

RPA Market Review

Robots marching on

H1'20



Foreword

The Robotic Process Automation (RPA) sector will continue to achieve significant growth despite market headwinds.

What started out as an emerging domain of software 'robots' performing repetitive tasks to augment or replace human employees is rapidly turning into the next wave of the industrial revolution.

COVID-19 has induced a rapid acceleration of remote working and the adoption of digital transformation and automation technologies across all industry verticals. RPA is expected to play a major role in delivering operational efficiencies for these enterprises, driving significant growth across the sector.

Investec's Technology team sees the massive opportunities open to RPA vendors across both software and services, and the investors backing them. This presentation aims to provide an update on the current financing and M&A environment of the resilient RPA market.



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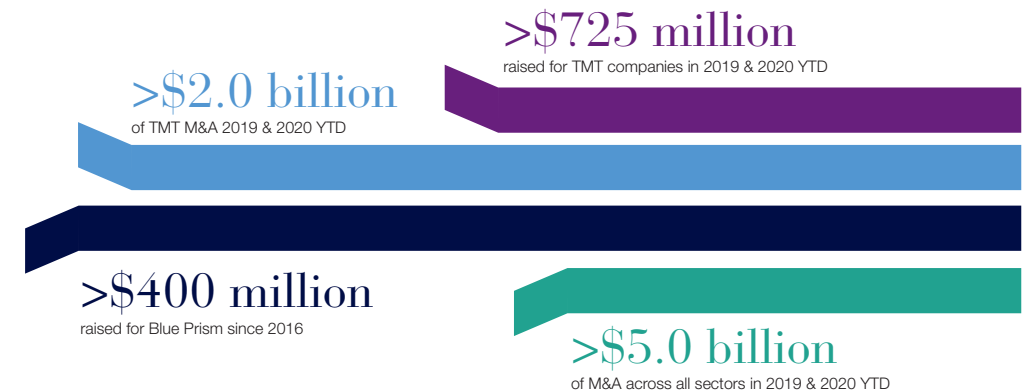
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Come and talk to us

Whether you are a RPA entrepreneur looking to explore strategic options for your business, or an investor / strategic buyer looking for advice in evaluating and financing an RPA acquisition, Investec can help by providing buy-side or sell-side advice, raising investment from private equity / venture capital or via an IPO.

About Investec



Selected Investec RPA credentials

blueprism
£100m placing
AJM
NOMAD, Sole Broker & Bookrunner

blueprism
£80m acquisition of
thoughtonomy
a Blue Prism company
Financial Adviser & Sole Broker

blueprism
£49m AIM IPO
AJM
NOMAD, Sole Broker & Bookrunner

RPA market and COVID-19

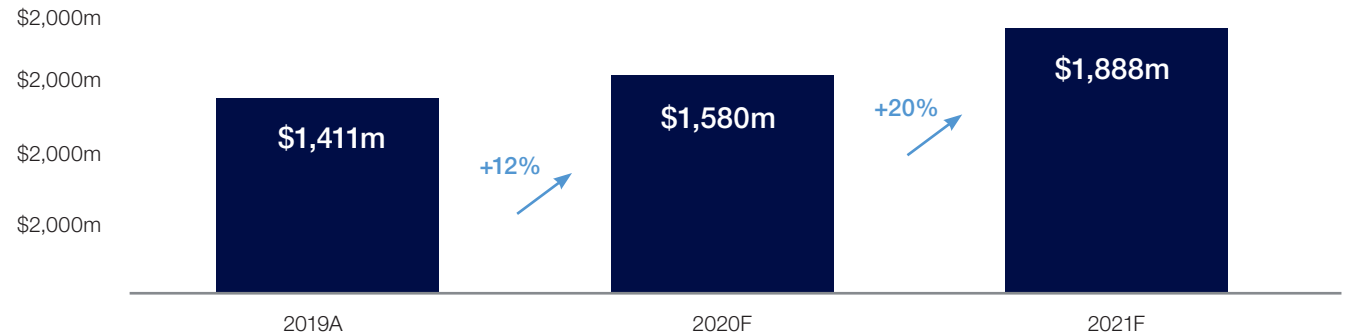
RPA market forecast to grow at double-digit rates through 2024 despite economic pressures from COVID-19

COVID-19 is having an unprecedented impact on people and organisations around the world and the technology sector is no exception. Falling business confidence, disrupted supply chains, shifts in the elasticity of goods, and increasing panic among customer segments are weighing on business performance and economic growth alike.

Technology companies across the globe are seeing a slowdown in new business acquisitions, with priorities shifting to retaining and upselling into the existing customer base in the face of challenging economic conditions. Those companies with high levels of exposure to SMEs will likely feel more pain as they see increased levels of customer churn through the renewal cycle.

Whilst many RPA vendors will be exposed to these impacts in the short term, the disruption has also induced a rapid acceleration of remote working and the adoption of digital transformation and automation technologies across all industry verticals. This trend is expected to drive significant growth across the Intelligent Automation sector in the medium to long term as the need for process automation and software robotics to reduce labour cost becomes an even greater imperative.

Global RPA software revenue projections (\$USD)¹



RPA market trends



The pandemic and ensuing recession has resulted in a significant increase in interest in RPA among large scale organisations - Gartner predicts that c.90% of enterprises globally will have adopted RPA in some form by 2022 as they look to digitise critical business processes



RPA is stepping up to the challenge as bots are utilised in new ways: healthcare organisations automating the reporting of COVID-19 tests, ordering of supplies and clinical testing of data, whilst airlines and travel agencies are utilising RPA to handle unprecedented call centre volumes



Sharp increase in demand for intelligent automation solutions that improve business process efficiency and reduce costs, with service providers more consistently selling RPA solutions into their clients due to the impact of COVID-19



“Buyers” of RPA solutions increasingly becoming business leaders rather than IT departments as RPA deployments are seen as a way of digitally empowering critical business processes through resilience and scalability

Source: Investec Securities Research; Gartner; MarketScreener; MarketsandMarkets.com; GlobeNewswire
Note: (1) Gartner analysis (September 2020)

M&A and fundraising activity

Continued fundraising momentum among the leading RPA vendors in spite of the challenging macro economic conditions, and Microsoft, Appian and IBM enter the market through strategic acquisition

RPA market shows continued strength in the face of economic downturn

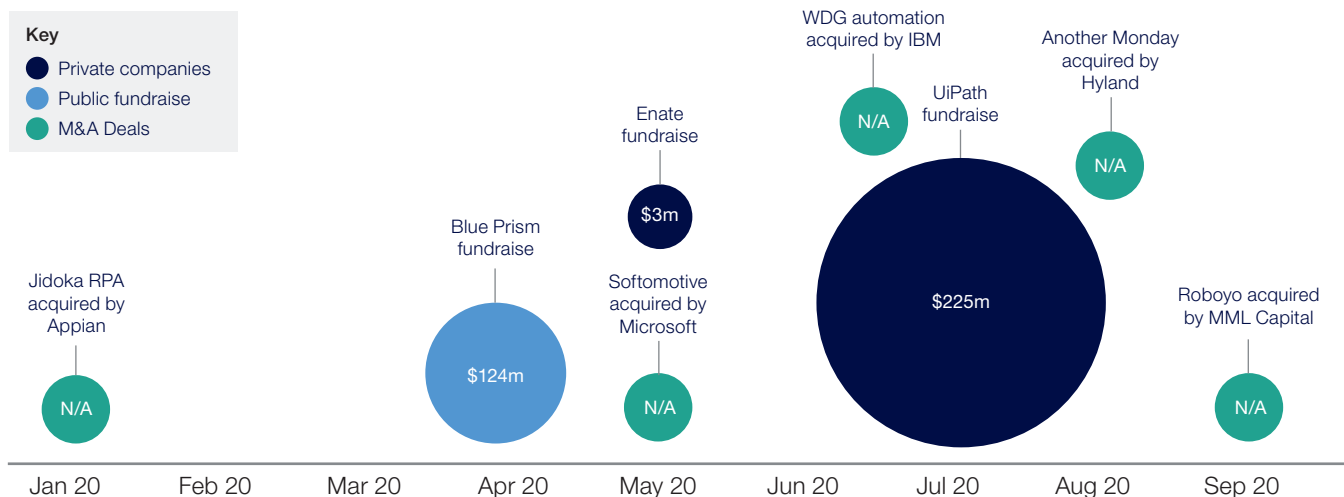
H1'20 activity remained high among the leading vendors with Blue Prism successfully raising \$125m in equity financing at a valuation of +\$1bn in April 2020, just as the UK entered lockdown in response to COVID-19. In addition, UiPath announced the closure of its Series E investment round in July 20, raising \$225m at a pre-money valuation of c.\$10bn.

Outside the market leaders, there has been a significant increase in the level of M&A and fundraising activity among other enterprise automation software vendors and consultancies, including service orchestration player eNate raising money from Mercia, Another Monday being acquired by Hyland Software, and RPA services player Roboyo receiving a minority investment from MML Capital.

Leading enterprise software vendors now want a slice of the pie

H1'20 saw the first move from a tech giant into the RPA market with Microsoft Corporation acquiring Softomotive in May 2020. The acquisition provides a degree of validation of RPA technology and demonstrates Microsoft's commitment to take a leadership role in automating all aspects of process. Softomotive's WinAutomate tool will form part of Microsoft's existing Power Automate solution, adding market-leading desktop automation capability.

NASDAQ-listed low-code automation provider Appian also took the plunge in early 2020, announcing the acquisition of Jidoka RPA. The acquisition makes Appian a one-stop shop for Automation, with best-in-class solutions for workflow, AI, and RPA.



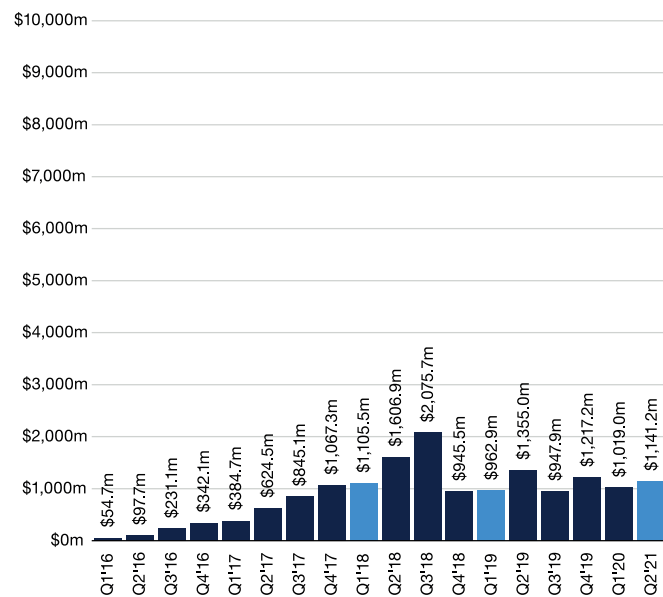
Date	Target	Target description	Acquirer	Funds raised	LTM EV/Sales
Sep 20	ROBOYO	Germany-based RPA services provider	MML	-	-
Aug 20	ANOTHER MONDAY	Germany-based RPA software provider	Hyland	-	-
Jul 20	UiPath	US-based provider of RPA software solutions	Fundraise	\$225m	c.25.0x
Jul 20	WDG	Brazil-based RPA software provider	IBM	-	-
May 20	softomotive	UK-based provider of RPA software solutions	Microsoft	-	-
May 20	enate	SaaS Service Orchestration platform that manages a workforce of humans and robots for simplified end-to-end processes	Fundraise	\$3m	-
Apr 20	blueprism	UK-based provider of RPA software solutions	Fundraise	\$125m	9.1x
Jan 20	Jidoka	Spain-based developer of RPA platform to facilitate automation of business processes	Appian	-	-

Update on the 3 leading vendors



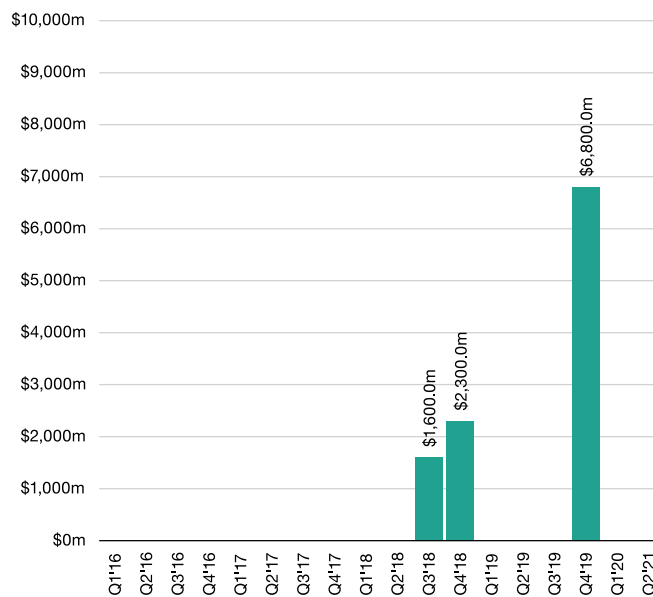
Blue Prism look to be showing resilience in the face of economic downturn with a relatively encouraging set of interim results. Half year results to June reported 70% growth in revenue half year on half year and £1m of MRR added (from FY19) despite COVID-19 related disruptions in the first half. Revenue metrics suggest a H1'20 performance stripped of large deals, with a fall in average deal size, but still strong deal count, NRR and upselling performance.

The company announced it had successfully raised \$125m in equity financing back in April 2020, with the capital being used to strengthen Blue Prism's balance sheet whilst allowing further investment in the company's automation suite.



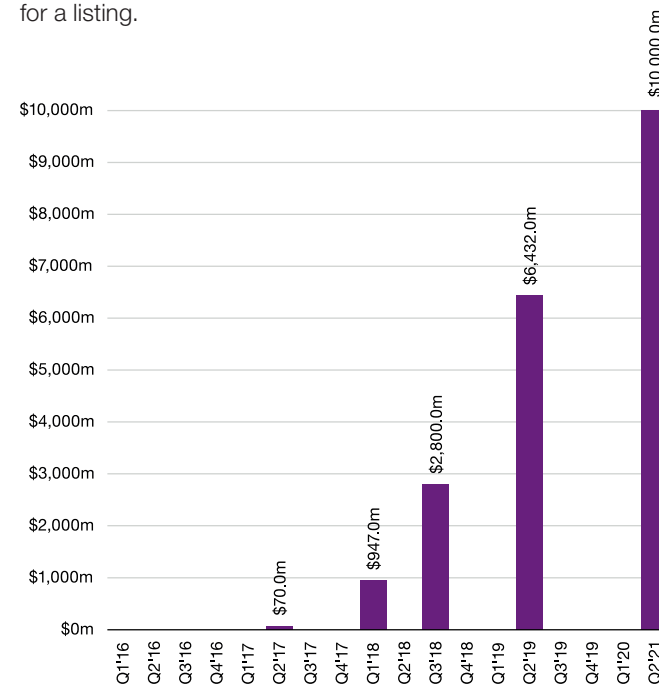
Automation Anywhere had a shakier start to lockdown, with the company announcing a swathe of redundancies at the start of April. Whilst Automation Anywhere declined to comment, estimates have suggested layoffs could have been +10% of the workforce.

Despite the shaky start, the company began hiring again in June in response to increased demand for its newly launched web-based, cloud-native intelligent document processing solution. This included the recruitment of major tech industry executive, Chris Riley, to oversee the firm's global sales operations and manage its partner ecosystem.



Following some concerns that all was not right at UiPath in the second half of 2019, the company has shown it has continued to perform through a challenging macro environment, reaching +\$400m ARR and successfully closing a \$225m Series E fundraise led by Alkeon Capital Management.

Reuters reported that UiPath had initiated discussions with investment banks as it prepares for a US IPO in 2021 that could value the RPA vendor at +\$15bn. This would suggest that the job cuts back in H2'19 were in line with a broader shift in strategy and restructuring as the company prepares for a listing.



Source: Investec Securities, Investec estimates, Factset & Crunchbase at quarter-end or pre-money valuation; Axios.com; SiliconANGLE; Business Leader; Reuters

Key: ■ Market Cap ■ / ■ / ■ Pre-money valuation at fundraise

About Investec

>\$400 million

raised for Blue Prism since 2016

>\$750 million

raised for TMT companies in 2019& 2020 YTD

>\$2.0 billion

of TMT M&A 2019 & 2020 YTD

>\$5.0 billion

of M&A across all sectors in 2019 & 2020 YTD



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Selected Investec TMT M&A credentials

PEP

Proposed A\$503m acquisition of

citadel group

Financial adviser
Buy-side

SILVERLINK
SOFTWARE

Undisc. management buyout

Financial adviser
sell-side

GCI | MAYFAIR
EQUITY PARTNERS

£79m acquisition of

nasstar

Financial adviser
Buy-side

MARLIN EQUITY
PARTNERS

Undisc. acquisition of

SmartSearch

Financial adviser
Buy-side

blueprism

£80m acquisition of

thoughtonomy
a Blue Prism company

Financial adviser
Buy-side

microgen
Financial Systems

£51m acquisition by

silverfleet capital

Financial adviser
Sell-side

KCOM

£627m acquisition by

MACQUARIE

Financial adviser
Sell-side

TRILANTIC | CAPITAL PARTNERS

Undisc. acquisition of

YMOU

Financial adviser
Buy-side

MAYFAIR

Undisc. acquisition of

GCI

Financial adviser
Buy-side

servelec group

£224m acquisition by

Montagu
private equity

Financial adviser
Sell-side

Rothschild & Co

Undisc. acquisition of

OPUS|2
INTERNATIONAL

Financial adviser
Buy-side

tikit

£64m acquisition by

BT

Financial adviser
Sell-side

innovation group

£499m acquisition by

THE CARLYLE GROUP

Financial adviser
Sell-side

Hg

£110m acquisition of

ALLOCATE

Financial adviser
Buy-side

dealogic

\$700m acquisition by

THE CARLYLE GROUP

Financial adviser
Sell-side

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