

# The megabyte scorecard ✓

The technology sector's most respected financial benchmarking methodology

An expert tool enabling companies and the investor and advisory communities to understand companies' performance relative to peers.

## How to use our megabyte scorecard ratings



**Companies:** Communicate your competitive positioning to customers, prospects, partners or the financial community.



**Advisers:** One-off or quick 'first pass' reports where you need to be 'instantly' and credibly informed about a customer or prospect and their competitive environment.



**Investors:** Monitor the relative performance of portfolio companies or assess potential investments.

The Megabyte Scorecard is a proprietary methodology developed by the research team at Megabyte and **pools over 60 years of combined experience assessing the performance of ICT Services and Software companies.**



## What does a 'good' technology company look like?

### Mid-market companies

Whilst the need to build a position in a new market or technology may require a technology company to lose money during its formative years, we feel strongly that, once this stage is passed, high growth, high margin, cash generative businesses will always provide better long term returns for investors.

### Scale-up companies

The Scorecard Lite retains many of the core tenets of the main Scorecard methodology in analysing what a great business looks like, although it has been adjusted to reflect the differing priorities of earlier stage companies - namely focusing more on growth.

## How does it work?

### The megabuyte scorecard



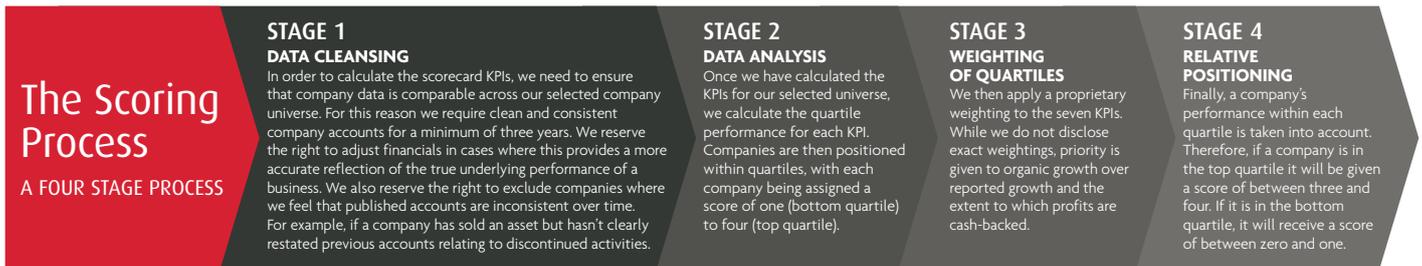
### The megabuyte scorecard Lite



STAGE 2: Primary Score - Quartiles

STAGE 3: Weighted Score - Weighting of Quartiles

STAGE 4: Megabuyte Scorecard Rating - Positioning within Quartiles



## Inclusion criteria

### Mid-market Companies

- ✓ UK domiciled and headquartered companies
- ✓ Private and public companies
- ✓ Not a subsidiary of a much larger organisation
- ✓ Has not been through very significant M&A recently or other such transformational events
- ✓ More than £10m of revenues but no more than £100m of EBITDA in the most recent financial year, and with at least £1m of EBITDA in one of the last four years, while capex must be less than 50% of revenue over the last 2 to 4 years depending on information available.
- ✓ Up-to-date profit & loss accounts, or full financials, for three consecutive years prior to the most recent year reported

### Scale-up Companies

- ✓ UK domiciled and headquartered companies
- ✓ Private and public companies
- ✓ Not a subsidiary of a much larger organisation
- ✓ Has not been through very significant M&A recently or other such transformational events
- ✓ Revenues of £3m to £10m in last reported year
- ✓ Up-to-date profit & loss accounts, or full financials, for three consecutive years prior to the most recent year reported

Please note that all figures supplied must be verifiable.

#### OUR DEFINITION OF A SCALE-UP BUSINESS

We have a broad definition of a scale-up. You may be a company who has been founded in the last few years, but equally you may have been operating for many years but recently found a rich growth stream. We are particularly interested in a record of revenue growth and margin improvement.