

Ryan Nolan Final Script
4.26.23

00-:03	We are entering an M&A supercycle in software
:04-:10	<i>Intro: Walk in/ I'm Ryan Nolan and this is the Insight.</i>
:10-27	<p>Software has created incredible innovation and productivity gains for customers, as well as building significant value for investors.</p> <p>But in 2022, we saw a sea change in valuations that will have fundamental impacts across the sector.</p> <p><i>[Visual: sea change animation]</i></p>
:27-:36	A new interest rate environment combined with macro headwinds and geopolitical risk and really focused investors' attention to profitability and competitive moats.
:36 - :46	<p>Compared to mature industries, software spends on average three times the sales and marketing amount.</p> <p><i>Visual: 3X graphic</i></p> <p>The impact of that is that scale and margin are the new strategic weapons.</p> <p><i>[Visual: scale and margin graphic]</i></p>
:46- :1:11	<p>Many companies will have to change not only financially and operationally, but structurally. Which will have to in many cases include inorganic activity. Which is why we're expecting an M&A supercycle to address what is fundamentally a new environment which these software companies have to operate.</p> <p><i>[Visual: M&A graphic]</i></p> <p>Most notably we're going to see mega cap dream deals come together as the competition for enterprise wallet share only increases in this new environment.</p> <p><i>[Visual: "dream deals" text]</i></p>
1:12 - 1:49	<p>The advice we're giving executives and board members is clear around this.</p> <p>The first is that for buyers is to make sure you have clear line of sight to your M&A priorities and are prepared to move fast.</p> <p><i>[Visual: Text: Clear line of sight + "Prepare to move fast" title card]</i></p> <p>The second is for sellers, and companies that want to partner, ensure that you have a personal relationship</p>

	<p><i>[Visual: personal relationship text]</i></p> <p>with your most valuable strategic partners. Deal making comes down to personal relationships and trust, and that takes time.</p> <p><i>[Visual: Title card "Deal making comes down to personal relationships and trust, and that takes time."]</i></p> <p>And the third is for all companies, to exercise self help as the most important first step. Ensuring your financial profile meets the new paradigm of investors is the best way to make certain that you are screened positively by potential partners.</p> <p><i>[Visual: Exercise self-help text appears beside Ryan on screen]</i></p>
1:50-2:01	<p>The bottom line is that the long-term fundamental outlook for software is as attractive as ever, but the map has been redrawn and the battle is coming to build the next generation of enterprise software leaders.</p> <p><i>[Visual: map graphic]</i></p> <p><i>CLOSE ON GS LOGO GRAPHIC</i></p>
2:01-2:14	<p>BLOOPER: Do other people struggle like this? No? Oh, is it all one take I bet it's all one take, alright.</p>

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