climate and larger macroeconomic forces, such as digitalisation and sustainable practices, has put procurement in the spotlight—creating a strong opportunity for source-to-pay solutions to drive adoption, especially in laggard segments like the middle market.



## Economic Uncertainty

- Demand uncertainty makes traditional supply and demand planning more challenging.
- The geopolitical climate is expected to drive “nearshoring” in order to ensure long-term steady supply.

29%

of procurement departments name supply security as the top planning measure for the coming year.



## Complexity

- Process cost optimisation continues to be the strongest driver for procurement departments’ digitalisation.
- Process coordination and integration of supplier management, sourcing, operational procurement, etc. are becoming critical for business agility and reactivity.

34%

increase in strategic procurement processes target digitalisation rate between 2022 (35%) and 2026 (69%).



## Sustainability

- Global developments have emphasised the need for sustainable business practices.
- Many mid-sized businesses are still in their infancy when it comes to implementing sustainable practices.

32%

of procurement departments consider ESG and CSR as a top-three strategic priority.



## Cost Volatility

- Cost volatility continues to be a key consideration for procurement due to supply uncertainties and policy (e.g. trade/tariff policies).
- Commodity, currency, tax, and cost of capital/working capital considerations all contribute to designing optimally profitable supply chains.

43%

of procurement departments consider cost reduction to be the top strategic priority.



## Risk Management

- Companies are required to become more proactive in their risk management practices (e.g. scenario planning and modelling).
- Reactive risk management efforts—such as supply chain reconfigurations—require an end-to-end supply chain approach.

38%

of procurement departments consider risk and crisis management as a top-three strategic priority.

Source: Spend Matters Research.

# European Market Dynamics Create Cross-Border Opportunities, but Also Challenges

**Europe**, in particular, has a set of geopolitical risks that will hone its focus on cost and supply assurance—**an updraft for S2P suite adoption**—but the opportunities in this market are harder for a single suite to crack due to **fragmentation and expansion barriers across many local submarkets**

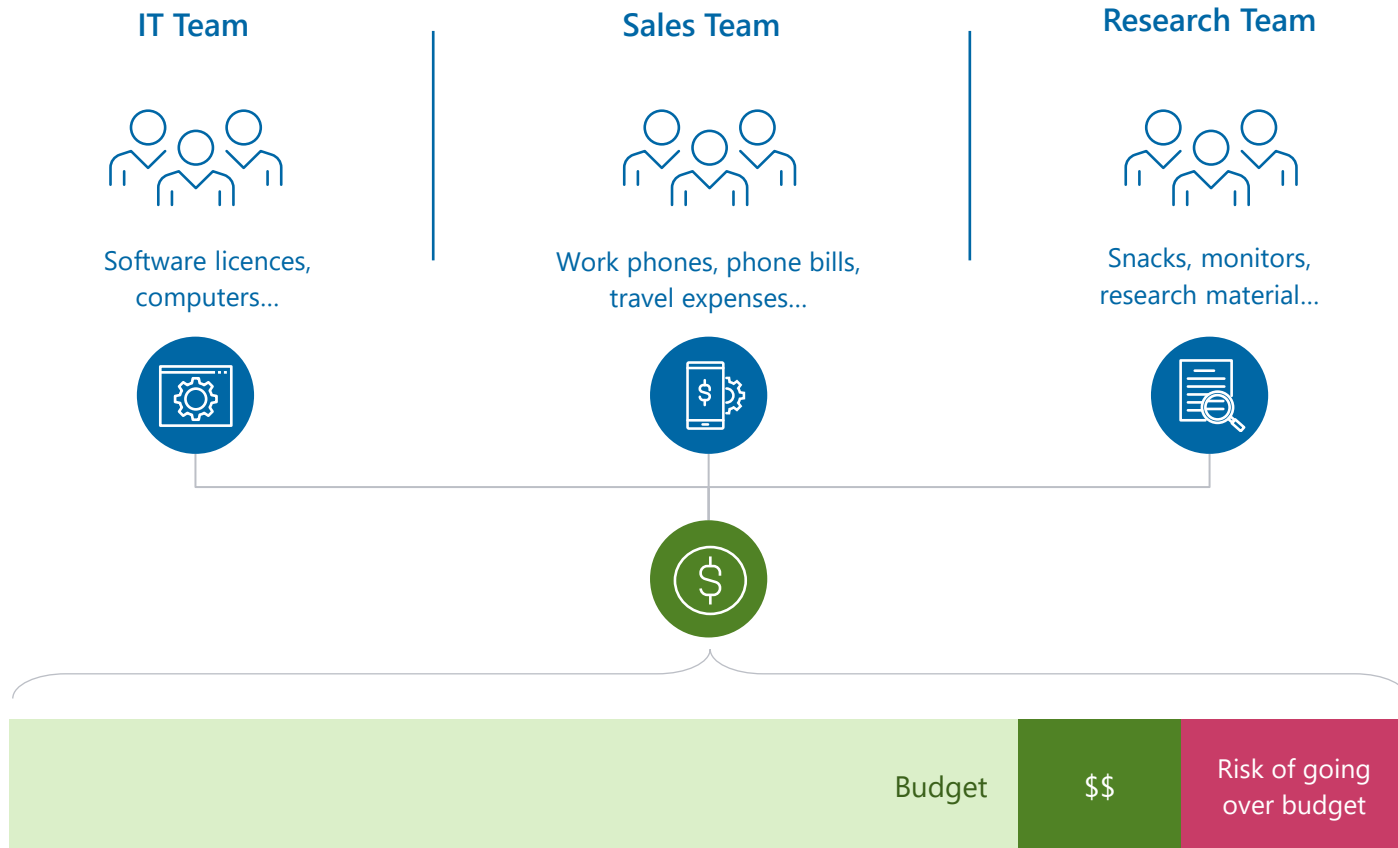
Large TAM	Overall, Europe provides a large TAM, but each country has its own set of barriers to entry for providers such as language, culture, etc.
Market Differences	Local footprint/brand awareness and references are critical to crack a market.
Geopolitical Risks	Energy security, monetary policy, refugee influx, and consumer confidence contribute to regional headwinds.
Industry Tailwinds	Certain sectors nevertheless benefit from tailwinds, such as infrastructure (especially related to renewable energy and energy security) and defence.
EU	EU regulation, such as ESG, cause both opportunity and market risk.



# Source-to-Pay Software An Introduction

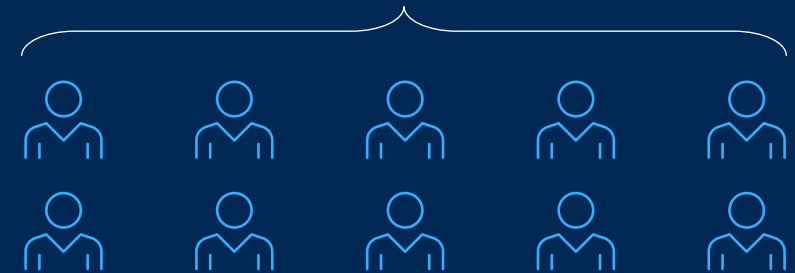
Source-to-pay software is used to purchase goods and services in a unified way, leading to better visibility and control, as well as significant cost-savings.

In most companies, **all spend happens in silos** and is, therefore, difficult to keep track of. As a result, there is **poor visibility** and a **lack of control**, and **less-than-optimal spend decisions are made**.



Source: Spend Matters Research.

A **procurement** solution enables companies to **pay and manage direct and indirect spend from a single place**, thus making it possible to have a **global view** as well as **optimise spending**, i.e. negotiate with suppliers, identify savings opportunities, etc.

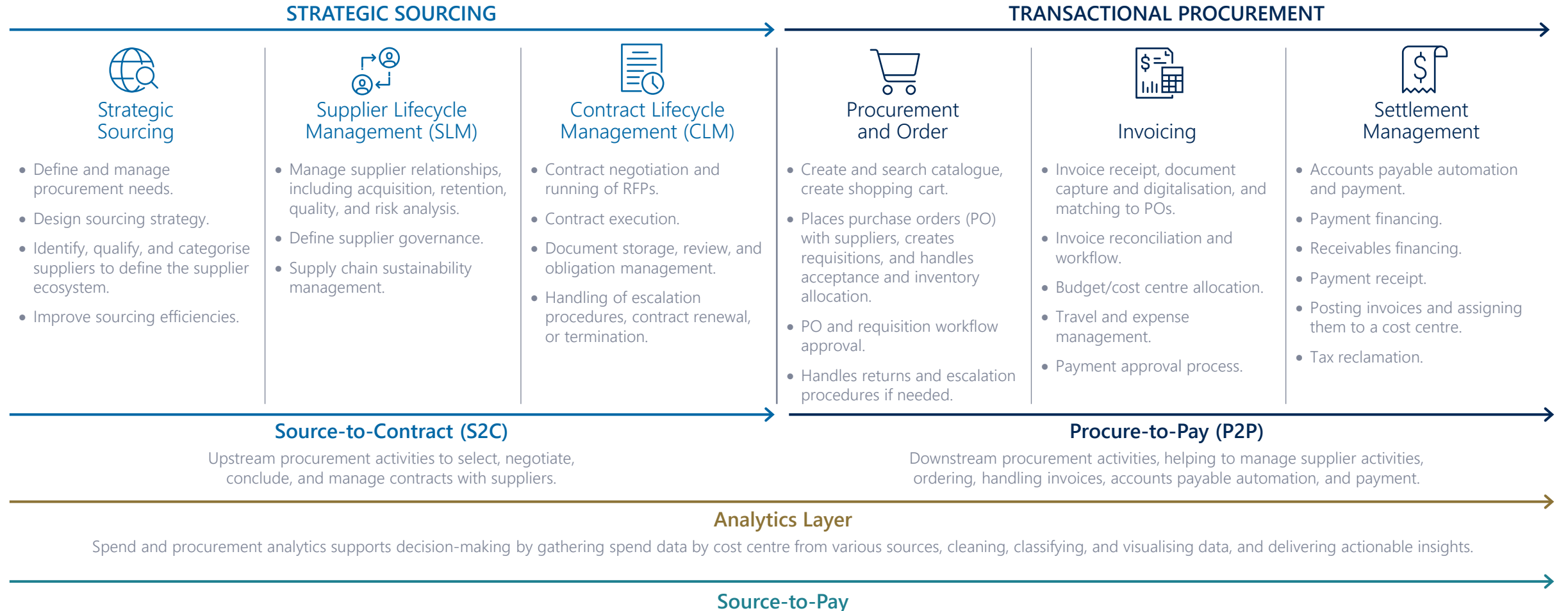


Procurement solutions help companies to:

<p>Have greater <b>visibility</b></p> <p>-80% email communication</p>	<p>Reduce <b>headcount</b></p> <p>-50% procurement headcount</p>	<p>Ensure <b>compliance</b></p>
<p>Have insightful <b>data</b></p> <p>+80% "true" no-touch POs</p>	<p>Control <b>spending</b></p> <p>-30% cost of procurement</p>	<p><b>Save</b></p> <p>"~5-10%"</p> <p>of business spend— Coupa alumni</p>

# The Digital Procurement Process

The procurement value chain can be separated into upstream (S2C) and downstream (P2P) activities supported by IT solutions and interfaces.



Sources: Spend Matters (2022), Management.

Please email [OoCFO@HL.com](mailto:OoCFO@HL.com) to request the full details.

# S2P Market Includes Best-of-Breed Specialists and Suite Providers

## Strategic Sourcing

Identification, qualification, and selection of suppliers

## Supplier Lifecycle Mgmt.

Supplier management, compliance, supply chain

## Contract Lifecycle Mgmt.

Digital capture and management of contracts

## Procurement, Order, and Invoicing

Centralised expense requisitioning and approvals

## Settlement Management

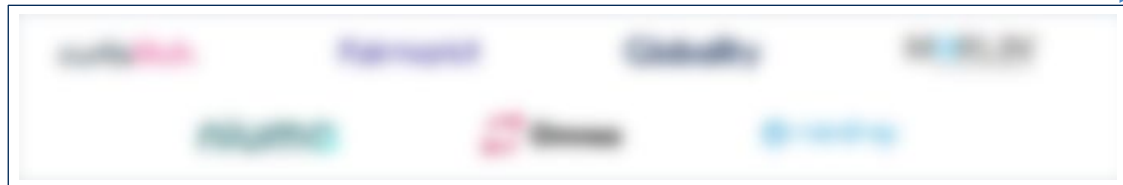
Purchase-to-Pay—streamline/automation of AP processes and payment

S2P Suites

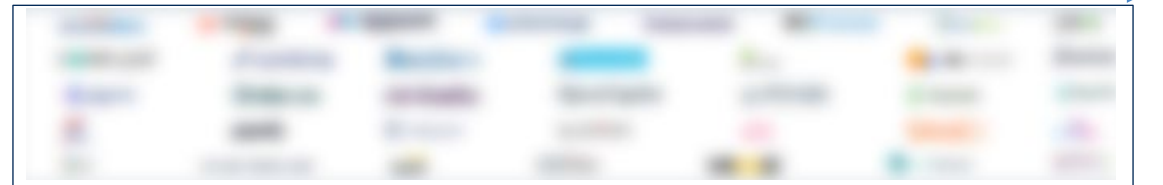


Partial Suites

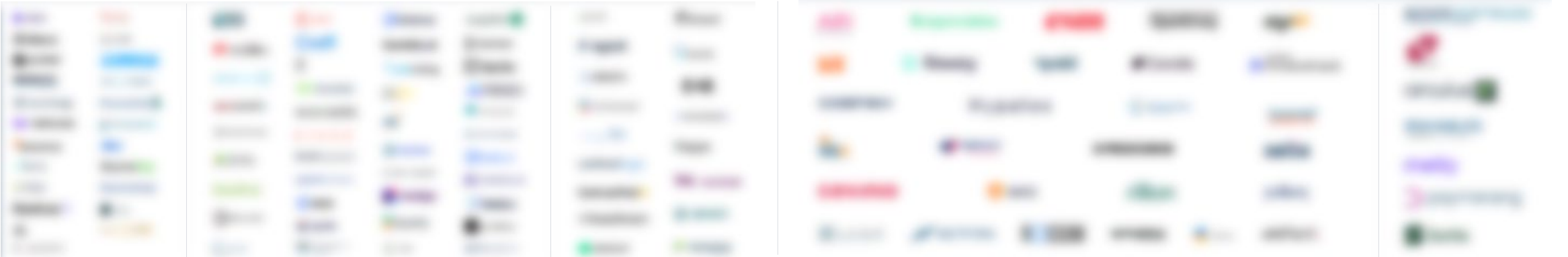
### Source-to-Contract Suites



### Procure-to-Pay Suites



Best-of-Breed Specialists



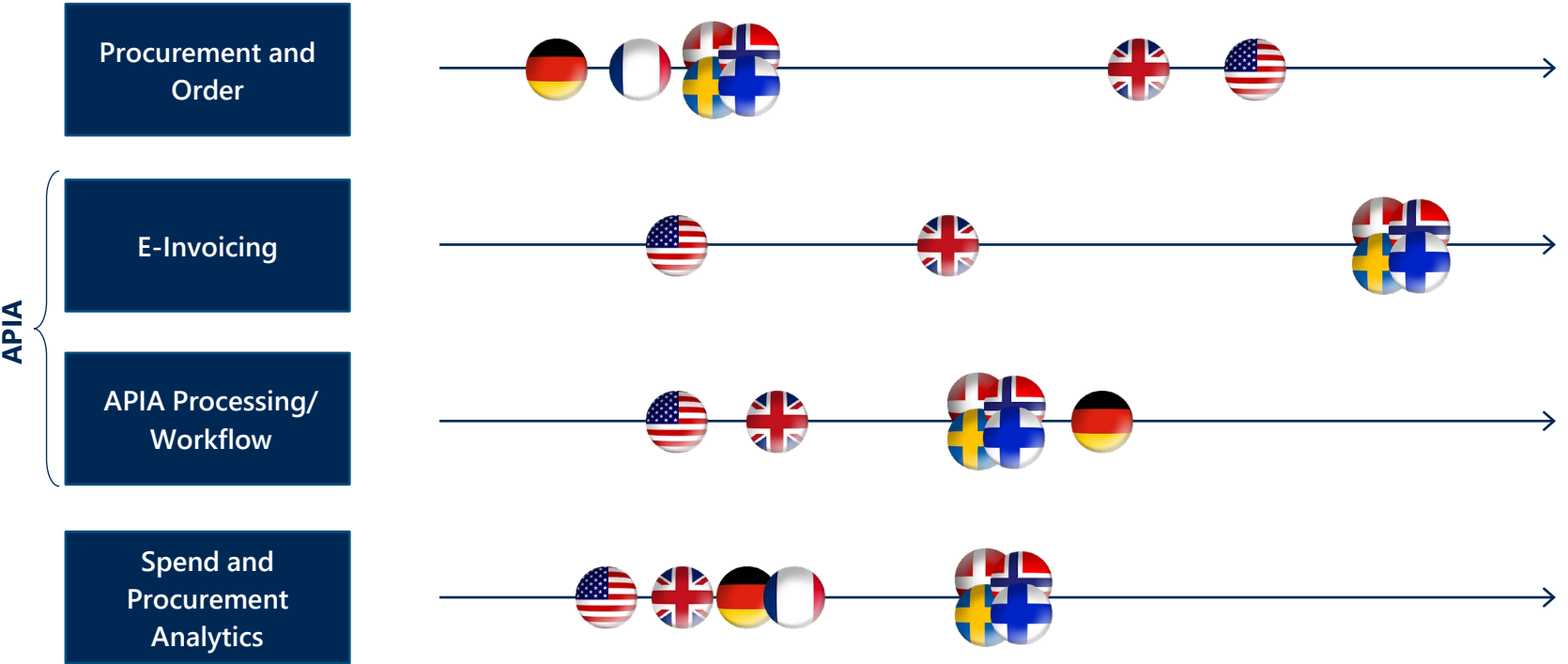


# Digital Adoption Within the Procurement Process Varies Geographically

While the U.S./U.K. markets are leading the charge in procurement and order, they are lagging far behind in e-invoicing, AP automation, and spend analytics, where the Nordics and Germany are leading.

## APIA Market Development by Region

Functional Segments

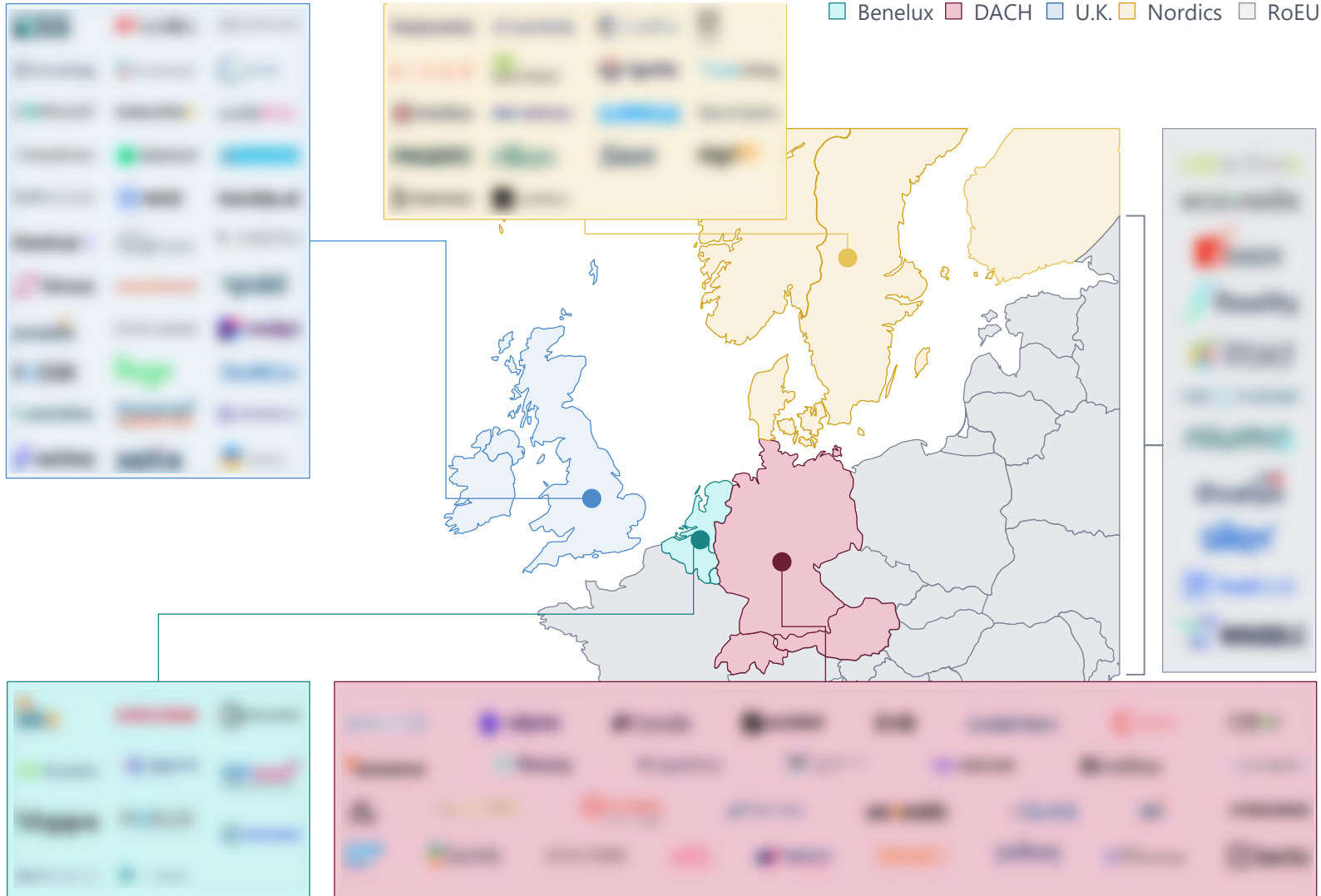


### Comments

- Regional differences are represented in the market development adoption rates and technological readiness, leading to different market growth rates due to individual high cultural and regulatory barriers, low cloud adoption rates, reliance on legacy systems, and, in some parts, reluctance to change.
- The U.S. market features deficiencies in both e-invoicing and APIA processing/workflow solutions, showing significant growth rates and ample opportunities for APIA solutions providers.
- Nordic countries are leading the field in electronic invoicing but require upskilling in APIA processing/workflow solutions.
- While Germany shows low adoption rates of e-invoicing, it already features higher maturity in APIA processing/workflow solutions, leading to less important demand as willingness to adopt innovative accounts payable solutions is limited.

Please email [OoCFO@HL.com](mailto:OoCFO@HL.com) to request the full details.

# Source-to-Pay Regional Market Map—European HQ



<20 FTEs



# Overview of Selected Source-to-Pay Suite Providers

Most suite providers have a considerable global scale; however, some are smaller regional and middle-market providers.


















Company	HQ	Geography Focus		Customer Focus		Ownership	Scale
		Europe	U.S.	Middle Market	Enterprise		
Global/Enterprise		✓	✓		✓		
		✓	✓		✓		
		✓	✓		✓		
		✓	✓	✓	✓		
		✓	✓	✓	✓		
		✓	✓	✓	✓		
		✓	✓	✓	✓		
		✓	✓	✓	✓		
Regional/Middle Market		✓	✓	✓			
		✓		✓			
		✓		✓			
		✓		✓			
		✓		✓			
		✓		✓			
		✓	✓	✓	✓		
		✓		✓			
		✓		✓	✓		
			✓	✓			
	✓		✓				



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## Spotlight on Recent Transactions in Source-to-Pay Software

Source to pay has continued to be a highly active area for M&A and attractive valuation metrics for leading platforms.

Target							
Acquiror							
Seller	Private + VCs		Take Private	Take Private	Take Private		
Deal Date	September 2024	August 2024	January 2024	April 2023	February 2023	January 2023	June 2022
Deal Type	Corporate	Private Equity	Corporate	Private Equity	Private Equity	Private Equity	Private Equity
Deal Size (£M)	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
EV/LFY Revenue	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
EV/LFY EBITDA	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.	N.D.
Target Description	Leading U.S.-based procure-to-pay and spend management platform.	Global leader in enterprise procurement and supplier collaboration software	Leading Swedish procure-to-pay and procurement network platform.	Providing a solution for accounts payable automation built into Microsoft's ERP Dynamic.	Leading source-to-pay suite provider to the upper middle market and enterprises globally.	Germany-based provider of cloud-based S2P suite.	Provider of invoice automation solutions in the SAP environment globally.
Target Country	U.S.	U.S.	Sweden	Sweden	U.S.	Germany	Germany
Acquiror Country	U.S.	U.S.	Canada	U.S.	U.S.	France	U.K./Germany

Sources: Mergermarket and CapIQ.  
N.d.: "Not Disclosed", nm: "Not meaningful"



Deep Dive of Expense  
Management Software

05



# Expense Management Software Automates Workflows to Solve Pain-Points for Finance Teams

## Approaches to Expense Management



Paper Tracking

This is the traditional—and outdated—way to manage expenses, with employees collecting paper receipts and submitting them to the accounting department for approval on a monthly or quarterly basis.



Spreadsheets

This is a popular choice among companies trying to reduce their reliance on paper that have yet to move over to a dedicated, automated expense management system.



Expense Management Software

This approach simplifies the expense management process. The software alerts managers to expense reports needing review, letting them accept or reject the claim. Approved expenses are then automatically routed to accounting for reimbursement.

### Key Manual Expense Management Pain-Points and Financial Impacts

20 minutes

to complete one expense report.

\$58

to process one expense report.

18 minutes

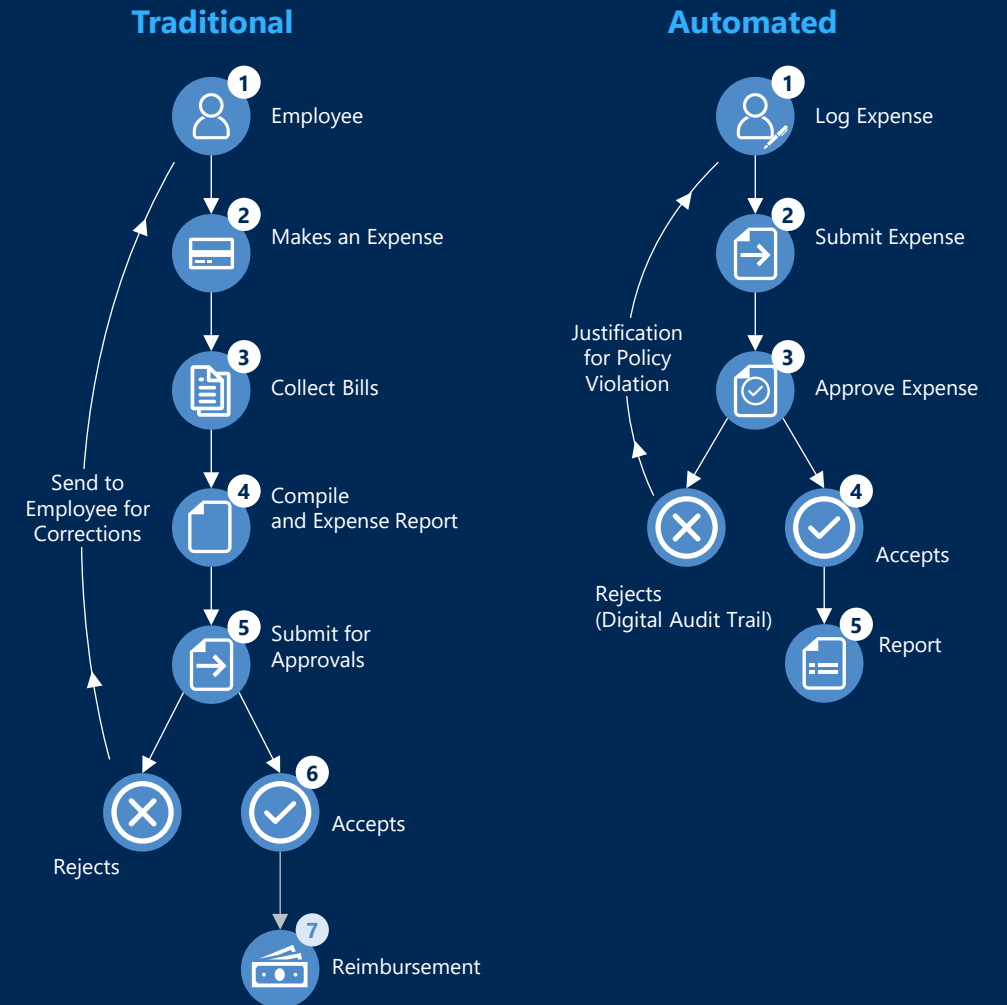
to correct one expense report.

\$52

to correct one expense report.

Source: NetSuite.

## Expense Management Software Solution Workflow



# Market Dynamics in Expense Management Software



Streamlined  
Business  
Operations

Businesses are looking for solutions to streamline and automate their spend management processes to increase productivity and cut expenses.



Employee  
Experience

Mobile applications and accelerated approvals influence preferences, while reducing mistakes and eliminating human data entry duties.



Integrations

Expense management software increasingly requires integration capabilities with other current business management software, such as ERP and HR systems.



Regulatory  
Requirements

Certain expenses can attract adverse tax treatments. Also, strict business policies, rules, and regulations mandate accurate tracking and reporting of travel costs.



Data and  
Reporting

The importance of data analytics and reporting tools in expense management software is growing. Companies need to understand vendor performance and policy compliance.



Cloud-Based  
Solutions

Increasing popularity across all sized businesses. Advantages include cost-effectiveness, scalability, accessibility, and flexibility.

## Key Areas of Focus for Expense Management Software Providers to Accelerate Growth



Generative Artificial Intelligence



Quicker and Enhanced User Experience



Both Autonomy and Automation



Accessibility Features



Seamless Integrations



Fraud Detection Tools

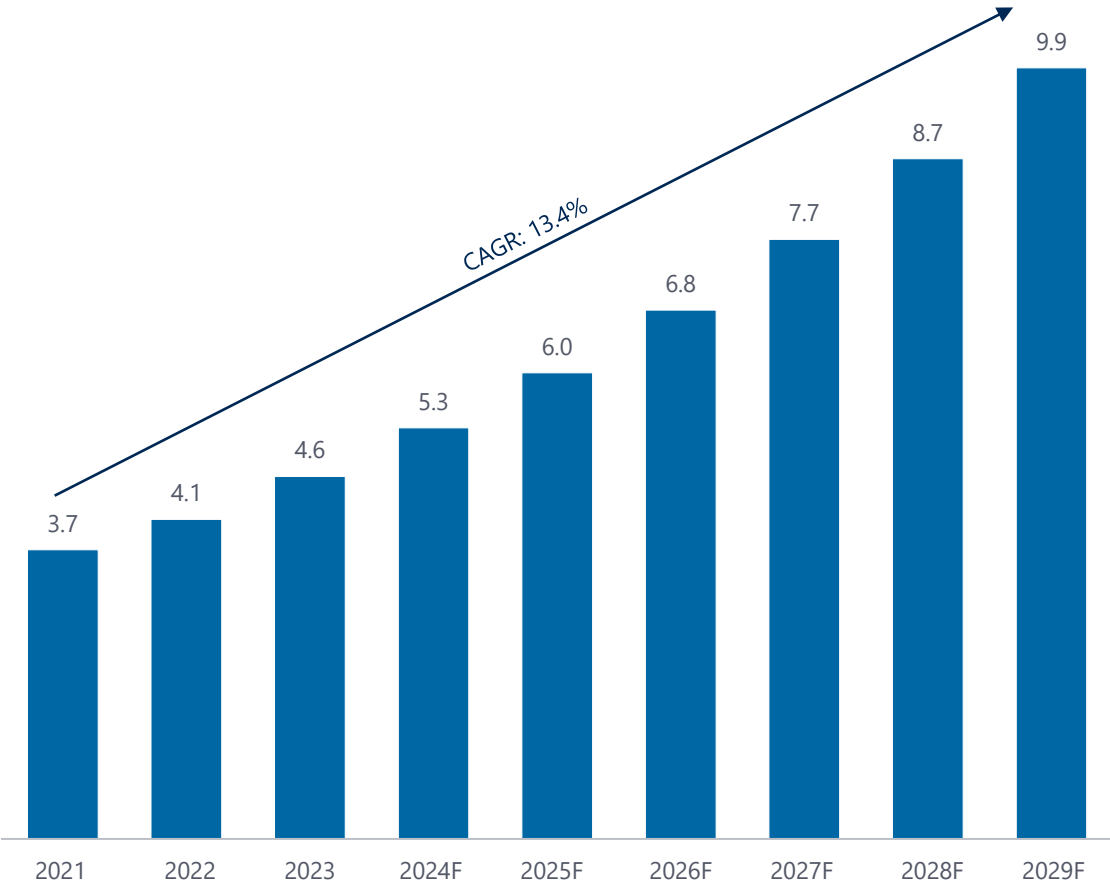
Source: IDC—Worldwide Travel and Expense Management Software Market.



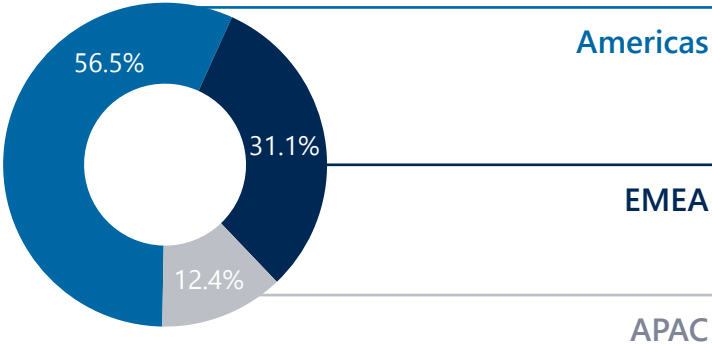
# Expense Management Software Is a Large, Global Market Delivering Double-Digit Growth

## Large, High-Growth Market

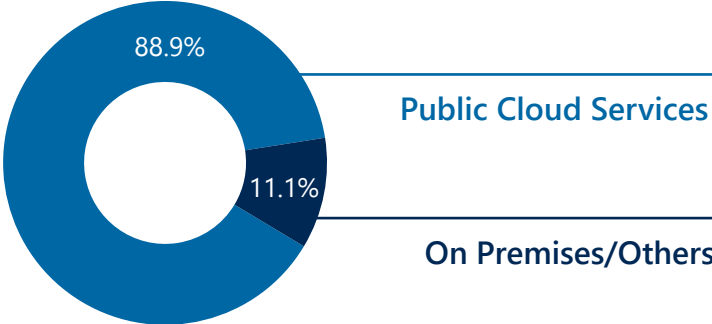
Expense Management Software TAM (\$B)



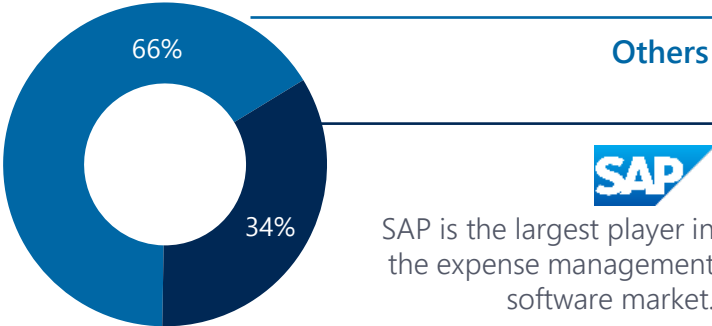
## U.S. Is the Largest Market, but Solution Is Required Globally



## Continued Evolution to Cloud-Based Solutions

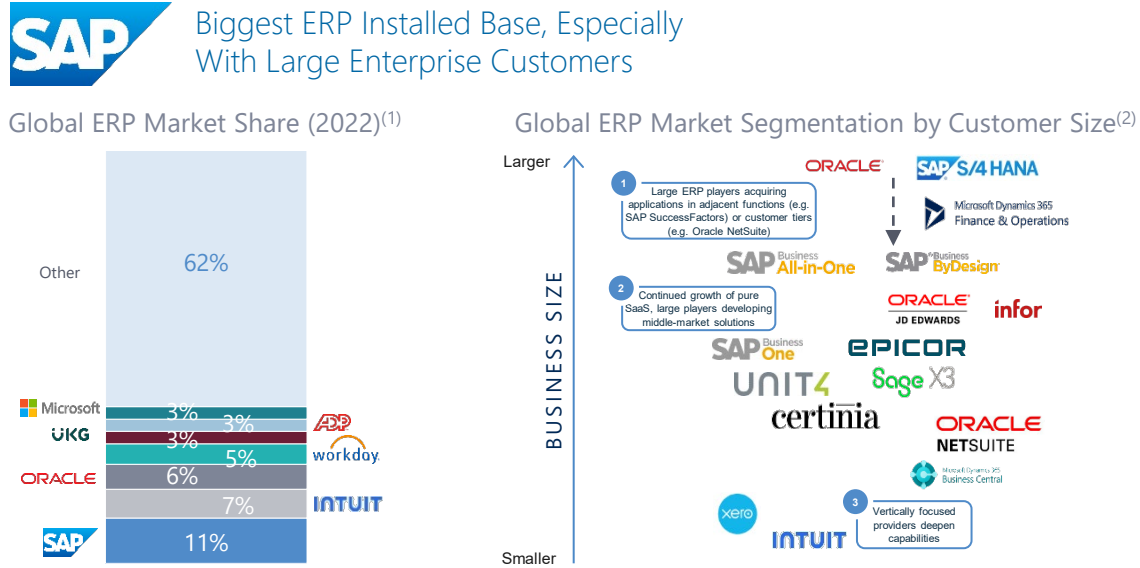


## SAP Concur Has a Large Installed Base

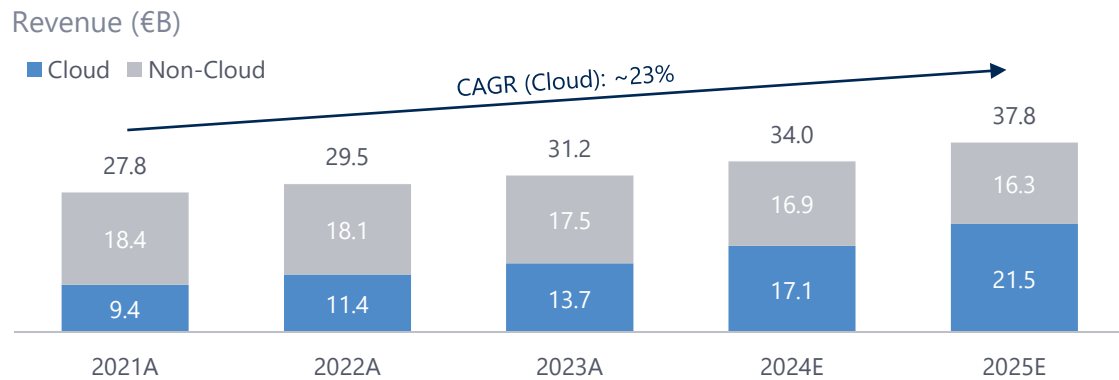


Sources: Allied Market Research—"SaaS-Based Expense Management Market", IDC Worldwide Expense Management Software Market, J.P. Morgan analysis.

# Spotlight on SAP Concur

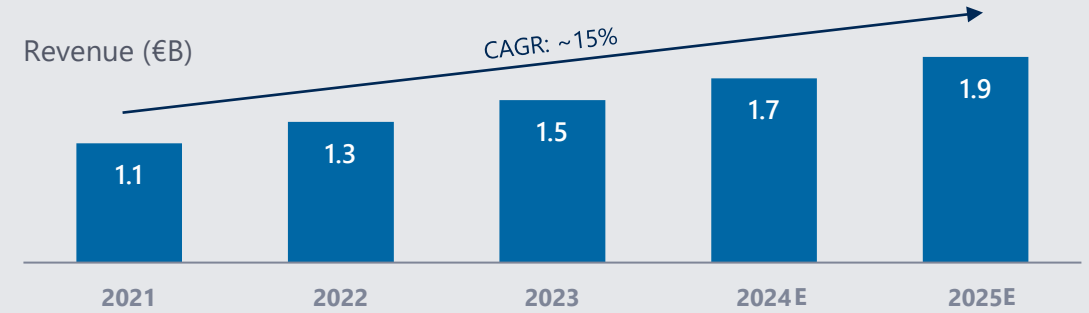


## GROWTH TRAJECTORY FOR SAP'S CLOUD BUSINESS



## SAP Concur

Largest Player Is Growing Broadly in Line With the Market



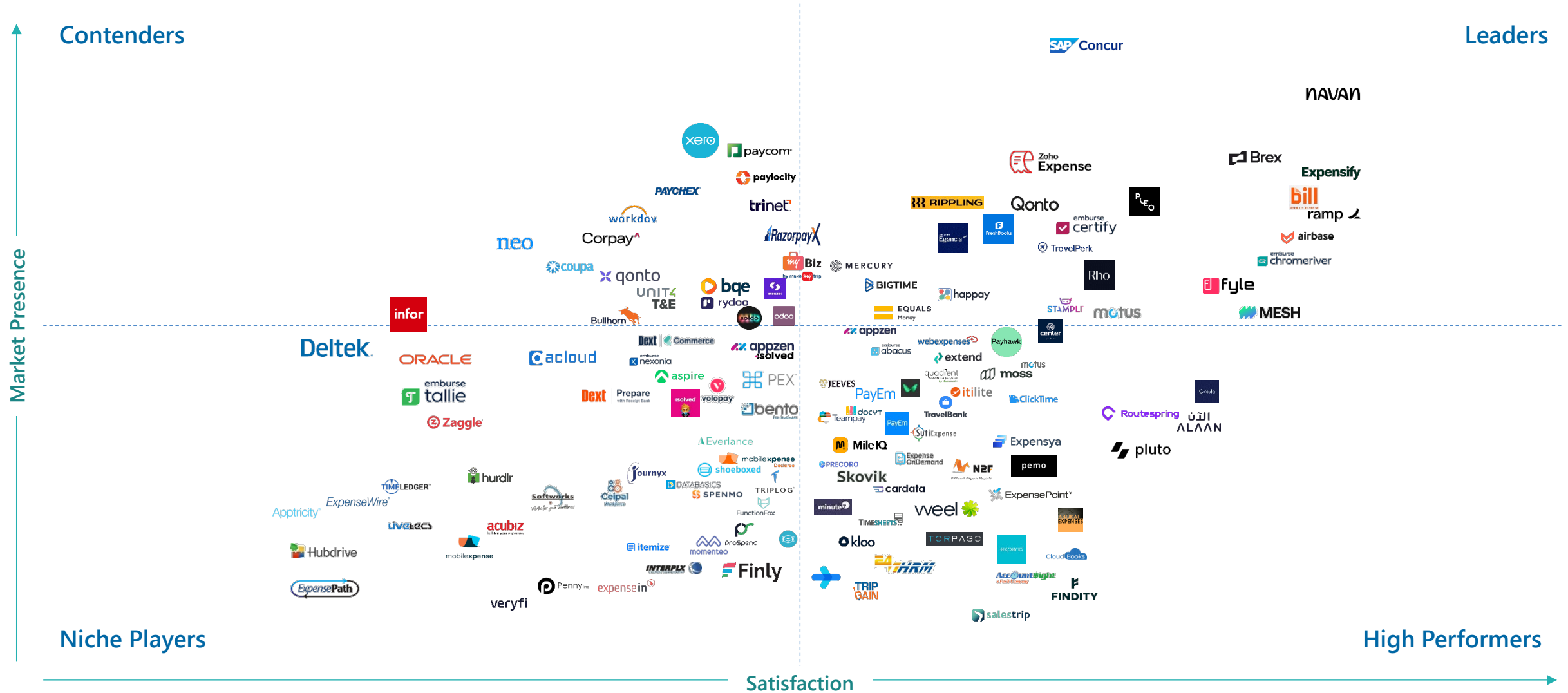
## SAP Concur Winning Through Integrations and Breadth of Product Offering

CORE SOLUTIONS	Concur Invoice	Concur Expense	Concur Travel
EXTENDED SOLUTIONS AND FUNCTIONALITY			
Administration and End User Support Solutions	Invoice Capture	Employee Experience Solutions	Consultative Intelligence
	Purchase Request		Payment Solutions
	Budget		Concur Detect by Oversight
Controls and Compliance Solutions	Company Bill Statements	Reporting and Analytics Solutions	Verify
	Drive		Concur Tax Assurance by Blue Dot
	Expenselt		Benefits Assurance by Blue Dot
	Intelligent Audit		Concur Request
	Concur Event Mgmt. by Groupize		Concur TripLink

Sources: Gartner, PwC, Company reports, IDC, Jefferies estimates, Berenberg estimates "Cloud journey is evolving" (July 2022).

Notes: (1) IDC, Worldwide Enterprise Resource Management Software Market Shares, 2022: The Digital Era Is Shifting Market Shares, August 2023. (2) Illustrative, not exhaustive, and regional variations exist.

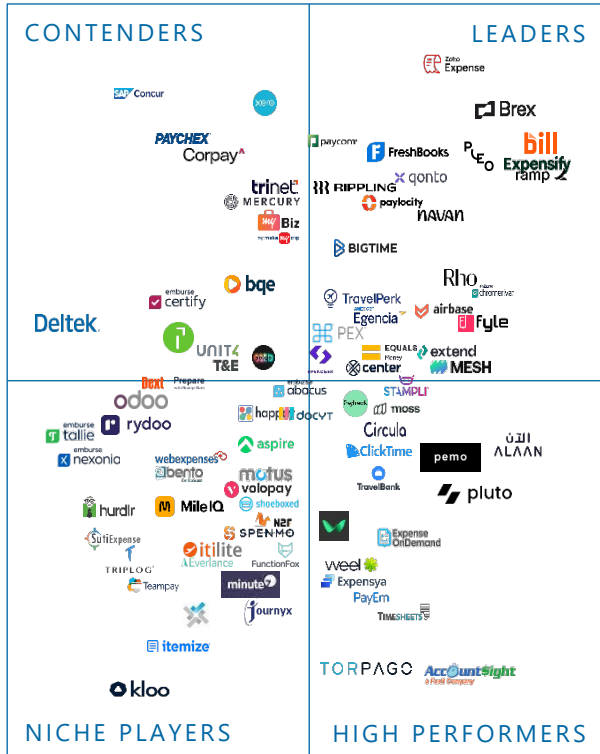
# On Initial Review, Expense Management Is a Busy Marketplace...



Source: G2 Grid for Expense Management (August 2024).

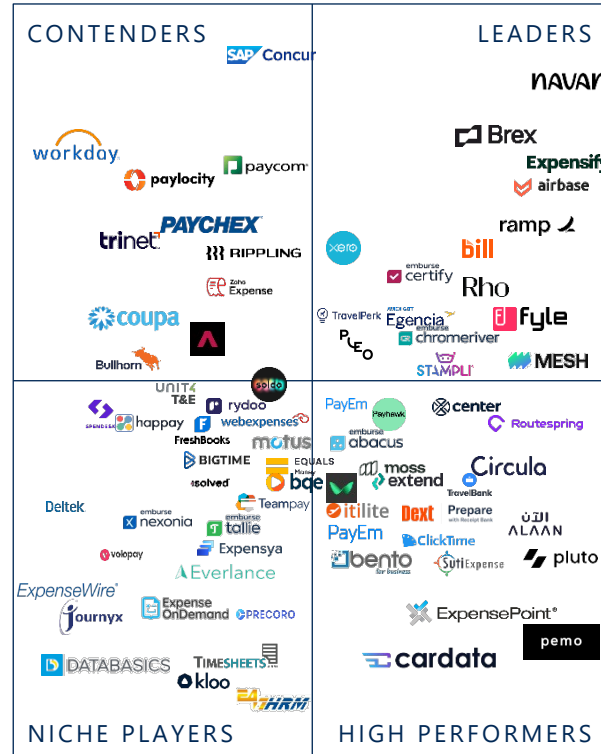
# ...Becoming a Nuanced Market When Considering Customer Size ...

## 1 SoHo/SME



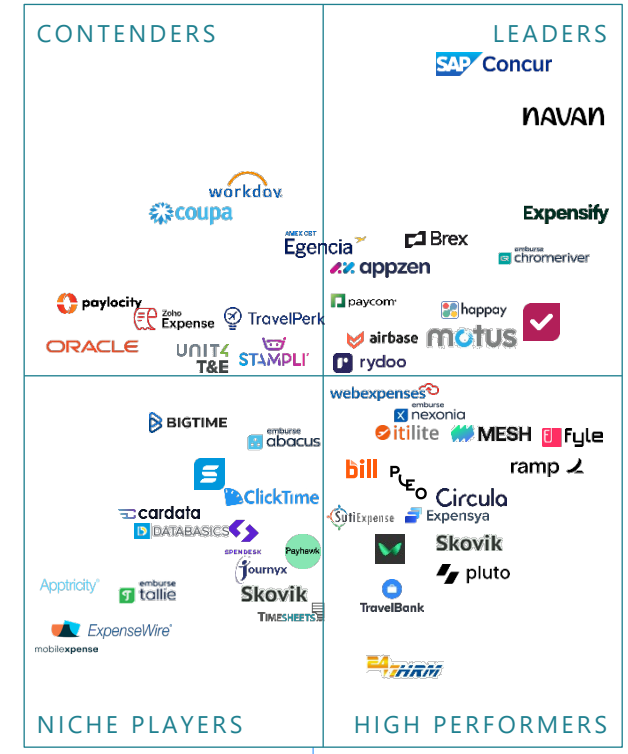
- Significant room for adoption-led growth.
- Higher logo churn due to “death and marriages.”
- General customer preference for a few broad solutions vs. best in class point solution.
- Limited finance functions/budgets.

## 2 Middle Market



- Significant room for adoption-led growth.
- Less churn than SoHo/SME, less loyal than large enterprise.
- Wider range of solutions used to integrate with.
- Commonly integrating card solutions alongside platforms.

## 3 Large Enterprise

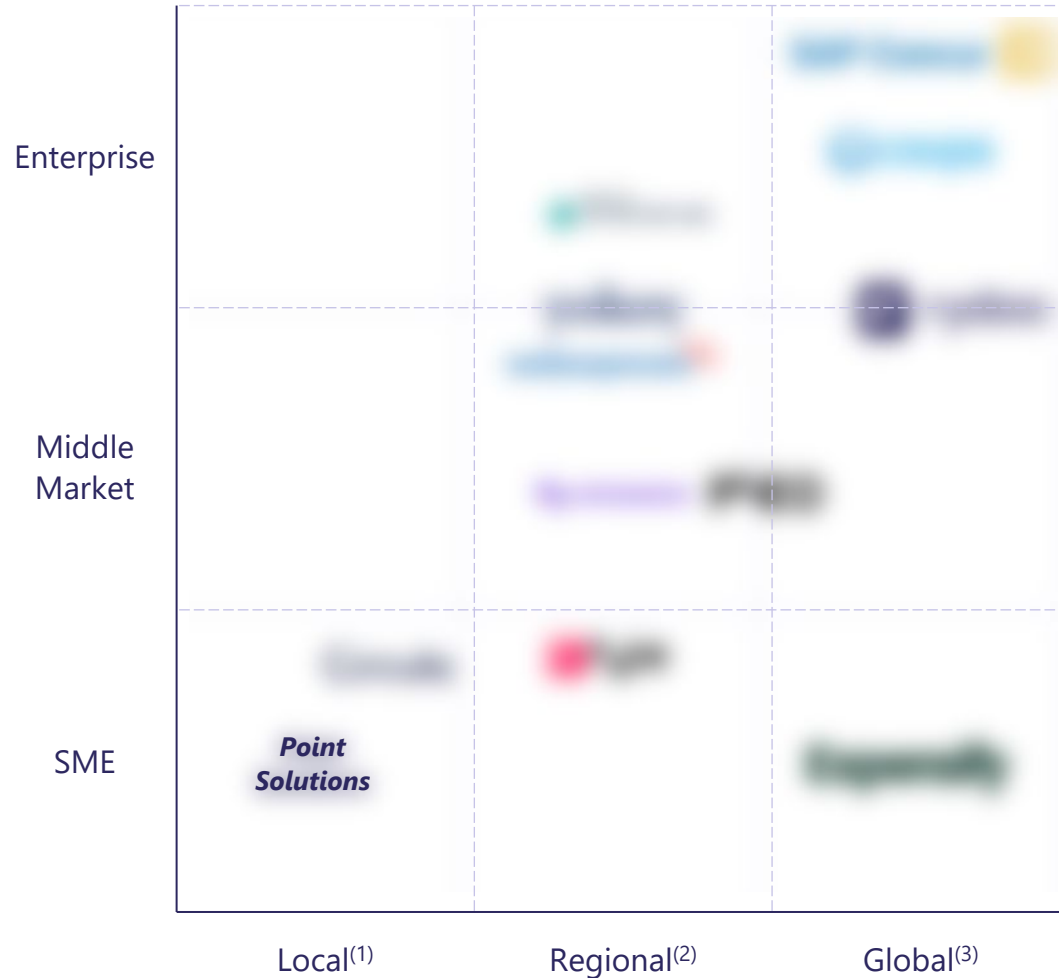


- Higher ACV opportunities.
- Place a premium on performance.
- Preference for “best-of-breed” point solution but require seamless integrations.
- Reliance on integrations with the existing reporting suite.
- Volume of expenses processed demands superior automation.

Source: G2 Grid for Expense Management (August 2024).



## ...With a Close Competitor Set When Considering Geographic Capabilities



Notes: The above companies represent a nonexhaustive list of examples.

(1) Local: Focused on individual currencies and tailored to specific location regulations.

(2) Regional: Focused on common and comparable markets (e.g. English-speaking).

(3) Global: Functionality for multiple markets. Understanding of local regulations and well-developed translation capabilities.

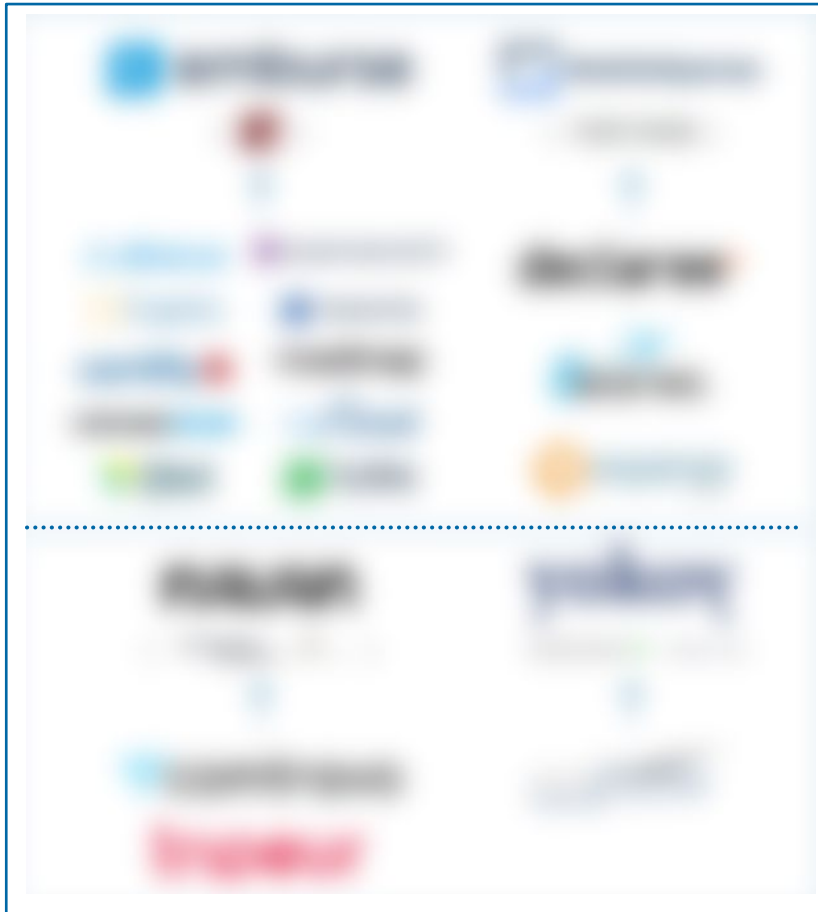
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- Local vendors are of highly limited strategic interest due to their small market and lack of functionality customers require, save for specific geographies with large internal markets (e.g. the U.S., China).
- Local players tend to remain lifestyle businesses and struggle to reach “breakout” scale, get acquired, or invest in developing into regional players.
- Most expense management software vendors that have reached “breakout” scale are regional players, whether due to strategic decision-making, business maturity, or target customer base (e.g. SoHo/SMEs are less likely to require a global solution).
- There are very few truly global solution providers due to the complexities of localising solutions (e.g. language, taxes, local regulation), which means a highly limited competitor set for those vendors.

# M&A Trends in Strategic Buyers of Expense Management Software

1

**LIMITED EXPENSE MANAGEMENT SOFTWARE MARKET CONSOLIDATION WITH VERY FEW BUY-AND-BUILD PLATFORMS**



2

**MAJORITY OF TRADE CONSOLIDATION IN EXPENSE MANAGEMENT SOFTWARE HAS COME FROM OTHER VERTICALS**

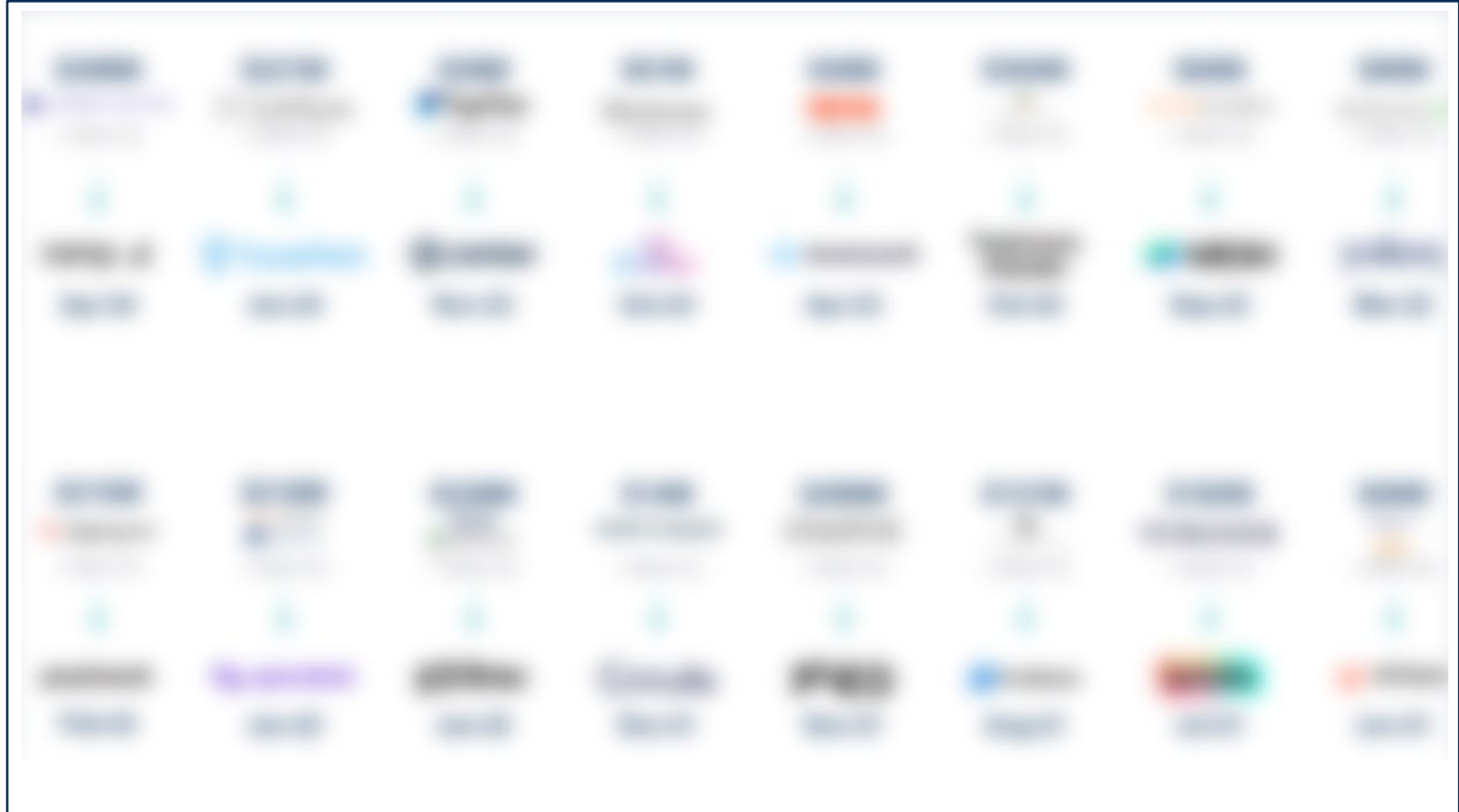


Source: S&P Capital IQ, 451 Research, Mergermarket, PitchBook, press releases.  
Note: Limited to post-Covid acquirors.  
(1) Formerly known as Point Progress.

# M&A Trends in Strategic Buyers of Expense Management Software

**3** Private Equity Have Made Multiple Platform Investments in Expense Management Software

**4** Venture Capital Investors Are Particularly Fond of This Market Given the Attractive Returns and Net New Logo-Driven Growth Opportunities



Source: S&P Capital IQ, 451 Research, Mergermarket, PitchBook, press releases.





Current Valuation Levels  
in the Market

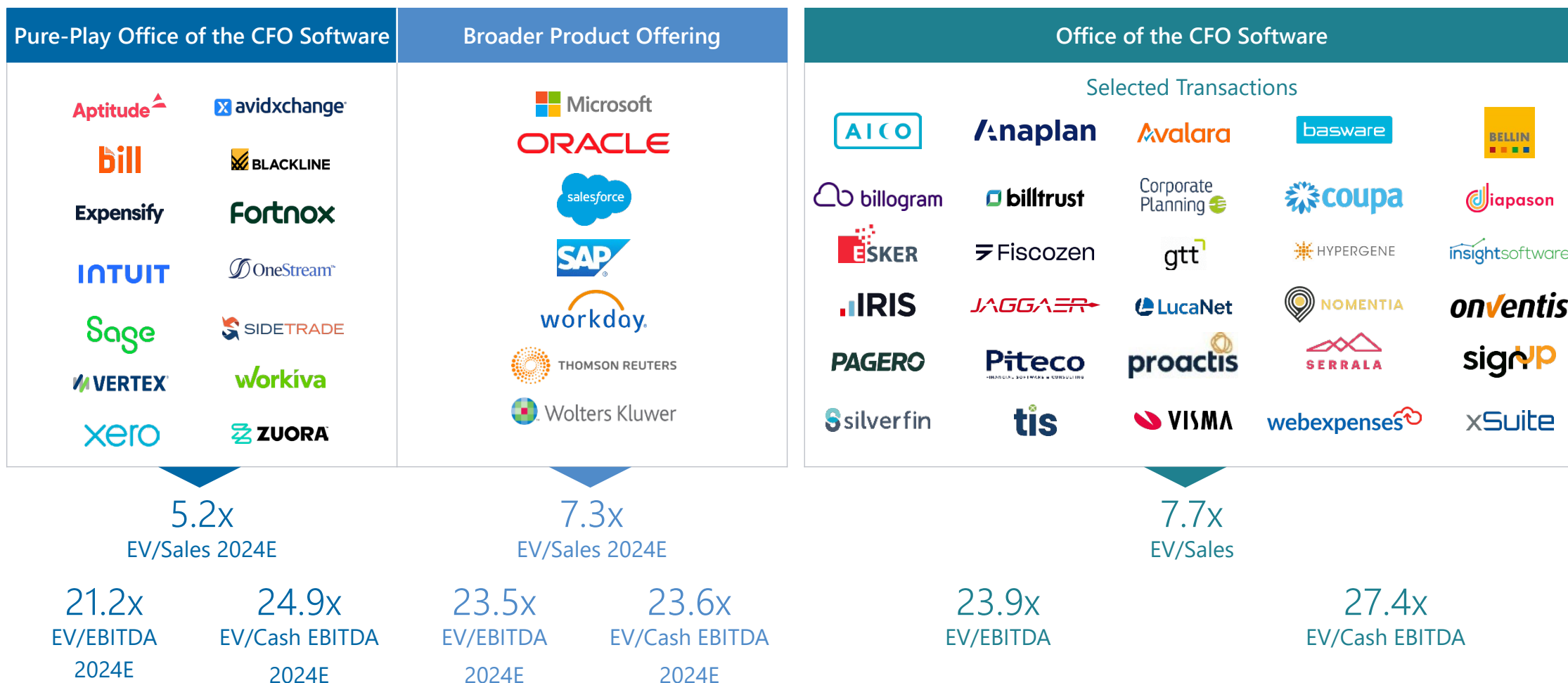
06



# Overview of Current Valuation Levels in the Office of the CFO Software Market

## Trading Comparables

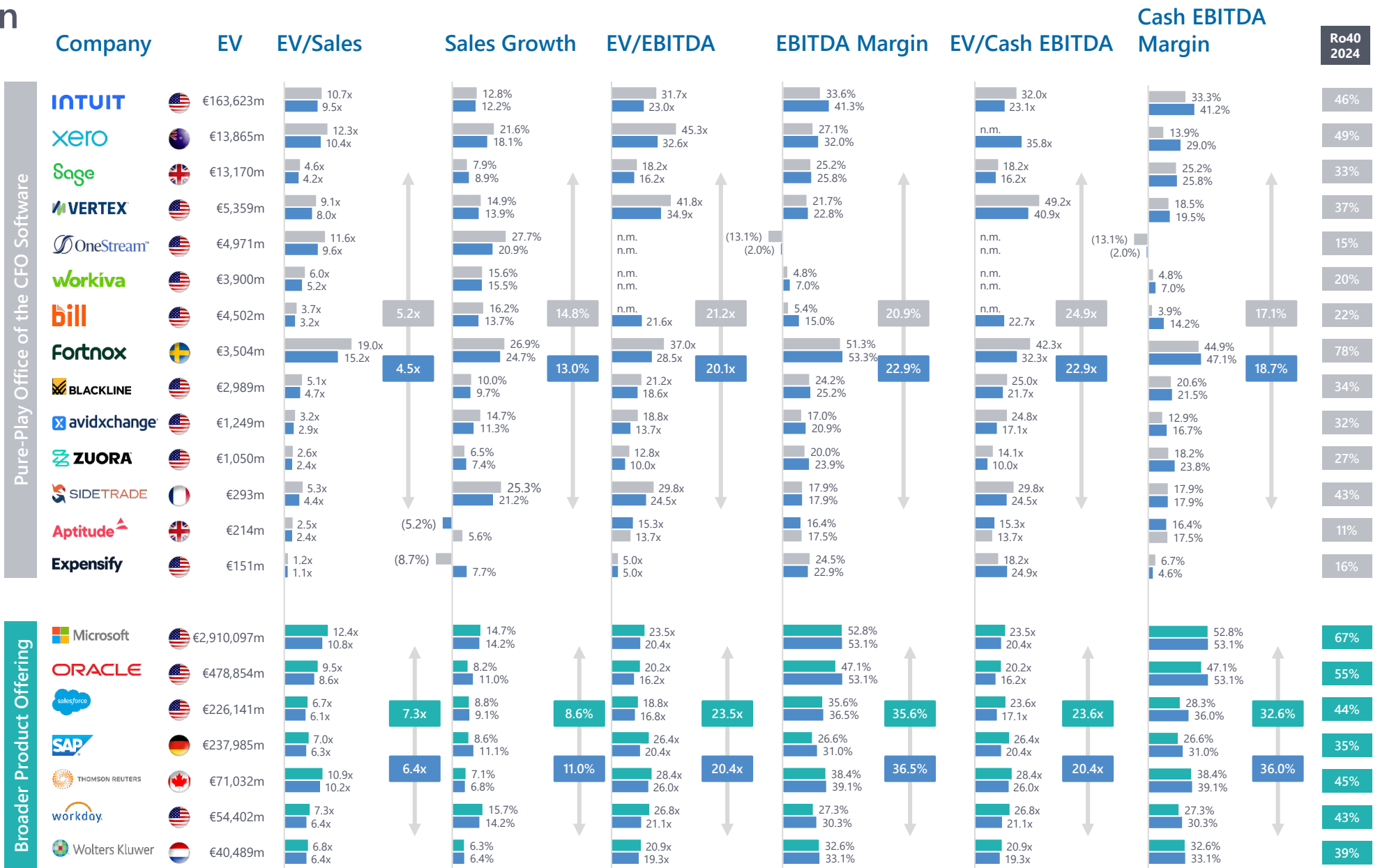
## Transaction Comparables



Source: S&P Capital IQ as of 23 September 2024.

# Trading Multiples in Office of the CFO Software Space

Pure-play Office of the CFO Software peers currently trade at a median valuation of 5.2x EV/Sales 2024E, 21.2x EV/EBITDA 2024E and 24.9x EV/Cash EBITDA 2024

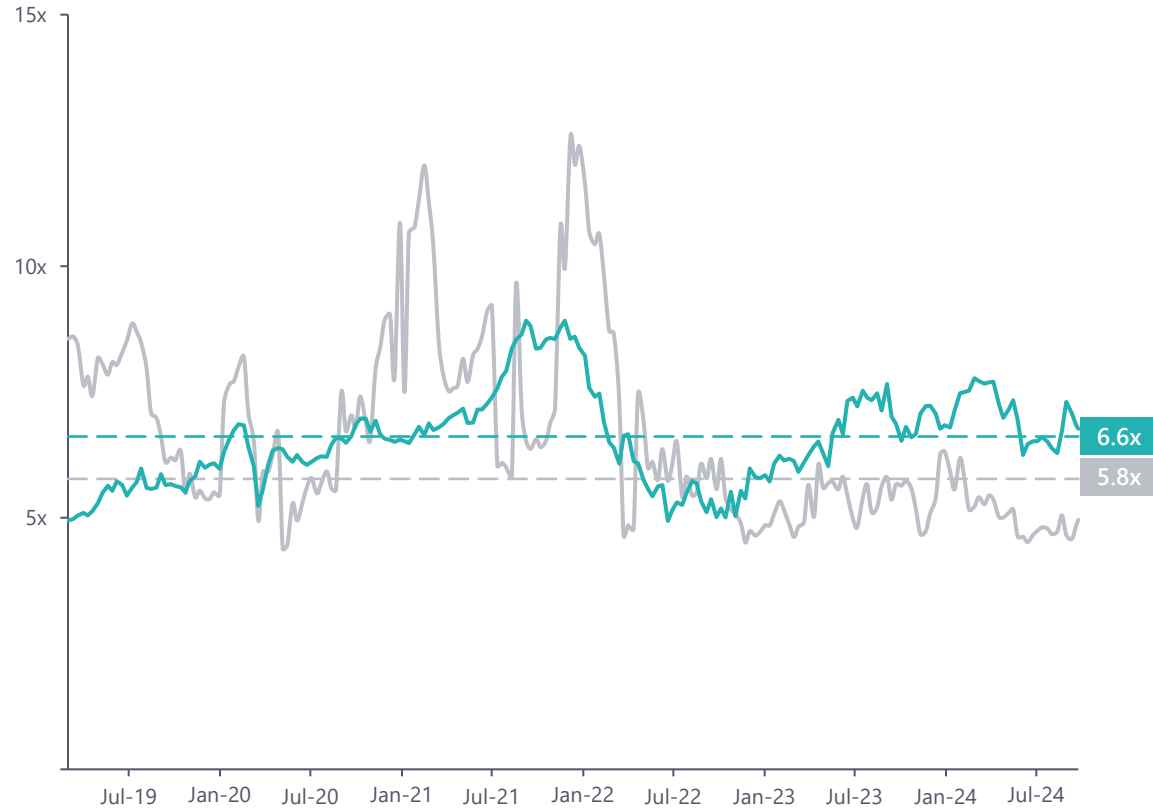


Note: EV/Sales >25x and EV/EBITDA >50x or negative deemed as not meaningful (n.m.).  
Source: S&P Capital IQ as of 23 September 2024.

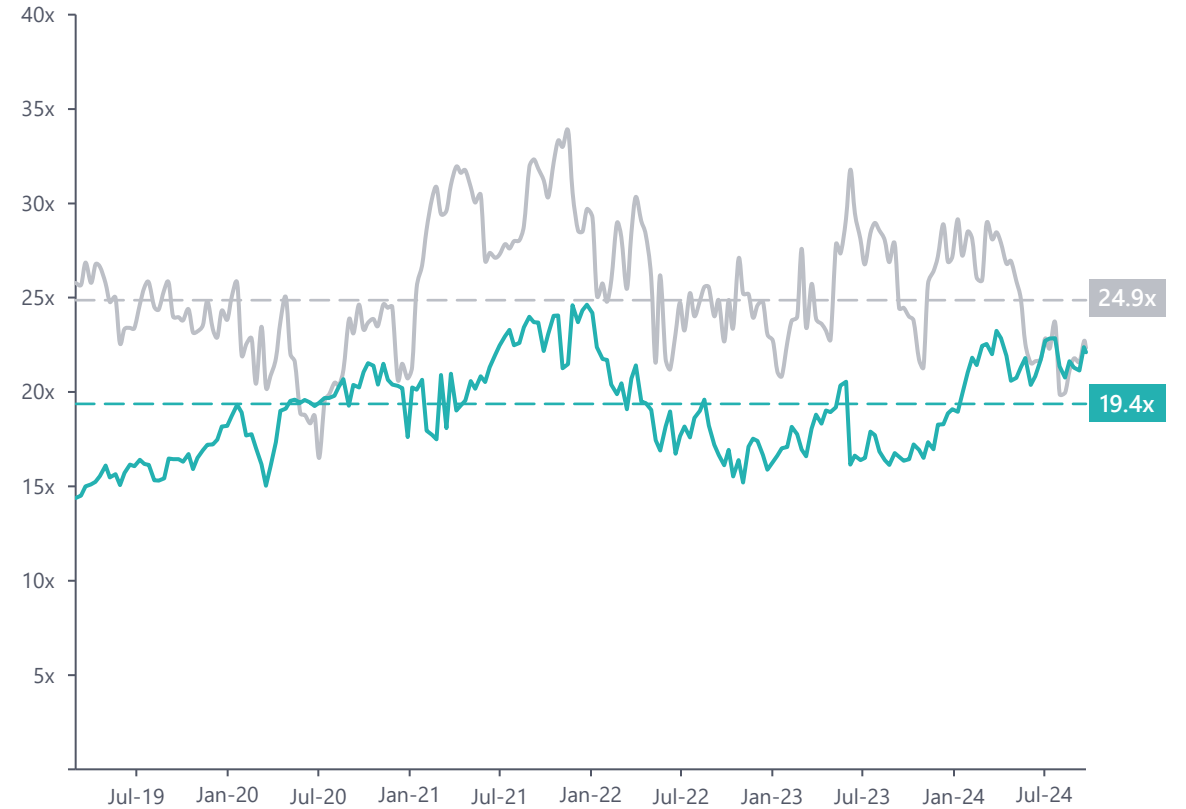
# Through the Cycle Multiples for the Peer Groups

Valuation levels in the Office of the CFO Software space based on EV/Sales and EV/EBITDA multiples are around their five-year median.

Past Five Years EV/Sales (NTM)



Past Five Years EV/EBITDA (NTM)



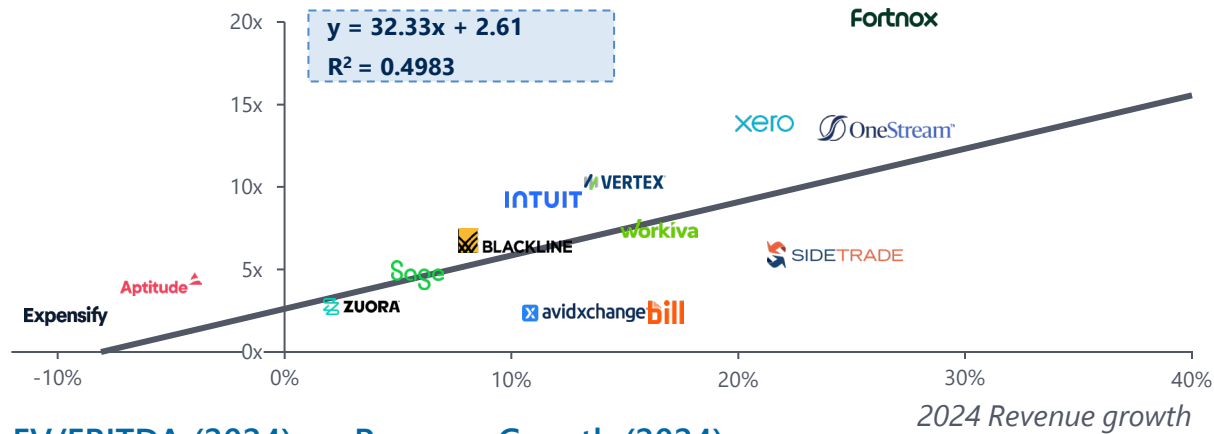
— Pure-play OoCFO — 5y Median Pure-play OoCFO — Broader product offering — 5y Median Broader product offering

Note: EV/Sales >25x and EV/EBITDA >50x or negative deemed as not meaningful (n.m.)  
 Source: S&P Capital IQ as of 23 September 2024.

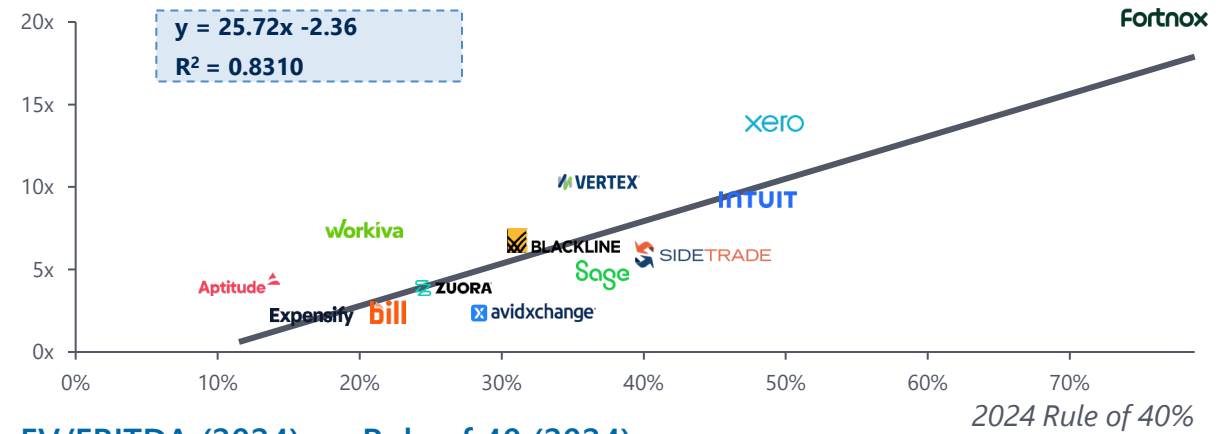
# Pure-Play Office of the CFO Software: Regression Analysis

Public markets attribute premium valuations to assets with higher growth and profitability metrics (Rule of 40).

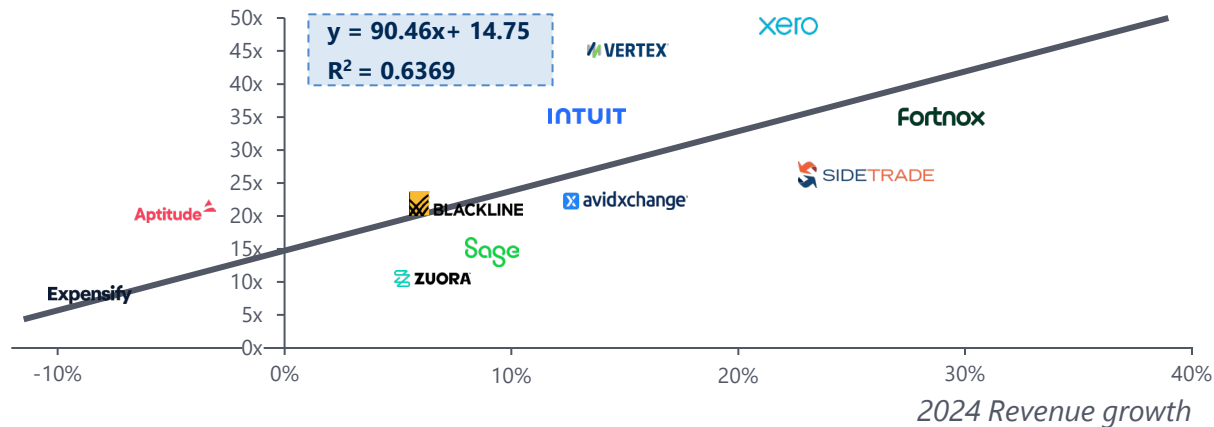
EV/Sales (2024) on Revenue Growth (2024)



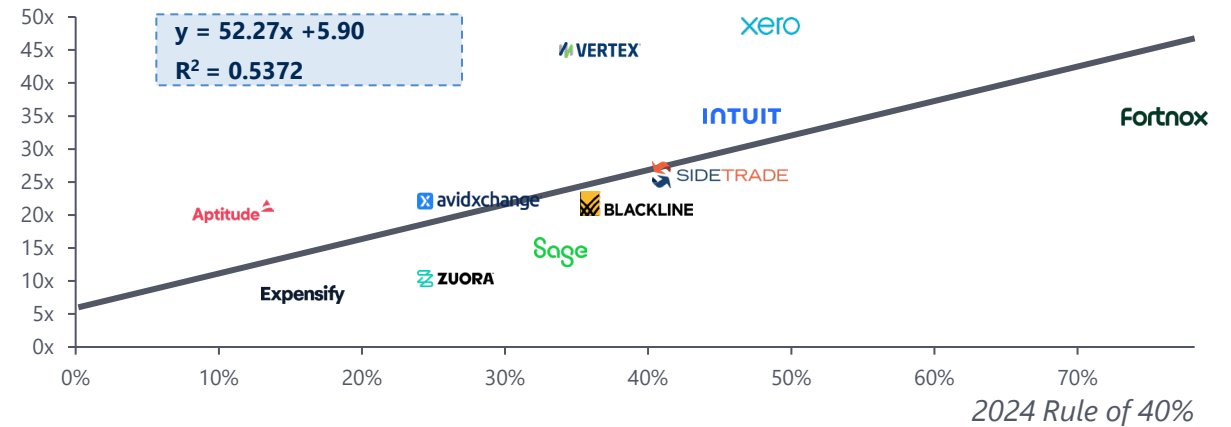
EV/Sales (2024) on Rule of 40 (2024)



EV/EBITDA (2024) on Revenue Growth (2024)



EV/EBITDA (2024) on Rule of 40 (2024)



Note: EV/Sales >25x and EV/EBITDA >50x or negative deemed as not meaningful (n.m.); Peers with not meaningful EBITDA multiples (Onestream, Workiva, Bill.com not included in regression)  
 Source: S&P Capital IQ as of 23 September 2024.



# Historical Transaction Analysis in Office of the CFO Software

Office of the CFO Software vendors have seen valuation levels of 7.7x EV/Sales, 23.9x EV/EBITDA and 27.4x EV/Cash EBITDA

Date	Target	Buyer	EV (€M)	EV/Sales	EV/EBITDA	EV/Cash EBITDA
Sep-24	ESKER	Bridgepoint  GENERAL ATLANTIC				
Aug-24	JAGGAER	VISTA				
Aug-24	M-Files	BregalMilestone  HAVELI				
Aug-24	ECOSIO	VERTEX				
Jul-24	isabel group	Wolters Kluwer				
Jun-24	AccountsIQ	Axiom Equity				
May-24	AUDITBOARD	Hg				
Apr-24	Payt	PARTECH				
Apr-24	rydoo	EURAZEO  MARLIN EQUITY PARTNERS				
Apr-24	Fiscozen	VISMA				
Apr-24	Gresham	STG				
Apr-24	AICO	AKKR				
Mar-24	tis	MARLIN EQUITY PARTNERS				
Feb-24	SHERPANY	Datasite				
Feb-24	easybill	LEA				
Jan-24	BillingPlatform	FTV				
Jan-24	PAGERO	THOMSON REUTERS				
Dec-23	IRIS	LGP  LEONARD GREEN & PARTNERS				
Dec-23	VISMA	Hg				
Dec-23	HYPERGENE	THOMABRAVO				
Dec-23	webexpenses	TENZING				
Nov-23	Iapason	PSG				

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# Historical Transaction Analysis in Office of the CFO Software (cont.)

Office of the CFO Software vendors have seen valuation levels of 7.7x EV/Sales, 23.9x EV/EBITDA and 27.4x EV/Cash EBITDA

Date	Target		Buyer		EV (€M)	EV/Sales	EV/EBITDA	EV/Cash EBITDA
Oct-23	EngageSmart		VISTA					
Oct-23	Gatekeeper		VISTA					
Sep-23	holistiplan		LEAEDGE					
Sep-23	silverfin		VISMA					
Aug-23	giantus		basware <small>Now it all just happens™</small>					
Jul-23	gtt		STIRLING SQUARE <small>CAPITAL PARTNERS</small>					
May-23	signip		INSIGHT <small>PARTNERS</small>					
May-23	GTREASURY		Hg					
Mar-23	AMANA		LucaNet <small>Simply intelligent.</small>					
Feb-23	NOMENTIA		inflexion					
Jan-23	Piteco		ZUCCHETTI					
Dec-22	onventis		KEENSIGHT <small>CAPITAL</small>					
Dec-22	coupa		THOMABRAVO					
Sep-22	billtrust		IEQT					
Sep-22	HOUSE OF CONTROL		VISMA					
Aug-22	Avalara		VISTA					
Jun-22	access		TA ASSOCIATES  GIC  Hg					
Jun-22	Piteco		Podini Family <small>(Founders)</small>					
Jun-22	xSuite		PINOVA <small>CAPITAL</small>					
Jun-22	Anaplan		THOMABRAVO					
May-22	MERCELL		THOMABRAVO					
Apr-22	basware		AKKR  LORD PARTNERS					

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# Historical Transaction Analysis in Office of the CFO Software (cont.)

Office of the CFO Software vendors have seen valuation levels of 7.7x EV/Sales, 23.9x EV/EBITDA and 27.4x EV/Cash EBITDA

Date	Target		Buyer		EV (€M)	EV/Sales	EV/EBITDA	EV/Cash EBITDA
Apr-22	LucaNet		Hg					
Mar-22	lyanthe		VISMA					
Mar-22	IFS		Hg					
Mar-22	TUNBSTEIN NETWORK		THOMABRAVO					
Mar-22	DILITRUST		EURAZEO  Sagard					
Jan-22	FourQ		BLACKLINE					
Dec-21	Bottomline		THOMABRAVO					
Oct-21	exago		insightsoftware					
Sep-21	billogram		partech					
Aug-21	SERRALA		Hg					
Jul-21	Invoice2go		bill					
Jul-21	insightsoftware		Hg					
May-21	Corporate Planning		PROLPHA					
May-21	Divvy		bill					
Apr-21	Dext		Hg					
Apr-21	crossinx		unifiedpost					
Apr-21	proactis		DBAY Advisors					
Apr-21	Vena		VISTA					
Jan-21	Prophix		Hg					
Dec-20	webexpenses		ELMO					
Nov-20	IDL		insightsoftware					
Sep-20	VIAREPORT		insightsoftware					

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Date	Target		Buyer		EV (€M)	EV/Sales	EV/EBITDA	EV/Cash EBITDA				
Aug-20	SOVOS		Hg		Please email <a href="mailto:OoCFO@HL.com">OoCFO@HL.com</a> to request the full details.	8.2x	25.6x	28.9x				
Jul-20	EPSi		strata									
Jun-20	BELLIN		coupa									
Feb-20	L@NGVIEW		insightsoftware									
Aug-19	tableau		selectone									
Apr-19	kyriba		Enterprise									
Apr-19	AXIOMA		DEUTSCHE BÖRSE GROUP									
Feb-19	OneStream®		KKR									
Jan-19	board		NORDIC CAPITAL									
Jul-18	3Group		Gresham									
Jun-18	Adaptive Insights		workday									
Jan-18	Anqoss		DATAWATCH									
Apr-17	Tagetik		Wolters Kluwer									
Jul-16	prevero		UNIT4									
Jun-16	Qlik		THOMABRAVO									
Jan-16	CQS		adapt IT									
Jul-15	visionwaves		IFS									
Feb-15	POWERPLAN		THOMABRAVO									
Average										8.2x	25.6x	28.9x
Median										7.7x	23.9x	27.4x



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