



# Thoma Bravo Fund XV, L.P. Thoma Bravo Discover Fund IV, L.P.

Presentation to Employees' Retirement System of Rhode Island (ERSRI)

January 26, 2022

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Thoma Bravo is regulated by the DFSA as a Representative Office.

# Thoma Bravo Private Equity at a Glance

## Strong PERFORMANCE

- Realized Software track record: 3.6x Gross MoM and 50% Gross IRR<sup>1</sup>

## Experienced ORGANIZATION

- Focused on Software investing for nearly two decades
- Managing Partners have been together for 15+ years
- Responsible for around 350 Software acquisitions since 2003<sup>2</sup> representing around \$125B<sup>3</sup> of Enterprise Value

## Expanding Software MARKET

- About \$9.5T software public market capitalization, +846% increase since 2008<sup>4</sup>
- Most mature software companies are privately owned<sup>5</sup>
- Market generally lacks operational discipline, allows for Thoma Bravo value-add advantage

## Differentiated STRATEGY

- Strategy centered around accelerating growth through operational excellence

## Repeatable PROCESS

- Consistent execution of the strategy enabled by Thoma Bravo's proprietary processes, business metrics and Operating Partners

**Thoma Bravo is an organization with over \$91B under management<sup>6</sup> and a long history of strong performance in a growing Software market**

Past performance is not an indicator of future results and all data is qualified by the Notes to Presentation. The complete investment history of Thoma Bravo is available upon request. 1) Returns are the result of Realized Investments in Software made by or under the supervision of persons now part of the Thoma Bravo investment staff while at Thoma Bravo or its predecessor firm, Thoma Cressey Bravo, Inc. Since in some cases the investments constituted only a portion of the funds in which they were made, no fund investor could have made such an investment and **no investor received the returns indicated even if an investor invested in all of the funds indicated.** Moreover, fees, expenses and other costs have not been factored into the calculation presented. The performance of an investment and the aggregate performance of investments were calculated using actual cash flows and the Value of Remaining Interests in the investments for the period from closing of the first investment in January 2003 through 9/30/21. The aggregate performance calculations were made as if each investment was made by one continuous fund beginning in January 2003. 2) Includes add-on acquisitions. 3) As of 9/30/21. Although Thoma Bravo's typical strategy is to acquire control positions in its Buyout Funds' portfolio companies, number also represents full value of acquisitions when investments were non-control, minority investments. 4) Source: S&P Capital IQ. Current market capitalizations are based on the end of the trading day on 12/31/2020; 2008 is as of 12/31/08. See note qq in Notes to Presentation. 5) Source: S&P Capital IQ. See note qq in Notes to Presentation. 6) Flagship, Discover, Explore, Growth, Co-Invest and Credit Funds have \$67.5B, \$12.6B, \$1.3B, \$1.0B, \$5.1B and \$3.9B AUM respectively as of 9/30/21.

# Performance Summary

## BUYOUT FUND PERFORMANCE SUMMARY AS OF 9/30/21

FUND	VINTAGE YEAR	FUND SIZE	NET MOM (TVPI)	NET IRR TO LPS <sup>2</sup>
Fund VII	2000	\$554M	2.1x	24.8%
Fund VIII	2005	\$765M	2.9x	18.3%
Fund IX	2008	\$823M	3.8x	44.7%
Fund X	2011	\$1,275M	3.2x	39.5%
<i>SOFI</i> <sup>1</sup>	2013	\$418M	3.3x	36.3%
Fund XI	2014	\$3,662M	3.8x	32.5%
<i>SOFII</i> <sup>1</sup>	2015	\$1,065M	2.3x	20.1%
Discover Fund	2015	\$1,074M	3.1x	40.8%
Fund XII	2016	\$7,604M	1.8x	19.1%
Discover Fund II	2017	\$2,438M	2.0x	56.0%
Fund XIII	2018	\$12,595M	1.8x	61.5%
Explore Fund	2020	\$1,127M	1.2x	86.3%
Discover Fund III	2020	\$3,929M	1.0x	NM
Fund XIV	2020	\$17,897M	1.0x	4.4%

The historical returns achieved by any prior fund or individual investment are not a prediction of future performance or a guarantee of future results, and there can be no assurance that these or comparable returns will be achieved by investments made by a fund individually or in the aggregate. To the extent values include unrealized investments, Thoma Bravo believes the values used for such investments are reasonable and appropriate for these types of investments; however, there can be no assurance that proceeds will be realized on these investments or that, if and when realized, the proceeds will be equal to the values used. All data is qualified by the Notes to Presentation. 1) See note pp in Notes to Presentation. 2) See note dd in Notes to Presentation.

# Investment Team Leadership and Firm Culture

**Our mission: to deliver superior value to our investors and companies by forming collaborative partnerships**

## INVESTMENT TEAM LEADERSHIP

### Managing Partners

Seth Boro



Orlando Bravo



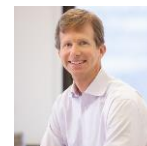
Scott Crabill



Lee Mitchell



Holden Spaht

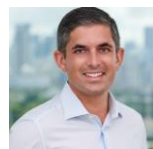


Carl Thoma



### Flagship

### Partners



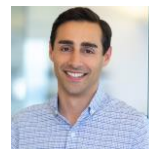
Andrew Almeida



Tara Gadgil



Mike Hoffmann



Brian Jaffee



Peter Stefanski



Chip Virnig

### Discover

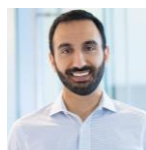


A.J. Rohde<sup>1</sup>



Hudson Smith

### Explore



Carl Press



Adam Solomon

### Growth



Robert (Tre) Sayle

### Credit



Oliver Thym

## CULTURE OF COLLABORATION AND RESULTS

- No third-party ownership, creating strong alignment with limited partners
  - Over 150 total team members<sup>2</sup> with limited turnover
- Investment Team Leadership responsible for making the Firm's Software investments
- Promotion from within: 12 of the 18 Managing Partners and Partners joined at the level of Vice President or below

As of 1/4/22. 1) A.J. Rohde is a Senior Partner. 2) Excluding Operating Partners and Operating Advisors. See note mm in Notes to Presentation.

# Thoma Bravo Breadth of Software Investing Experience

## APPLICATION SOFTWARE



## INFRASTRUCTURE SOFTWARE



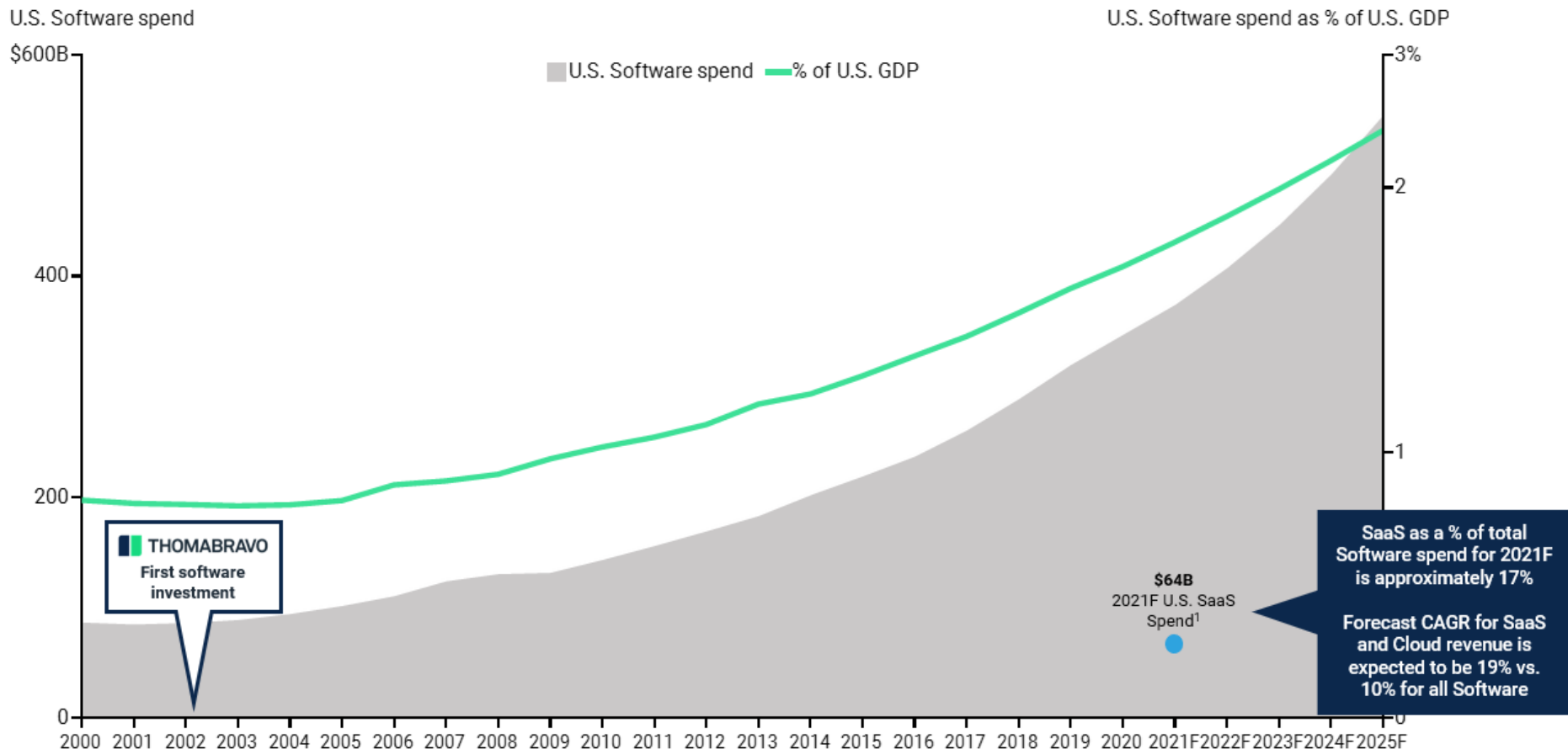
## SECURITY SOFTWARE



Responsible for around 350 Acquisitions<sup>1</sup> Since 2003 Representing around \$125 billion<sup>2</sup> of Enterprise Value

Representative software-related past and current portfolio companies shown; does not include all investments made by Thoma Bravo Buyout Funds. The companies whose logos appear on this slide include both portfolio companies acquired with an equity investment by a Thoma Bravo fund and add-on investments acquired by a portfolio company without an equity investment by a Thoma Bravo fund. Not all investments have been successful. 1) Includes add-on acquisitions. 2) As of 9/30/21. Although Thoma Bravo's typical strategy is to acquire control positions in its Buyout Funds' portfolio companies, some investments have been non-control, minority investments.

# Thoma Bravo Has Been Investing in Software Since the Sector's Infancy



Source: IDC Worldwide Black Book Live Edition - Forecast 2021, Federal Reserve Bank of St. Louis. Forecast U.S. GDP spend as % of GDP assumes no change in trailing 10-year annual compound growth. 1) Gartner Forecast: Public Cloud Services, Worldwide, 2019-2025, 1Q21 Update (April 2021).

# Thoma Bravo Buyout Strategy

## TARGET COMPANY CHARACTERISTICS

Market-leading<sup>1</sup>

Mission-critical software

High recurring revenue and revenue retention

Strong existing management teams

1

### COST REDUCTION

- Seek to Improve Margins at Closing
- Experience Creates Confidence to Change Cost Structure

2

### PROFITABLE GROWTH

- Reorganize Company into Profit Centers
- Invest in and/or Refocus Sales
- Monitor and Manage Monthly

3

### ADD-ON ACQUISITIONS

- Accretive
- Debt-Financed
- Acquire Customers and/or Product

## RESOURCES

Aligned  
COMPANY  
MANAGEMENT

Proprietary Best  
Practices and  
OPERATING  
METRICS

Experienced  
OPERATING  
PARTNERS<sup>2</sup>

Expertise in  
CONSOLIDATION  
STRATEGY

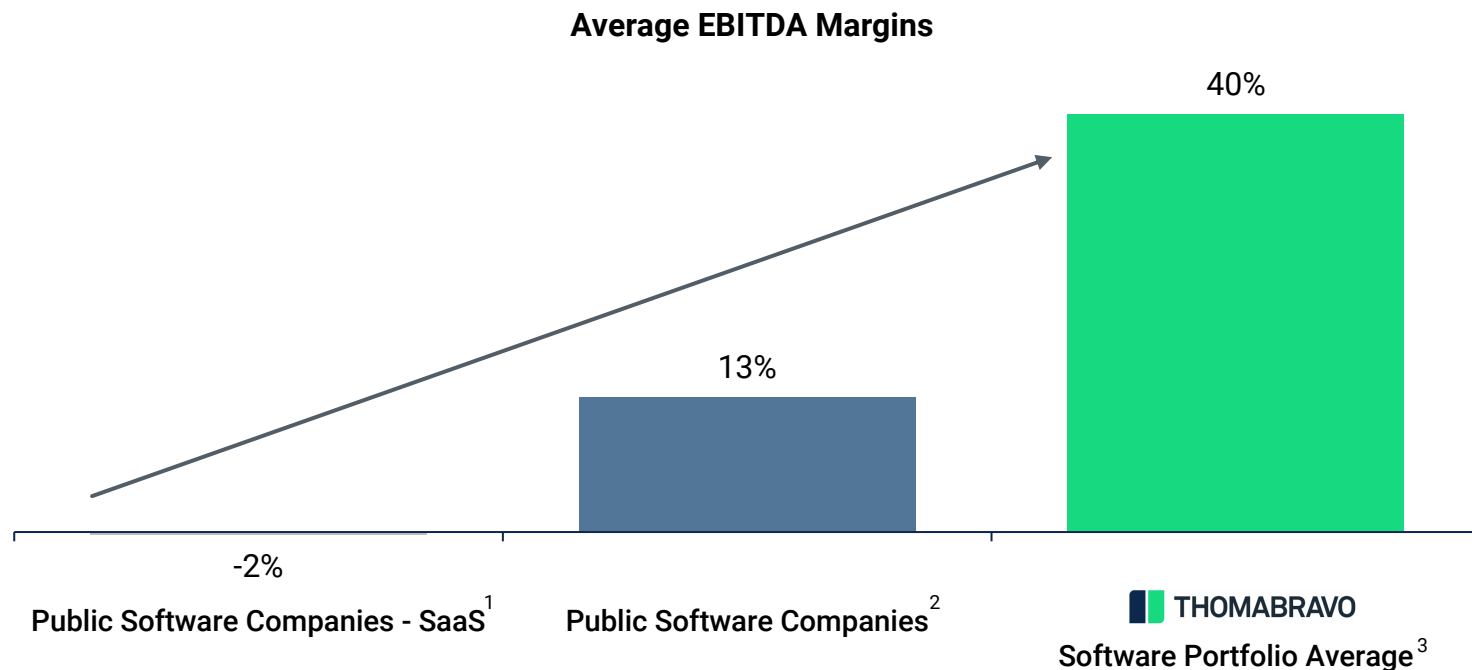
**Thoma Bravo has honed its strategy through a highly-repeatable investment process**

1) Based on various criteria. Targets may not be market-leading in all or even most criteria. 2) See note mm in Notes to Presentation.



# Thoma Bravo Value Creation Advantage

As the software market has expanded and new companies have been created and scaled, the average software company operating profile has not changed



Margin improvement opportunity can be between approximately 25–40%, a dynamic that persists in various market environments

1) This value represents the 4Q20 SEG SaaS Index Median EBITDA margin from Software Equity Group's 2021 Annual Report (available at: <https://softwareequity.com/seg-2021-annual-report/>). 2) Based on the average of companies in SunTrust Robinson Humphrey's public software company universe with \$34M - \$2.5B in 2021 estimated revenue, a range that would include the current Software portfolio companies of the Thoma Bravo funds. 3) EBITDA margin of 40 is an approximate. Thoma Bravo EBITDA margin is the average of current Software investments as of 9/30/21 but excludes portfolio companies that were underwritten as growth oriented investments valued on a revenue multiple. See note ccc in Notes to Presentation.

# Commitment to Diversity and ESG

Thoma Bravo seeks to foster a workplace that attracts and retains high quality and diverse talent

## EMPLOYEE DIVERSITY

61%<sup>1</sup> of all Thoma Bravo employees are from underrepresented groups



Investment team hiring initiatives have improved % of new Associates from underrepresented groups:

Class Year	2019	2020	2021
% of new Associates from underrepresented groups	85%	83%	88%

1) As of October 2021.

Thoma Bravo became a signatory of the Institutional Limited Partners Association (ILPA) Diversity in Action initiative in August 2021.



## ESG PROGRAM PILLARS

- Training**
  - Periodically train Thoma Bravo staff on the Firm’s approach, policy and relevant ESG factors
- Metrics**
  - Developed a set of ESG factors that form the basis of the ESG policy
  - Periodically review and update ESG factors to ensure appropriate and relevant to our investments
- Diligence**
  - Review ESG risks/ opportunities as part of due diligence process
  - Report material ESG risks or opportunities to the Management Committee
- Data**
  - Obtain periodic reporting from portfolio companies on the ESG risks/ opportunities that have been identified
  - Inquire about new ESG risks or opportunities
- Reporting**
  - Report periodically to investors on the ESG policy and both Thoma Bravo’s ESG efforts and the ESG efforts of our portfolio companies

<b>Investment Date</b>	September 2014
<b>Source of Investment</b>	Proprietary
<b>Sector</b>	Security Software
<b>Company Description</b>	Market-leading provider of on-premises and SaaS-based Identity and Access Management (“IAM”) solutions, helping global organizations mitigate security risks, demonstrate and maintain compliance, improve service levels, and reduce operational costs
<b>Headquarters</b>	Austin, TX
<b>Year Founded</b>	2005

### Investment Thesis:

1. Opportunity to acquire the market leading franchise in a growing industry sector
2. Attractive valuation with high quality revenue
3. Significant opportunity to implement Thoma Bravo operational best practices to drive increased growth and margin
4. Opportunity to apply Thoma Bravo expertise in security software
5. Experienced management team committed to the future success of the business

### Thoma Bravo Impact:

Successfully grew organic revenue and EBITDA margin

Established metrics-driven enterprise S&M organization with clearly defined roles, territories, and responsibilities

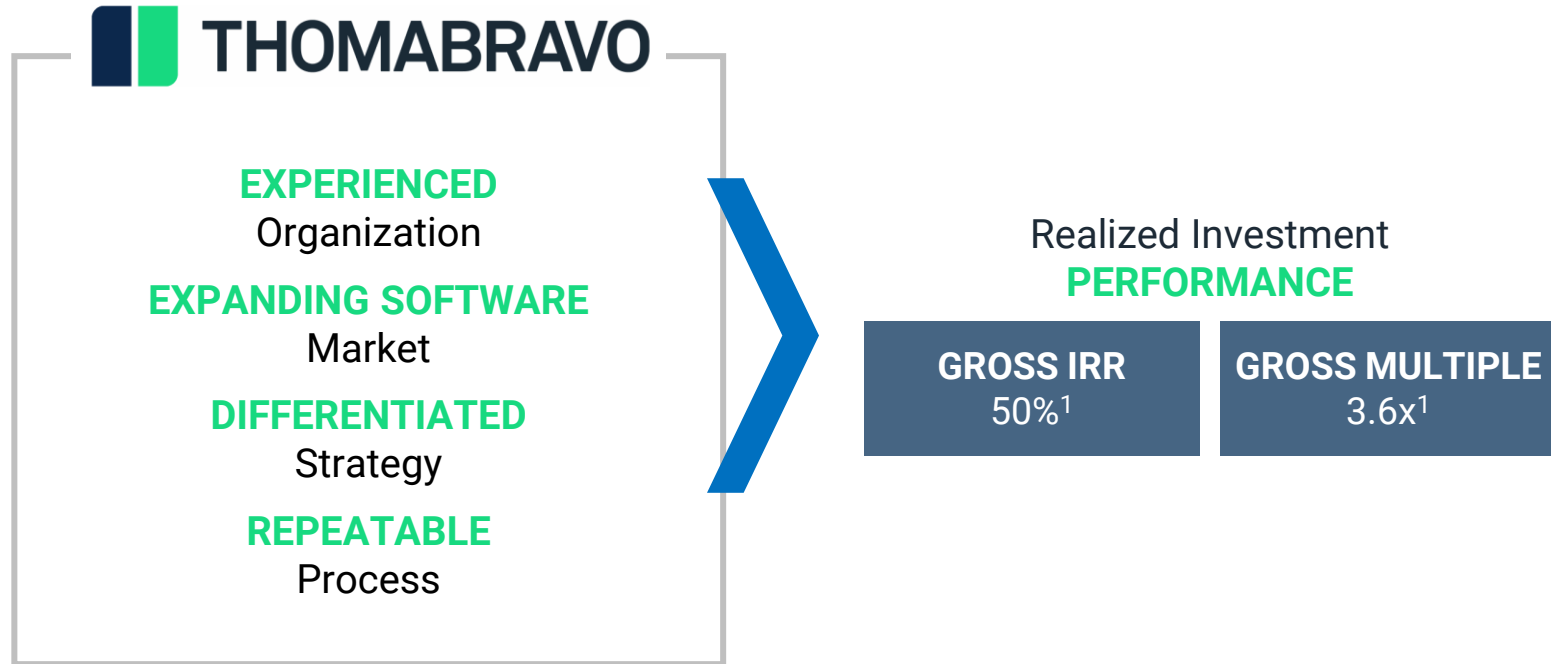
Successfully executed a strategic acquisition which allowed the company to expand into a new market

The complete investment history of Thoma Bravo is available upon request.

## Summary Fund Terms – Fund XV and Discover Fund IV

	Fund XV	Discover IV
FUND SIZE	\$22B	\$5B
GP COMMITMENT	Not less than \$750 million	Not less than 2% of aggregate unaffiliated LP commitments
MANAGEMENT FEE	1.5%	2.0%
CARRIED INTEREST	20%	20%
HURDLE RATE / PREFERRED RETURN	N/A; Fair value test is applied	N/A; Fair value test is applied
INVESTMENT / COMMITMENT PERIOD AND TERM	6 years; 10 years, plus three one-year extensions	6 years; 10 years, plus three one-year extensions

This slide summarizes certain fund terms. It is incomplete and does not address many other important fund terms. Accordingly, it should not be relied upon when making an investment decision. Please refer to each fund's governing documents for complete terms.



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Available in Materials Provided to ERSRI Staff



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Interim Space

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