



TRAVEL & HOSPITALITY TECH INSIGHTS

April 2024



INSIGHTS ON THE TRAVEL & HOSPITALITY SOFTWARE SPACE

Our **Travel & Hospitality Software Industry Report** is a vital resource for **founders, CEOs, and investors active in travel and hospitality software**. It offers comprehensive analysis and insights into market themes, M&A activity and fundraising activity in the space.

Key takeaways include:

- There has been a **healthy cadence of fundraising and M&A activity** in the European travel & hospitality software space during 2023 and early 2024. Market activity has stepped up as travel volumes have recovered from COVID-19 and we expect this to continue during 2024
- **Payment orchestration** is an increasingly important topic and forms a key part of investors' thesis in the space. Capturing payment flows both simplifies clients' existing payments strategies and creates an attractive revenue source on top of existing business models
- The market remains **highly fragmented** and **well capitalised consolidators** are appearing to create scalable platforms in the space
- Fundraising activity continues to concentrate around **experiences, business travel management** and **vacation rentals** software solutions
- Valuations on both public and private markets vary markedly, however, there is a clear path to premium, revenue-multiple driven valuations for firms exceeding the Rule of 40 with profitability

Additionally, the report features a case study on one of our recent high-profile transactions: **Visit Group**, a European leader in travel & hospitality software, received a strategic growth investment of more than EUR 100m from **PSG Equity**. This transaction exemplifies the heightened interest in profitable, growing software companies and the emergence of private equity-backed platforms in travel & hospitality software.

VISIT GROUP RECEIVED A STRATEGIC GROWTH INVESTMENT OF MORE THAN €100M FROM PSG EQUITY

Visit Group, a Nordic-based travel & hospitality software player, completed a majority sale to PSG Equity. As part of the transaction, Visit Group's Founder Magnus Emilson and the existing management team remain as significant shareholders, while Nordic technology investor Standout Capital sold its shareholding.

Visit Group is the Nordic market leader in hospitality and travel technology, providing collaborative software to in-destination experience vendors. The Company boasts more than 2,200 customers in over 25 countries.

The new partnership aligns with Visit Group's vision to become a leader in the European travel and hospitality technology space, giving the Group significant firepower to help accelerate its ambitious agenda for both organic and inorganic growth.

TECHNOLOGY



a company backed by



received a strategic growth investment from

PSG

SELL-SIDE ADVISER

2023


TRANSACTION HIGHLIGHTS

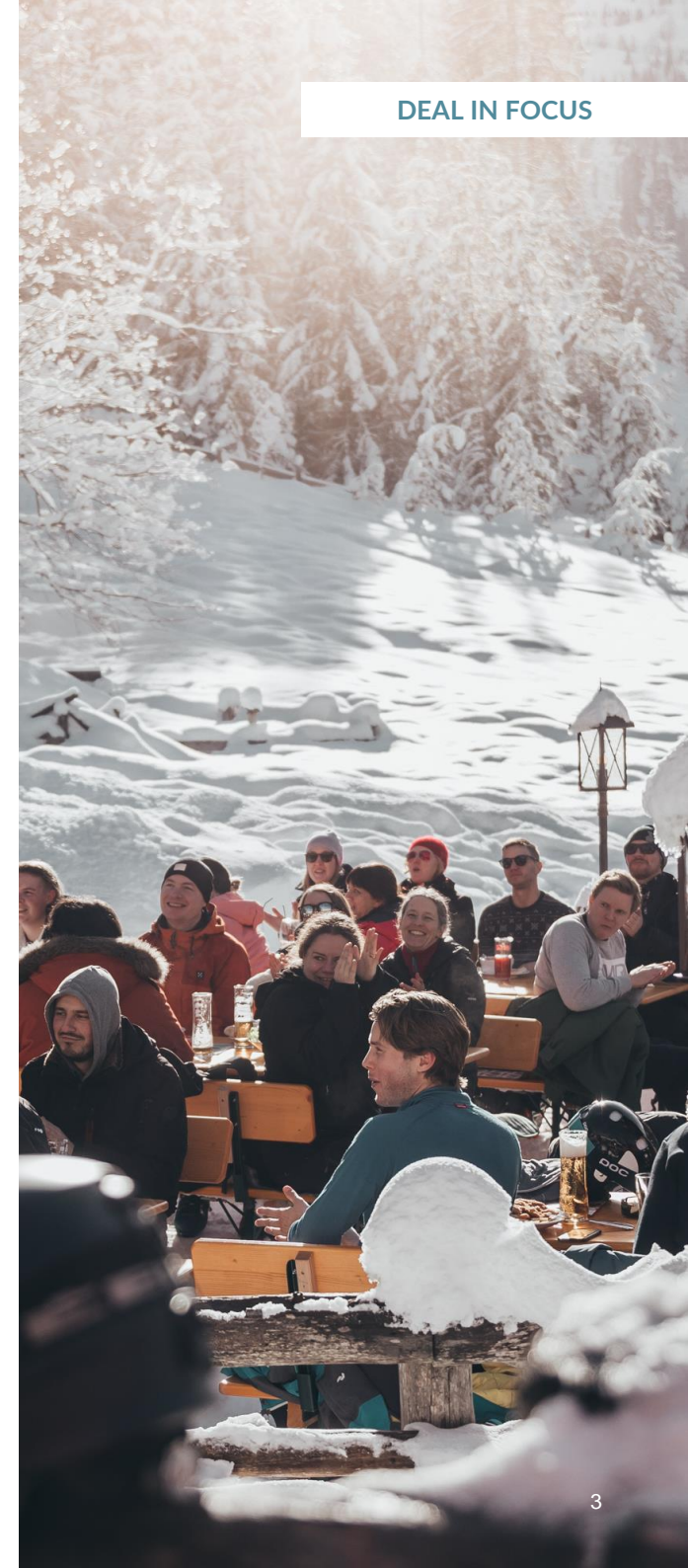
- The deal represents a strategic growth investment of more than €100m and marks PSG Equity's first platform investment in Sweden and Norway
- The transaction adds to the Technology team's recent record in travel and hospitality software and the value added by D.A. Davidson MCF International's cross border platform



Bringing PSG Equity on board as our new growth partner marks a significant milestone for Visit and will help accelerate our growth agenda. The collaboration with MCF played a crucial role in making this deal happen. Their deep expertise in travel tech, understanding of our business and insightful guidance helped us find the best possible partner in PSG. As a result, we are in the ideal position to realise our vision of establishing a digital ecosystem for the travel and hospitality industry.

Magnus Emilson

Founder and Executive Chair, Visit Group



REFERENCES IN THE TRAVEL & HOSPITALITY SOFTWARE SPACE

D.A. Davidson MCF International has deep connectivity and domain expertise in travel & hospitality software

SELECT RECENT REFERENCES

TECHNOLOGY



a company backed by




received a strategic growth investment from




SELL-SIDE ADVISER

2023 


TECHNOLOGY



acquired





BUY-SIDE ADVISER

2022 


TECHNOLOGY




Series B Funding

FINANCIAL ADVISER

2022 

TECHNOLOGY




has received an investment from





FINANCIAL ADVISER

2022 


TECHNOLOGY



sold to



SELL-SIDE ADVISER

2022 

- Visit Group provides collaborative commerce software to in-destination experience vendors, including lodgings, day tours and attractions, mountain resorts, ferry operators, amusement parks and activity vendors
- In 2023, D.A. Davidson MCF International advised the Group in a strategic growth investment of more than EUR 100m from PSG Equity, supporting the business' organic and inorganic growth ambitions
- This marked a continuation of the firm's partnership with Visit Group, having advised on their 2022 acquisition of hotel property management system software vendor Visbook

- Lodgify is a leading vacation rental software solution, empowering hosts of small to mid sized properties in growing their businesses
- The transaction saw a EUR 30m Series B funding led by Octopus Ventures

- Connexpay is a travel-focused payment platform integrating payment acceptance and issuance
- In 2022, D.A. Davidson MCF International acted as financial investor in a \$110m growth equity investment from FTV Capital, supporting growth in EMEA and APAC

- Conferma Pay is a global fintech firm specialised in virtual cards for B2B travel payments
- In 2022, D.A. Davidson MCF International acted as financial adviser to the Company in relation to Sabre's acquisition

WHAT HAS BEEN GETTING OUR ATTENTION (1|2)

1. CONSOLIDATORS ARE EMERGING ACROSS EUROPEAN TRAVEL & HOSPITALITY SOFTWARE

- The European travel & hospitality software landscape remains highly fragmented
- The presence of local champions and innovative start-ups has created an environment where many European vendors need to acquire or be acquired to expand their products internationally and have critical scale to optimise their go-to-market and product strategies
- There are now several strategic players backed by private equity capital which are driving consolidation, pointing towards continued M&A activity during 2024

Select consolidators & backers



2. PAYMENTS ARE INCREASINGLY A CRITICAL BUSINESS PILLAR AND ARE DRIVING INVESTOR INTEREST

- Travel & hospitality software enables high velocity transactions, but historically there has been low digital maturity in streamlining and automating the complex, cross-border payment flows in the industry
- Software vendors, such as Planet and Mews, are increasingly using embedded payments both to simplify clients' tech stacks and to create revenue & margin upside through payment fees. Investors are similarly looking to business models where there is potential for financial performance uplift via payments

Skift

Q&A: Why You Should Watch Hospitality Tech Startups

planet Planet + Skift
February 9th, 2023 at 10:00 AM EST

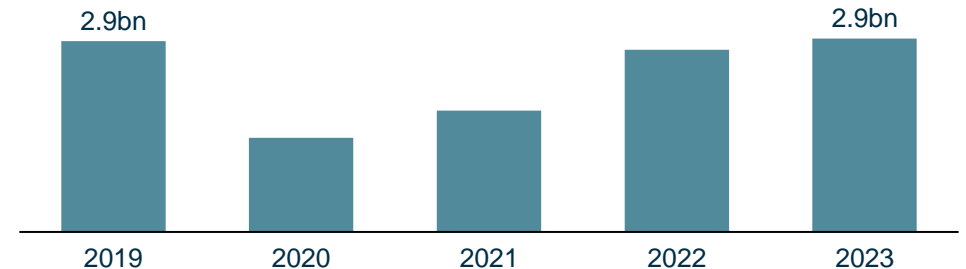
"... The idea is to build technology on our payment rails with much less functionality than we build directly, but more with partners in a marketplace... We can still provide the underlying platform-level support for payments"

Lennert De Jong, President of Hospitality at Planet

3. 2023 SAW TRAVEL VOLUMES RETURN POST COVID, REVEALING THE TRUE WINNERS

- The post COVID travel volume recovery has sustained revenue growth across the travel & hospitality software ecosystem since the lows of 2020
- However, 2023 also saw the true leading players emerge: software vendors which won clients during the COVID period saw the true revenue potential of client acquisition since 2020 in their 2023 figures. This often translated into significantly higher revenue in 2023 compared to 2019, often with improved margins

overnight stays, EU¹



WHAT HAS BEEN GETTING OUR ATTENTION (2|2)

4. CORPORATE TRAVEL, VACATION RENTALS AND EXPERIENCES ARE ATTRACTING ATTENTION IN THE FUNDRAISING MARKET

- TravelPerk and Lanes & Planes, both corporate travel management software vendors, raised \$221m and \$35m respectively – M&A activity in the space is also notable, such as SEB’s \$450m acquisition of AirPlus International
- B2C experience software vendors, GetYourGuide and Klook, have similarly raised three digit sums as the tours & attractions space increasingly digitalises. This has been mirrored with high interest in B2B vendors focused on this segment
- Finally, Hostaway’s \$175m raise demonstrated ongoing interest in B2B vacation rental software space, adding to players like Guesty and Lodgify

Select fundraisings in 2023 and 2024



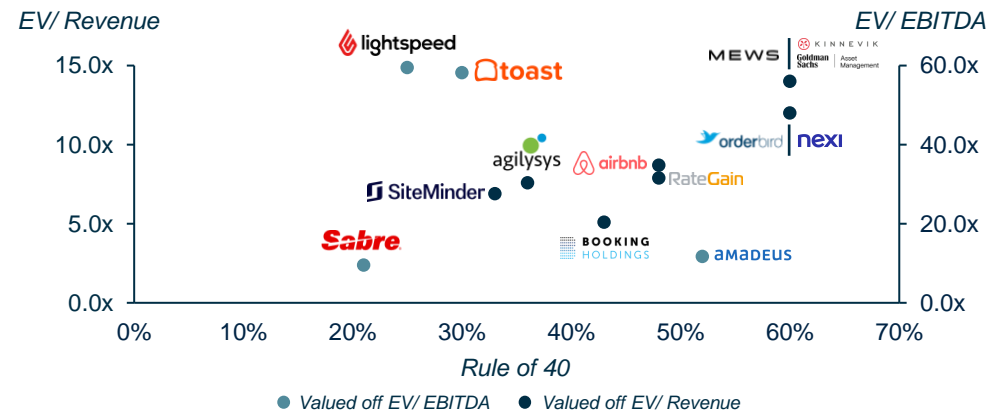
5. AI IS A HOT TOPIC, BUT THERE ARE OTHER FACTORS SHAPING THE MARKET

- There is no doubt that AI is dominating industry forums & product conversations
- However, there are other factors shaping the industry, including simplifying complicated tech stacks, helping clients deal with labour shortages and increasing digitalisation & automation in the long tail segment
- Each subsegment is seeing innovative tech emerge. Take the example of technology for travel agents & intermediaries, where NDC adoption is continuing to create an outsized opportunity for independent vendors with innovative tech

AI is fundamental “... AI has arrived and will remain... Now all of a sudden it has become apparent that in the near future there will be innovators, improvers and those that disappear”
 2024/03/05 · According to **Ch** use of AI by agents and person: *Dr. Patrick Andrae, CEO of HomeToGo*

6. BUSINESS WITH STRONG RULE OF 40 PROFILES ARE TRADING AT ATTRACTIVE PREMIUM VALUATIONS

- There continues to be a wide variation in valuation multiples in both public and private markets for travel & hospitality software assets
- Private market transactions have been completed at attractive revenue multiples – see Mews’s recent fundraise (~12x EV/ Revenue) and Amadeus’ acquisition of Voxel (implied ~14x EV/ Revenue) as examples
- Similarly, public market multiples are trading up to 8x revenue for high growth, profitable businesses meeting the Rule of 40, such as Agilyxis and RateGain. However, EBITDA multiples continue to be the primary driver for established GDS and OTA vendors

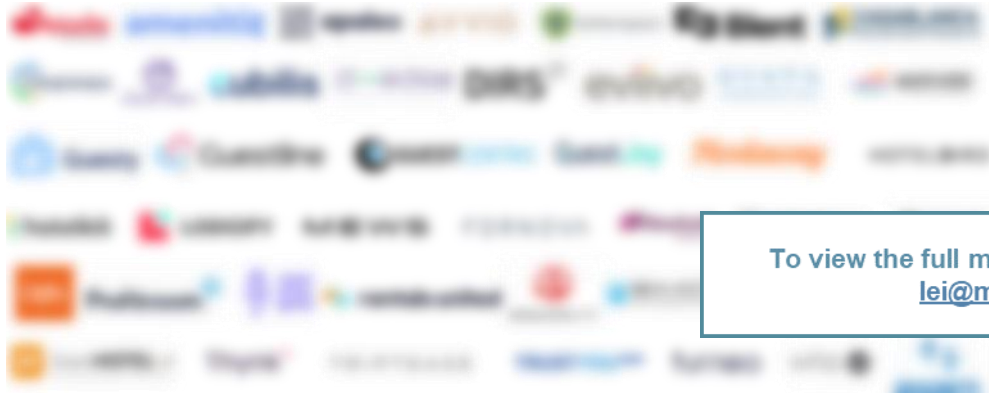


TAKING STOCK OF THE FRAGMENTED EUROPEAN ECOSYSTEM

NON-EXHAUSTIVE

A simplified visualisation of the European travel & hospitality B2B software ecosystem

SOFTWARE FOR LODGINGS



SOFTWARE FOR TRAVEL AGENTS & INTERMEDIARIES

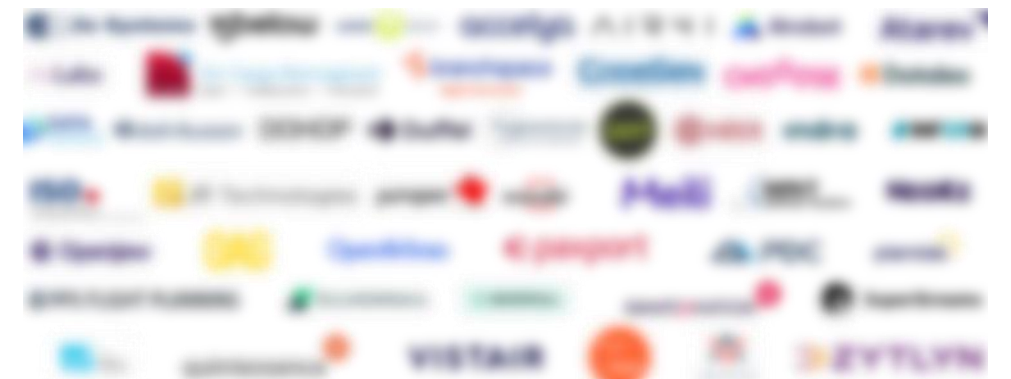


To view the full market map, please contact:
lei@mcfcorpfin.com

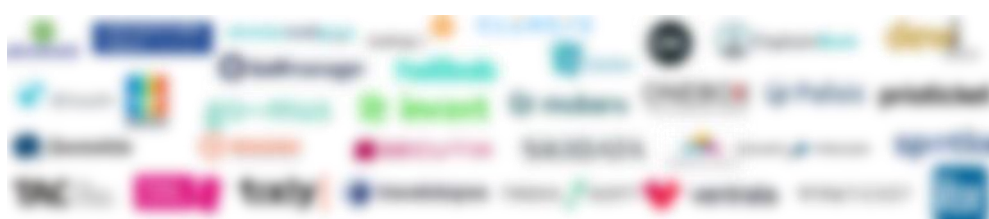
SOFTWARE FOR FOOD & BEVERAGE VENDORS



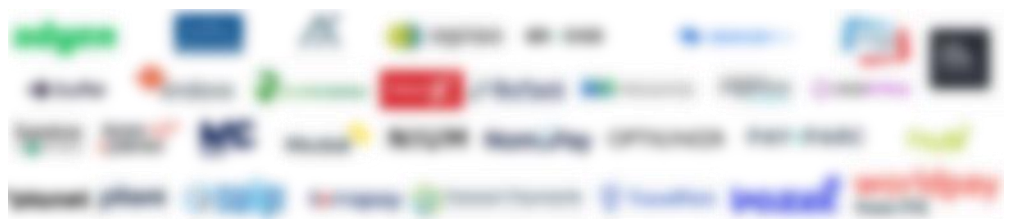
SOFTWARE FOR TRANSPORT OPERATORS



SOFTWARE FOR TOURS, ACTIVITY & ATTRACTION VENDORS



TRAVEL PAYMENTS & EXPENSE SOFTWARE



WELL CAPITALISED STRATEGIC PLAYERS ARE POISED FOR FURTHER M&A

NON-EXHAUSTIVE

Selected players in the travel & hospitality space with M&A records and financial backing

STRATEGIC CONSOLIDATORS	BACKER / KPIS	RELEVANT TRANSACTIONS					
access				Jul-23	Jan-24		
AIRDNA	ALPINE			Jul-23	Jan-24		
Cendyn							
		Feb-21	Jan-22	Aug-22	Aug-23	Oct-23, \$37m	Oct-23
lighthouse <small>FORMERLY OTA INSIGHT</small>	SPECTRUM EQUITY				Mar-22	Apr-22	Feb-24
MEWS	 <small>Goldman Sachs Asset Management</small> NOTION			Bizzon	HOTELLO		
		Aug-21	Feb-22	Mar-22	Apr-23	Oct-24	Jan-24
planet		PROXIMIS			datatrans.	avantio	Mar-22
		Mar-22	Mar-22	Mar-22	Mar-22	Jul-22	
		AVVIO					
		Nov-22					
	CAPZA			Jun-22	Mar-23		
	PSG			Mar-22	Apr-22		
zenchef	PSG	formitable			Jan-23	Sep-23	Feb-24
	Private, > \$1.4bn revenue 2022				Sep-21	Mar-23	Jul-23


























SELECTION OF RELEVANT FINANCINGS (1|2)

Recent capital raises demonstrate interest in tech related to corporate travel management, vacation rentals and B2C experience platforms

DATE	HQ	COMPANY	DESCRIPTION	KEY INVESTORS	DEAL AMOUNT (\$M)	TOTAL RAISED (\$M)
Mar-24			Cloud-based PMS and payment solution system vendor. The pre-money valuation amounted to \$1,090m, based off \$100m in recurring revenue	 KINNEVIK  Goldman Sachs  Asset Management  NOTION	110	335
Jan-24			Corporate travel booking and management software tool vendor. The pre-money valuation amounted to \$1,215m	SoftBank Vision Fund  GENERAL CATALYST  KINNEVIK	221	513
Dec-23			Software vendor providing commerce and operational software to lodgings, tours & attractions and other in-destination experience vendors		108	NA
Dec-23			GDS vendor providing distribution, payment and operational software to the airline and tourism industries	 ELLIOTT  SIRIS	570	NA
Dec-23			Developer of a B2C travel booking platform for consumers to find and book tours and activities online	 Bessemer Venture Partners  BPEA EQT  Altium	210	940
Oct-23			B2B corporate travel booking, approvals and expenses management software vendor	 SMASHCAPITAL  ALL IRON  DN Capital  Battery	35	80
Jul-23			B2B hospitality marketplace targeting hotels and travel providers	 Lightspeed	23	43
Jun-23			Software vendor optimizing and re-pricing flight reservations for travel agents & intermediaries	 INSIGHT PARTNERS	15	23
Jun-23			Developer of a B2C travel booking platform for consumers to find and book tours and activities online	 BLUE POOL CAPITAL  KKR TEMASEK	194	1,079
May-23			Operator of a travel platform which creates a white label dynamic packaging and personalisation solution	 Crédit Mutuel Innovation  BANQUE des TERRITOIRES  FRENCH FOUNDERS	28	41

SELECTION OF RELEVANT FINANCINGS (2|2)

Recent capital raises demonstrate interest in tech related to corporate travel management, tours & attractions and vacation rentals

DATE	HQ	COMPANY	DESCRIPTION	KEY INVESTORS	DEAL AMOUNT (\$M)	TOTAL RAISED (\$M)
May-23			Developer of software for transport vendors and the tourism industry, incl. operations, passenger services, loyalty programs and hospitality distribution		450	NA
Mar-23			Developer of digital check in, keyless entry and workflow management software for short term rentals and hotels		25	NA
Mar-23			Vacation rental property management software vendor		175	178
Jan-23			Developer of a software platform for travel vendors to integrate climate action into their customer experiences. The pre-money valuation amounted to \$80m	 	15	23
Jan-23			Ticketing and business operations software vendor focused on mid-market tours and attractions		15	NA
Jan-23			Software vendor optimising and re-pricing hotel reservations for travel agents & intermediaries		12	20
Jan-23			B2B software vendor creating vacation rental metasearch and channel manager platform	   	102	184








SELECTED TRANSACTIONS IN TRAVEL & HOSPITALITY SOFTWARE SPACE (1|3)

M&A cadence during 2023 & 2024 set by private equity-backed strategic consolidators and larger corporate players adding incremental tech

DATE	ACQUIRER ¹⁾	TARGET	DESCRIPTION
Mar-24	 	 	Acquisition of Spain-based e-invoicing and B2B payment automation technologies provider for the global tourism and hospitality sectors. The Enterprise Value amounted to EUR 113m, based off 2023 revenue of EUR 18m
Mar-24	 	 	Private equity acquisition of UK-based developer of hyper-personalised, automated passenger communications for the travel industry
Feb-24	  	 	Acquisition of Belgium-based market leader in online reservation platforms for the restaurant industry
Feb-24	  	 	Acquisition of Belgium-based developer of hotel channel management and commerce solutions, adding to Lighthouse's existing pricing intelligence offer
Feb-24	  	 	Germany-based developer of dynamic pricing and online booking software for the meetings, conference and events industry
Jan-24	  	 	Acquisition of US-based booking engine and commerce solution vendor for the hotel industry. The acquisition marks IBS Software's ambitions to build up its hospitality business
Jan-24	  	 	Merger of UK-based aviation safety software vendor, with US-based Comply 365. The deal saw Insight Partners enter as the backer for the combined business
Jan-24	 	 	Acquisition of US-based hotel property management system vendor by European based Mews
Dec-23	 	 	Acquisition of Ireland-based property management system vendor focused on independent hotels
Oct-23	  	 	Acquisition of Switzerland-based aviation maintenance management software platform
Oct-23	 	 	Private equity acquisition of UK-based experience prebooking and ticketing platform

SELECTED TRANSACTIONS IN TRAVEL & HOSPITALITY SOFTWARE SPACE (2|3)

M&A cadence during 2023 & 2024 set by private equity-backed strategic consolidators and larger corporate players adding incremental tech

DATE	ACQUIRER ¹⁾	TARGET	DESCRIPTION
Oct-23	 	 	Acquisition of US-based vendor providing hotel guests personalised recommendations based on predictive analytics and AI
Oct-23	 	 	Private equity acquisition of Germany-based travel agent mid-office automation software vendor
Oct-23	  	 	Acquisition of Germany-based developer of customer relationship management and marketing automation platform for the hotel industry
Sep-23	 	 	Private equity acquisition of minority stake in developer of online packaging technology for the travel intermediary market
Sep-23	  	 	Acquisition of Dutch-Belgian online reservation platform for the restaurant industry
Sep-23	  	 	Acquisition of France-based digital marketing and metasearch software vendor for the hotel industry
Aug-23	 	     	Private equity backed merger of three German (Regiondo), Australian (Rezdy) and Canadian (Checkfront) vendors focussed on tours and attractions commerce software solutions. Deal creates a globally active platform in the experiences space
Jul-23	  	 	Acquisition of France-based property management system and commerce solution vendor for the hotel, restaurant and spa industries
Jul-23	  	 	Acquisition of Denmark-based data insight provider for the airline industry. The deal was financed via a \$500m investment in the combined entity by Vitruvian Partners
Jul-23	   	 	Acquisition of UK-based property management system developer from private equity investor Riverside
Jul-23	 	 	Acquisition of UK-based e-commerce solution vendor focused on luxury hotel segment, adding marketplace and gift card functionality to Sabre's global SynXis Retail Studio product

SELECTED TRANSACTIONS IN TRAVEL & HOSPITALITY SOFTWARE SPACE (3|3)

M&A cadence during 2023 & 2024 set by private equity-backed strategic consolidators and larger corporate players adding incremental tech

DATE	ACQUIRER ¹⁾	TARGET	DESCRIPTION
Jun-23	 ZUCCHETTI	 ready2order	Acquisition of Austria-based POS and payment solution focused on SMB food and beverage segment
Jun-23	 SEB	 AirPlus INTERNATIONAL	Acquisition of Germany-based payment management solutions vendor focused on business expenses market from Lufthansa
May-23	 VOLARIS	 H G E M Empowering Hospitality	Acquisition of UK-based guest experience management software for high volume food and beverage outlets
Apr-23	 MEWS	 HOTELLO	Acquisition of Canada-based property management system vendor
Apr-23	 CONSTELLATION SOFTWARE INC.	 PEAKWORK	Acquisition of Germany-based developer of software systems for travel intermediaries
Mar-23	 ZUCCHETTI	 GROUPE QuatuHoRe	Acquisition of France-based hotel property management system vendor
Mar-23	 travelsoft	 Travel COMPOSITOR The Hotelic System	Acquisition of Spain-based dynamic packaging vendor focused on multi-product and multi-destination trips
Jan-23	 zenchef PSG	 formitable	Acquisition of Netherlands-based vendor of reservation management, guest experience and POS integration software for the restaurant industry
Jan-23	 M. MONTERRO	 CASPECO ^o	Private equity acquisition of Sweden-based vendor of a cloud-based platform for the restaurant, hospitality and experience industries

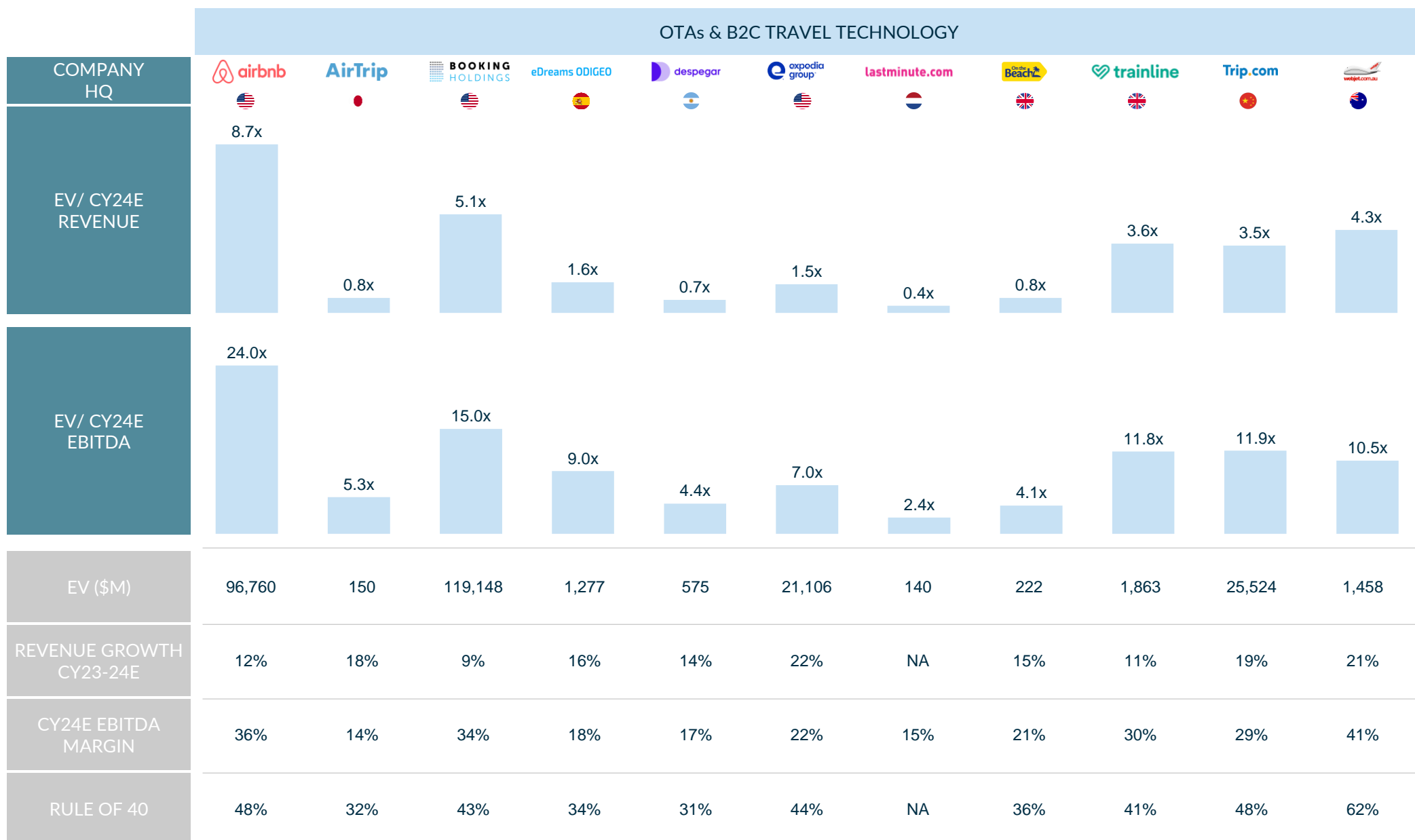
TRAVEL & HOSPITALITY SOFTWARE PUBLIC VALUATION METRICS (1/2)

SaaS vendors Agilysys, RateGain and SiteMinder trading at a premium to their peer group, whereas GDS and POS vendors valued based on EBITDA – The market is valuing POS players Lightspeed and Toast off EBITDA with guidance towards profitability in CY24

	GDS VENDORS		B2B TRAVEL & HOSPITALITY TECH VENDORS							
COMPANY HQ	AMADEUS	Sabre	accesso	agilysys	lightspeed	ojo	PROS	RateGain	SiteMinder	toast
EV/ CY24E REVENUE	4.6x	1.7x	1.6x	7.6x	1.3x	2.1x	5.5x	7.9x	6.9x	2.6x
EV/ CY24E EBITDA	11.8x	9.6x	8.0x	40.4x	59.5x	19.4x	NM	35.4x	NM	58.2x
EV (\$M)	30,543	5,062	259	2,014	1,371	559	1,825	1,052	998	12,554
REVENUE GROWTH CY23-24E	13%	4%	8%	17%	23%	21%	9%	26%	27%	25%
CY24E EBITDA MARGIN	39%	17%	20%	19%	2%	11%	4%	22%	BE	5%
RULE OF 40	52%	21%	28%	36%	25%	32%	13%	48%	27%	30%

TRAVEL & HOSPITALITY SOFTWARE PUBLIC VALUATION METRICS (2/2)

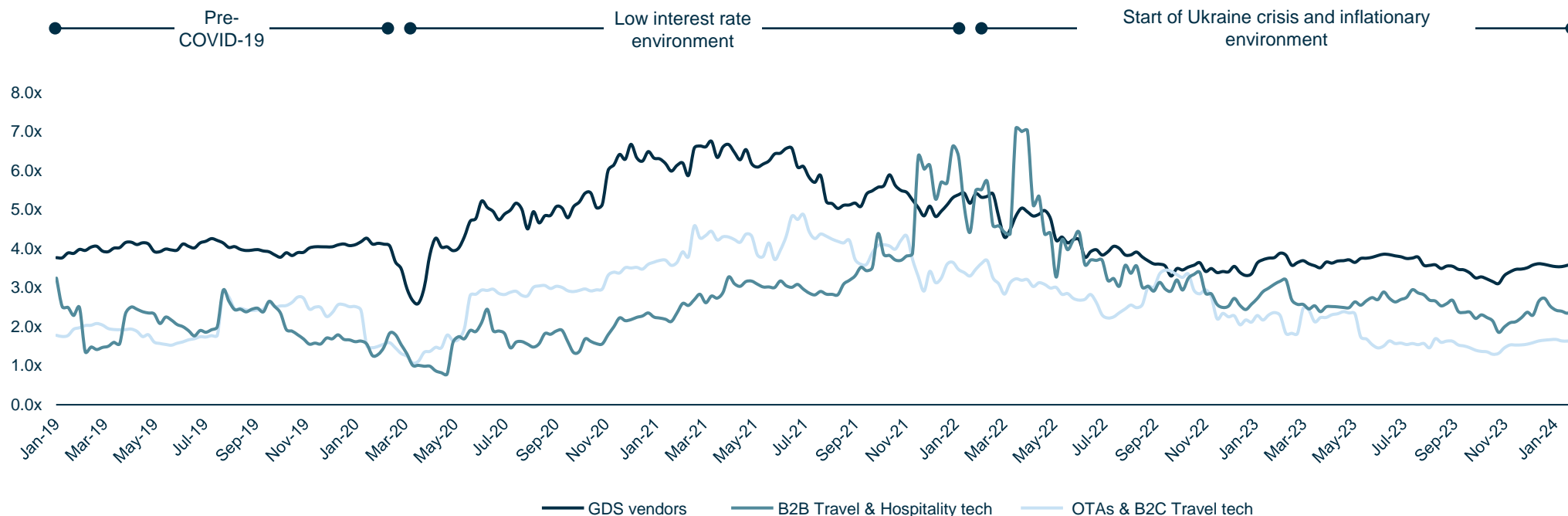
Airbnb and Booking Holdings valued at a clear premium to other vendors






TIME EVOLUTION OF VALUATION MULTIPLES ACROSS TRAVEL AND HOSPITALITY

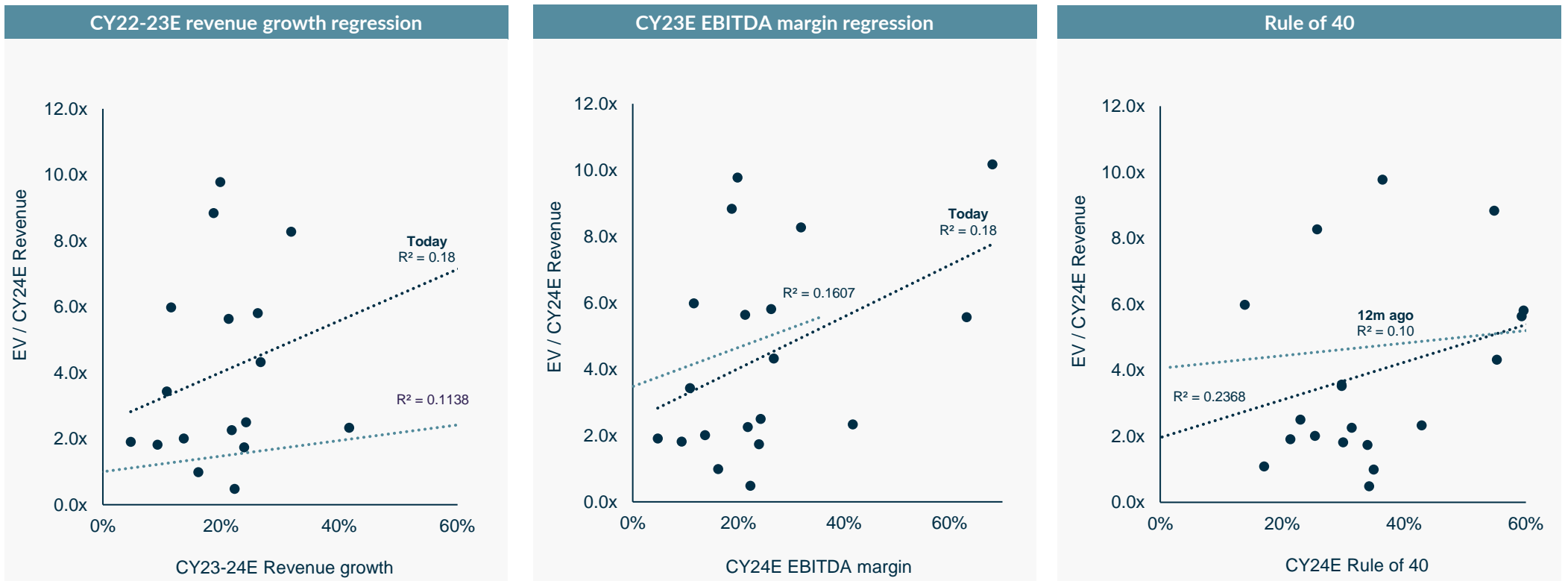
Re-rating across Travel and Hospitality technology sector following the COVID-19 pandemic

MEDIAN EV / NTM REVENUE EVOLUTION



	Pre-COVID-19 median (Jan-19 – Dec-19)	Maximum	Post-COVID-19 median (Jan-23 – Jan-24)
GDS vendors	 4.0x	6.8x	3.6x
B2B Travel & Hospitality tech	 2.0x	7.1x	2.6x
OTAs & B2C Travel tech	 2.0x	4.9x	1.6x

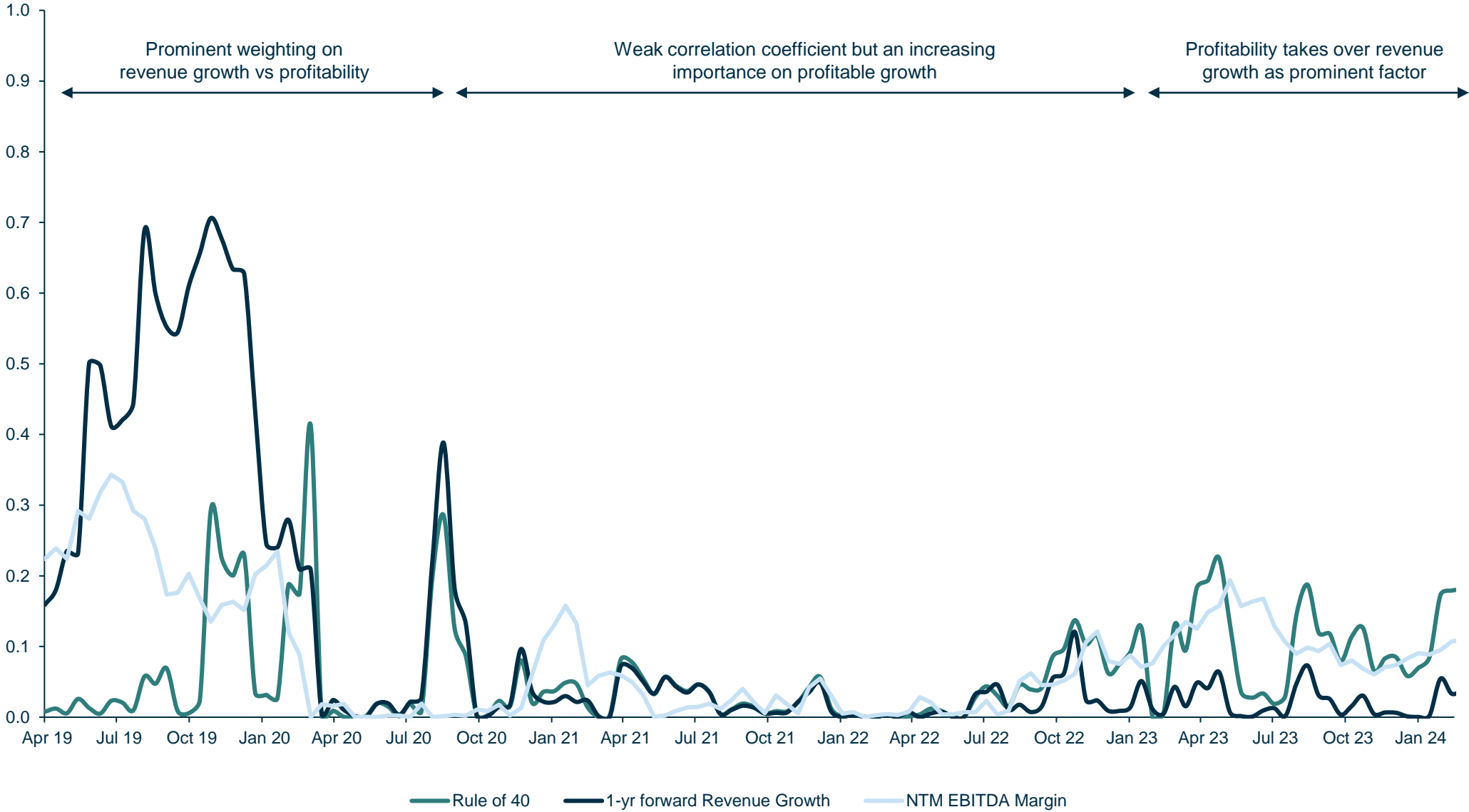
TRAVEL & HOSPITALITY TECH COMPANIES THAT ADHERE TO RULE OF 40 TODAY ATTRACT HIGHER VALUATION MULTIPLES



- Today, investor sentiment is leaning towards a combination of growth and profitability following seismic market shocks impacting the travel & hospitality industry over the last five years
- As such, the R^2 value between Rule of 40 and EV/ Revenue multiples has increased from 0.10 12 months ago to 0.24 today, suggesting that companies that are growing profitably demand a higher valuation in today's market environment

WITH A CHANGE IN FACTORS DETERMINING VALUATION

EV / NTM REVENUE CORRELATION COEFFICIENT EVOLUTION



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