

# DECISIONPOINT

## QUARTERLY VIEWPOINT:

For the Quarter Ended March 31, 2016 and the Latest Twelve Months

Q1 | 16

|   |          |
|---|----------|
| <b>1. Market Leader for Mid-Market Technology M&amp;A</b> | <b>3</b> |
| <b>2. Software</b>  |          |
| I. Software as a Service (SaaS)                           | 4        |
| II. Internet Software & Services                          | 5        |
| III. Enterprise Software                                  | 6        |
| IV. Business Intelligence Software                        | 7        |
| V. Infrastructure Software                                | 8        |
| <b>3. Services</b>  |          |
| I. IT Services  | 9        |
| II. IT Outsourcing  | 10       |
| III. IT Staffing  | 11       |
| IV. Value Added Resellers                                 | 12       |

# Market Leader for Mid-Market Technology M&A:

This Quarterly ViewPoint covers trends, public valuation multiples and relevant M&A activity for the software and services sectors. To illustrate general capital market and M&A trends within these sectors, DecisionPoint has selected a group of representative public comparables and transactions. This data is provided for informational purposes only. All data represents publicly available information.

DecisionPoint is a unique leader in M&A advisory services for middle-market technology companies and their venture capital investors in the software, services, cleantech, biotech, and healthcare IT sectors.



The information in this Quarterly ViewPoint was prepared by DecisionPoint Advisors, LLC ("DecisionPoint"). DecisionPoint has issued the material contained within this report for information purposes only. The material contained within this report is not and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe for any investment. Information presented was obtained from various sources that are believed to be reliable. DecisionPoint makes no guarantees, representations or warranties and accepts no responsibility or liability as to the accuracy or completeness of the information provided. Opinions, estimates, and analyses in this report do not necessarily reflect the opinions of DecisionPoint and are subject to change without notice. DecisionPoint has no obligation to update, modify, or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

# Software: Software as a Service (SaaS)

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                  | Stock Price<br>03/31/16 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|--------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| salesforce.com, inc.     | \$73.83                 | \$49,532.5       | \$50,247.5               | 7.5x               | NM                 |
| Red Hat, Inc.            | \$74.51                 | \$13,607.4       | \$13,122.4               | 6.4x               | 36.0x              |
| The Ultimate Software    | \$193.50                | \$5,581.9        | \$5,470.3                | 8.9x               | 85.5x              |
| NetSuite Inc.            | \$68.49                 | \$5,478.1        | \$5,397.3                | 7.3x               | NM                 |
| athenahealth, Inc.       | \$138.78                | \$5,406.5        | \$5,562.7                | 6.0x               | 91.4x              |
| Ellie Mae, Inc.          | \$90.64                 | \$2,688.6        | \$2,609.8                | 10.3x              | 54.3x              |
| Medidata Solutions, Inc. | \$38.71                 | \$2,179.8        | \$2,162.9                | 5.5x               | 54.0x              |
| Cornerstone OnDemand,    | \$32.77                 | \$1,795.6        | \$1,783.7                | 5.3x               | NM                 |
| RealPage, Inc.           | \$20.84                 | \$1,640.1        | \$1,649.2                | 3.5x               | 31.2x              |
| Demandware, Inc.         | \$39.10                 | \$1,474.6        | \$1,278.0                | 5.4x               | NM                 |
| Ebix Inc.                | \$40.79                 | \$1,372.4        | \$1,520.8                | 5.7x               | 15.5x              |
| Evertz Technologies      | \$13.19                 | \$978.1          | \$881.6                  | 3.0x               | 11.0x              |
| LivePerson Inc.          | \$5.85                  | \$335.7          | \$286.9                  | 1.2x               | 16.9x              |
| Trakm8 Holdings PLC      | \$3.71                  | \$111.0          | \$114.2                  | 3.8x               | 27.4x              |
| <b>Median:</b>           | <b>\$39.95</b>          | <b>\$1,987.7</b> | <b>\$1,973.3</b>         | <b>5.6x</b>        | <b>33.6x</b>       |

### SECTOR HIGHLIGHTS

- The median SaaS index was trading at 5.6x revenue (based on Enterprise Value) at the closing of Q1.
- Q1 included a lot of gloom and doom in the SaaS space as valuation multiples compressed and late-stage funding has become more challenging.
- In September last year Microsoft acquired cloud security firm Adallom to help its customers protect their cloud-based data and applications. This month the product becomes generally available as a cloud-delivered service to help IT and security teams gain visibility and control over cloud apps.
- While India is still a long way from showcasing a Microsoft or a Google, Indian SaaS companies like Freshdesk have sprung up to create products that meet the demands of small and medium businesses world wide. Indian start-ups have an edge as mobility is becoming a key requirement by small and medium businesses for software as a service.
- IBM just announced multiple new capabilities across the innovative new Aspera Files SaaS platform from Aspera, an IBM company. Aspera Files transforms cloud-based content sharing and collaboration by eliminating the problems of sharing large files and large directories with fast and secure transfer of the even the largest content and associated metadata directly from its native storage environment.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                 | Target Name                  | Enterprise<br>Value (\$m) |
|-------------------|-------------------------------|------------------------------|---------------------------|
| 2016-03-29        | Guidewire Software Inc.       | EagleEye Analytics           | 42.0                      |
| 2016-03-22        | Cloudera                      | Sense Inc. [aka Sense.io]    |                           |
| 2016-03-17        | Aconex Ltd. [ASX:ACX]         | CONJECT Holding GmbH         | 71.8                      |
| 2016-03-08        | Barnes & Noble Education Inc. | LoudCloud Systems Inc.       |                           |
| 2016-03-02        | SugarCRM Inc.                 | Contastic                    |                           |
| 2016-02-23        | Tangicloud Technologies Inc.  | OneCloudco Ltd. [dba OneNFP] |                           |
| 2016-02-08        | BroadSoft Inc. [NASDAQ: BSFT] | Transera Communications Inc. | 19.8                      |
| 2016-02-08        | Trimble Navigation Ltd.       | Sefaira Ltd.                 |                           |
| 2016-01-19        | Open Systems Inc.             | ProcessPro                   |                           |
| 2016-01-12        | Pitney Bowes Inc.             | Enroute Systems Corporation  |                           |
| 2016-01-07        | Apple Inc.                    | Emotient Inc.                |                           |

# Software: Internet Software and Services

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP Internet Software & Services Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                  | Stock Price<br>03/31/16 | Market<br>Cap.    | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|--------------------------|-------------------------|-------------------|--------------------------|--------------------|--------------------|
| Alphabet Inc.            | \$762.90                | \$525,119.2       | \$454,638.8              | 6.1x               | 18.6x              |
| Facebook, Inc.           | \$114.10                | \$334,694.2       | \$316,575.2              | 17.7x              | 38.4x              |
| Amazon.com, Inc.         | \$593.64                | \$279,510.7       | \$277,249.7              | 2.6x               | 35.3x              |
| The Priceline Group Inc. | \$1,288.96              | \$63,953.8        | \$67,463.7               | 7.3x               | 19.2x              |
| Netflix, Inc.            | \$102.23                | \$43,762.6        | \$43,823.3               | 6.5x               | NM                 |
| Yahoo! Inc.              | \$36.81                 | \$34,852.1        | \$30,297.5               | 6.1x               | NM                 |
| eBay Inc.                | \$23.86                 | \$27,263.3        | \$27,911.3               | 3.2x               | 9.5x               |
| LinkedIn Corporation     | \$114.35                | \$15,102.7        | \$13,136.7               | 4.4x               | NM                 |
| IAC/InterActiveCorp      | \$47.08                 | \$3,910.9         | \$4,620.2                | 1.4x               | 12.0x              |
| Cimpress N.V.            | \$90.69                 | \$2,842.3         | \$3,530.1                | 2.2x               | 16.9x              |
| Groupon, Inc.            | \$3.99                  | \$2,341.7         | \$1,547.2                | 0.5x               | 23.9x              |
| WebMD Health Corp.       | \$62.63                 | \$2,252.3         | \$2,413.8                | 3.8x               | 16.5x              |
| Pandora Media, Inc.      | \$8.95                  | \$2,037.9         | \$1,901.9                | 1.6x               | NM                 |
| RealNetworks Inc.        | \$4.06                  | \$149.0           | \$49.8                   | 0.4x               | NM                 |
| <b>Median:</b>           | <b>\$76.66</b>          | <b>\$21,183.0</b> | <b>\$20,524.0</b>        | <b>3.5x</b>        | <b>18.6x</b>       |

### SECTOR HIGHLIGHTS

- The median Internet Software & Services index was trading at 3.5x revenue (based on Enterprise Value) at the closing of Q1.
- According to Bloomberg, Yahoo is for sale, and potential first-round bidders include Verizon, which had confirmed interest, and Alphabet, Google's parent. A Yahoo sale does seem highly likely, based on all the signals and available information. Yahoo's market cap is currently about \$35 billion.
- Facebook is making a huge push into chatbots. Facebook unveiled a new Messenger Platform in which bots — automated programs — can talk users through any number of needs, all within its Messenger app. Users can search for answers to questions, make restaurant reservations, get a personalized newsfeed, order flowers etc. Facebook is not the only company investing into chatbots.
- According to Huawei, the Internet of Things era is here, changing lives for the better and powering innovation and transformation in all industries. Huawei forecasts that there will be 100 billion physical connections in 2025, which represents a ten-fold increase compared to today. This explosive growth in physical and virtual connections will result in unprecedented changes
- To fight back against Amazon and other online sites, department stores are ramping up their focus on private-label brands, which are designed by an in-house team, and bringing in established brands that are exclusive to their stores.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                  | Target Name                   | Enterprise<br>Value (\$m) |
|-------------------|--------------------------------|-------------------------------|---------------------------|
| 2016-03-31        | Glovo                          | Foodinho Ltd.                 |                           |
| 2016-03-23        | Wings Travels Management India | BookMyCab.com                 |                           |
| 2016-03-21        | IHS Inc.                       | Markit Group Ltd.             | 6,586.4                   |
| 2016-03-08        | PledgeMusic.com Limited        | Set.fm                        |                           |
| 2016-03-04        | Placester Inc.                 | HomeFinder.com LLC            |                           |
| 2016-02-12        | YouTube Inc.                   | BandPage Inc. [fka Rootmusic] |                           |
| 2016-02-11        | DraftKings Inc.                | Kountermove Inc.              |                           |
| 2016-02-10        | Zynga Inc.                     | Zindagi Games                 | 15.0                      |
| 2016-02-03        | Zillow                         | Naked Apartments Inc.         | 13.0                      |
| 2016-01-29        | Fandango                       | MediaNaviCo LLC               |                           |
| 2016-01-13        | Vista Equity Partners          | Vivid Seats Ltd.              |                           |
| 2016-01-12        | iWin Inc.                      | FreshGames LLC (Cubis assets) |                           |

# Software: Enterprise Software

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP Enterprise Software Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                    | Stock Price<br>03/31/16 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|----------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Microsoft Corporation      | \$55.23                 | \$436,830.8      | \$379,384.8              | 4.3x               | 12.5x              |
| Oracle Corporation         | \$40.91                 | \$169,770.8      | \$159,575.8              | 4.3x               | 10.7x              |
| IBM                        | \$151.45                | \$145,525.4      | \$177,385.4              | 2.2x               | 8.8x               |
| SAP SE                     | \$80.84                 | \$96,845.5       | \$103,434.0              | 4.4x               | 15.9x              |
| Dassault Systèmes SE       | \$79.41                 | \$20,143.6       | \$18,626.5               | 5.8x               | 21.1x              |
| Autodesk, Inc.             | \$58.31                 | \$13,090.2       | \$12,327.0               | 4.9x               | NM                 |
| Amdocs Limited             | \$60.42                 | \$9,084.8        | \$7,898.9                | 2.2x               | 11.4x              |
| Constellation Software     | \$410.08                | \$8,690.1        | \$8,879.2                | 4.5x               | 19.4x              |
| Ansys, Inc.                | \$89.46                 | \$7,865.1        | \$7,080.5                | 7.5x               | 16.4x              |
| Tyler Technologies, Inc.   | \$128.61                | \$4,654.9        | \$4,674.4                | 7.9x               | 36.2x              |
| Manhattan Associates, Inc. | \$56.87                 | \$4,151.4        | \$4,022.7                | 7.2x               | 23.8x              |
| NICE Systems Ltd.          | \$65.51                 | \$3,899.7        | \$3,459.5                | 3.6x               | 14.9x              |
| PTC Inc.                   | \$33.16                 | \$3,797.9        | \$4,219.2                | 3.5x               | 17.9x              |
| Blackbaud Inc.             | \$62.89                 | \$2,816.0        | \$3,209.7                | 5.0x               | 30.7x              |
| Verint Systems Inc.        | \$33.38                 | \$2,078.5        | \$2,416.5                | 2.1x               | 17.3x              |
| Stratasys Ltd.             | \$25.92                 | \$1,350.5        | \$1,094.9                | 1.6x               | NM                 |
| QAD Inc.                   | \$21.25                 | \$398.9          | \$264.5                  | 1.0x               | 16.6x              |
| <b>Median:</b>             | <b>\$60.42</b>          | <b>\$7,865.1</b> | <b>\$7,080.5</b>         | <b>4.3x</b>        | <b>16.6x</b>       |

### SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 4.3x revenue (based on Enterprise Value) at the closing of Q1.
- According to Gartner, global enterprise software spending is expected to increase 4.2% to \$321 billion, but operating systems will not be a top priority. Investments in that area likely will reflect delays in adoption of Microsoft Windows 10 operating system.
- Adobe is well-positioned to drive the third wave of disruption in enterprise software. The first software wave was ERP, which transformed back-office operations. Then came CRM, which changed front-office operations. Adobe is calling the third wave "experience business," which aims to reinvent how companies create, deliver and market products and services.
- Blackberry is slowly bowing out of the hardware space and one of the most important business segments for BlackBerry is now the enterprise software business. The Canada-based company's software business is performing well and gaining market share. In January 2016, BlackBerry launched five Good Secure Enterprise Mobility Management Suites with positive feedback.
- Oracle sues HP Enterprise over Solaris Software copyrights as Oracle is accusing HP Enterprise in a lawsuit of helping a partner company illegally sell software support for the Solaris operating system.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                | Target Name                         | Enterprise<br>Value (\$m) |
|-------------------|------------------------------|-------------------------------------|---------------------------|
| 2016-03-23        | Hexagon AB                   | Forming Technology Inc.             |                           |
| 2016-03-22        | Gaming Innovation Group Inc. | OddsModel AS                        | 8.9                       |
| 2016-03-22        | Primus Capital               | S&W Payroll Services                | 2,711.4                   |
| 2016-03-06        | Ali Fortune Investment       | AGTech Holdings Ltd.                | 307.2                     |
| 2016-03-03        | H.I.G. Capital LLC           | Intuit Inc. (Quicken business unit) |                           |
| 2016-02-01        | Castleton Technology         | Kypera Holdings Limited             | 5.0                       |
| 2016-02-01        | Telenor ASA                  | Tapad Inc.                          | 360.0                     |
| 2016-01-25        | Siemens AG                   | CD-adapco                           | 970.0                     |
| 2016-01-14        | Kronos Inc.                  | Empower Software Solutions Inc.     |                           |
| 2016-01-06        | SPS Commerce Inc.            | ToolBox Solutions Inc.              | 21.8                      |



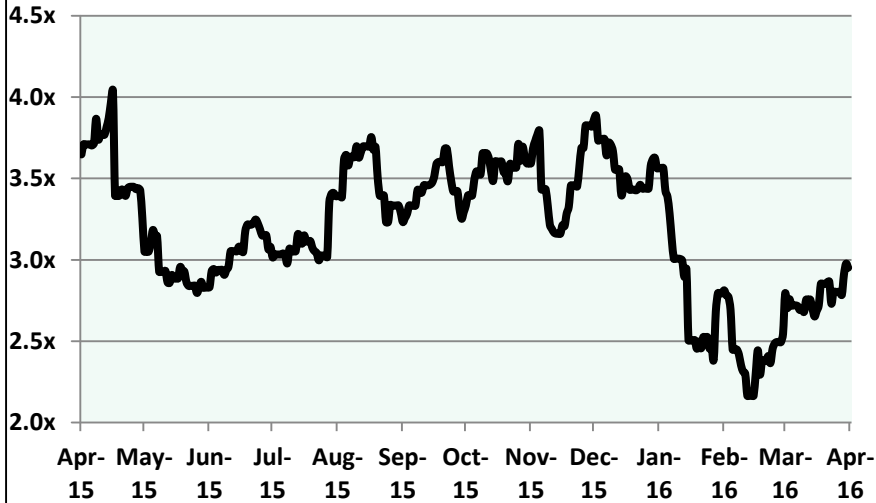
# Software: Business Intelligence Software

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

#### DP BI Software Index EV/Revenue Multiple

Latest Twelve Months



### VALUATION METRICS

| Company                 | Stock Price<br>03/31/16 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|-------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Tableau Software, Inc.  | \$45.87                 | \$3,411.3        | \$2,615.4                | 4.0x               | NM                 |
| Qlik Technologies, Inc. | \$28.92                 | \$2,709.9        | \$2,389.9                | 3.9x               | NM                 |
| MicroStrategy Inc.      | \$179.72                | \$2,049.7        | \$1,564.1                | 3.0x               | 10.5x              |
| Pegasystems Inc.        | \$25.38                 | \$1,935.8        | \$1,716.7                | 2.5x               | 19.5x              |
| PROS Holdings, Inc.     | \$11.79                 | \$357.5          | \$309.6                  | 1.8x               | NM                 |
| <b>Median:</b>          | <b>\$28.92</b>          | <b>\$2,049.7</b> | <b>\$1,716.7</b>         | <b>3.0x</b>        | <b>15.0x</b>       |

### SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 3.0x revenue (based on Enterprise Value) at the closing of Q1.
- The global Business Intelligence and Analytics software market is projected to reach \$35.3 billion by 2022 growing at a CAGR of 8.84%. Rising data quantity, demand of mobile BI and analytics, soaring competition across businesses are some of the key factors fueling the market growth.
- According to analysts, banks are neglecting to analyze the highly useful data being generated by new kinds of consumer-facing products, like apps, in the financial IT sector. Many financial institutions are overlooking key intelligence and indicators that they could be taking advantage of to re-invent themselves.
- CrowdReviews.com has announced the rankings of the best business intelligence software based on user reviews and feedback. The rankings are determined through the use of a transparent algorithm which takes into consideration numerous elements. The top ranked business intelligence software featured by the algorithm include Phocas Software, InsightSquared and Qlik.
- Pegasystems is looking to make a move into robotic automation software by acquiring OpenSpan. OpenSpan uses robotic automation to boost the productivity of customer service representatives by automating routine desktop tasks.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                 | Target Name                       | Enterprise<br>Value (\$m) |
|-------------------|-------------------------------|-----------------------------------|---------------------------|
| 2016-03-29        | Wilmington plc                | Evantage Consulting Ltd.          | 2.0                       |
| 2016-03-14        | Square Inc.                   | Framed Data Inc. (assets)         |                           |
| 2016-03-11        | Nielsen Holdings              | Informate Mobile Intelligence     |                           |
| 2016-03-10        | Scanmar BV                    | marketingQED Limited              |                           |
| 2016-03-08        | Axioma Inc.                   | ConceptONE (reporting/risk units) |                           |
| 2016-03-03        | Nielsen Holdings              | Pointlogic Development            |                           |
| 2016-02-29        | BISAM                         | FinAnalytics Inc.                 |                           |
| 2016-02-23        | Luxoft Holding Inc.           | Symtavision GmbH                  |                           |
| 2016-02-23        | Reynolds and Reynolds Company | ReverseRisk                       |                           |
| 2016-02-18        | Contently                     | Docalytics                        |                           |
| 2016-02-18        | IBM Corporation               | Truven Health Analytics           | 2,600.0                   |
| 2016-02-11        | KPMG LLP                      | Label Insight Inc.                | 10.0                      |
| 2016-01-22        | StatPro Group plc             | Investor Analytics LLC            |                           |
| 2016-01-07        | Rizk Ventures LLC             | Workforce Prescriptions           |                           |

# Software: Infrastructure Software

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP Infrastructure Software Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                 | Stock Price<br>03/31/16 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|-------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| EMC Corporation         | \$26.65                 | \$51,888.8       | \$50,966.8               | 2.1x               | 10.5x              |
| Check Point Software    | \$87.47                 | \$15,819.3       | \$14,535.1               | 8.9x               | 17.1x              |
| Red Hat, Inc.           | \$74.51                 | \$13,607.4       | \$13,122.4               | 6.4x               | 36.0x              |
| Citrix Systems, Inc.    | \$78.58                 | \$12,099.7       | \$12,553.4               | 3.8x               | 14.8x              |
| Symantec Corporation    | \$18.38                 | \$11,987.8       | \$11,458.8               | 1.9x               | 5.9x               |
| F5 Networks, Inc.       | \$105.85                | \$6,421.8        | \$5,630.3                | 2.9x               | 9.5x               |
| Trend Micro Inc.        | \$36.67                 | \$5,005.2        | \$3,708.0                | 3.4x               | 10.6x              |
| CommVault Systems, Inc. | \$43.17                 | \$1,949.8        | \$1,548.7                | 2.6x               | NM                 |
| Progress Software       | \$24.12                 | \$1,214.9        | \$1,104.1                | 2.9x               | 12.9x              |
| VASCO Data Security     | \$15.40                 | \$611.3          | \$487.8                  | 2.0x               | 8.9x               |
| Radware Ltd.            | \$11.83                 | \$535.9          | \$405.2                  | 1.9x               | 14.8x              |
| Magic Software          | \$6.77                  | \$299.6          | \$234.0                  | 1.3x               | 7.8x               |
| Allot Communications    | \$5.23                  | \$175.6          | \$52.5                   | 0.5x               | NM                 |
| Guidance Software, Inc. | \$4.30                  | \$138.3          | \$119.4                  | 1.1x               | NM                 |
| BSQUARE Corp.           | \$5.92                  | \$71.6           | \$41.9                   | 0.4x               | 6.0x               |
| <b>Median:</b>          | <b>\$24.12</b>          | <b>\$1,949.8</b> | <b>\$1,548.7</b>         | <b>2.1x</b>        | <b>10.6x</b>       |

### SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 2.1x revenue (based on Enterprise Value) at the closing of Q1.
- The global infrastructure as a service (IaaS) market is likely to exhibit a CAGR of 22.1% within a forecast period of 2016 to 2022. The primary growth driver is the escalating demand for disaster recovery as a service (DRaaS). A large number of organizations are looking to DRaaS for a higher level of data protection. Other prominent factor that is propelling the global IaaS market is the increasing penetration levels of hybrid cloud solutions.
- Cost optimization efforts are already redirecting IT spending patterns away from investing in assets, such as servers, to spending on services, like Infrastructure-as-a-Service.
- Oracle recently announced that it has expanded its cloud portfolio, releasing new Oracle Cloud services to help companies transition to the cloud. The new services enhance the breadth and depth of Oracle's extensive cloud portfolio across all layers of the stack -- SaaS, PaaS, and IaaS.
- Apple and FBI's recent legal battle highlights a difficult balancing act that began in the 1990s when the U.S. first began asking for backdoors from encryption-software firms.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                       | Target Name                   | Enterprise<br>Value (\$m) |
|-------------------|-------------------------------------|-------------------------------|---------------------------|
| 2016-03-29        | Brocade Communications Systems Inc. | StackStorm                    |                           |
| 2016-03-24        | Intralinks Holdings                 | Verilume Inc.                 |                           |
| 2016-03-14        | LANDESK Software                    | AppSense Inc.                 |                           |
| 2016-03-03        | Docker Inc.                         | Conductant Inc.               |                           |
| 2016-03-02        | Tradeweb Markets LLC                | CodeStreet LLC                |                           |
| 2016-03-01        | Cisco Systems Inc.                  | CliQr Technologies            | 260.0                     |
| 2016-02-25        | HelpSystems Inc.                    | Tango/04 Computing Group S.L. |                           |
| 2016-02-22        | Oracle Corporation                  | Ravello Systems               |                           |
| 2016-02-19        | salesforce.com                      | TappingStone                  |                           |
| 2016-01-21        | Docker Inc.                         | Unikernel Systems Ltd.        |                           |
| 2016-01-13        | Carlyle Group                       | TestPlant Ltd.                |                           |
| 2016-01-11        | Accelerite                          | Citrix (CloudPlatform assets) |                           |



# Services: IT Services

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP IT Services Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                 | Stock Price<br>03/31/16 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|-------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Accenture plc           | \$115.40                | \$71,985.5       | \$69,538.5               | 2.2x               | 13.2x              |
| Cap Gemini S.A.         | \$94.05                 | \$16,207.5       | \$18,381.7               | 1.4x               | 11.4x              |
| NTT Data Corporation    | \$50.28                 | \$14,104.9       | \$16,250.9               | 1.1x               | 7.2x               |
| Atos SE                 | \$81.52                 | \$8,418.6        | \$8,033.1                | 0.7x               | 5.2x               |
| Booz Allen Hamilton     | \$30.28                 | \$4,505.3        | \$5,932.2                | 1.1x               | 12.0x              |
| CACI International Inc. | \$106.70                | \$2,587.8        | \$3,523.8                | 1.1x               | 11.5x              |
| Sopra Steria Group      | \$118.27                | \$2,342.8        | \$2,947.3                | 0.7x               | 9.6x               |
| ManTech International   | \$31.99                 | \$1,205.4        | \$1,164.1                | 0.8x               | 10.0x              |
| Perficient Inc.         | \$21.72                 | \$781.2          | \$828.3                  | 1.8x               | 15.0x              |
| ICF International Inc.  | \$34.37                 | \$651.8          | \$955.5                  | 0.8x               | 8.8x               |
| The Hackett Group, Inc. | \$15.12                 | \$456.0          | \$432.5                  | 1.8x               | 15.6x              |
| NCI, Inc.               | \$14.01                 | \$188.6          | \$198.4                  | 0.6x               | 6.9x               |
| Ciber, Inc.             | \$2.11                  | \$169.3          | \$182.1                  | 0.2x               | 8.6x               |
| Edgewater Technology    | \$7.79                  | \$92.7           | \$85.7                   | 0.8x               | 17.1x              |
| <b>Median:</b>          | <b>\$33.18</b>          | <b>\$1,774.1</b> | <b>\$2,055.7</b>         | <b>1.0x</b>        | <b>10.7x</b>       |

### SECTOR HIGHLIGHTS

- The median IT Services index was trading at 10.7x EBITDA (based on Enterprise Value) at the closing of Q1.
- According to Gartner, IT services will see spending increase of 2.1% from \$910 billion in 2015 (a 4.7% decrease from 2014) to \$929 billion in 2016.
- Japan's NTT Data Corp has agreed to buy Dell's information technology consulting division for over \$3 billion to expand in North America and bolster its services business. Formerly known as Perot Systems, Dell's IT services division is a major provider of technology consulting to hospitals and government departments.
- CACI International reported pre-market Wednesday it was awarded prime position on a \$22.3 billion multiple-award contract to provide IT services and solutions to the Department of Veterans Affairs in order to modernize the agency's IT facilities and infrastructures.
- Accenture has pulled off its second acquisition of 2016 by purchasing a majority stake in the Japanese full-service digital agency IMJ Corp. The deal is intended to build on Accenture's digital business by boosting the resources of the company's fast growing \$3 billion Interactive division, which provides digital marketing services for clients.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                  | Target Name              | Enterprise<br>Value (\$m) |
|-------------------|--------------------------------|--------------------------|---------------------------|
| 2016-03-31        | IBM Corporation                | Bluewolf Group LLC       |                           |
| 2016-03-28        | NTT DATA Inc.                  | Dell Services            | 3,055.0                   |
| 2016-03-24        | Sirius Computer Solutions      | Force 3                  |                           |
| 2016-03-14        | Shift F7 Limited               | Greencorn Ltd.           |                           |
| 2016-03-02        | CACI International Inc.        | Purple Secure Systems    |                           |
| 2016-02-24        | Data Intensity LLC             | Enrich LLC               |                           |
| 2016-02-23        | SHI International Corp.        | Eastridge Technology     |                           |
| 2016-02-22        | Endeavour Solutions Inc.       | ACCEO Solutions Inc.     |                           |
| 2016-02-01        | QueBIT Consulting LLC          | Applied Analytix Inc.    |                           |
| 2016-01-27        | Cognizant Technology Solutions | KBACE Technologies Inc.  |                           |
| 2016-01-26        | Leidos Holdings                | Lockheed Martin (assets) | 5,000.0                   |
| 2016-01-18        | Mindtree Ltd.                  | Magnet 360 LLC           | 37.0                      |
| 2016-01-07        | Accenture Ltd.                 | Formicary Ltd.           |                           |

# Services: IT Outsourcing

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP IT Outsourcing Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                       | Stock Price<br>03/31/16 | Market<br>Cap.    | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|-------------------------------|-------------------------|-------------------|--------------------------|--------------------|--------------------|
| Tata Consultancy Services     | \$38.03                 | \$74,931.3        | \$71,197.4               | 4.5x               | 17.8x              |
| Infosys Limited               | \$18.38                 | \$42,017.3        | \$37,498.0               | 4.1x               | 14.7x              |
| Automatic Data                | \$89.71                 | \$41,037.9        | \$40,210.9               | 3.6x               | 17.2x              |
| Cognizant Technology          | \$62.70                 | \$38,191.8        | \$34,529.8               | 2.8x               | 14.0x              |
| Wipro Ltd.                    | \$8.50                  | \$20,875.1        | \$17,758.2               | 2.4x               | 10.9x              |
| CGI Group Inc.                | \$47.86                 | \$14,670.6        | \$15,924.1               | 2.0x               | 11.5x              |
| Computer Sciences Corporation | \$34.39                 | \$4,748.1         | \$5,594.1                | 0.5x               | 4.7x               |
| Syntel, Inc.                  | \$49.93                 | \$4,191.5         | \$3,280.9                | 3.4x               | 11.7x              |
| DST Systems Inc.              | \$112.77                | \$3,815.0         | \$4,302.6                | 1.5x               | 9.5x               |
| CSG Systems                   | \$45.16                 | \$1,460.0         | \$1,503.7                | 2.0x               | 10.3x              |
| Unisys Corporation            | \$7.70                  | \$385.4           | \$343.6                  | 0.1x               | 2.8x               |
| <b>Median:</b>                | <b>\$45.16</b>          | <b>\$14,670.6</b> | <b>\$15,924.1</b>        | <b>2.4x</b>        | <b>11.5x</b>       |

### SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 11.5x EBITDA (based on Enterprise Value) at the closing of Q1.
- IT leaders continue to focus on cost containment with their IT outsourcing deals, but in today's business environment companies will have to spend money to save money. For example to deliver the new capabilities their enterprises expect from IT, whether that means migrating applications to the cloud, introducing new automation or robotic capabilities, or partnering with IT service providers to deliver business outcomes.
- India's IT services industry is poised to grow 10-12% over the next five years after having recovered from the global downturn in the past year.
- Ukraine ranks first in Europe by the volume of IT outsourcing services for maintenance, support and modernization of IT infrastructure.
- With less than three months to go before telecom major Vodafone India's \$1 billion IT outsourcing contract expires, incumbent tech vendor IBM is battling hard to hold on to the marquee contract. Vodafone is considering some options that may include parceling out some portions of the contract to other service providers.
- While the feds have certainly put hurdles in place to prevent abuse, outsourcing IT in a highly regulated industry like banking may very well lead to higher standards and quality outcomes.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                    | Target Name                           | Enterprise<br>Value (\$m) |
|-------------------|----------------------------------|---------------------------------------|---------------------------|
| 2016-03-29        | WPP Group plc                    | Communications Media Inc. [dba]       |                           |
| 2016-03-22        | Ancor Capital Partners           | Healthcare Billing Systems Inc. [dba] |                           |
| 2016-03-21        | eXplorance Inc.                  | Thoransoft Inc.                       |                           |
| 2016-03-11        | WNS (Holdings) Limited           | Value Edge Research Services Pvt.     | 17.5                      |
| 2016-03-01        | Synchroness Inc.                 | Magpie Software                       |                           |
| 2016-02-23        | Carlyle Group, The               | Digitex [Altra Investments]           |                           |
| 2016-02-12        | Zinox Technologies Limited [aka] | Xputer Technologies                   |                           |
| 2016-02-10        | Golden Grail Technology Corp.    | Accurate Venture                      |                           |
| 2016-01-27        | Battle Resource Management Inc.  | Clearsoft Inc.                        |                           |
| 2016-01-19        | SVI Public Company Limited       | Seidel Electronics Group [aka Seidel] |                           |
| 2016-01-19        | iMedX Inc.                       | Amphion Medical Solutions LLC         |                           |

# Services: IT Staffing

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP IT Staffing Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                        | Stock Price<br>12/31/15 | Market<br>Cap. | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|--------------------------------|-------------------------|----------------|--------------------------|--------------------|--------------------|
| Robert Half International Inc. | \$47.14                 | \$6,254.8      | \$6,004.2                | 1.2x               | 9.7x               |
| ManpowerGroup Inc.             | \$84.29                 | \$6,205.1      | \$6,496.3                | 0.3x               | 8.3x               |
| On Assignment Inc.             | \$44.95                 | \$2,373.3      | \$3,129.2                | 1.5x               | 14.8x              |
| Kforce Inc.                    | \$25.28                 | \$698.0        | \$778.1                  | 0.6x               | 10.3x              |
| CDI Corp.                      | \$6.76                  | \$133.2        | \$109.8                  | 0.1x               | 6.9x               |
| Computer Task Group Inc.       | \$6.62                  | \$125.6        | \$114.7                  | 0.3x               | 7.5x               |
| Hudson Global, Inc             | \$2.92                  | \$100.9        | \$64.9                   | 0.1x               | NM                 |
| RCM Technologies Inc.          | \$5.50                  | \$67.5         | \$78.0                   | 0.4x               | 8.1x               |
| Mastech Holdings, Inc.         | \$7.31                  | \$31.8         | \$47.5                   | 0.4x               | 9.2x               |
| <b>Median:</b>                 | <b>\$7.31</b>           | <b>\$133.2</b> | <b>\$114.7</b>           | <b>0.4x</b>        | <b>8.8x</b>        |

*\*Spike seen beginning of Aug '15 is do to Manpower taking on roughly \$12m additional long term debt, increasing TEV significantly and almost doubling TEV/Rev multiple from previous month.*

### SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 8.4x EBITDA (based on Enterprise Value) at the closing of Q1.
- A significant share of CIOs in cities throughout the United States said they expect to continue expanding their IT department staffing in 2016 according to a survey by Robert Half Technology. Cincinnati and Charlotte are the 2 cities with the highest percentage of expansion plans.
- 22% of the CIOs surveyed plan to add more staff to their IT departments in the first half of this year. That is the same percent who intended to do the same six months ago.
- As demand for skilled IT pros continues to grow, employers are paying top dollar to attract and retain talent.
- The top 3 in-demand skills in IT staffing are desktop support, database management and network administration.
- A new survey by technology staffing firm Modis found that "flexible work hours" is by far the most desired benefit among workers.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                   | Target Name                      | Enterprise<br>Value (\$m) |
|-------------------|---------------------------------|----------------------------------|---------------------------|
| 2016-03-24        | FOCUS Search Partners           | Charlson Partners                |                           |
| 2016-03-21        | Insiders Research Solutions LLP | Joule Consulting Pvt             |                           |
| 2016-03-03        | Sharp Decisions Inc.            | CN-TEC Inc. (assets)             |                           |
| 2016-02-10        | Finite Group APAC               | 920 Career Agents                |                           |
| 2016-01-16        | Poch Staffing                   | Atlantic Associates              |                           |
| 2016-01-11        | PeopleScout                     | Aon Hewitt (RPO business assets) |                           |

# Services: Value Added Resellers

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP VAR Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                  | Stock Price<br>03/31/16 | Market<br>Cap. | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|--------------------------|-------------------------|----------------|--------------------------|--------------------|--------------------|
| Avnet, Inc.              | \$44.30                 | \$5,815.1      | \$7,107.4                | 0.3x               | 6.8x               |
| Ingram Micro Inc.        | \$35.91                 | \$5,266.2      | \$5,520.7                | 0.1x               | 7.2x               |
| Insight Enterprises Inc. | \$28.64                 | \$1,062.9      | \$1,071.8                | 0.2x               | 6.3x               |
| ALSO Holding AG          | \$67.40                 | \$864.1        | \$1,177.0                | 0.1x               | 7.4x               |
| PC Connection, Inc.      | \$25.81                 | \$683.9        | \$603.7                  | 0.2x               | 6.9x               |
| ePlus inc.               | \$80.51                 | \$602.4        | \$713.4                  | 0.6x               | 7.7x               |
| PCM, Inc.                | \$8.02                  | \$95.0         | \$285.4                  | 0.2x               | 19.1x              |
| <b>Median:</b>           | <b>\$35.91</b>          | <b>\$864.1</b> | <b>\$1,071.8</b>         | <b>0.2x</b>        | <b>7.2x</b>        |

### SECTOR HIGHLIGHTS

- The median VAR index was trading at 7.2x EBITDA (based on Enterprise Value) at the closing of Q1.
- Former longtime Cisco top executive Edison Peres, now with Core BTS, says he expects M&A activity to continue at a rapid pace throughout the industry and that it will be key to Core BTS' growth strategy.
- Solution providers say Dell's deal to sell its Perot Systems IT services business to Japan-based outsourcing firm NTT Data for nearly \$3.1 billion opens the door to dramatically increased services revenue for Dell partners. Partners seeking to capitalize on the services windfall provided by the Perot sale need to have a high level of engineering expertise and ideally, a broad portfolio of services capabilities.
- By 2020, the Software Defined-WAN market will be a \$6 billion industry, up significantly from \$225 million in 2015. Networking solution providers are poised to pounce on this opportunity to deliver SD-WAN and the professional services tied to the technology.
- Amazon Web Services may have lost a chunk of Apple's cloud business to Google, but AWS partners are not worried that other large enterprises might decide to follow suit. AWS' multi-year head start in the cloud market, and its collection of enterprise and developer-focused services, will be tough for Google to match.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                   | Target Name                       | Enterprise<br>Value (\$m) |
|-------------------|---------------------------------|-----------------------------------|---------------------------|
| 2016-03-17        | Ingram Micro Inc.               | NETXUSA Inc.                      |                           |
| 2016-03-15        | Source Support Services         | MSDI LLC                          |                           |
| 2016-03-15        | Source Support Services         | Rockland IT Solutions Corp.       |                           |
| 2016-03-07        | Quintica Holdings management    | Quintica Holdings                 | 2.6                       |
| 2016-03-01        | SymQuest Group                  | Office Systems                    |                           |
| 2016-01-19        | Softline International          | Compusoftware Informatica         |                           |
| 2016-01-12        | Exclusive Group                 | Transition Systems Pte            |                           |
| 2016-01-06        | Presidio Inc.                   | Netech Corporation (assets)       |                           |
| 2016-01-05        | AudioCodes Ltd.                 | Active Communications Europe B.V. | 3.0                       |
| 2016-01-04        | Doctors Administrative Services | ConXit Technology Group           |                           |

Our team of professionals brings a unique combination of technological, financial, and operational experience to our clients and their transactions. With backgrounds and deal experience spanning Wall Street investment banks, multi-billion dollar corporations, and high growth start-ups, we have an exceptional understanding of how to successfully achieve our clients' strategic initiatives.



**DecisionPoint**

3420 Toringdon Way

Suite 350

Charlotte, NC 28277

Phone: 704.248.1111

Fax: 704.248.1121

**[www.decisionpointint.com](http://www.decisionpointint.com)**

Research Inquiries Can Be Directed To:

**Claes Persson**

Vice President

[cpersson@decisionpointint.com](mailto:cpersson@decisionpointint.com)

704.943.5255