



EURAZEO

CONVICTION PAPER:
TECHNOLOGY

Software and Services: an
irresistible convergence

2023

EURAZEO

POWER BETTER GROWTH

To meet today's major challenges, businesses must embrace change, grow, innovate, expand world-wide, look beyond their core business, and anticipate the forces shaping the future of their ecosystem. To support them, they need a robust, bold, visionary, exemplary and engaged partner. Eurazeo is that partner.

In Technology, which encompasses software and services, Eurazeo's "investment flywheel" forms the foundation of strong investment convictions, asset sourcing and growth acceleration.

AMBITIOUS ESG STRATEGY



To Power Better Growth

Top PRI Assessment score of 5 stars across all categories²

2 flagship efforts: Climate (O) & Inclusion (+)

Our investment flywheel is powered by our expertise across the full lifecycle - from start-ups to SMEs, unicorns, mid-caps and international groups - our active collaboration across sector specialist teams, our exceptional network of senior advisors from across the industry and real-life feedback and insights from portfolio companies.

Eurazeo is a leading global investment group, with a diversified portfolio of over €35 billion in assets under management, including €25 billion managed on behalf of third parties, invested in more than 600 companies.

We support companies of all sizes, helping them develop through the commitment and skills of our 400+ professionals, our in-depth sector expertise, the privileged access we provide to global markets, and our identity as a responsible and sustainable investor.

With over €8.6 billion invested in Technology in 321 companies across all stages¹ of their lifecycle, our transverse tech-enabled services team, composed of 36 senior global investment professionals in Venture, Growth and Buyout, is uniquely positioned to identify, finance, accelerate and support companies that invent and reinvent themselves, innovative entrepreneurs and emerging talent.

This conviction paper outlines some of our key investment convictions emerging from the convergence of software and services where we continue to identify attractive investment opportunities which we are ideally positioned to capture and transform.

Our integrated investment scope means we can identify and seize opportunities throughout the market, across different maturity phases, in an industry in perpetual disruption.

INVESTING IN SOFTWARE & SERVICES: CONVICTIONS BUILT ON COLLABORATION

We look for investment opportunities arising from the convergence of software and services, extending beyond professional services traditionally associated with software offerings. As customer demand evolves, technology alone is no longer sufficient when purchasing software. By adding value-added services, vendors can differentiate themselves, gain share of wallet, and grow their addressable market.

While software continues to benefit from generational tailwinds, falling deployment and start-up costs have contributed to greater competition amongst vendors. To accelerate and sustain growth in vertical markets, players are increasingly incorporating adjacent services. This, in turn, extends customer touchpoints allowing vendors to transform their value proposition and access new revenue streams.

Furthermore, we firmly believe that as end-user needs and technology requirements constantly evolve, the key to empowering customers in a world of perpetual disruption lies in seamlessly blending proprietary software with human-led experience.

OUR FIRST CONVICTION

We see significant value creation potential from the integration of software and payment services.

As B2B e-commerce continues to expand, integrated models that can accept multiple payment types through a single, centralised platform are of increasing importance, enabling companies that specialise in seamlessly integrating the two worlds of payments and business-critical software increase revenue opportunities and differentiation.

A successful integration relies on three pillars:

- **Platforms typically serving mid-sized clients** operating in specialist verticals, solving complex payment needs with close customer proximity
- **Choosing the right degree of integration**, from partnership to full ownership depending on risk appetite, timeline and budget
- **Embedding additional financial services capabilities** beyond payments to drive growth & value.

OUR SECOND CONVICTION

We see tremendous value in B2B services addressing the global talent shortage and supporting technological transformation.

Across all industries, the talent gap continues to grow while the pace of technological change accelerates. In response, companies increase spending on digital transformations, however these investments tend to overlook a key element of a successful transformation: the human capital strategy. Two areas where we see tremendous opportunity:

- **New ways of working including processes, training, and change management.** Disruption and digital transformation drive the need to organise teamwork and collaboration around lean and agile concepts to succeed in the market.
- **Cybersecurity services:** Attacks keep increasing despite rising cybersecurity budgets as companies prioritise tech-led responses as opposed to group wide, people-centric frameworks. We see value in services supporting and leveraging technology to scale effective cybersecurity programs and make security ubiquitous as opposed to an ad-hoc support function.



Edouard Guigou
Managing Director
Mid-large buyout



Vivianne Akriche
Managing Director
Mid-large buyout



Benjamin Hara
Managing Director
Small-mid buyout



Pierre Meignen
Managing Director
Small-mid buyout



Hala Fadel
Managing Partner
Growth



Matthieu Baret
Managing Partner
Venture

TABLE OF CONTENTS

| | | | |
|----------|---|---------------|-----------|
| 1 | CAPTURING VALUE FROM THE CONVERGENCE OF SOFTWARE & SERVICES | SECTOR | P5 |
|----------|---|---------------|-----------|

| | | | |
|----------|--|-----------------|------------|
| 2 | EURAZEO'S FLYWHEEL: SHAPING INVESTMENT CONVICTIONS | FLYWHEEL | P11 |
|----------|--|-----------------|------------|

| | | | |
|----------|--|----------------------------|------------|
| 3 | EURAZEO'S 1 ST CONVICTION SOFTWARE & PAYMENTS CONVERGENCE | INTEGRATED PAYMENTS | P16 |
|----------|--|----------------------------|------------|

| | | | |
|----------|---|----------------------|------------|
| 4 | EURAZEO'S 2 ND CONVICTION THE HUMAN CATALYST IN DIGITAL TRANSFORMATION AND CYBERSECURITY | HUMAN CAPITAL | P26 |
|----------|---|----------------------|------------|

EURAZEO

SECTOR SPECIALISATION

**SOFTWARE & SERVICES
IN THE SPOTLIGHT**

Capturing value from the convergence of
software & services



TECHNOLOGY UNLEASHING SERVICES' HIGH VALUE POTENTIAL

The shift towards recurring and scalable services provides a foundation for businesses to develop and deliver higher value-added offerings. Thanks to consistent revenue streams, enhanced scalability enabled by innovation, and data-driven insights companies can provide superior value and stand out in the market.



Vivianne Akriche
Managing Director
Mid-large buyout

SERVICES BECOMING MORE VALUE-ADDED DRIVING THEIR RECURRING NATURE

Services are increasingly specialised and bespoke, in turn, contributing to higher switching costs and recurring usage

Vendors are increasingly focused on specialised areas where they can provide expertise and unique solutions. Service providers that continuously improve and innovate their services to address complex needs reinforce their position as trusted partners. This approach of hyper specialisation makes services increasingly embedded into customer operations, fostering long-term relationships and increasing the likelihood of repeat business as customers realise switching providers or replicating the same level of service in-house becomes economically inefficient.

5-10x

COMPANY VALUE MULTIPLE PER REVENUE¹ from recurring business models compared to traditional business models

WILL AI MAKE SERVICES THE NEXT SOFTWARE BONANZA?

AI is bringing scalability in a historically human productivity dependent industry

Established software companies already generate a fair share of revenues from services such as integration, configuration, training, support, or maintenance to complement their software offerings. Automation and progress made by AI are bringing scalability to the services industry - traditionally people driven with low margins. Generative AI use cases, for example, have the potential to transform consulting firms now capable of providing on-demand expertise by harvesting huge amount of data and knowledge - in a fraction of the time needed by a person -, data analysis, and actionable insights, thereby enhancing client interactions, optimising workflow efficiency, and ultimately augmenting consulting capabilities.

70%

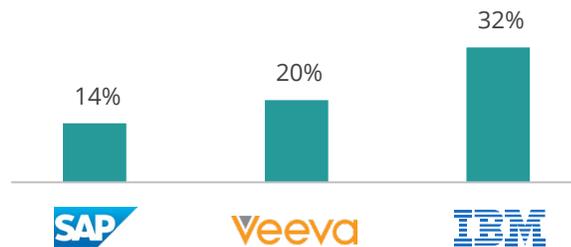
OF SOFTWARE & PLATFORM WORKERS' TASKS could be reinvented by automation & technology²

GENERATING VALUE AS TWO WORLDS COLLIDE

Value-added services are clawing back power, attracting attention from strategic software players as a means to support customer success and stickiness but also to be able to stay close to their customers. In the past, services were somewhat overlooked as headcount heavy with lower margin and less predictable revenue, but today software players are prompted to add multiple levers to their offering.

SERVICES: ALREADY A SIGNIFICANT PORTION OF SOFTWARE PROVIDERS' REVENUES

% of revenues generated from services¹



BENEFITTING FROM THE CREATION OF LARGE ECOSYSTEMS

The expansion of large technology and software companies has created impressive ecosystems of service providers focused on consulting, integration, and deployment to managed services. As an example, Salesforce's partner ecosystem delivering cloud services to customers is five times as big as Salesforce itself and continuing to grow at a rapid pace. Internalising some of these services allows software companies to continue to create further touch points with their customers.

THE MARGIN DILEMMA

Gross margins in the software industry have traditionally been far higher than that of services (average of 75%+ vs. 40%²) explaining why software players have historically been reluctant to expand into services. However, mounting competition forces software players to rethink their value proposition while the new revenue streams and positive impact to customer life-time value created through increased integration can outweigh concerns around margins.

DIFFERENTIATED VALUE PROPOSITION

In vertical markets, integrating software and services is a great differentiator for providers and appeals to a broader market as B2B customers favor user-friendly platforms and appreciate the benefits and efficiencies created by client centricity. Adding services to software solutions gives a tailor-made twist to a vendor's value proposition, enhancing customer satisfaction.

LOWER ACQUISITION COSTS

Complementing software with services offers attractive cross-selling opportunities as providers are closer to the ultimate client / end-user. In turn, Companies better identify cross-selling opportunities and capture greater wallet share while keeping customer acquisition costs much lower than if they were targeting new logos.

1. Companies annual report services revenue based on: 2022 report for SAP, 23 report for Veeva, 2022 report for IBM | 2. PWC

A CONVERGENCE FITTING OUR INVESTING PLAYBOOK

The integration of software and services is the perfect playground for our investment approach and playbook: Eurazeo's core strengths rely on our ability to build global leaders through build ups while anticipating and orchestrating a strategic exit from day one.



Edouard Guigou
Managing Director
Mid-large buyout

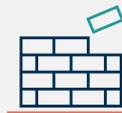


VALUE CREATION

Operational expertise supporting successful integration and faster transformation

Integrating software and services implies a profound transformation of business model, strategy and culture.

Private equity partners have the vision, experience and skillset to accompany businesses in this transformational journey and accelerate value creation by bringing operational expertise and capabilities to bear, deep industry knowledge and a network from which to source strategic hires.



M&A AND BUILD-UPS

Business model shifts to integrated software and services creating intense M&A activity

While many companies choose to integrate software and services organically, M&A activity, especially in the US, has driven this convergence theme.

Notable recent deals include Alphabet's acquisition of cyber defense player, Mandiant; Salesforce's several acquisitions of training and consulting focused providers; and Global Payments integration of Mineral Tree's procurement SaaS offering.



STRATEGIC EXITS

Integrated models broadening appetite from strategic buyers

While service providers expanding to software are most likely to see enhanced valuation multiples post-integration, software providers integrating services have the potential to generate strong synergies and improved growth prospects which translate into a higher combined valuation than the sum of the parts.

Platforms combining technology and services bring an enhanced value proposition that is likely to appeal to a broader range of strategic buyers in both software and services industries. For instance, the powerful data services and software provider S&P, is the result of several mergers between S&P, IHS and Markit Data Solutions, each bringing different aspects of data, software, and services capabilities.

ARTIFICIAL INTELLIGENCE DISRUPTING SERVICES: MAJOR OPPORTUNITIES AND ETHICAL CONCERNS



Sophie Flak
Managing Partner
ESG and Digital



Domitille Doat
Chief Digital Officer



Vivianne Akriche
Managing Director
Mid-large buyout

V.A: From where we stand in MLBO, we see more mature companies leveraging AI technologies such as machine learning, natural language processing, and robotics to automate and optimise various processes, leading to improved efficiency and enhanced customer experiences. Within services, the impact of AI is exponential and is driving a fundamental shift, unlocking new possibilities and opportunities for growth.

From a Growth perspective, how does AI impact the investment landscape?

D.D: AI represents a massive opportunity that has captured most investors' attention in the past few years. The numbers are eye-watering: AI startups raised over \$50 billion¹ in venture capital funding in 2022 and the median valuation is 2.5x² higher than the one of all startups. Investors closely scrutinise growth companies due to the potential for disruptive innovation, scalability, and the ability to capitalise on the transformative power of artificial

intelligence in various industries. In healthcare, finance, and logistics, for example, predictive analytics and intelligent automation are already streamlining operations and transforming service delivery.

V.A: As AI continues to disrupt the services industry, ethical considerations surrounding its implementation become increasingly significant.

S.F: Absolutely, it raises concerns around responsibility, accessibility and, of course, governance.

One primary concern is the potential bias embedded in AI systems. If algorithms are trained on biased data, they can perpetuate and amplify existing societal biases, leading to unfair treatment or discrimination. Another ethical consideration is privacy and data protection. Corporates must prioritise robust security measures and transparent data handling practices to protect individuals' privacy and ensure data is used responsibly and in compliance with applicable regulations.

AI has the potential to exacerbate existing economic inequalities. If the benefits of AI technology primarily accrue to a small segment of society, it can widen the wealth gap and create social disparities. Unequal access to AI tools and resources can hinder opportunities for individuals and regions with limited resources, exacerbating the digital divide. Bridging this gap and ensuring affordable access to AI technologies is crucial for equitable value distribution.

It also raises questions around responsibility and accountability: decisions made by algorithms may have significant consequences. Ensuring that AI is designed to align with ethical standards and establishing mechanisms for accountability when things go wrong are vital for maintaining trust and mitigating potential harm.

Additionally, AI raises concerns about job displacement. As automation and AI technologies streamline processes, certain job roles become obsolete, including roles that we thought could never be replaced by a machine!

1. Global Data | 2. PitchBook (Median early-stage pre-money valuations of generative AI compared to all startups)

ARTIFICIAL INTELLIGENCE DISRUPTING SERVICES: MAJOR OPPORTUNITIES AND ETHICAL CONCERNS



Sophie Flak
Managing Partner
ESG and Digital



Domitille Doat
Chief Digital Officer



Vivianne Akriche
Managing Director
Mid-large buyout

V.A: Eurazeo has a very strong commitment towards ESG that is recognised by the main international non-financial rating agencies. What are our long-term views on that matter, what can we do?

S.F: Addressing these challenges requires a multi-stakeholder approach involving policymakers, industry leaders, researchers, and civil society. In particular we are convinced that public policy and private capital have to work together on that matter, and as a leading player in private equity, Eurazeo has a major role to play here. This is exactly what we do on the climate front, and we need to have the same kind of approach and commitments on AI.

D.D: At the investment level, we are convinced that companies have a crucial role to play and Eurazeo, as an investor across the entire value chain, has a unique opportunity to accompany companies through this fundamental transformation by providing strategic guidance, expertise, and resources while

also capitalising in the growth potential.

It is today strategic to fuel investment in projects and programs anchored in the value creation of Gen and contextual AI. It is even more critical for a leading investor as Eurazeo to support companies as there is no room for second mover in this field. This can not be done without introducing checks and balances to ensure that the companies' ethics are preserved.

We encourage companies to establish and adhere to ethical AI principles that prioritise fairness, transparency, accountability and safety. These principles should guide the development, deployment, and use of AI systems within the organisation.

Promoting diversity and inclusion is even more essential for mitigating biases in AI systems. Diverse teams with representation from different backgrounds, experiences, and perspectives are more likely to identify and address biases in AI algorithms and datasets, thereby ensuring fair value distribution.

It is essential for businesses to consider the societal impact of AI deployment, proactively retraining and reskilling workers, and creating new opportunities for employment. Don't get me wrong, opportunities are not to be missed, new jobs, new stream of revenues are already appearing at scale, let's make sure that this impacts positively a majority and does not create gaps which will be hard to compensate later.

V.A: I agree, AI is a formidable but highly complex challenge that needs to be addressed the right way.

Given the fast pace at which things are moving and the urgent need for companies to adapt, we see plenty of opportunities for business services in providing additional services to create a human-AI collaboration framework that maximises the strengths of both.

EURAZEO

EURAZEO'S FLYWHEEL

SHAPING INVESTMENT CONVICTIONS

Collaboration at the core to accelerate
sourcing and value creation



ACCELERATING SOURCING AND VALUE CREATION THROUGH COLLABORATION

The investment flywheel operates across the entire Eurazeo Group, accelerating and enhancing our sourcing, due diligence and value creation activities.

FLYWHEEL SUPPORTS

>60%

of sourcing & DD activity¹

FLYWHEEL SUPPORTS

>80%

of portfolio value creation¹

1 COLLABORATION AT THE CORE

Eurazeo's expertise across the full lifecycle in Venture, Growth and Buyout and the collaboration across teams form the foundations of strong investment convictions, asset sourcing and transformation.

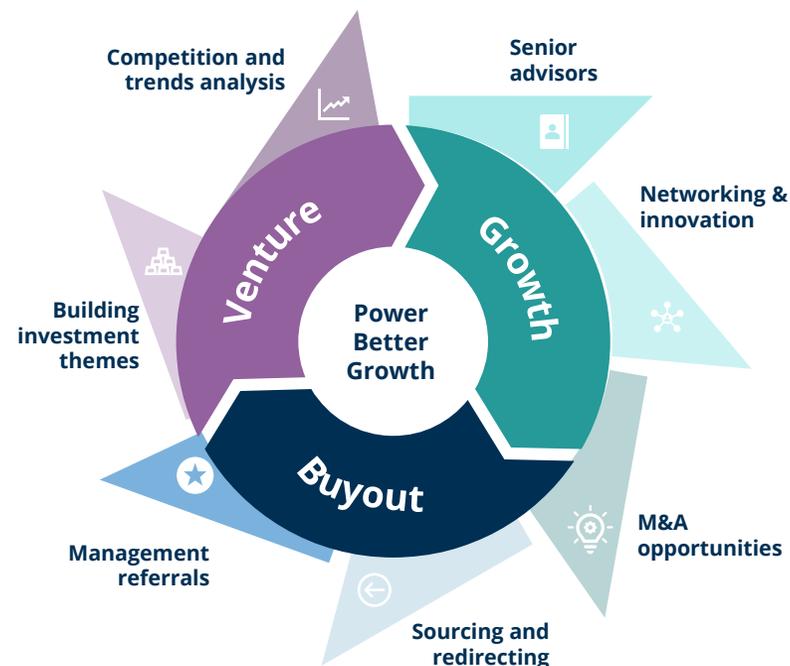
2 STRENGTH AND BREADTH OF TEAM AND SENIOR ADVISORS

Strong bench of senior advisors from across the industry, with varied backgrounds and skill sets, provide valuable insights into the market which complement our sourcing, due diligence and value creation strategies.

3 LEVERAGING THE WIDER PORTFOLIO

Portfolio companies and CEOs, as critical elements of the flywheel, help challenge and build convictions through real-life feedback and provide access to their expert network.

EURAZEO INVESTMENT FLYWHEEL



1. Based on Mid-large buyout opportunities across all sectors presented to Investment Committee from January 2020 to the end of April 2022.

STRATEGY SHAPING INVESTMENTS

Our investments in software and services are emblematic of the power of the flywheel, where we have leveraged our network and knowledge across all our strategies.

SOFTWARE & SERVICES SUBSECTOR INVESTMENT THEMES

Tech-enabled business services is a specific pillar of our Technology practice with investments across the value chain from venture to buyout.

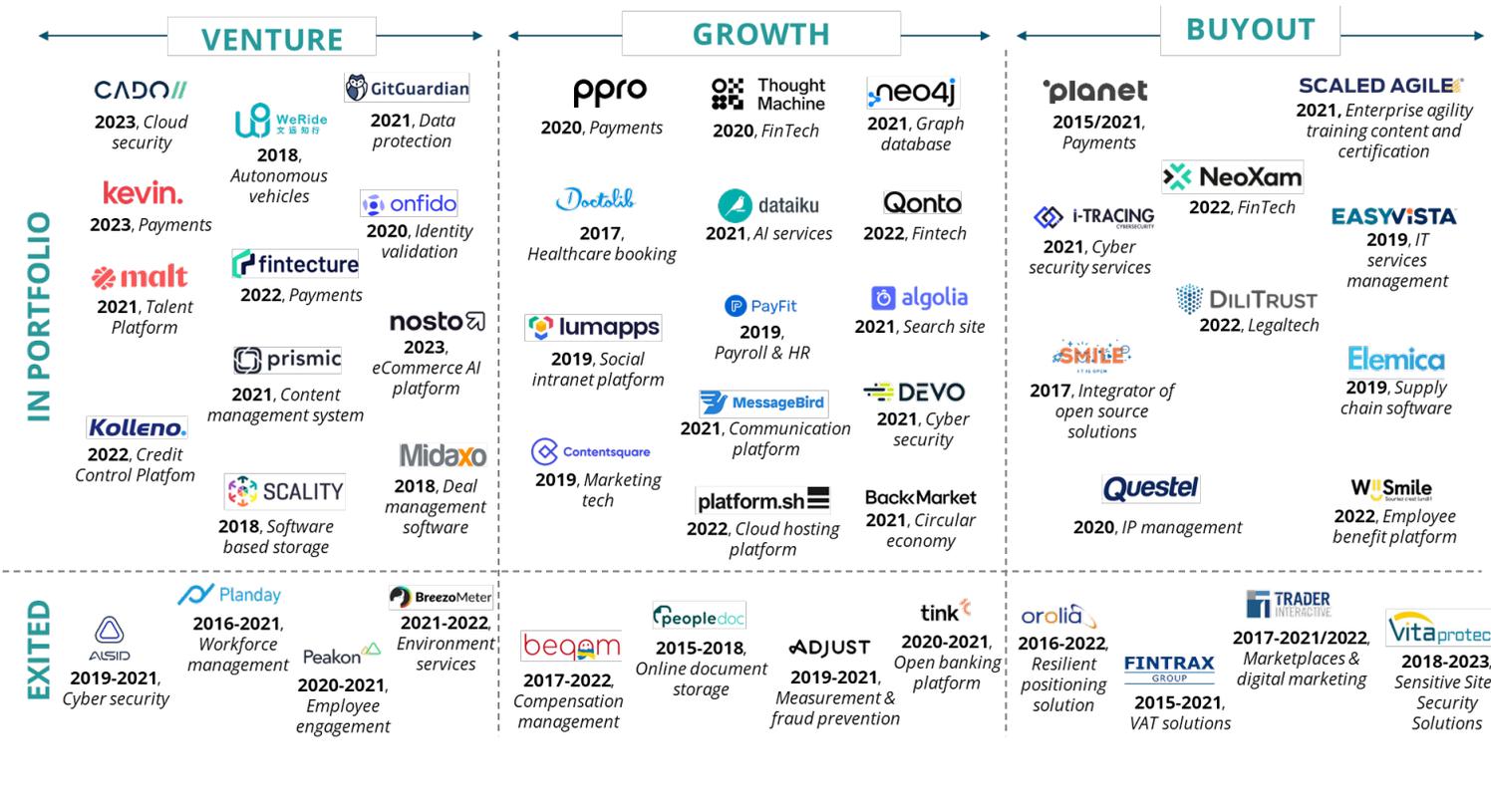
Our integrated investment scope means we can identify and seize opportunities throughout the market, across different maturity phases, in an industry in perpetual disruption.

320+
COMPANIES BACKED
in Tech¹

€8.6bn
CAPITAL
invested¹

35+
SENIOR LEVEL EMPLOYEES
focused on Tech²

EURAZEO'S UNIQUE TRACK RECORD SUPPORTING TECH AND TECH-ENABLED BUSINESS SERVICES COMPANIES FROM SEED TO BUYOUT



Companies highlighted are selected current and exited investments. 1. Investments made by Eurazeo Funds across all strategies as of March 2023. | 2. Across all group, VP level and up

INVESTMENT FLYWHEEL IN ACTION: B2B PAYMENTS

“ We are increasingly building our sector convictions together, sharing what we see and what we know.



Anne-Charlotte Philbert

Director
Growth



Justin Schlegel

Principal
Mid-large buyout

Q: What does Eurazeo’s investment flywheel mean in practice?

A.C.P: The flywheel refers to the momentum generated by Eurazeo’s multifaceted and collaborative investment approach which accelerates sourcing and value-creation. Our end-to-end strategies, spanning all stages of a company lifecycle, and deep sector expertise are critical elements of this flywheel.

J.S: Cross-fertilisation across strategies is driven by a culture of collaboration. By actively sharing our research, due diligence, contacts and learnings from specific investments and from senior advisors, we expand our collective knowledge and form strong investment convictions. These convictions guide our group-wide activities and drive further growth.

Q: How does the flywheel translate to Eurazeo’s investments within

payments?

J.S: Collaboration across the different teams materialises at numerous stages of the investment processes. At the due diligence phase for instance, Growth consulted MLBO when they were considering an investment within digital payments infrastructure fintech PPRO and reciprocally exchanged views on the payments landscape as part of the MLBO’s re-investment into Planet.

A.C.P: We also have collaborated closely in actively diligencing the property management software subsector by sharing insights, contacts and expertise, as opportunities arise across strategies.

We also intensely leverage the flywheel for value creation. We explore on a continuous basis potential partnerships or business development opportunities between portfolio companies. For instance, numerous conversations have been held

between our Growth portfolio company PPRO and other teams’ portfolio companies such as Planet (MLBO) and Malt (VC) to evaluate business partnerships.

J.S: The in-depth work and research done by the VC team on their B2B payments / Embedded finance white paper and the Growth team’s investment into Qonto (B2B Neobank) have been invaluable when we started looking at the Accounts Payable Automation and Procurement topics.

A.C.P: We also heavily leverage our global network of founders, CEOs and experts across strategies to generate investment opportunities. For instance, the access to the VC’s network, enabled us to invest into the leading European Open Banking platform Tink, now sold to Visa, as well as into payment services provider Fintecture & Open Banking Infrastructure provider, Kevin.

INVESTMENT FLYWHEEL IN ACTION: CYBERSECURITY



Alexis Bisson
Principal
Small-mid buyout



Christian Hoyos
Vice President
Mid-large buyout



Thomas Turelier
Vice President
Venture Digital

Q: How does the flywheel translate to Eurazeo's investments within cybersecurity?

C.H: Cybersecurity is a vast and fast-moving industry. Our choice of priority subsegments is informed by our ability to understand trends across different maturity phases. Our VC and Growth teams are funding innovation and supporting earlier stage companies working on disruptive technologies, which helps inform our investment approach in our buy-out strategies, which have focused more on services. The flywheel also supports us when approaching management teams: each strategy has built a strong bench of senior advisors across maturity stages and geographies expanding our network globally and strengthening our credibility. This global network, combined with the quality of our portfolio companies (and their founders & C-suite) enables us to initiate discussions directly with potential partners.

A.B: The platform also gives us precious insights when it comes to valuation: understanding targets across geographies, value-chain positioning and maturity stages to challenge entry and expected exit multiples is critical to enhance conviction in a high-growing and competitive environment. For example, we leverage our MLBO team's knowledge in the US to assess potential evolution on specific subsegments in France. Connecting each strategy's network and knowledge is also fruitful to generate new investments by referring deals or build-up ideas, giving us augmented sourcing capabilities.

Q: How do you leverage the flywheel to create value for your portfolio companies?

A.B: Access to our VC and Growth team's expertise as well as portfolio companies' managers including founders helps Buyout identify latest trends and potential shifts disrupting the cybersecurity landscape. This feedback loop helps us to continuously

challenge and test our thesis in the space notably when it comes to technological stacks.

T.T: There is a mutual benefit as VC and Growth can access the network and distribution of the buyout portfolio companies which benefit from decades-long established customer and go-to-market distribution bases. For example, we are currently exploring collaboration opportunities between Cado Security (VC) and i-Tracing (SMBO) given their tech and services approaches to incident response.

C.H: There are also applications for our own internal risk and governance processes. Across strategies, there is an opportunity to leverage our existing investments in security companies (Devo, i-Tracing, Cado Security) to provide cyber services in a standardised format across our portfolio, which is becoming more and more important for our own investors.

EURAZEO

FIRST CONVICTION:

SOFTWARE & PAYMENTS CONVERGENCE

Opportunities, risks and requirements for
successful integration of business software
and payment services



INTEGRATED PAYMENTS: EVOLVING CUSTOMER NEEDS PRESENT SIGNIFICANT OPPORTUNITY

Growth in B2B e-commerce and customers' increasing demand for a seamless payments journey have created opportunities for technology vendors that specialise in integrating the two worlds of payments and business software to create meaningful differentiation.



Edouard Guigou
*Managing Director
 Mid-large buyout*

DEMAND-LED EVOLUTION AS B2B BUYERS CALL FOR A B2C EXPERIENCE

The continued convergence of the online and the physical worlds has drastically complexified the merchant's environment by necessitating multi-channel operations, integrating and analysing vast amounts of data, managing inventory and orders across channels, and completely transforming the customer journey, where payment processing sits as a very sensitive brick. Merchants need more simplicity and prioritise seamless integration between online and physical aspects of their operations. Vendors enabling merchants to leverage software and payments in a centralised manner (historically siloed) provide tremendous value.

20%

GLOBAL B2B ECOMMERCE MARKET CAGR
 Expected, 2023-2030¹

SOFTWARE EMERGING AS KEY CHANNEL FOR PAYMENTS ACCEPTANCE

SaaS platforms that embed payments capabilities have gradually become an effective go-to-market for payments providers, especially with mid-size companies looking for simplicity and one vendor to interface with. Such platforms are now key distributors of payment acceptance solutions, taking share from traditional institutions such as banks which are ineffective at servicing increasingly complex environments. In the US, SaaS already represents the largest distribution channel for payment acceptance, especially within ecommerce. This trend is being replicated globally, and specifically, is accelerating in Europe.

SaaS platforms already the largest payment acceptance channel in the US, (% of remote sales, 2022²)



INTEGRATED MODELS OFFERING A WORLD OF OPPORTUNITY...

At present, only a handful of well-known, global SaaS platforms have a fully embedded payment solution. Given the high revenue share generated by their payments proposition and significant projected growth in the embedded finance market, the integrated SaaS and payments theme is expected to accelerate globally. As companies position themselves to enter the integrated payments market, we anticipate this will lead to an increase in M&A, innovation and partnerships.

\$35tn

ANNUAL GLOBAL PAYMENTS
 that could be addressed by software vendors (ISVs)³

1. Grandview research, B2B e-commerce market | 2. Flagship Advisory Partners, How SaaS platforms are disrupting the payment acceptance industry | 3. Bain & Co, Riding the New Wave of Integrated Payments

INTEGRATED PAYMENTS: A 'BETTER TOGETHER' LOGIC BENEFITS ALL PARTIES

The value of integrated payments hinges on a 'better together' logic; the concept that a combined - versus siloed - offering of software and payments generates greater benefits for all stakeholders: software vendors, payment processing partners and merchants.

MAKING LIFE EASIER FOR MERCHANTS

Integrated payments provide merchants with more efficient workflows, improved accuracy, processing cost reduction and enhanced decision making via analysis of transaction data. System security is also superior; the more integrated your systems, the less need for manual communication between software and the lower the likelihood of a costly breach.

EXPANDING THE MARKET FOR PSPs

Payment service providers (PSPs) benefit from collaboration by accessing a new subset of merchants served by the ISV. PSPs realise that bundling software and payments is a more attractive distribution model than payments alone as software is normally the primary factor behind procurement decisions (i.e. before selecting a financial partner), hence expanding their addressable market.

HELPING ISVs STAND OUT & BOOST REVENUE

For Independent Software Vendors (ISVs), introducing payments answers a key customer need and creates a new, recurring revenue stream from every merchant transaction requiring limited increment overhead to service, hence, dramatically enhancing customer life-time value and profitability. This is especially relevant for ISVs that have reached a critical size ("revenue plateau") and in many cases payment fees have replaced software subscriptions as the main revenue stream.



- ✓ Simplified management
- ✓ Reduction in errors
- ✓ Processing cost reduction
- ✓ Data insights
- ✓ Superior security



- ✓ Tackling increased commoditisation of payments
- ✓ Access to new merchant segments
- ✓ Enhanced customer stickiness



- ✓ Better bundled product
- ✓ Revenue uplift & margin expansion
- ✓ Increased customer lifetime value
- ✓ Increased customer stickiness & wallet share

1 RIGHT PLATFORMS

RIGHT MODEL

NEXT FRONTIER

IDENTIFYING THE RIGHT PLATFORMS: VALUE IN PLATFORMS SERVING MID-MARKET CLIENTS IN SPECIALIST VERTICALS

While integrating payments is becoming a popular commercial move amongst software providers, we believe that this decision makes most strategic sense in platforms focusing on specific industry verticals targeting mid-sized merchant customers. Ultimately, we see the most inertia from customers facing increasing payment sophistication (multiple locations, offline/online etc) every day but don't have the resources to manage a complicated tech stack.



MID-SIZED MERCHANTS PRIORITISING SIMPLIFICATION

Medium sized companies tend to prefer a one-stop-shop offering allowing them to rationalise vendors, eliminate data siloes and save precious management time. Larger enterprises are more likely to engage with best-of-breed as they have access to established names and have the resources to manage multiple vendors.



NARROW INDUSTRY VERTICALS, CLOSE TO THE CUSTOMER

Software providers catering to a specific industry segment e.g. hotels, restaurants or property managers, often have unique fit-for-purpose technology for merchants and strong customer relationships. Their intimate understanding of the market they serve, makes them ideal candidates on converging both a software and payment product roadmap which will serve the specific needs of their customers.



MEETING COMPLEX NEEDS IN FRAGMENTED MARKETS

Platforms operating in industries with more complex payment needs (e.g. recurring payments or multiple currencies) can add significant value to merchants when improving functionality and processes. Platforms close to the actual transaction are the most logical candidates for payments integration.



Justin Schlegel
Principal
Mid-large buyout

INTEGRATED SOFTWARE & PAYMENTS PLAYERS LEVERAGING 'BETTER TOGETHER' LOGIC



- RIGHT PLATFORMS
- 2** RIGHT MODEL
- NEXT FRONTIER

IMPLEMENTING THE RIGHT MODEL: FROM REFERRAL TO FULL INTEGRATION

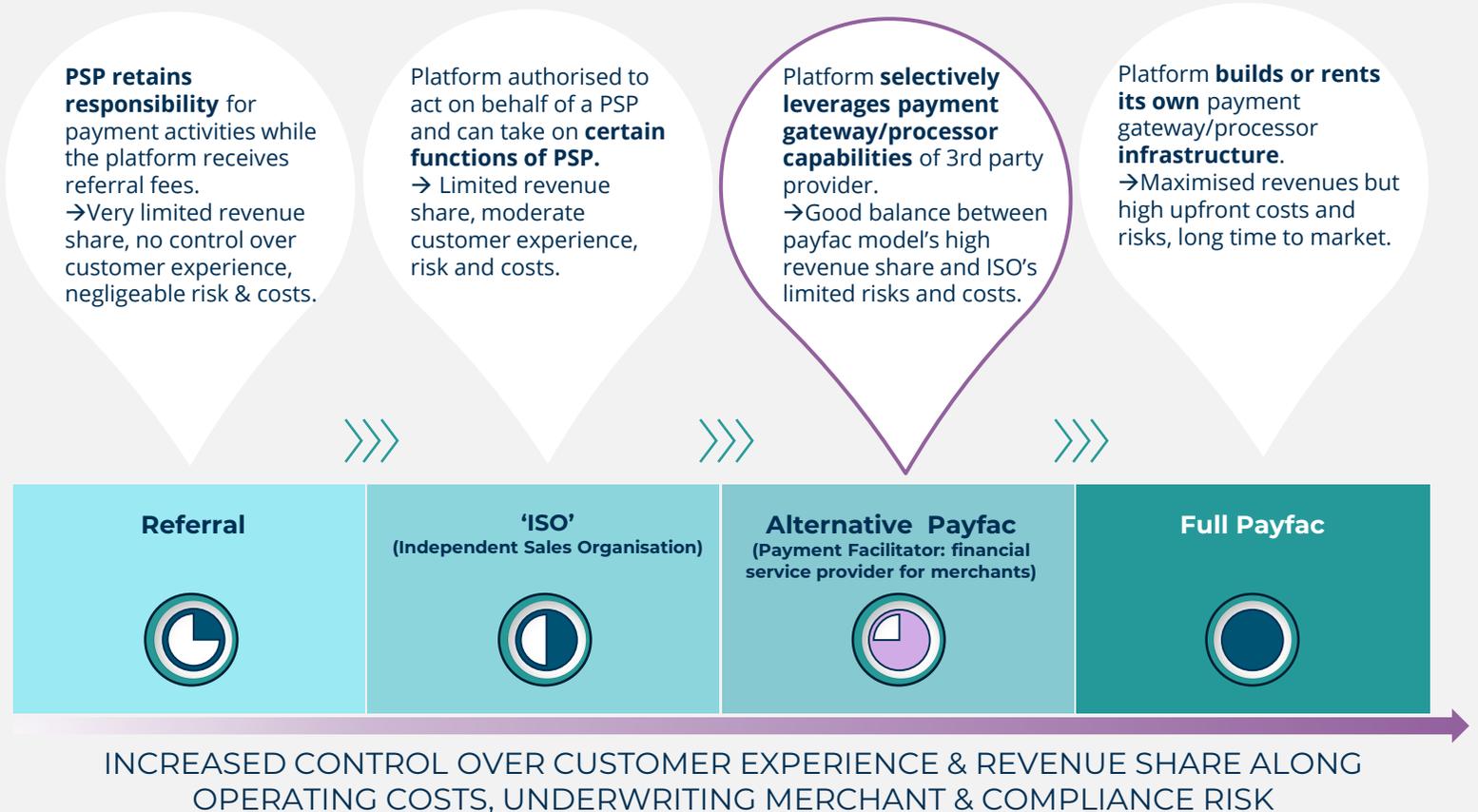
RISK-REWARD TRADE OFF WITH GREATER LEVELS OF INTEGRATION

Once a case for payments integration has been established, platforms must choose the correct model to pursue. These models, ranging from simple referral relationships with a payment service provider (PSP) to the full development of in-house payment infrastructure, have vastly different implications for platform revenue, risks and responsibilities.

Deep integration offers tempting benefits including a greater share of payments processing revenue and control over customer experience. It does, however, require significant initial & ongoing investment in building the infrastructure, supporting the payments team and managing merchant onboarding & compliance. Risks relating to compliance and merchant losses can also be substantial.

As platforms must deliver on the promise of money mobility, risk management is all the more critical. Indeed, platforms cannot afford a single failed payment, a security issue or fraud, or they undoubtedly lose customers.

To assist platforms in **harnessing the advantages of payments integration while mitigating risks and reducing costs**, various 'alternative payfac' models have surfaced, wherein the software company collaborates with a third party to assume specific payfac responsibilities selectively.



- RIGHT PLATFORMS
- 2 RIGHT MODEL**
- NEXT FRONTIER

IMPLEMENTING THE RIGHT MODEL: PARTNERING TO SWIFTLY RESPOND TO CUSTOMER DEMAND

“Qonto is the perfect example of a software-first company that has leveraged its ecosystem of enabling payments providers to deliver a differentiated and seamlessly integrated product to its customers.”



Anne-Charlotte Philbert
Director - Growth

QONTO: SUPPORTING THE DIGITISATION OF FINANCIAL SERVICES AS THE TRUSTED PARTNER FOR SMB BANKING

FULL BUSINESS BANKING STACK

Qonto offers a compelling value proposition for SMBs, enabling them to quickly create accounts, issue employee debit cards, streamline expense management online, access information through a user-friendly interface, and enjoy transparent pricing.

In the fast-growing market of B2B finance solutions, Qonto, stands out as a prime choice for SMBs. Leveraging its proprietary Core Banking System, Qonto offers a distinct advantage, and it has successfully established itself as a frontrunner in the European markets.

TEAM

Alexandre Prot
Co-founder & CEO



Steve Anavi
Co-founder & President



Aymeric Augustin
Chief Technology Officer



MULTI-FACTORIAL BUSINESS MODEL

Qonto relies on 4 different revenue streams: i) subscription revenues (12 different plans available), ii) fees of payment (interchange & FX fees), iii) add on fees like cards, iv) revenue for partnerships.

EMBEDDED FINANCE: A KEY ENABLER IN QONTO'S MISSION

Qonto is first a solution for SMBs to manage their day-to-day financial operations - but it's much more than that thanks to its integration with payment providers. Qonto not only issues cards for its customers' employees for their business expenses but also enables SMBs to be paid instantly by their customers while also automating payments for suppliers, improving working capital. Qonto relies on partnerships with leading payment providers like Stripe, and many payments methods incl. credit cards, google/apple pay, direct debits, payment terminals and much more.

Qonto
A Eurazeo portfolio company
within the Growth fund
EURAZEO

2016
Year Founded

400k
Customer accounts

4
Countries
(France, Germany, Italy, Spain)

- RIGHT PLATFORMS
- 2** RIGHT MODEL
- NEXT FRONTIER

IMPLEMENTING THE RIGHT MODEL: DIVERSE ROUTES TO INTEGRATE

EXPANDING ECOSYSTEM OF ENABLING FIRMS

Platforms operating in narrow industry verticals, with unique insights into their client base, can more easily justify payfac start-up costs (greater homogeneity of merchants and lower fraud risks). Nevertheless, ISVs can limit exposure and costs by collaborating with fintech 'enablers' who share the associated risks and responsibilities.

Enabling technology firms offer a range of solutions to help ISVs establish integrated referrals, alternative payfac models or to rent the payfac infrastructure. Stripe was one of the first players to support software companies looking to integrate payments and several other enablers with broad and flexible product offerings have emerged in the last few years.



Illustrative selection of fintech enablers helping software platforms to easily integrate payments

SOFTWARE AND PAYMENTS INTEGRATION M&A, BUILDING FULL-SERVICE PLATFORMS

Platforms in the payments space are layering their core businesses with complementary offerings to win market share and enhance their capabilities.

M&A in payments strive to automate superior network reach, compliance expertise, risk & fraud tools, as well as include instant reconciliation. Accounts payable software with invoice processing and automatic reconciliation is indeed a main M&A target in the payments landscape.



Conversely, software companies unrelated to payments also plunge into this payment whitespace, in order to enhance customer stickiness.

CONVERGENCE APPETITE FROM BOTH ENDS OF THE SPECTRUM

PAYMENT PROVIDERS INCORPORATING SOFTWARE



SOFTWARE PLATFORMS INCORPORATING PAYMENTS



PLANET: CUSTOMER-CENTRIC LEADER IN INTEGRATED PAYMENTS



A Eurazeo portfolio company
within the Mid-large buyout fund
EURAZEO

TRANSFORMATION THROUGH INTEGRATION OF SOFTWARE & PAYMENTS

BUSINESS MIX EVOLUTION

Revenue breakdown; pivot to integrated payments



TARGETING MID-SIZED & ENTERPRISE SEGMENTS IN HOSPITALITY AND RETAIL

31
COUNTRIES

50k+
RETAIL STORES

80
OFFICES

800k+
CUSTOMERS

COVERING THE FULL PAYMENT STACK

Successful repositioning from VAT Refund processor to merchant-centric platform.

Planet has significantly expanded activities via the acquisitions of Planet Payment in 2017, 3C in 2020 and Datatrans in 2021 to become a single omni-channel payments platform with a merchant payment proposition combining Acquiring, Processing, Dynamic Currency Conversion and Tax-Free solutions.

STRATEGIC & SYNERGISTIC BOLT ON M&A

Acquisition of mission-critical software in Hospitality and Retail.

Following recent acquisitions of leading business software, alongside the development of omnichannel payment capabilities, Planet has established itself as a prominent provider of integrated payment solutions concentrating on Hospitality and Retail.

CROSS-SELLING TO EXPANDED MERCHANT BASE

Leveraging a large base of merchants to cross-sell a full suite of payments products.

Planet will be able to increase the unit economics per merchant by up to three times by tapping into the full merchant's revenue pool. Furthermore, software-led payments have significantly lower levels of churn which will provide ongoing growth momentum.

ACQUIRING DUAL STRENGTH IN PAYMENTS AND SOFTWARE



MAKING CONNECTED COMMERCE A REALITY

By integrating our existing platforms into one unified solution, merchants can now provide global customers with multiple payment options and a seamless, secure omnichannel shopping experience.



Brent Warrington
CEO
Planet



Edouard Guigou
Managing Director
Mid-large buyout

EG: Planet has made a series of acquisitions across software and payments in the last couple of years, one of the most transformative being the acquisition of Datatrans in 2021. How did the integration of this e-commerce payments provider change your business and broader offering?

BW: The Datatrans deal represented a quantum leap on our path to becoming an integrated payments leader. Equipped with expanded digital payments capabilities, we launched our new Online Payment Gateway at the end of 2022. This has formed a key element of our broader connected commerce platform. This platform fulfils consumers' increasing demand for highly personalised experiences across all payments channels, especially within the hospitality and retail sectors.

EG: What are the key benefits for Planet customers?

BW: Our platform enables customers to

operate complex unified commerce use cases such as click and collect, ship to home, buy online pick up in-store, pay by secure link and pre-authorise payments. By integrating our existing platforms into one unified solution, merchants can now provide global customers with multiple payment options and a seamless, secure omnichannel shopping experience. Tokenisation also ensures that customers can make safe and secure payments as Planet limits the amount of sensitive data merchant systems encounter. 'Tokens', unique secure identifiers, replace sensitive information so that data can be stored without including exploitable values. Automated fraud screening gives merchants the reassurance that customers are protected at each stage of the payment journey.

EG: How do you plan to develop your connected commerce platform further and will you look to move into new industry verticals beyond hospitality and retail?

BW: We plan to maintain our strategy of combining mission-critical software with omni-channel payments, with integrated payments representing the lion's share of our long-term revenues.

To further develop our platform we will continue to acquire key software providers within the hospitality and retail sectors and to cross-sell the full suite of payment products to this expanded merchant base. Our customer-first approach means we will continue to adapt our offering to meet new demands and priorities.

We are also focused on driving market expansions in new geographies and incubating new verticals where we believe we can deliver greater value for our customers. For example, we've recently launched our acquiring service in North America, bolstering our capabilities in this key market.

RIGHT PLATFORMS

RIGHT MODEL

3 NEXT FRONTIER

BEYOND PAYMENTS: DATA ENABLING TO BECOME AN ECOSYSTEM PROVIDER

Data is a crucial aspect to consider when integrating software and payments. Depending on the software's position within the customer's value chain, payments integration can generate invaluable data that will allow to expand the scope of services, far beyond payments.



Romain Mombert
Director - Growth

CONVERGENCE OF DATASETS CREATING HIGHLY VALUABLE INSIGHTS

Integrating payment and software creates a rich dataset that facilitates a deeper understanding of customers, enables advanced analytics and optimises overall business performance.

Transactional details include purchase history, frequency, and payment preferences while the software data encompass user behaviour, engagement patterns and feature usage. Merging both datasets allows to understand what customers buy but also how they interact with the software, enabling to tailor offerings and improve customer experiences, as well as develop predictive models, identify potential churn, or forecast revenue more accurately.

It also allows for comprehensive business performance analysis (e.g. evaluating the impact of software usage on customer lifetime value, measuring the effectiveness of marketing campaigns in driving payments or identifying areas where software enhancements can boost revenue generation) that informs strategic decision-making, product roadmap planning, and optimisation of business processes.

DATA-DRIVEN GROWTH: EXPANDING SERVICE OFFERINGS AND REVENUE STREAMS

While direct data monetisation is still being explored as a potential revenue source for software and payment providers, its indirect use can generate significant value by selling insights and identifying customer needs.

Software and payment providers can aggregate the data generated by their customers and leverage it to offer insights as a separate service to their customers, ranging from Data Analytics Reports to benchmarking and comparative analysis to predictive analytics and forecasting.

B2B services can leverage this data to enhance customer service and sales. By controlling the entire customer journey, they can work closely with customers to understand their specific business needs and challenges. B2B providers can anticipate customer needs and offer targeted, customised services, facilitating cross-selling and deeper integration within the company, thereby gaining even more valuable insights.

EURAZEO

SECOND CONVICTION:

**THE HUMAN CATALYST
IN DIGITAL
TRANSFORMATION AND
CYBERSECURITY**

Targeting B2B services unlocking full value of human capital, a prerequisite to a successful technological transformation



DIGITAL TRANSFORMATION: PUTTING HUMAN CAPITAL AT THE CORE WILL DRIVE SUCCESSFUL OUTCOMES

A tech-only approach to digital transformation can often reap poor results, calling for a reorientation of the corporate budget. While global spending on digital transformation continues to increase, these investments tend to overlook a key element of a successful transformation: the human capital strategy. Ultimately, digital tools need to be used by real people. Directing budget towards helping people adapt and develop a lean and agile mindset is thus essential for a truly successful digital transformation.

Business agility cannot only be driven by new software or technologies but also by changing the way people work and use technology. People need to be at the center of transformation and technology.

MASSIVE BUDGETS

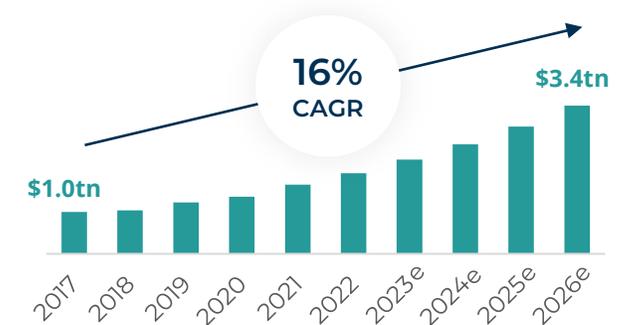
The digital transformation market is expected to reach \$3.4tn in 2026 (+16% CAGR), as organisations allocate substantial financial resources to execute their digital strategies and remain competitive. In the face of new technologies and changing customer expectations, companies recognise the need to embrace digital solutions, upgrade existing systems and processes, and reimagine business models and ways of working.

MAJOR SETBACKS

Despite massive budget allocations over the last few years, the intended results of digital transformation projects are yet to be achieved. An estimated 70% of projects do not reach their stated goal; in 2022, \$1.3tn of the \$1.9tn market went to waste. Moreover, "only 41% of companies have an enterprise-wide digital strategy, and only 18% of companies rate their use of digital technology as 'very effective.'"¹ Corporates embarking on transformations are at risk of focusing on acquiring technology as opposed to really adopting it. "Digital-washing," pursuing initiatives without a purposeful strategy or effective leadership and change management, is often to blame for poor results.

GLOBAL GROWTH IN DIGITAL TRANSFORMATION SPEND

Global spending on digital transformation (\$trillion)



\$8tn

SPENT ON DIGITAL TRANSFORMATION between 2017-2022²

70%

OF DIGITAL TRANSFORMATION PROJECTS do not reach stated goal³

TIME TO MAKE PEOPLE PART OF THE CONVERSATION

The success of a technological transformation relies on recognising that technology is powered by people. This works both ways: empowering and continuously training people to optimise the use of technology and leveraging technology to augment human capital. This reciprocal relationship is what drives our investment approach in two specific areas: **new ways of working & cybersecurity services.**



Vivianne Akriche
*Managing Director
 Mid-large buyout*

1 NEW WAYS OF WORKING: A MUST

Learnings from technological transformation: the tech sector has been able to deliver many innovations over the past decade thanks to different ways of working including continuous, iterative, agile, lean and flow concepts.

Corporate leaders must upgrade their organisational operating system to empower employees to respond to customer needs in a lean and agile manner similarly to how tech companies operate. Corporates need to ensure that their teams have the right processes, mindset and skills to effectively leverage technological tools in pursuit of business goals.

As technology transforms businesses, leaders need to adapt processes to drive group-wide collaboration and ensure everyone speaks the same language. A workforce with a growth mindset, collaboration and agility across the group are prerequisite in technological transformation.

2 CYBERSECURITY: ALL ABOUT HUMANS

Embracing a robust and continuous cybersecurity framework is essential to any technological transformation.

Cybersecurity issues encountered within organisations often do not originate from technology or software; rather, the challenge lies in how individuals use technology and software.

Increasing cyber threats and fast-paced technological advancements create a demand for skilled security professionals, who must adapt continuously to new areas like cloud, AI, and IoT, resulting in a substantial skills gap.

Cybersecurity is a continuous process: just because adequate software is deployed, it does not mean the protection is optimal. Programs must be extended and modified on a continuous basis. Humans are the only ones capable of adapting tools to companies, uses, and cultures. This continuous nature drives the need for services in cybersecurity.

People have emerged as the primary targets. Organisations recognise the need to craft their cybersecurity frameworks with a focus on individuals as well as the need to raise people's awareness to cyber threats, rather than solely relying on technology.

1 NEW WAYS OF WORKING: AN ATTRACTIVE THEME LARGE AND GROWING ADDRESSABLE MARKET

The rapid pace of technological transformation has heightened the need for businesses to continually adapt to changing customer demands, evolving regulatory landscapes, and emerging innovations. This calls for the adoption of new ways of working that promote business agility. In an environment where every company encounters disruption and must adapt at various stages of its development, the addressable market for new ways of working is in a constant state of expansion.

COMPLEXITY & CHANGE CALL FOR A GROWTH MINDSET

The ever-changing needs of customers coupled with technology's increasing complexity requires businesses to remain lean and agile. To succeed, leaders must foster a growth mindset where employees are effectively onboarded and receive continuous training and where processes and ways of working are revisited to align the organisation with its overarching goals.

CROSS-FUNCTIONAL COLLABORATION IS KEY TO DRIVING SUCCESS

"Companies with higher levels of collaboration, adaptability, transparency, and inclusivity report greater success in their digital transformation efforts."¹ As hybrid workplaces have become more common, having efficient collaboration processes in place is crucial.

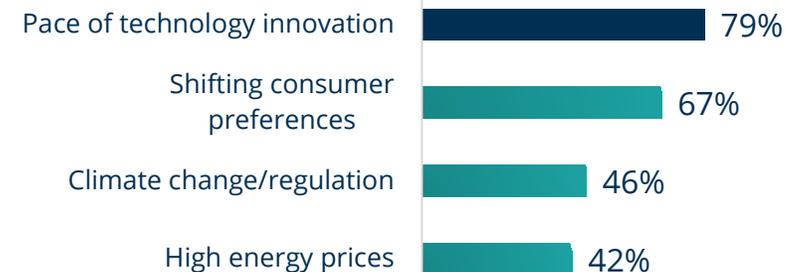
STRONG MARKET TAILWINDS

Continued corporate focus on efficiency and technological transformation fuels the growth of the business agility, training, and upskilling markets, which are still nascent. The growing number of service providers in these areas further fuels market growth.

THE SPEED OF TECHNOLOGICAL INNOVATION IS THE PRIMARY DRIVER OF BUSINESS TRANSFORMATION

Accenture Survey of 1,516 C-suite executives, conducted in Nov-22, across 10 countries and 19 industries.

"To what extent has the following external forces accelerated your organisation's reinvention strategy?"²



50%

OF EMPLOYEES
will need to reskill by
2025³

20%+

BUSINESS AGILITY
MARKET GROWTH
In the coming 5 years⁴

NEW WAYS OF WORKING: AN ATTRACTIVE THEME

COMBINING ATTRACTIVE UPSIDE AND STRONG DOWNSIDE PROTECTION

TECHNOLOGICAL TRANSFORMATION DRIVES THE NEED FOR LEAN AND AGILE WAYS OF WORKING

Companies teaching new ways of working benefit from the high projected growth of technological transformation, as they capitalise on organisations' need to avoid disruption and achieve business agility. These "agility facilitators" thus have resilient business models and high customer stickiness as human training will always be needed since firms keep transforming and technology changing. There is huge whitespace, under penetration, and a permanent evolution in the market for facilitating new ways of working.

BENEFITTING FROM TECHNOLOGY OBSOLESCENCE

These "agility facilitators" benefit from the accelerating pace of technology, as their business models are driven by companies' essential need to keep up with change and steer clear of obsolescence. Companies delivering adaptivity are strong IP factories, regularly releasing new features and staying up to date with any transformative innovations. Their business models do not bear the risk of becoming obsolete: they are technology-agnostic. These services also prove defensive in economic downturns as customers' large transformation programs are usually implemented across several years. Further, in some cases, economic downturns create increased opportunities for adaptivity providers, since companies are forced to do more with less resources and look for methodologies to achieve a faster time-to-market, increased productivity, higher engagement from employees, and improved customer satisfaction.

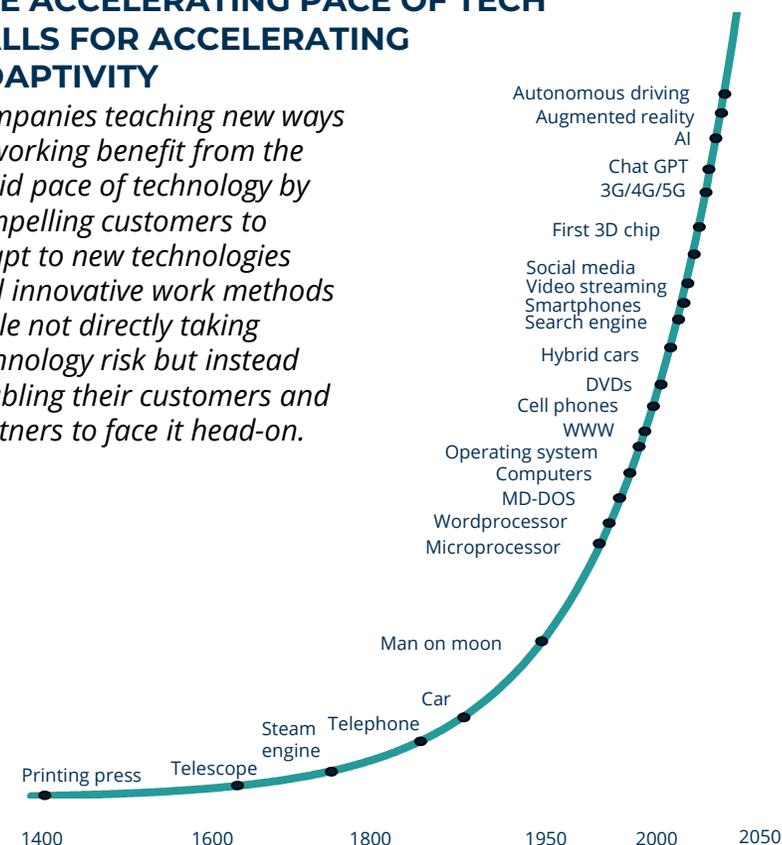
85%

JOBS THAT WILL EXIST IN 2030
have not been invented yet¹

1. Institute of the Future (ITF) & Dell Technologies

THE ACCELERATING PACE OF TECH CALLS FOR ACCELERATING ADAPTIVITY

Companies teaching new ways of working benefit from the rapid pace of technology by compelling customers to adapt to new technologies and innovative work methods while not directly taking technology risk but instead enabling their customers and partners to face it head-on.



SCALED AGILE: FORWARD-LOOKING OPERATING SYSTEM FOR BUSINESS AGILITY

SCALED AGILE: THOUGHT LEADER AND CAPABILITY FACTORY FOR THE MODERN WAY OF WORKING

GLOBAL LEADER IN AGILE TRANSFORMATION

Scaled Agile is the business agility champion and a leader in professional training content and implementation tools. It has c.40% of the market share, significantly surpassing its closest competitor.¹

\$3bn

TOTAL ADDRESSABLE
MARKET TODAY

20,000

GLOBAL ENTERPRISE
CLIENTS

500

DELIVERY PARTNERS



Provider of professional training content, implementation tools and the SAFe Studio Platform enabling large corporates to scale business agility practices enterprise wide with proven results :



TIME-TO-MARKET

30-75% FASTER



PRODUCTIVITY

UP TO 50% INCREASE IN
PRODUCTIVITY



ENGAGEMENT

10-50% HAPPIER, MORE
ENGAGED EMPLOYEES



QUALITY

25-75% IMPROVEMENTS IN
QUALITY

THE INDUSTRY STANDARD

The Scaled Agile Framework (SAFe®) is considered the gold standard of guidance and practices to develop agility. It has been used by 1M + users. It is the leading Agile Framework of knowledge, tools, guidance, practices, professional roles, certification, events and partnerships.

1. Digital.ai 15th State of Agile Report

HUMAN CATALYST

SCALED AGILE®

A Eurazeo portfolio company
within the MLBO fund

EURAZEO

AGILITY IN ACTION: HELPING CVSHEALTH DELIVER MILLIONS OF TESTS AND VACCINES DURING COVID



Between April 2020 and November 2021, **CVS delivered over 41 million COVID tests and more than 50 million vaccinations** by leveraging their SAFe® principles and practices to quickly adapt their capability.

CVS became a SAFe® Enterprise subscriber in late 2019, initially in support of the Digital Retail and Digital Pharmacy teams.

In early 2020, as CVS was developing its COVID response, senior leadership led dramatic new engagement across the organisation, from digital to real estate to pharmacies, **using SAFe® to create a digital-physical solution for testing and vaccination**, standing up **4,000 testing sites**.

CVS now has ~4,500 SAFe® users throughout the organisation, with 15% outside of IT.

Every business is a software business now. Achieving a state of **Business Agility** means that the entire organization — not just development — is engaged in continually and proactively delivering innovative business solutions faster than the competition.

Dean Leffingwell

Creator of SAFe



CYBERSECURITY: AT THE TOP OF AGENDAS

The cybersecurity market has one of the fastest innovation cycles in software and is more technical than others, fuelling constant and rapid growth. We see enormous investment potential in cybersecurity, supported by rapid digitisation and the increase in associated digital security breaches. Cybersecurity is a top corporate priority with massive market growth projected to 2030 and beyond.



Christian Hoyos
Vice President
Mid-large buyout

STRONG CYBERSECURITY TAILWINDS

INCREASED USE OF DIGITAL TOOLS

Swift digitisation leads to vulnerable systems



GEOPOLITICS

Rise of cyber warfare

NEW LEGISLATION

Continued deployment of national and global cybersecurity legislation frameworks

ATTACKS RISING INCIDENCE & COMPLEXITY

Global attacks rose by 38%¹ in 2022

CLOUD MIGRATION

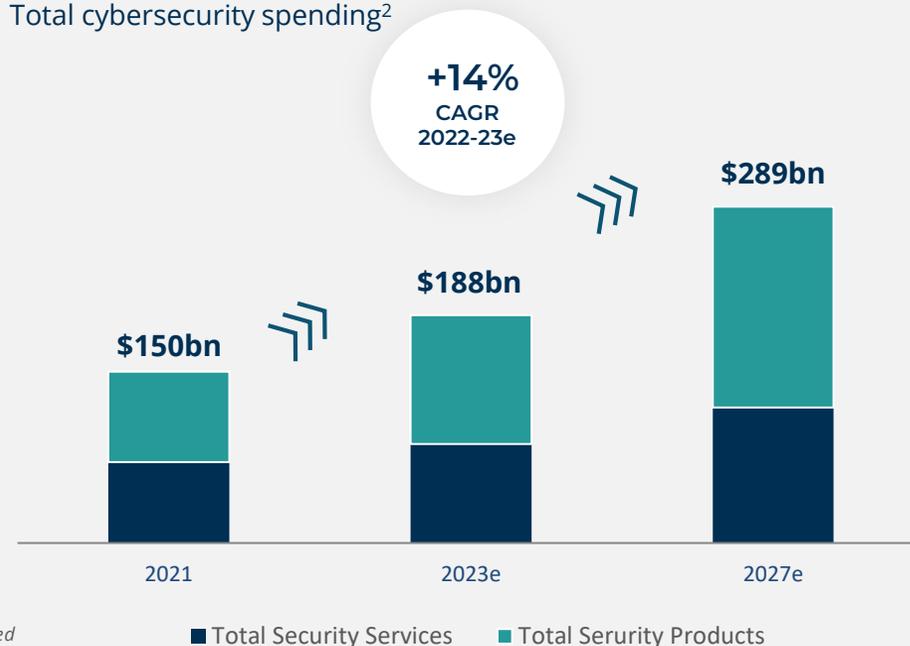
Complexity and greater attack surface

REMOTE WORKING

Hybrid work increases the number of locations and systems to protect

STRONG EXPECTED GROWTH IN CYBERSECURITY SPENDING

Total cybersecurity spending²



1. Check Point Research | 2. Gartner: Total Information Security and Risk Management End-User Spending in Constant U.S. Dollars. Charts/graphics created by Eurazeo based on Gartner research. Source: Gartner, Inc., Forecast: Information Security and Risk Management, Worldwide, 2021-2027, 2Q23, June 2023.

■ Total Security Services ■ Total Security Products

CYBERSECURITY: RECOGNISING HUMANS AS BOTH THE PROBLEM AND THE SOLUTION

Cybersecurity is a prime example of an industry where purely tech-led responses have been prioritised, overlooking the significance of human involvement. It is crucial to recognise that people should be at the core of any cybersecurity framework, serving as both the primary threat and the most robust defence against cyber-attacks.



Vivianne Akriche
Managing Director
Mid large buyout

PEOPLE: PRIMARY CULPRIT OF BREACHES

A recent study found that 19 out of 20 cybersecurity breaches result from human error.¹ The number of cyber-attacks targeting people is spiking as hackers see humans as the most vulnerable point of exploitation.

Migration to the cloud, the proliferation of business applications, and the increase in distributed work has expanded the attack surface, significantly increasing potential entry points for hackers. Still, one of the primary attack tactics used is phishing, where malicious actors rely on people responding to familiar looking emails and fake websites with sensitive data.

AI and machine learning-enabled fraud are creating increasingly convincing attacks. Impersonation technologies are used to harm and exploit enterprises through intellectual property and reputation damage, financial fraud, social engineering, and identity theft.

Stolen credentials accounted for c.50% of breaches in 2022.² People and identity are at the core of security today.

95% OF DATA BREACHES ORIGINATE FROM HUMAN ERRORS²

TALENT SHORTAGE AND SKILLS GAP

While companies place increasing emphasis on cybersecurity, their ability to recruit and retain skilled security employees has become limited. The talent gap resulting from the skyrocketing need for cybersecurity professionals and the lack of talent is a key challenge for companies.



Pierre Meignen
Managing Director
Small-mid buyout

With the increasing number and complexity of attacks, cybersecurity teams are under tremendous pressure, a dynamic that is made even worse by the fast pace of innovation and change in cybersecurity, requiring team adaptability and a continual enhancement in expertise.

With an unemployment rate less than zero, cybersecurity employee retention has become a significant challenge for companies. Gartner estimates that the average tenure of a cybersecurity leader is under five years, with other estimates as low as 18 months. Around 50% of CISOs are expected to change jobs by 2025.³

3.4m TALENT SHORTAGE IN CYBERSECURITY (+26% YoY increase)⁴

CYBERSECURITY: DESIGNING TECHNOLOGY AROUND PEOPLE TO MAXIMISE ROI

Challenges related to talent shortage and increasing cyber-attacks are compelling companies to outsource their security programs to entrusted partners, driving growth in managed detection and response as well as penetration testing.

We have strong conviction on supporting profitable outsourced security services, including managed detection and response (MDR) players operating as an extension of their customers' internal teams. With specialised expert teams, cybersecurity services companies not only deploy but also constantly adapt top-notch third-party security products carefully selected in-line with specific clients' needs. This combination of human and technologies ensure to keep cybersecurity frameworks in optimal operational condition while filling the talent gap.

Similarly, this drives our investment focus on platforms driving forward human capital management in cybersecurity such as audit, penetration testing and security awareness & training content providers to provide learning resources for corporate clients.

81%

OF EXECUTIVES INDICATED THAT CYBERSECURITY FUNCTION IS OUTSOURCED¹

1. Deloitte 2022 report survey of 500 business and technology leaders, including 150 C-suite executives from across a variety of industries worldwide

i-TRACING: A LEADING PROVIDER OF CYBERSECURITY SERVICES IN EUROPE

One stop shop offer of high-value-added services covering all the mission-critical needs in cybersecurity.



A Eurazeo portfolio company within the SMBO fund
EURAZEO

One stop shop offer with 5 business lines:

- Cyber Defense
- Consulting & Engineering
- Identity & Access management
- Cloud Security & Automation
- Support & Managed services

Worldwide presence and 24/7 support with offices in Paris, Montreal, Hong Kong and London

Unique Security Operation Center (SOC) expertise

30%+

REVENUE CAGR

500

EMPLOYEES

+12 billions

EVENTS ANALYSED/DAY

30+

CAC40 CUSTOMERS

i-Tracing is at the core of what we like in cybersecurity: fast-growing leading player composed of best-in-class technological experts leveraging diversified software solutions, committed to delivering the highest, continuous & most comprehensive level of security to their clients on a 24/7 basis through a one-stop-shop services offering.



Alexis Bisson
Principal
Small-mid buyout

SMART HUMAN CAPITAL STRATEGY POWERED BY SELECTIVE AUTOMATION – INTERVIEW & CASE STUDY



James Campbell
Co-founder and CEO
Cado Security



Thomas Turelier
Vice President
Venture Digital

T.T: What is the need that Cado Security addresses ?

J.C: Corporates are moving their data to the cloud. Therefore, cyber attackers are also moving to the cloud. The volume and complexity of cyber threats are growing. Yet, cybersecurity teams are still using outdated tools and processes to investigate and respond to these threats. Cado Security delivers sophisticated automation capabilities to cybersecurity teams that enable them to significantly expedite the incident response process. Most importantly, data collection and processing are automated within the platform. Today, this can take hours or even days when done with legacy, manual approaches. With Cado, it only takes minutes. This allows cyber security teams to more quickly understand and respond to threats, reducing risk and enabling more efficient decision-making.

T.T: How large is the addressable market for automation within cybersecurity?

J.C: The addressable market is huge. If you look at the cloud market: it represented \$500bn in 2022 and is expected to reach \$600bn in 2023. Within that, the cloud

security spending represents c.7% and we expect this share to keep rising as corporates keep moving to the cloud while the number of attacks keep increasing, implying increasing amounts of damages.

T.T: Automation will bring positive disruption to many industries; can you explain why this statement is especially true for cybersecurity?

J.C: Automation is critical in cybersecurity for two main reasons. First - automation enables security teams to be faster. Speed is a benefit across multiple industries, but it is particularly important when responding to an attack and to minimise the potential impact of an incident escalation. Second - automation enables security teams to do more with less. There is a huge talent gap in cybersecurity and it's only getting worse. Automation of tedious, manual tasks means professionals can focus on more intellectually challenging work that requires human input.

T.T: Automation is often associated with job displacement and fears of workforce reduction...

J.C: With the talent gap in cybersecurity, it is actually the opposite - automation is

embraced, not feared. It is common for security teams to continuously build automation to improve their day-to-day. The key reason is that automation enables cybersecurity professionals to uplevel their skillset. We don't want cybersecurity professionals wasting time running manual and time-consuming tasks. I've been there – it is frustrating and wastes precious time. Automation enables us to go faster, and it boosts job satisfaction with the ability to do more challenging and impactful work.

T.T: That's a great strategy, combining automation with upskilling. Looking to the future, how do you envision automation continuing to shape human capital strategy?

J.C: As automation continues to evolve, the integration of human expertise with automated technologies will be crucial. Human cybersecurity professionals will provide context, strategic guidance, and ethical decision-making that complements the capabilities of automated systems. The future of automation in cybersecurity will focus on creating a human-AI collaboration framework that maximises the strengths of both, leading to more effective and robust cybersecurity practices.

SMART HUMAN CAPITAL STRATEGY POWERED BY SELECTIVE AUTOMATION – CADO SECURITY

Limitations on time and tools are preventing good security teams from becoming great. The Cado platform speeds up incident response in the cloud by reducing time spent on data collection and processing from days to hours. The fact that security teams no longer have to manually request access to a potentially compromised system is a game changer.



Chris Doman

*Co-Founder and Chief
Technology Officer at Cado*

CADO SECURITY: THE FIRST CLOUD FORENSICS AND INCIDENT RESPONSE PLATFORM

SELECTIVE AUTOMATION SPEEDING UP THE PROCESS

Cado automates data collection and processing enabling security teams to expedite incident response. The platform delivers unprecedented depth - delivering forensic-level detail without requiring manual and time-consuming effort.

- | | | | |
|---|---|-----|-----------------------------|
| 1 | Collect data across any system: cloud, container, on-prem | >>> | Minutes |
| 2 | Process data in parallel: triage and normalise vast amounts of data quickly | >>> | to collect and process data |
| | | | VS |
| 3 | Analyse results in easy-to-use dashboard enabling fast response | >>> | Days |
| | | | using manual approaches |

FIRST MOVER IN A FAST GROWING MARKET

- Massive need for solutions that automate the investigation and response processes to save time for security teams and reduce the time to respond
- Acceleration of companies' shift to the cloud: cloud spending keeps accelerating, security services increasing steadily in the mix, 50% of today's breaches are cloud-based
- High barriers to entry: complex tech stack and integration
- Other players are not cloud-native and offer detection & monitoring services rather than an incident response product



A Eurazeo portfolio company
within the Venture fund
EURAZEO

Public cloud spending¹ (\$M)



1. Gartner, Worldwide Public Cloud End-User Spending (Apr 2023)

EURAZEO SOFTWARE & SERVICES FLYWHEEL

EXPERTISE ACROSS THE COMPANY LIFECYCLE

VENTURE

GROWTH

BUYOUT

| | | | | |
|---|--|--|---|---|
|  Benoit Grossmann Senior Managing Partner |  Matthieu Baret Managing Partner |  Hala Fadel Managing Partner |  Vivianne Akriche Managing Director |  Edouard Guigou Managing Director |
|  Matthieu Bonamy Partner |  Nicolas Debock Managing Director |  Maud Gillot Director |  Benjamin Hara Managing Director |  Pierre Meignen Managing Director |
|  Pierre Devillard Managing Director |  Tara Reeves Managing Director |  Emma Li Director |  Henri Domange Director |  Antonin Marcus Director |
|  Albert Shyy Managing Director |  Antoine Zins Managing Director |  Romain Mombert Director |  Clément Morin Director |  Alexis Bisson Principal |
|  Alice Besomi Director |  Louis Bô Director |  Anne-Charlotte Philbert Director |  Lucas Oppenheim Principal |  Justin Schlegel Principal |
|  Ernest Xue Director |  Raphael Cattan Vice President |  Alexandra Pederzani Director |  Christian Hoyos Vice President |  Caroline Maarek Vice President |
|  Alexandre Dewez Vice President |  Victor Tenneroni Vice President |  Moritz Hummel Vice President |  Sarah Sperry Vice President | |
|  Thomas Turelier Vice President | |  Yoan Pashov Vice President | | |

IMPORTANT DISCLAIMER

This presentation has been prepared by Eurazeo SE and/or its affiliates (collectively, "Eurazeo") for illustrative and educational purposes only using proprietary information of Eurazeo and other publicly available information. The presentation includes valuations, forecasts, estimates, opinions and projections involve elements of subjective judgements and analysis. The valuations, forecasts, estimates, opinions and projections contained herein involve elements of subjective judgment and analysis. Past performance is no guarantee of future results.

Some of the information contained in this presentation refer to research and industry studies conducted by third parties and it has not been independently verified. Forward-looking statements and estimates contained in such studies should not be construed as definitive predictions or forecasts. Such studies do not purport to address all risks and challenges relating to the industry discussed herein nor all possible market conditions. Eurazeo does not have any duty to update or supplement any information in such studies.

Any information or opinion expressed herein is subject to change without notice. Nothing contained herein is, or shall be relied upon as, a promise or representation as to the past or future. Eurazeo, its affiliates, directors, officers, employees and/or agents expressly disclaim any and all liability relating or resulting from the use of all or any part of this presentation.

Some of the matters discussed in this presentation include forward looking statements. Eurazeo has tried to identify forward looking statements by use of terminology such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar expressions. Forward looking statements are subject to a number of risks and uncertainties, some of which are beyond the control of Eurazeo. In light of these risks, uncertainties and assumptions, prospective investments should not place undue reliance on any forward looking statements. The forward looking events discussed in this presentation may not occur. Eurazeo undertakes no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Nothing contained in this presentation may be relied upon as a guarantee, promise or forecast or a representations to the future.

Past performance is not necessarily indicative, or a guarantee, of future results. Information on prior investments is provided solely to illustrate the nature of such investments and the related investment strategy and process with respect to investments of the type expected to be made by the Eurazeo Funds; such information should not be relied upon in making investment decisions. There can be no assurance that any investments made by Eurazeo or the Eurazeo Funds will achieve comparable results, that Eurazeo will be able to source transactions in the future that are similar to those described herein, or that target returns will be met. Past or targeted portfolio characteristics are not indicative of future portfolio characteristics and there can be no assurance that the Eurazeo Funds will have comparable portfolio characteristics or that target portfolio characteristics will be achieved. Investments may lose all or some investment capital. Further, references to the investments included herein should not be construed as a recommendation of any particular investment or security.

This presentation has been prepared solely for information purposes and is not to be construed as solicitation or an offer to buy or sell any securities or related financial instruments. The Company should not construe the contents of this presentation as legal, tax, accounting or investment advice or a recommendation. The Company should consult its own counsel, tax and financial advisors as to legal and related matters concerning any transaction described herein. This presentation does not purport to be all-inclusive or to contain all of the information that the Company may require.

No investment, divestment or other financial decisions or actions should be based solely on the information in this presentation.

None of the interests of funds managed by Eurazeo or its affiliated entities (the "Eurazeo Entities") has been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any U.S. state or other relevant jurisdiction. No such registration is contemplated. Neither the U.S. Securities and Exchange Commission nor any U.S. state or other authority or securities commission has reviewed or passed upon the accuracy or adequacy of this Presentation. Any representation to the contrary is a criminal offense.

The information in the Presentation is not presented with a view to providing investment advice with respect to any security, or making any claim as to the past, current or future performance thereof, and Eurazeo expressly disclaims the use of this presentation for such purposes. Each recipient should consult its own advisers as to legal, business, tax and other related matters concerning an investment in a Eurazeo Fund.

No third-party firm or company names, brands or logos used in this Presentation are Eurazeo trademarks or Eurazeo registered trademarks and they remain the property of their respective holders, and not Eurazeo. The inclusion of any third-party firm and/or company names, brands and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies has endorsed Eurazeo, any of its investments, personnel or other Eurazeo Entities.