

Deal of the Week: SAP to buy Qualtrics International for \$8.0 Billion

Announcement Date	<ul style="list-style-type: none"> November 11, 2018 	
Acquirer	<ul style="list-style-type: none"> SAP SE (NYSE: SAP) 	
Acquirer Description	<ul style="list-style-type: none"> A global provider of enterprise application software, and analytics and business intelligence Founded in 1972 and headquartered in Walldorf, Germany 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$121.1 billion EV: \$131.0 billion LTM Revenue: \$28.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$7.3 billion LTM EV / Revenue: 4.7x LTM EV / EBITDA: 18.0x
Target Company	<ul style="list-style-type: none"> Qualtrics International, Inc. (Private Company) 	
Target Description	<ul style="list-style-type: none"> A privately held experience management company that provides software on a subscription basis for collecting and analyzing data for market research, customer satisfaction and loyalty, product and concept testing, and employee evaluations and website feedback Founded in 2002 and headquartered in Provo, UT 	
Target Financial Statistics	<ul style="list-style-type: none"> LTM Revenue: \$342.7 million (per company's S-1 filing) 	
Acquirer Advisor(s)	<ul style="list-style-type: none"> JP Morgan 	
Target Advisor(s)	<ul style="list-style-type: none"> Qatalyst Partners 	
Price / Consideration	<ul style="list-style-type: none"> \$8.0 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> Qualtrics' experience management software focuses on the value of customer, employee, product and brand feedback. Combined with SAP's operational data, the companies will enable customers to better manage supply chains, networks, employees, and core processes Per SAP CEO Bill McDermott, "SAP already touches 77% of the world's transactions. When you combine our operational data with Qualtrics' experience data, we will accelerate the XM (experience management) category with an end-to-end solution with immediate global scale" Qualtrics will have access to SAP's over 413,000 customers and global salesforce of over 15,000 to scale rapidly around the world 	
Deal Points	<ul style="list-style-type: none"> SAP will acquire all outstanding shares for \$8 billion in cash. SAP has secured financing to cover the purchase price and acquisition-related costs The purchase price includes unvested employee incentive compensation and cash on the balance sheet at close 	
Of Note	<ul style="list-style-type: none"> The acquisition is occurring just before Qualtrics was set to go public Qualtrics' CEO said in a recent conference call with investors that the IPO was already 13 times oversubscribed with the roadshow not yet complete, and would have valued the firm at between \$5 billion and \$6 billion The deal is SAP's second-biggest acquisition ever, following the \$8.3 billion purchase of travel and expense software company Concur in 2014 Qualtrics estimates 2018 revenue at \$400.0 million, a 38% year-over-year increase from \$289.9 million in 2017; implied 2018 revenue multiple of 20x Qualtrics' CEO supported the purchase price by comparing his company to ServiceNow, another enterprise software firm with 40% annual sales growth that trades at 12x expected 2018 sales 	