

May 10, 2018

2018 IPO Outlook Q2 Update

Our Q2 2018 IPO Update includes fresh observations and predictions to supplement our previously-published [2018 IPO Outlook](#). Here, we take a look at the IPO environment YTD as well as which of our prior predictions worked and which did not. We also highlight some changes to our outlook for the balance of the year.

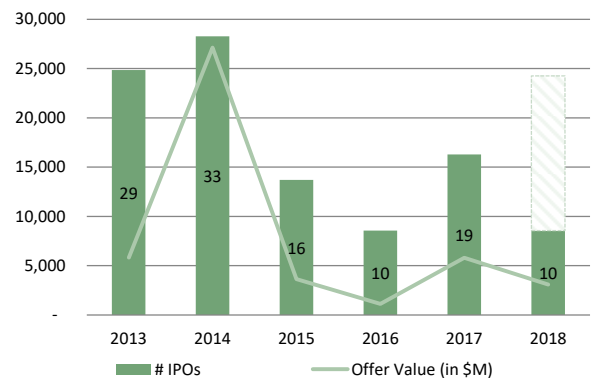
2018 -- Off to a good start. 1Q18 saw a solid uptick in VC-backed IPO activity. Year-to-date, 10 VC-backed companies have filed, up from seven last year. Volume has been lighter in 2018 (\$3.0B 2018 YTD vs. \$4.5B in the same period 2017); however, the drop is due entirely to SNAP, which alone accounted for \$3.4B of last year's volume. Excluding SNAP, the average IPO has actually been over 85% larger in 2018 vs. the same period last year. If the current pace of activity holds, we could see nearly 30 IPOs in 2018 (shown in shaded green bar at right), which would match the robust levels of 2013/2014.

What did we get right so far? Three companies from our original IPO Outlook went public in Q1, including DocuSign, Dropbox and Zscaler. Additionally, Pluralsight, which was included in our original outlook, has filed for an IPO with an expected pricing date of 5/17/18.

What did we get wrong? Primarily, we were too conservative on our assessment of the overall IPO environment. Stronger SaaS multiples are likely a key factor in the wider-than-expected IPO window YTD, as many VC-backed companies are SaaS providers. Five SaaS companies filed that were not in our original outlook: Zuora, Ceridian, Pivotal, Smartsheet and Carbon Black. Note that our outlook includes only domestic companies; thus, Spotify was not in our prediction list.

What are we changing in this version of the outlook? Given the stronger SaaS environment, we are adding three SaaS companies to our prediction list: Domo, Rubrik and CrowdStrike. We are also adding Bloom Energy, GreenSky, Kabbage and Peloton. We are removing Airbnb, AppNexus, Credit Karma and Vice. Airbnb recently parted ways with their Wall Street-savvy CFO and media reports [suggest company has put its IPO on the backburner for now](#). [Vice](#) and [AppNexus](#) will likely wait for smoother industry conditions, in our view. Meanwhile, we believe PE-firm Silver Lake's recent \$500M investment in Credit Karma may suggest an IPO is on hold for now. As a reminder, our IPO predictions are created from a bottom-up analysis. The primary factors that determine inclusion are a sizeable revenue base (generally at least \$100M), public company experience in C-suite and past guidance from the company on IPO plans.

VC-Backed IPOs Could See a Solid Rebound This Year



Source: NASDAQ and EquityZen

2018 IPO Class incl. EZ Predictions ZS, DBX and DOCU

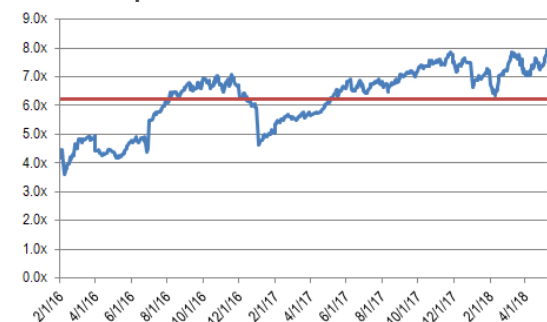
Company Name	Ticker	IPO Date	IPO Price	Offer Amt (000s)
Zscaler	ZS	3/16/2018	\$ 16.00	\$ 192,000
Dropbox	DBX	3/23/2018	\$ 21.00	\$ 756,000
Spotify Technology*	SPOT	4/3/2018	\$ 132.00	\$ -
Zuora	ZUO	4/12/2018	\$ 14.00	\$ 154,000
Ceridian HCM Holding	CDAY	4/26/2018	\$ 22.00	\$ 462,000
Pivotal Software	PVTL	4/20/2018	\$ 15.00	\$ 555,000
Smartsheet	SMAR	4/27/2018	\$ 15.00	\$ 174,509
DocuSign	DOCU	4/27/2018	\$ 29.00	\$ 629,300
Carbon Black	CBLK	5/4/2018	\$ 19.00	\$ 152,000
Pluralsight^	PS	****	\$ 11.00	\$ 227,700

* SPOT completed a direct listing. IPO price based on reference price established by NYSE. No new shares were offered in IPO.

^ Pluralsight has not yet IPO'ed. Offering is expected to price on 5/17/18. IPO price used is midpoint of current offering range as reported in S-1.

Source: NASDAQ

SaaS Multiples Remain Above Historical Average



Source: Ycharts and EquityZen



2018 IPO Predictions (* indicates company was added since our last Outlook)

Afiniti



- **Year Founded:** 2006
- **Industry / Description:** Enterprise Software / AI / Big Data
- **Most Recent Equity Funding:** \$80M Series D (2017)
- **Total Implied Valuation:** \$1.6B
- **Revenue Estimate:** NA
- **Other Notes:** Company reportedly [filed confidentially](#) in early 2017.

Anaplan



- **Year Founded:** 2006
- **Industry / Description:** Enterprise software / business planning solutions.
- **Most Recent Equity Funding:** \$60M Series F (2017)
- **Total Implied Valuation:** \$1.4B
- **Revenue Estimate:** \$120M+
- **Other Notes:** Anaplan's CEO has noted that the company [is looking to IPO soon](#). The company also [hired Anup Singh as CFO in July](#). Singh previously led Nimble Storage through an IPO.

AppDirect



- **Year Founded:** 2009
- **Industry / Description:** Enterprise software/ Subscription marketplace and billing software
- **Most Recent Equity Funding:** \$110M (2015)
- **Total Implied Valuation:** \$1.1B
- **Revenue Estimate:** NA
- **Other Notes:** AppDirect [recently hired Michael DiFilippo as CFO](#), who has over 30 years of experience including at MuleSoft (now public) and Intellex.

Apttus^



- **Year Founded:** 2006
- **Industry / Description:** Enterprise Software / Sales & contract optimization and management solutions
- **Most Recent Equity Funding:** \$74M Series E (2017)
- **Total Implied Valuation:** \$1.9B
- **Revenue Estimate:** \$150M in 2016
- **Other Notes:** Apttus reportedly engaged Goldman Sachs to file for an IPO.

AvidXchange



- **Year Founded:** 2000
- **Industry / Description:** Enterprise Software / Accounts payable and invoice management solutions
- **Most Recent Equity Funding:** \$300M (2017)
- **Total Implied Valuation:** \$1.4B
- **Revenue Estimate:** \$250M
- **Other Notes:** The company recently hired Joel Wilhite as CFO, who has over 20 years of experience with technology companies.

Bloom Energy*



- **Year Founded:** 2001
- **Industry / Description:** Energy / CleanTech
- **Most Recent Equity Funding:** \$685M Series G (2011)
- **Total Implied Valuation:** \$4.0B
- **Revenue Estimate:** \$450-500M
- **Other Notes:** The company reportedly filed confidentially in 2016 and has re-ignited its IPO plans in 2018.

EQUITYZEN

CloudFlare



- **Year Founded:** 2009
- **Industry / Description:** Enterprise software / Website security and performance optimization solutions
- **Most Recent Equity Funding:** \$110M Series D (2015)
- **Total Implied Valuation:** \$3.1B
- **Revenue Estimate:** \$100M+
- **Other Notes:** The company hired former Symantec (SYMC) CFO Thomas Seifert in June 2017. Bloomberg reports suggest that CEO Matthew Prince is aiming for a public offering by mid-2018.

CrowdStrike*



- **Year Founded:** 2011
- **Industry / Description:** Cybersecurity/ predictive analytics software
- **Most Recent Equity Funding:** \$125M Series D (2017)
- **Total Implied Valuation:** \$1.1B
- **Revenue Estimate:** \$100M+
- **Other Notes:** CFO Burt Podbere has considerable public company experience, including managing Epocrates' (EPOC) IPO.

Cylance



- **Year Founded:** 2012
- **Industry / Description:** Cybersecurity/ predictive analytics software.
- **Most Recent Equity Funding:** \$100M Series D (2016)
- **Total Implied Valuation:** \$1.3B
- **Total Revenue:** \$100M in 2017
- **Other Notes:** Cylance is a relatively young company by IPO candidate standards, but Cybersecurity is a rapidly growing sector. The company recently hired former AlientVault CFO Brian Robins, who has experience leading companies through IPOs.



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Domo*^



- **Year Founded:** 2010
- **Industry / Description:** Enterprise Software / Business intelligence.
- **Most Recent Equity Funding:** \$440M Series D-2 (2015-17)
- **Total Implied Valuation:** \$2.2B
- **Total Revenue:** ~\$120M annually
- **Other Notes:** Company has reportedly started the IPO process. CEO and founder Josh James previously took Omniture (another company he founded) public in 2006.

GreenSky*



- **Year Founded:** 2006
- **Industry / Description:** FinTech / Consumer lending.
- **Most Recent Equity Funding:** \$200M (2018)
- **Total Implied Valuation:** \$4.5B
- **Total Revenue:** ~\$400M annually
- **Other Notes:** Company has reportedly filed confidentially.

Illumio



- **Year Founded:** 2013
- **Industry / Description:** Enterprise software / Cybersecurity
- **Most Recent Equity Funding:** \$160M Series D (2017)
- **Total Implied Valuation:** \$1.3B
- **Revenue Estimate:** NA; 400% bookings growth in 2016.
- **Other Notes:** Similar to Cylance, Illumio is young but operates in a rapidly-growing market.



Kabbage*



- **Year Founded:** 2009
- **Industry / Description:** FinTech / Lending
- **Most Recent Equity Funding:** \$250M Series F (2017)
- **Total Implied Valuation:** \$1B+
- **Revenue Estimate:** \$200M in 2017
- **Other Notes:** CEO is reportedly preparing company for an IPO.

Lyft^



- **Year Founded:** 2012
- **Industry / Description:** Logistics / Ride-hailing service
- **Most Recent Equity Funding:** \$1.7B (2017)
- **Total Implied Valuation:** \$12.15B
- **Revenue Estimate:** >\$1B in 2017
- **Other Notes:** The company reportedly engaged underwriters in October for a potential offering.

Medallia



- **Year Founded:** 2001
- **Industry / Description:** Enterprise software / Customer service
- **Most Recent Equity Funding:** \$150M Series D (2015)
- **Total Implied Valuation:** \$1.25B
- **Revenue Estimate:** \$125M as of 2015
- **Other Notes:** Leadership team includes both a seasoned CFO and Chief Revenue Officer.

Peloton*



- **Year Founded:** 2012
- **Industry / Description:** Fitness / Hardware
- **Most Recent Equity Funding:** \$325M Series E (2017)
- **Total Implied Valuation:** \$1.25B
- **Revenue Estimate:** \$170M in 2016
- **Other Notes:** Company has reportedly geared up for an IPO.

Rubicon Global



- **Year Founded:** 2008
- **Industry / Description:** Waste Management / Cloud-based waste stream solutions
- **Most Recent Equity Funding:** \$50M (2017)
- **Total Implied Valuation:** \$1.2B
- **Revenue Estimate:** \$300M in 2016
- **Other Notes:** Rubicon's CFO has prior public company experience.

Rubrik*



- **Year Founded:** 2014
- **Industry / Description:** Cloud data services
- **Most Recent Equity Funding:** \$180M (2017)
- **Total Implied Valuation:** \$1.3B
- **Revenue Estimate:** Bookings run rate of nearly \$300M
- **Other Notes:** Rubrik recently hired former Atlassian finance chief Murray Demo as CFO. Demo led Atlassian through their IPO.

Sprinklr[^]



- **Year Founded:** 2009
- **Industry / Description:** Enterprise software/ Social media marketing optimization
- **Most Recent Equity Funding:** \$105M Series F (2016)
- **Total Implied Valuation:** \$1.9B
- **Revenue Estimate:** \$100M+
- **Other Notes:** The company has indicated its **intention to go public** in the past. CFO Chris Lynch helped take Bazaarvoice (BV) public in 2012.

Tanium



- **Year Founded:** 2007
- **Industry / Description:** Cybersecurity / endpoint security software
- **Most Recent Equity Funding:** \$150M Series G (2015)
- **Total Implied Valuation:** \$3.6B
- **Revenue Estimate:** \$270M in 2016
- **Other Notes:** Tanium CEO has noted publicly that he is **targeting an IPO in near future**.

WheelsUp



- **Year Founded:** 2013
- **Industry / Description:** Air Transportation / Membership-based private aviation company
- **Most Recent Equity Funding:** \$118M (2017)
- **Total Implied Valuation:** \$1B+
- **Total Revenue:** \$300M
- **Other Notes:** Wheels Up is a young company; however, the **CEO noted it is preparing for a public offering** in the next 12-18 months.

[^]Entities or individuals affiliated with EquityZen Securities LLC manages funds with beneficial interests in Lyft, Sprinklr, Domo and Apttus.



