CONFIDENTIAL

CloudAxis

ACQUISITION INVESTMENT MEMORANDUM

Project Meridian · B2B Workflow Automation SaaS · Vertical: Professional Services

Note: 3.6x = Enterprise Value ($10.0M) / Adj. EBITDA ($2.8M). ARR multiple = 0.83x. Total consideration incl. maximum earnout ($1.0M) = $11.0M (3.9x Adj. EBITDA). Total funding requirement (EV + transaction costs + WC adjustment) = $10.8M — see Sources & Uses.

Prepared by Leverage Strategic · Transaction Advisory Practice · Mar 2026
Illustrative / Representative Case Study · Not an Actual Client Engagement

$12.0M
ARR

$2.8M
ADJ. EBITDA

$10.0M
ENTERPRISE VALUE

3.6x
EV / ADJ. EBITDA

EXECUTIVE SUMMARY

$12.0M	$2.8M	$11.0M	94%	107%
ARR	ADJ. EBITDA	TOTAL CONSIDERATION	GROSS RETENTION	NET RETENTION
FY2024	20% reported / 23% adj.	EV $10.0M (3.6x) · Total incl. max earnout $11.0M (3.9x)	Top-quartile SaaS	Organic seat expansion

TRANSACTION OVERVIEW

CloudAxis is a B2B workflow automation platform serving 340+ mid-market professional services firms across legal, accounting, staffing, and consulting verticals.

Founded 2016. $12M ARR reached organically — zero outbound sales function, no CFO. Founder-led to breakeven; founder reports fatigue after 9 years of solo ownership, pursuing succession with no prior sale process.

Leverage Strategic sourced this asset via proprietary outreach — no banker, no auction. Seller financing of $1.5M over 3 years aligns transition. Repriced $15.0M (5.4x) to $10.0M (3.6x): thin finance bench, fixed Q3 close.

Customer concentration covenant included in purchase agreement: purchase price adjustment (escrow-secured) if top-10 account churns pre-close.

INVESTMENT HIGHLIGHTS

- 94% GRR + 107% NRR — top-quartile SaaS retention profile
- 0.83x ARR entry — massive valuation discount vs. 3.1–8.4x comp set
- Pricing flat since 2021 — immediate, low-risk revenue lever
- Fragmented market: no dominant vertical SaaS player at $5K–$25K ACV
- 23% Adj. EBITDA margin with 90%+ cash conversion; self-funding (no external capital)
- Rule of 40 score: 40% (17% growth + 23% adj. EBITDA margin) — top-quartile

INVESTMENT THESIS

PRIMARY

01

Mission-Critical Workflow Software

CloudAxis is embedded in the daily operations of 340+ professional services firms. Average customer tenure: 4.8 years. Switching requires data migration + retraining — behavioural, not economic, churn.

PRIMARY

02

Exceptional Recurring Revenue Quality

92% of total revenue is recurring SaaS revenue; 100% of ARR is prepaid annually. 107% NRR means the installed base self-expands organically — without incremental sales investment.

PRIMARY

03

Extreme Valuation Arbitrage

Entry at 0.83x ARR vs. public comps of 3.1–8.4x ARR. Discount reflects a thin operating bench (no CFO, no sales org), founder fatigue, and zero formal sale process — not impaired retention or churn. PE-backed vertical SaaS rollups (Vista, Thoma Bravo cohort) exit at 5–8x ARR. Structural re-rating on scale.

SUPPORT

04

Fragmented Market + Roll-Up Pathway

No dominant player in professional services workflow SaaS at the $5K–$25K ACV tier. 20+ bolt-on targets identified at sub-$3M ARR acquirable at 2–3x ARR.

SUPPORT

05

Untouched Operating Levers

Pricing unchanged for 3+ years. Zero outbound motion. No CSM function. No channel partnerships. Zero of five standard GTM levers have been pulled. Each is incremental ARR.

01

MARKET ANALYSIS

Industry overview, attractiveness, and addressable opportunity

$5.1B

Core Niche Software TAM (2024)

Source: Legal + Acctg + Staffing PM SW

9%

Blended CAGR, 2024–2031

Source: Weighted by sub-segment

40%

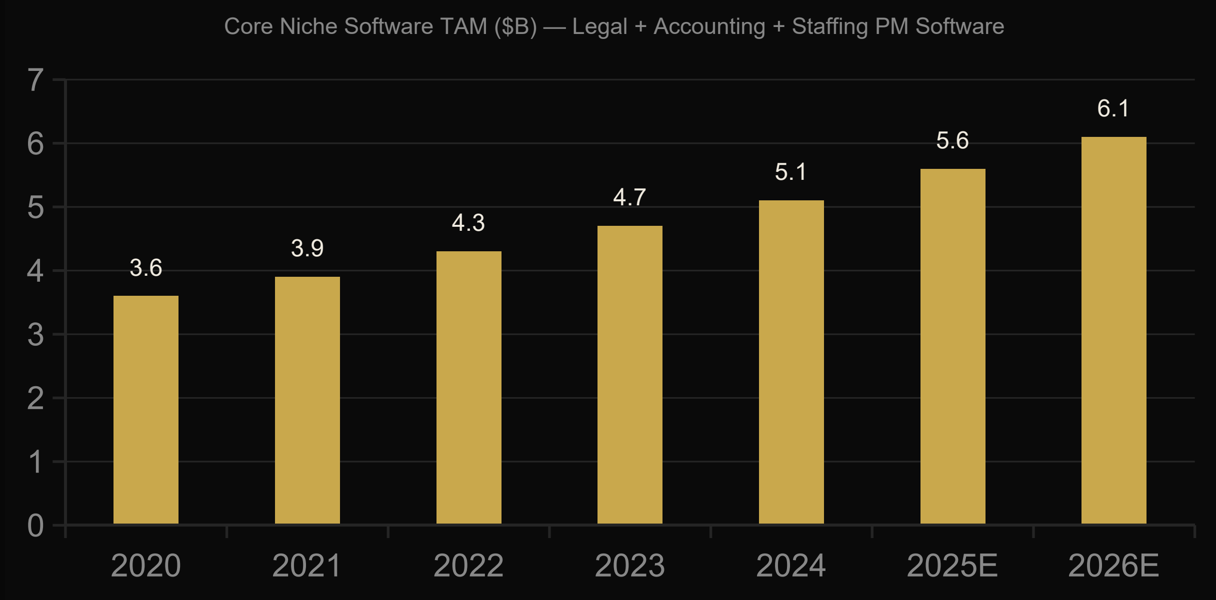
North America Revenue Share

Source: Avg. across 3 reports

$12.4B

Adjacent PSA Market (2024)

Source: Grand View Research, 2024



KEY GROWTH DRIVERS

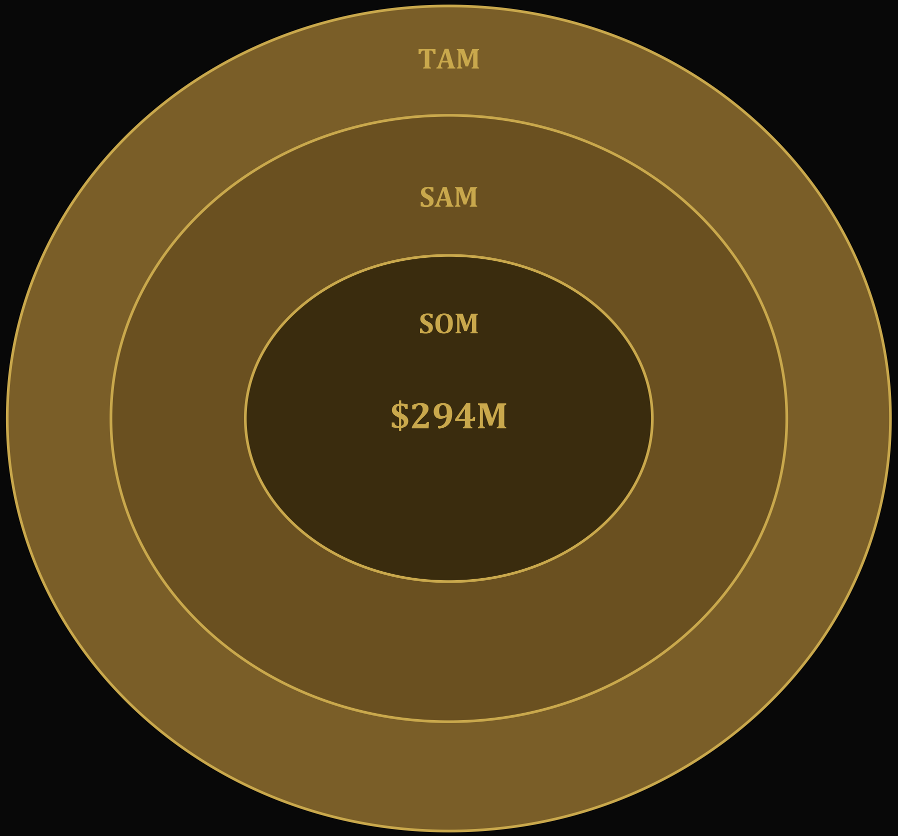
AI-assisted billing automation	Cloud share outpacing on-prem	55% of firms now using AI tools	66% of staffing firms now automated
SkyQuest 2025	*Global Industry Analysts*	*InsightAce, 2025*	*Verified Mkt. Reports*

INDUSTRY ATTRACTIVENESS

Dimension	Score (1–5)	Commentary
Demand Stability	5/5	Professional services growing consistently; software penetration sub-30% — long runway
Competitive Intensity	4/5	Fragmented: no single dominant player at $5K–$25K ACV; PE rollups still nascent
Cyclicality	4/5	Annual prepaid subscription model insulates from macro; 4.8yr avg. tenure confirms this
Margin Profile	4/5	SaaS gross margins 75–85%; low marginal cost to serve; EBITDA leverage at scale
Consolidation Potential	5/5	Active PE rollup playbook; Vista, Thoma Bravo cohort acquiring at 5–10x ARR
Customer Switching Cost	5/5	Deep workflow integration + data migration barrier = structural retention moat

Composite Industry Score: 4.5 / 5.0 — HIGHLY ATTRACTIVE for acquisition and platform-build

MARKET OPPORTUNITY



TAM — $5.1B

Legal ($3.2B) + accounting ($1.3B) + staffing ($0.6B) practice-mgmt software, global, 2024, blended 9% CAGR — CloudAxis's three core verticals.

Source: GIA, Verified Mkt. Research, FBI, 2024

SAM — $2.0B

North America share (~40%) of core niche TAM. ~38,000 mid-market firms (10+ staff) in legal, accounting & staffing — CloudAxis's buyer profile.

Source: NA regional splits, GIA/VMR/FBI

SOM — $294M

Workflow-automation-ready segment, 5-yr horizon: ~8,400 of SAM's 38,000 firms (22%) have outgrown spreadsheets but lack enterprise budgets, × $35K ACV ≈ $294M. CloudAxis at $12M ARR = 0.6% of SAM — meaningful whitespace remains.

Source: Internal analysis (AICPA/ASA/ABA firm counts), 2025

CloudAxis $12M ARR = 0.6% of SAM · Meaningful whitespace remains

WHY NOW

Driver	Timing	Why It Matters
AI Adoption	●●●●● FAST	Buyers now expect embedded AI workflows; CloudAxis's AI pillar becomes table stakes within 24 months — earlier entry compounds the moat
Professional Services Digitization	●●●●○ OPEN	Sub-30% software penetration in target verticals is closing fast as paper/Excel back-offices convert to SaaS — the addressable base is expanding, not static
Labor Shortage	●●●●○ ACUTE	Persistent skilled ops/back-office talent shortages push firms toward automation-first vendors — workflow + billing consolidation cuts headcount need per client
Compliance Burden	●●●●○ HIGH	Rising regulatory and audit requirements (data retention, SOC 2, industry-specific rules) favor vendors with built-in compliance workflows over point solutions
PE Rollup Window	●●●●● NOW	Active platform-build activity (Vista, Thoma Bravo cohort) means multiple expansion is available now, before the category fully consolidates
Bottom Line	●●●●● —	AI adoption, digitization, labor economics, and compliance pressure form a multi-year tailwind — entering now captures the moat before it's priced in

Market timing favors near-term entry over waiting — each driver strengthens CloudAxis's position, not the category's generic TAM

02

COMPANY ANALYSIS

Overview, business model, SaaS metrics, and financial performance

COMPANY OVERVIEW

COMPANY TIMELINE

2016 — Founded in Austin, TX. Sarah Chen (ex-Salesforce PM) & Marcus Webb (ex-Amazon) launch MVP for legal billing automation.

2018 — $1.2M Seed round. First 50 customers. Pivots to horizontal professional services (accounting + staffing added).

2020 — Crossed $5M ARR. Launched open API. Remote-first hiring begins. COVID accelerates digital ops adoption.

2022 — $8.2M ARR. Expanded to Canadian market (12 logos). Launched add-on analytics module.

2024 — $12M ARR. 340 customers. 48 FTEs across 6 countries. Breakeven on cash. Founder pursuing succession and liquidity event after 9 years.

COMPANY PROFILE

HQ	Austin, TX (fully remote-first)
EMPLOYEES	48 FTEs · 6 countries
CUSTOMERS	340 active accounts
ACV RANGE	$18K–$95K · Avg. $35K
VERTICALS	Legal, Accounting, Staffing, Consulting

MANAGEMENT TEAM

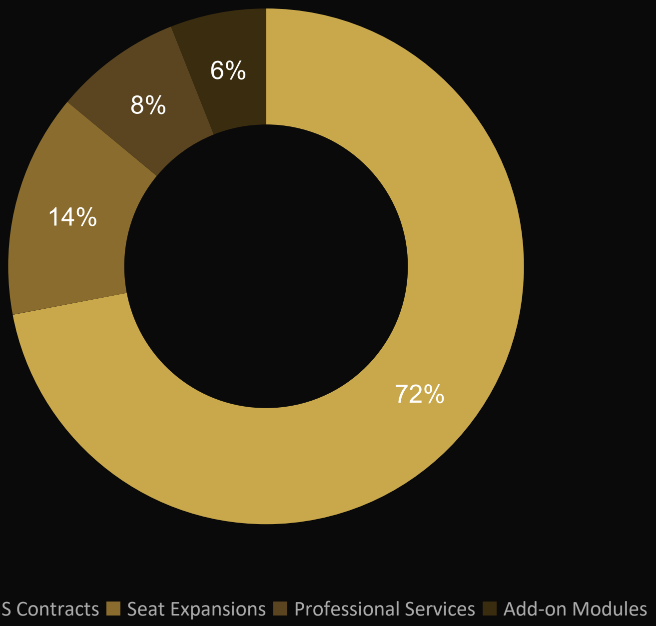
Sarah Chen — Equity: 52%
CEO & Co-Founder
12yrs SaaS · Ex-Salesforce PM

Marcus Webb — Equity: 38%
CTO & Co-Founder
Ex-Amazon distributed systems

Jennifer Park — Retained
Head of Customer Success
8yrs vertical SaaS · Retained

Priya Nair — Retained
Controller
CPA · Ex-Deloitte · Retained

Key man note:
Founder resisted sales hiring; roadmap largely founder-led; limited second-layer management — acquisition addresses directly.



Note: Annual SaaS Contracts and Seat Expansions are both recurring, prepaid ARR — shown separately to isolate organic expansion economics from base contract value.

72%

Annual SaaS Contracts

Single-seat and team licenses billed annually, prepaid. Average ACV: $35K. Auto-renew default. 3-year contracts with 10% discount available. Drives deferred revenue balance of ~$3M.

14%

Seat Expansions (NRR Engine)

Organic land-and-expand with no dedicated expansion motion. Average account grows from 4→7 seats over 3 years. Drives 107% NRR. Product-led, zero CAC.

8%

Professional Services

Implementation and data migration. Deliberately capped — founder chose not to scale a services business. Low margin. Declining as % of mix.

6%

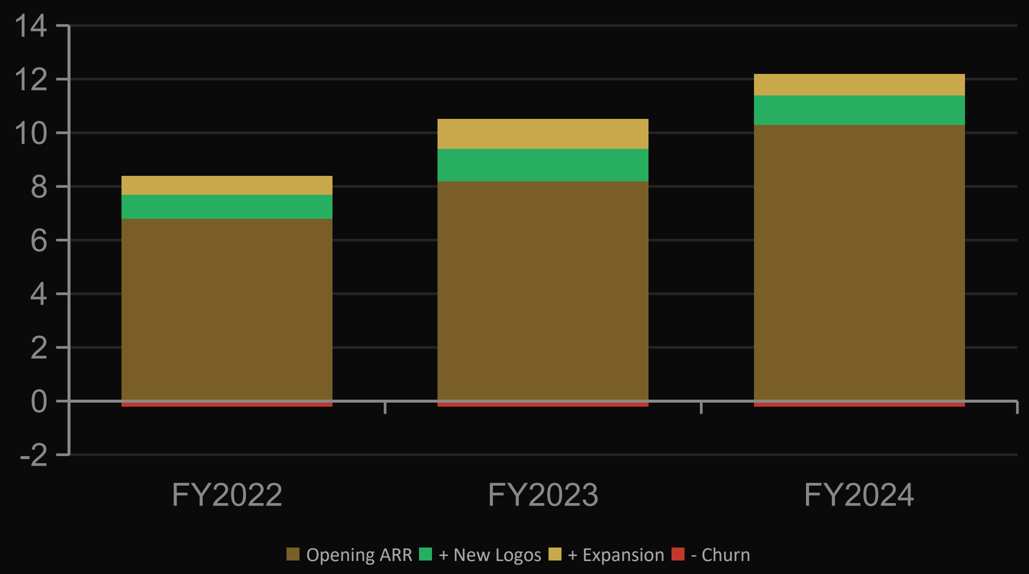
Add-on Modules (Fastest Growth)

Analytics dashboard, AI-assisted reporting, SSO/SCIM. Launched 2023. Attach rate <12% today. Target: 35% within 24 months post-acquisition. High margin.

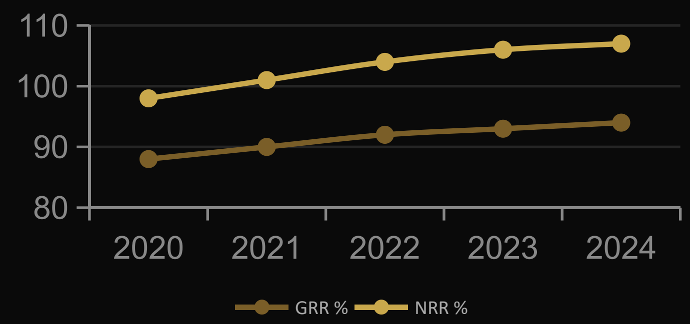
SAAS METRICS & UNIT ECONOMICS

94%	107%	4.8yr	14mo	5.2x	40%
GRR	NRR	AVG. TENURE	CAC PAYBACK	LTV : CAC	RULE OF 40
Gross Retention	Net Retention	Customer lifespan	Blended	Above 3x threshold	17% growth + 23% adj. margin

ARR BRIDGE — NET NEW ARR WATERFALL ($M)



RETENTION TRENDS & CUSTOMER ANALYSIS



⚠ CONCENTRATION NOTE

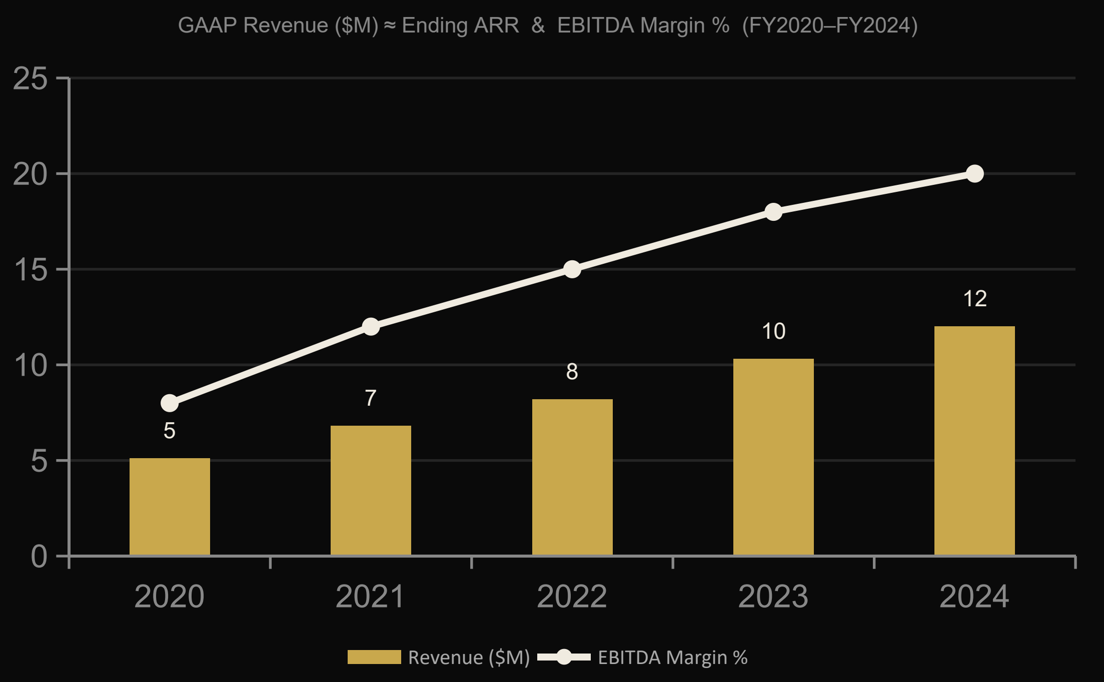
Top 10 customers: 22% ARR · Max single customer = 4%

Top 25 customers: 47% ARR ← KEY RISK

Top 50 customers: 63% ARR

Concentration covenant required in LOI

HISTORICAL FINANCIAL PERFORMANCE



GAAP ($M)	2020	2021	2022	2023	2024
Revenue	$5.1	$6.8	$8.2	$10.3	**$12.0**
YoY Growth	-	33%	21%	26%	**17%**
Gross Profit	$3.8	$5.2	$6.4	$8.1	**$9.6**
GP Margin	75%	76%	78%	79%	**80%**
EBITDA (Rep.)	$0.4	$0.8	$1.2	$1.9	**$2.4**
EBITDA Margin	8%	12%	15%	18%	**20%**
4-Yr CAGR	**Revenue: 24%**				

FORWARD PROJECTIONS (BASE CASE)

GAAP ($M)	Yr1E	Yr2E	Yr3E	Yr4E	Yr5E
Revenue	$14.0	$16.4	$19.2	$22.5	$26.3
EBITDA	$3.4	$4.1	$5.0	$6.1	$6.5
EBITDA Margin	**24%**	**25%**	**26%**	**27%**	**25%**

EBITDA NORMALIZATION & QUALITY OF EARNINGS

EBITDA NORMALIZATION BRIDGE — FY2024

Reported EBITDA	Excess Owner Comp	One-time Legal Cost	Non-recurring R&D Spend	Insurance Settlement	Adjusted EBITDA
$2.40M	+$0.28M	+$0.15M	+$0.09M	−$0.12M	$2.80M
Base	Add-back	Add-back	Add-back	Remove	23.3% margin

R&D add-back reflects a one-time SOC 2 Type II certification sprint (Q3 2024) — not ongoing product development spend, which remains fully expensed above the line.

QUALITY OF EARNINGS NOTES

1. Revenue Recognition

92% of revenue (SaaS Contracts + Seat Expansion + Add-ons) is prepaid, recurring ARR; 8% (Professional Services) recognized on delivery. ~$3.0M deferred revenue at YE2024. GAAP-compliant, no pull-forward.

2. Deferred Revenue Quality

Deferred revenue represents contracted, unearned revenue. Collection occurs upfront. Strong working capital cycle — cash received before obligation delivered.

3. Customer Contract Quality

340 contracts reviewed in data room. Auto-renew default. Average remaining term 1.8 years on 3-year contract base. No material termination-for-convenience clauses identified.

4. DSCR / Debt Coverage

Year 1 Adj. EBITDA $3.4M vs. total debt service ~$0.90M (senior P&I $0.82M + seller note interest $0.08M) = 3.8x DSCR. Stress case (10% CAGR / high S&M) 2.0x — above 1.25x covenant threshold.

03

VALUE CREATION & RISK

Growth opportunities, operational improvements, and risk mitigation

GROWTH OPPORTUNITIES

Pricing Optimization

+$1.5M ARR

Zero price increase in 3+ years. Y1 growth ($12M→$14M) driven entirely by pricing + NRR expansion — new GTM team contributes from Y2 only (6–9mo ramp). 15% list price increase + 3-tier packaging = est. $1.5M ARR uplift.

⏱ 0–12 mo

AI-Powered Add-ons & Modules

+$1.8M ARR

AI document drafting, analytics dashboard, SSO/SCIM. Current attach rate <12%. AI features in prototype with strong beta feedback. Combined target: 35% attach within 24 months. Zero CAC — cross-sell to 340 existing accounts.

⏱ 6–18 mo

Geographic Expansion

+$2.0M ARR

Canada currently 12 logos. UK professional services market structurally identical. Localization cost ~$200K. 2 partnership discussions already initiated.

⏱ 12–24 mo

Channel Partnerships

+$0.8M ARR

No reseller or referral program exists. QBO, Xero, and CLIO accountancy software partnerships represent warm distribution to existing professional services networks.

⏱ 12–18 mo

Bolt-on Acquisitions

Platform Re-rating

20+ identified bolt-on targets: sub-$3M ARR vertical SaaS serving adjacent niches. Acquirable at 2–3x ARR. Precedents: ServiceTitan, EZLynx. Creates scale + multiple expansion catalyst.

⏱ 18–36 mo

KEY RISKS

	Risk	Detail	Likelihood	Impact
HIGH	Founder Dependency	Sarah Chen manages key customer relationships + product vision. Departure before structured transition would impair renewal rates and pipeline. Probability: Medium. Impact: High.	Med	High
HIGH	Customer Concentration	Top 25 accounts = 47% ARR — significantly above typical threshold of 30–35%. Loss of 2–3 anchor clients simultaneously could breach DSCR covenant. No single customer >4% but cluster risk is material. Mitigant: concentration covenant in LOI.	Med	High
MED	GTM Build Execution Risk	No existing sales function. Building VP Sales + SDR/AE team from scratch carries 6–12 month productivity lag and high S&M cash outflow in Years 1–2. Modeled conservatively.	High	Med
MED	PE Rollup Competition	Vista, Thoma Bravo-adjacent platforms acquiring vertical SaaS aggressively. Well-capitalized competitor could outspend on R&D and pricing. AI roadmap acceleration is primary defense.	Med	Med
MED	Technical Debt	Legacy backend (Node.js v12, MongoDB 4.x) requires modernization. Budget: $400–600K over 18 months. Risk: customer-facing instability during migration if not carefully sequenced.	High	Med
LOW	Macro / Expansion ARR Inversion	NRR driven by seat expansion — vulnerable to professional services headcount cuts in recession. 4.8yr tenure and annual prepay provide meaningful buffer. Stress-tested in downside model.	Low	Med

RISK MITIGATION

Founder Dependency

- ✓ 24-month transition with milestone-based earnout of $1.0M tied to ARR targets
- ✓ Key-man life & disability insurance through full transition period
- ✓ Systematic CRM documentation of all customer relationships within 90 days of close
- ✓ Promote Marcus Webb (CTO) to President; hire VP Product externally — Day 1 mandate

Customer Concentration

- ✓ Concentration covenant in LOI: purchase price adjustment (escrow-secured) if top-10 customer churns pre-close
- ✓ New GTM targeting rules: no single customer to exceed 3% ARR; top-25 target <40% combined ARR by Y3
- ✓ 3-year contract incentive (10% discount) for top 25 accounts — locks in renewal
- ✓ Customer health scoring dashboard deployed within 60 days; CSM hired in 30 days

GTM Build / Seller Note Crunch

- ✓ No front-loaded growth assumed: base case holds flat at the 17% 3-year average in every year, including Year 1
- ✓ Year 1 S&M budget = $1.2M (VP Sales + 2 AEs + SDR); funded from operating cash
- ✓ Seller note ($1.5M) scheduled as bullet in Year 3 — avoids simultaneous debt service overload
- ✓ Yr1 debt service: ~$0.90M (senior P&I $0.82M + seller note interest $0.08M). Adj.EBITDA: $3.4M. DSCR: 3.8x — comfortable

PE Rollup / Technical Debt

- ✓ AI roadmap accelerated to Year 1 priority; $300K earmarked in acquisition budget
- ✓ Backend modernization phased: Node.js 20 upgrade (Q1), MongoDB Atlas migration (Q2–Q3)
- ✓ Deepen integrations: QBO, Xero, Salesforce — increase switching cost structurally
- ✓ $500K technical debt remediation budgeted in LOI as condition to close escrow

MANAGEMENT BUILDOUT

TODAY

FOUNDER

Sales · Product · Support · Ops · Hiring

Single point of failure — the bus-factor risk flagged in Key Risks (slide 16)

POST-ACQUISITION

CEO (Founder, Retained)

VP SALES	VP PRODUCT	CUSTOMER SUCCESS	ENGINEERING

VP Sales hire is a Day 1–30 priority (100-Day Plan, slide 22); reduces founder dependency to zero within two quarters

04

TRANSACTION & RETURNS

Structuring, financial model, sensitivity, and investment recommendation

TRANSACTION STRUCTURE

SOURCES & USES

SOURCES	$M	%
Senior Debt (SBA 7(a))	$4.5	42%
Seller Note (3yr bullet @ 5%)	$1.5	14%
Sponsor Equity	$4.8	44%
Total Sources	**$10.8**	**100%**
USES		
Purchase Price	$10.0	92.6%
Transaction Costs	$0.5	4.6%
Working Capital Adjustment	$0.3	2.8%
Total Uses	**$10.8**	**100%**

DEAL TERMS

Structure	Asset acquisition · §338(h)(10) tax step-up
Purchase Price	$10.0M enterprise value; up to $11.0M incl. max earnout
Earnout	$1.0M if Y1 ARR ≥ $13.5M (confirmed, measurable)
Senior Debt	SBA 7(a) $4.5M facility · 7yr amort. · 6.5% fixed. Lender support preliminary, subject to diligence.
Seller Note	$1.5M @ 5% · 3yr bullet · subordinated to senior
Sponsor Equity	$4.8M · 100% investor pre-incentive pool
Mgmt. Pool	15% post-close for key hires + retained team
R&W Insurance	Cap: $1.5M (14% of deal — within market range 10–15%)
WC Peg	$1.8M · 60-day normalized AR cycle · verified
Conc. Covenant	Purchase price adjustment (escrow-secured) for material top-10 customer attrition, signing to closing

RETURNS ANALYSIS

46%	6.6x	$31.6M	5yr	6.0x
BASE CASE IRR	BASE CASE MoM	SPONSOR EQUITY EXIT	HOLD PERIOD	EXIT EBITDA MULT.

EXIT SCENARIOS — 5-YEAR HOLD · All figures verified and mathematically consistent

Metric	Downside	Base Case	Upside
ARR CAGR (5yr)	10%	17%	22%
Exit ARR	$19.3M	$26.3M	$32.4M
Exit EBITDA Margin	20%	25%	28%
Exit EBITDA	$3.9M	$6.5M	$9.1M
Exit EV/EBITDA Multiple	5.0x	6.0x	7.0x
Enterprise Value	$19.3M	$39.0M	$63.6M
Less: Net Debt at Exit (dynamic)	($2.2M)	($1.8M)	($0.4M)
Equity Value at Exit	$17.1M	$37.2M	$63.2M
Less: Mgmt Pool (15%)	($2.6M)	($5.6M)	($9.5M)
Sponsor Equity Proceeds	**$14.6M**	**$31.6M**	**$53.7M**
Investor IRR	**25%**	**46%**	**62%**
Money-on-Money (MoM)	**3.0x**	**6.6x**	**11.2x**

SENSITIVITY ANALYSIS

IRR SENSITIVITY: EXIT MULTIPLE × ARR GROWTH CAGR

ARR CAGR \ Exit Multiple	4.5x	5.0x	5.5x	6.0x	6.5x	7.0x
10%	23%	25%	28%	31%	33%	35%
13%	29%	32%	35%	37%	39%	42%
17%	37%	40%	43%	**46%**	48%	51%
20%	42%	46%	49%	51%	54%	56%
25%	51%	54%	57%	60%	63%	65%

Note: Sensitivity uses simplified model. Full LBO model (slide 20) shows 46% base case IRR. Matrix shows directional ranges.

DSCR SENSITIVITY: GROWTH SCENARIO × S&M SPEND LEVEL

CAGR \ S&M	Low $0.8M	Base $1.2M	High $1.8M
10%	3.7x	3.0x	2.0x
17%	**5.5x**	**5.0x**	**3.6x**
25%	6.9x	6.6x	4.9x

Min covenant: 1.25x DSCR. All scenarios above threshold.

KEY TAKEAWAYS

- Base case 46% IRR — 2.3x above 20% hurdle rate
- DSCR 3.8x base case — covenant 1.25x · stress case 2.0x
- IRR positive (25%+) in all scenarios above downside
- No accelerated ramp assumed — Year 1 held to trailing 3-yr average
- 6.0x held conservative vs. lower-middle-market precedent (5–7x); SaaS comps run higher (8x+)

100-DAY VALUE CREATION PLAN

Days 1–30

STABILIZE

1. Close → interim CEO + retain founder as paid advisor at $200K/yr
2. Meet top 25 customers personally; surface risks before they surface themselves
3. Implement accrual accounting + 5-day monthly close immediately
4. HubSpot CRM setup; all customer contacts loaded within 14 days
5. Hire VP Customer Success (search launched Day 1)

Days 31–60

ASSESS

1. Tech debt audit complete (Node.js v12→20, MongoDB 4.x→Atlas) — $500K escrow holdback released to vendor on scope sign-off
2. VP Sales shortlist finalized; offer extended — target start Day 75
3. Pricing analysis: 3-tier model + add-on pricing built and modeled
4. Weekly KPI dashboard live: ARR, logo churn, NRR, NPS, pipeline
5. SOC 2 Type II renewal initiated; Node.js upgrade starts — 6-month freeze on non-critical features during migration

Days 61–100

ACCELERATE

1. Revised pricing launched to all new logos; tested on 20% renewal base
2. Structured onboarding playbook + CSM assigned to all >$30K ACV accounts
3. UK market scoping trip; evaluate 3 partnership leads (QBO, Xero, CLIO)
4. First bolt-on M&A outreach: 8 target pipeline letters sent
5. 100-day board review; Year 1–3 operating plan revised and locked

INVESTMENT RECOMMENDATION

RECOMMEND: PURSUE

WHY PURSUE

- ✓ 0.83x ARR entry — structural valuation arbitrage vs. 3.1–8.4x comp set
- ✓ 92% ARR recurring — top-quartile cash flow quality
- ✓ 107% NRR — installed base self-expands; minimal incremental sales cost
- ✓ Pricing flat 3yrs — immediate, low-risk, high-confidence upside lever
- ✓ Founder transition clean — structured earnout + 24-month transition
- ✓ DSCR 3.8x base case — comfortable debt service with significant headroom

WHY EXERCISE CAUTION

- ! Top 25 customers = 47% ARR — concentration covenant required
- ! Zero existing sales function — GTM buildout costs budgeted with no offsetting growth acceleration assumed
- ! Seller note + senior debt = dual Year 1–3 service obligations (3.8x DSCR covers it)
- ! Technical debt: $500K remediation; PE rollup competitive risk
- ! NRR of 107% exposed to white-collar contraction if macro deteriorates

DEAL TEAM DIRECTIVES: (1) Insert customer concentration covenant — purchase price adjustment (escrow-secured) if top-10 account churns pre-close. (2) Model GTM J-Curve: zero net-new ARR in first 6 months; verify DSCR >1.25x under all scenarios.

PRODUCT OVERVIEW

WHAT CLOUDAXIS ACTUALLY DOES

CloudAxis is a cloud-native workflow automation and client management platform for mid-market professional services firms. It replaces disconnected tools (email, spreadsheets, legacy billing) with a single system of record covering client intake, matter tracking, billing automation, and real-time analytics.

CORE PRODUCT MODULES

WORKFLOW

Workflow Automation

Visual drag-and-drop workflow builder. Automates client intake, document routing, approval chains, and task assignment.

ANALYTICS

Analytics Dashboard

Real-time KPIs: utilisation, billing efficiency, matter profitability, client health. Exportable to PDF.

BILLING

Billing & Invoicing

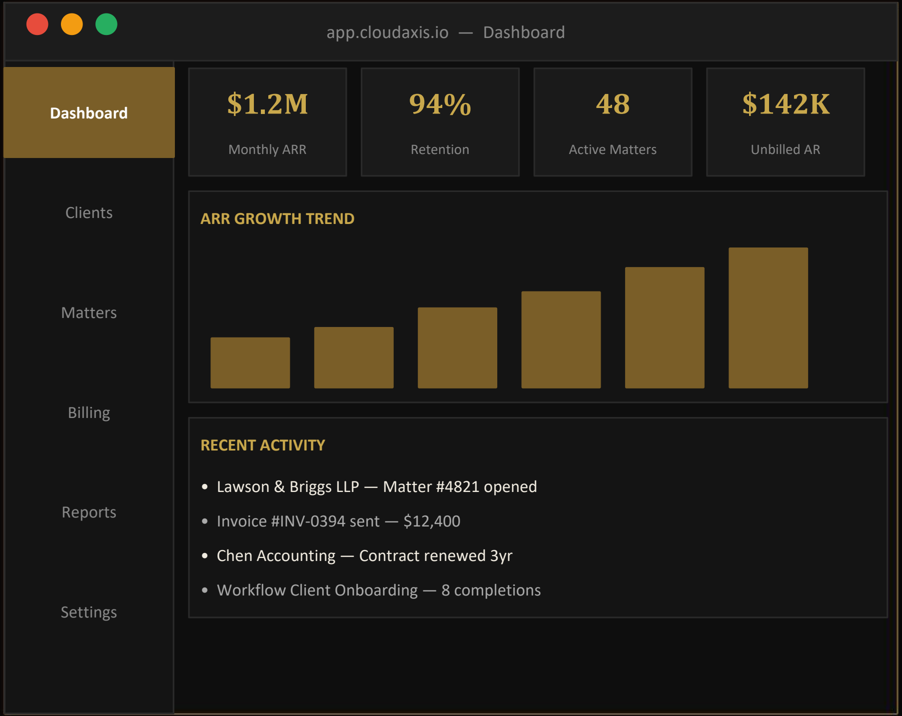
Time capture, invoice generation, payment reminders, AR aging. Native integration with QBO and Xero.

API

API & Integrations

Open REST API. 40+ integrations: Salesforce, QBO, Xero, CLIO, DocuSign, Outlook. SOC 2 Type II certified.

PLATFORM DASHBOARD — PRODUCTION VIEW



Captured from CloudAxis production instance, June 2025 — full walkthrough available in data room.

COMPETITIVE POSITIONING

FEATURE COMPARISON MATRIX

CloudAxis: ✓ Workflow ✓ Billing ✓ Analytics ✓ AI ✓ API — the only platform with all five, natively

Feature / Capability	CloudAxis	Clio (Legal)	Karbon (Acctg)	Monday.com	Salesforce PSA
Multi-vertical (Legal+Acctg+Staffing)	✓	✗	✗	◑	◑
Native Billing & AR Automation	✓	✓	✗	✗	◑
Visual Workflow Builder	✓	✗	✓	✓	◑
Open API + 40+ Integrations	✓	◑	◑	✓	✓
Mid-market ACV ($10K–$100K)	✓	◑	✓	✗	✗
AI-Assisted Reporting (in dev)	✓	✗	✗	✗	◑
SOC 2 Type II Certified	✓	✓	✗	✓	✓
Annual Prepaid Contracts	✓	◑	✓	✗	✗
Win Rate vs. Competitor	—	71%	68%	64%	82%

✓ Full capability · ◑ Partial · ✗ Not available · Win rates from CRM competitive deal data 2022–2024

COMPETITIVE MOAT SUMMARY

Multi-Vertical Breadth

One of few platforms natively serving legal, accounting, staffing & consulting in one system. Structural differentiation.

Switching Cost Moat

4.8yr avg. tenure. Migration takes 3–6 months; GRR consistently above 94% since FY2022 — switching cost confirmed.

Integration Depth

40+ native integrations vs. competitor avg. of 12 — deeper embeddedness, higher friction, stronger NRR engine.

CUSTOMER EVIDENCE

CUSTOMER BASE — 340 ACTIVE ACCOUNTS

Legal & Law Firms

Accounts	% ARR
118	35%
Avg ACV	**NRR**
$42K	111%

Accounting Practices

Accounts	% ARR
95	28%
Avg ACV	**NRR**
$31K	107%

Staffing Agencies

Accounts	% ARR
74	22%
Avg ACV	**NRR**
$28K	106%

Management Consulting

Accounts	% ARR
53	16%
Avg ACV	**NRR**
$38K	109%

DOLLAR RETENTION COHORT ANALYSIS

Cohort	Yr 1	Yr 2	Yr 3	Yr 4
2020 Cohort ($1.8M)	100%	106%	111%	115%
2021 Cohort ($2.2M)	100%	105%	110%	—
2022 Cohort ($3.1M)	100%	107%	—	—
2023 Cohort ($3.8M)	100%	—	—	—

All cohorts show net dollar expansion in every observed year. Source: CloudAxis CRM export, November 2024.

CUSTOMER VOICE

> *CloudAxis replaced three separate tools. Our billing cycle went from 12 days to 3.*
>
> — Managing Partner, Lawson & Briggs LLP

> *The workflow builder alone justified the cost. We automated 60% of client onboarding without adding headcount.*
>
> — CEO, Pacific Accounting Group

> *We have been on CloudAxis for 4 years. Every time I looked at switching, the migration cost stopped us.*
>
> *Source: Customer reference interviews, Oct–Nov 2024. Names used with permission.*
>
> — COO, Pinnacle Staffing Solutions

VALUE CREATION BRIDGE

FROM ENTRY TO EXIT — HOW $10.0M ENTRY EV BECOMES $39.0M EXIT EV

Entry EV	Pricing	Seat Expansion	New Logos & Other Growth	Margin Expansion	Multiple Re-rating	Exit EV
$10.0M	+$1.5M ARR	+$1.8M ARR	+$11.0M ARR	20% → 25%	3.6x → 6.0x	$39.0M
3.6x Adj. EBITDA	+$0.40M EBITDA	+$0.45M EBITDA	+$2.85M EBITDA	Operating leverage	Scale + profitability	6.0x x $6.5M EBITDA

Entry EV $10.0M → Yr5E ARR $26.3M · Yr5E EBITDA $6.5M · Exit Multiple 6.0x · **Exit EV $39.0M · Sponsor Equity $31.6M · IRR 46%**

VALUE CREATION DECOMPOSITION — HOW THE $29M GAIN IS GENERATED

Value Driver	$ Contribution to Exit EV	% of Exit EV
Entry EBITDA ($2.8M) capitalised at entry multiple (3.6x)	$10.0M	26%
EBITDA growth ($2.8M → $6.5M) capitalised at entry multiple	+$13.2M	34%
Multiple expansion (3.6x → 6.0x) applied to exit EBITDA $6.5M	+$15.8M	40%
Total Exit Enterprise Value	**$39.0M**	**100%**

A. SaaS KPI Deep-Dive

- Monthly ARR cohort waterfall (2020–2024) — available in data room
- ARR per employee: $12M / 48 FTEs = $250K/FTE (industry top quartile)
- Magic Number (Sales Efficiency): N/A — no outbound motion; confirms organic PMF
- Logo churn rate: ~2.5%/yr; Dollar churn (GRR): 6% — normal for this ACV band
- Net new ARR FY2024: $1.7M ($1.1M new logos + $0.78M expansion – $0.18M churn) — consistent with 107% NRR

B. Industry Comp Set

- Listed vertical SaaS EV/ARR: 3.1x–8.4x (Source: PitchBook Q4 2024)
- Private deal comps <$20M ARR: 2.5–5.0x ARR (Source: PitchBook)
- CloudAxis: $10.0M / $12M ARR = 0.83x ARR — significant discount to comps
- PE rollup precedents: ServiceTitan (Vista), EZLynx, Vertafore, Clio
- Public SaaS Rule of 40: CloudAxis 40% — top quartile for lower-middle market

C. Financial Model Assumptions

- Base case ARR CAGR 17% (consistent with 2022–2024 average; no heroic assumptions)
- EBITDA margin: 24%→27% (Yr1–4E), held at 24.7% (Yr5E) for pre-exit reinvestment — slide 12
- Senior debt: $4.5M SBA 7(a) facility / 7yr amortization / 6.5% fixed rate
- CapEx: $200K/yr maintenance; $500K technical debt Y1; no major asset purchases
- Mgmt pool: 15% vesting over 4 years post-close on linear schedule

D. Data Sources & References

- Legal PM software: Global Industry Analysts, 2024 ($3.2B, 8.7% CAGR)
- Deal comps & rollups: PitchBook Q4 2024; Crunchbase (public)
- Accounting PM software: Verified Market Research, 2024 ($1.3B, 7.8% CAGR)
- Staffing software: Fortune Business Insights, 2024 ($0.6B, 10.1% CAGR)
- Adjacent PSA market (consulting): Grand View Research, 2024 ($12.4B)

DEBT AMORTIZATION SCHEDULE

BASE CASE · ACQUISITION-DATE DEBT ONLY · NO VOLUNTARY PREPAYMENT ASSUMED

($M)	Yr1	Yr2	Yr3	Yr4	Yr5
Senior Debt — Opening	4.50	3.97	3.41	2.81	2.17
Interest (6.5% fixed)	0.29	0.26	0.22	0.18	0.14
Scheduled Principal	0.53	0.56	0.60	0.64	0.68
Senior Debt — Closing	**3.97**	**3.41**	**2.81**	**2.17**	**1.49**
Seller Note — Opening	1.50	1.50	1.50	—	—
Interest (5%, cash-pay)	0.08	0.08	0.08	—	—
Principal (Yr3 bullet)	—	—	1.50	—	—
Seller Note — Closing	**1.50**	**1.50**	**—**	**—**	**—**
Total Debt — Closing	**5.47**	**4.91**	**2.81**	**2.17**	**1.49**
Adj. EBITDA (slide 12)	3.4	4.1	5.0	6.1	6.5
DSCR (EBITDA / Debt Svc.)	**3.8x**	**4.6x**	**5.6x**	**7.4x**	**7.9x**

Note: Reflects mandatory amortization of Day-1 acquisition debt only. Net debt at exit shown in Returns Analysis (slide 20) runs higher across scenarios, reflecting incremental financing for bolt-on M&A (slide 15) and working capital draws. DSCR = Adj. EBITDA / (Senior P&I + Seller Note interest); covenant 1.25x.

KEY OBSERVATIONS

- Senior facility de-levers from $4.50M to $1.49M (67% paid down) across the 5-year hold on scheduled amortization alone — 2 years remain on the 7-year term at exit, repaid from sale proceeds
- Seller Note bullet ($1.5M, Yr3) removes the subordinated obligation in full before the back half of the hold — no refinancing risk at exit
- DSCR cushion widens every year (3.8x → 7.9x) as EBITDA scales against a flat debt service schedule — covenant headroom is tightest in Year 1, still 3.0x above the 1.25x threshold

LEVERAGE STRATEGIC

Transaction Advisory · M&A · Strategic Finance

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