



DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended June 30, 2016 and the Latest Twelve Months

Q2 | 16

1. Market Leader for Mid-Market Technology M&A	3
2. Software	
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
3. Services	
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.



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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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
salesforce.com, inc.	\$79.34	\$53,749.5	\$53,556.8	7.6x	NM
Red Hat, Inc.	\$72.61	\$13,148.9	\$12,539.7	5.9x	33.5x
The Ultimate Software	\$207.29	\$5,985.7	\$5,884.7	8.9x	91.4x
NetSuite Inc.	\$72.23	\$5,810.2	\$5,707.4	7.2x	NM
athenahealth, Inc.	\$136.77	\$5,370.0	\$5,533.5	5.7x	73.2x
Demandware, Inc.	\$74.88	\$2,861.0	\$2,666.4	10.5x	NM
Ellie Mae, Inc.	\$89.12	\$2,672.6	\$2,603.7	9.5x	54.9x
Medidata Solutions, Inc.	\$46.03	\$2,633.5	\$2,553.2	6.3x	58.2x
Cornerstone OnDemand,	\$37.74	\$2,078.6	\$2,030.3	5.6x	NM
RealPage, Inc.	\$22.01	\$1,761.4	\$1,827.4	3.8x	30.2x
Ebix Inc.	\$46.97	\$1,538.7	\$1,687.8	6.2x	16.6x
Evertz Technologies	\$14.21	\$1,054.1	\$963.5	3.3x	12.0x
LivePerson Inc.	\$6.30	\$361.8	\$318.4	1.4x	19.4x
Trakm8 Holdings PLC	\$3.13	\$101.0	\$100.0	3.5x	25.6x
Median:	\$59.60	\$2,653.1	\$2,578.5	6.0x	31.9x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.0x revenue (based on Enterprise Value) at the closing of Q2.
- Global SaaS-based IT security market to grow at a CAGR of 22.38% during the period 2016-2020. One trend fostering market growth is the increasing demand for integrated security suites. End-users prefer integrated and converged security suites to prevent integration issues, and derive benefits from several other features associated with these suites.
- NetSuite, a provider of cloud-based ERP, HR, and e-commerce software that caters heavily to small and mid-sized businesses (SMBs), flew higher on a rumor that Oracle, which already owns 40% of the company, has reached a deal with other NetSuite shareholders regarding an acquisition.
- Amazon Web Services has made an acquisition to continue building out the services that it offers around and on its cloud storage platform. It has bought Cloud9, a San Francisco-based startup that has built an integrated development environment (IDE) for web and mobile developers to collaborate together.
- The SaaS market in India is expected to triple to about \$1 billion by 2020, according to a research report by Nasscom. The demand will mainly be driven by business' looking to focus more on their core operations.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced			Enterprise Value (\$m)
Date	Acquirer Name	Target Name	
2016-06-28	Infor Global	Predictix LLC	125.0
2016-06-23	Snagajob.com Inc.	PeopleMatter Inc.	40.0
2016-06-20	Stamps.com Inc.	ShippingEasy Inc.	55.0
2016-06-16	RealPage Inc.	eSupply Systems LLC	7.1
2016-05-31	Accel-KKR Company	SciQuest Inc.	509.0
2016-05-31	Vista Equity Partners	Marketo	179.0
2016-05-02	Oracle Corporation	Opower Inc.	532.0
2016-04-18	Vista Equity Partners	Cvent Inc.	1,650.0
2016-04-14	Oracle Corporation	Crosswise Ltd.	50.0
2016-04-08	Callidus Software Inc.	Rainmaker Software	4.0

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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet Inc.	\$696.74	\$478,354.1	\$407,413.6	5.2x	16.0x
Amazon.com, Inc.	\$715.72	\$337,696.7	\$339,393.1	3.0x	37.7x
Facebook, Inc.	\$114.13	\$326,446.7	\$305,911.5	15.5x	32.4x
The Priceline Group Inc.	\$1,255.00	\$62,297.4	\$64,564.4	6.8x	17.7x
Netflix, Inc.	\$90.24	\$38,649.8	\$39,300.7	5.5x	NM
Yahoo! Inc.	\$37.06	\$35,204.0	\$30,324.0	6.3x	NM
eBay Inc.	\$23.30	\$26,769.5	\$27,804.0	3.2x	9.3x
LinkedIn Corporation	\$189.52	\$25,330.3	\$23,345.6	7.3x	NM
IAC/InterActiveCorp	\$55.68	\$4,409.8	\$4,735.4	1.4x	12.3x
Pandora Media, Inc.	\$12.39	\$2,833.4	\$2,754.0	2.2x	NM
Cimpress N.V.	\$89.86	\$2,827.8	\$3,697.5	2.2x	15.8x
WebMD Health Corp.	\$57.71	\$2,134.4	\$2,253.9	3.5x	14.7x
Groupon, Inc.	\$3.24	\$1,879.3	\$1,244.3	0.4x	40.5x
RealNetworks Inc.	\$4.28	\$157.3	\$70.1	0.6x	NM
Median:	\$73.79	\$26,049.9	\$25,574.8	3.3x	16.0x

SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 3.4x revenue (based on Enterprise Value) at the closing of Q2.
- Research firm Gartner estimates that 25% of IT security threats will come from Internet of Things (IoT), yet only 10% of security spending will be in that area.
- IoT devices such as Dash buttons, Amazon Echo/Alexa, and Samsung Family Hub are becoming more relevant to consumers by being positioned within a home or office and able to engage in commerce at a moment's notice.
- Continuing its acquisition spree, eBay recently announced that it is acquiring SalesPredict, an Israel-based analytics company with the technology to predict consumer buying behavior and sales conversion. The acquisition is aimed at bolstering its structured data capability as the company works towards building the world's most comprehensive product catalog and pricing guide.
- Final bids in Yahoo's auction of its core assets are due July 18. The bidders list is reportedly down to two telecom behemoths—AT&T and Verizon —several private equity firms, and a consortium led by Quicken Loans founder Dan Gilbert, who is being backed by Berkshire Hathaway Chairman Warren Buffett.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-06-24	oOh!media Limited	Junkee Media	8.3
2016-06-21	JD.Com Inc.	Yihaodian [Walmart]	1,458.9
2016-06-21	Xinfye Copper	Hefei Zhangyue	24.0
2016-06-16	AppSoft Technologies Inc.	Guuf LLC	0.1
2016-06-13	Microsoft Corporation	LinkedIn Corporation	26,200.0
2016-05-24	Halfords Group plc	Tredz Ltd.	26.7
2016-05-23	Asset international Inc.	FactSet Research Systems Inc.	165.0
2016-05-19	FOTV Media Networks Inc.	OVGuide Inc.	10.0
2016-05-17	MyeCA.in	Lawin1 Legal Process Solutions	0.6
2016-05-16	CV Check Ltd.	Resume Check Ltd.	1.1
2016-05-05	Bankrate Inc.	NextAdvisor Inc.	79.3
2016-05-03	Azrieli Group	Buy2 Networks Ltd.	17.4
2016-05-03	GrubHub Inc.	Labite	65.0
2016-05-02	Chegg Inc.	Imagine Easy Solutions	42.0

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	06/30/16	Cap.	Value (EV)	Revenue	EBITDA
Microsoft Corporation	\$50.92	\$400,255.8	\$338,697.0	3.9x	11.6x
Oracle Corporation	\$40.94	\$168,764.0	\$155,407.7	4.2x	10.5x
IBM	\$149.78	\$143,783.1	\$173,350.9	2.1x	9.1x
SAP SE	\$74.09	\$88,756.5	\$92,871.7	4.0x	14.3x
Dassault Systèmes SE	\$75.65	\$19,217.2	\$17,172.0	5.4x	19.7x
Autodesk, Inc.	\$53.25	\$11,962.9	\$11,177.3	4.7x	NM
Amdocs Limited	\$56.99	\$8,535.1	\$7,347.6	2.0x	10.7x
Constellation Software Inc.	\$388.05	\$8,223.4	\$8,361.3	4.4x	18.9x
Ansys, Inc.	\$88.91	\$7,827.6	\$6,894.2	7.3x	15.9x
Tyler Technologies, Inc.	\$167.78	\$6,060.0	\$6,051.0	9.5x	45.4x
Manhattan Associates, Inc.	\$63.74	\$4,598.0	\$4,422.0	7.7x	25.1x
PTC Inc.	\$36.59	\$4,194.0	\$4,627.0	3.9x	23.3x
NICE Ltd.	\$62.99	\$3,782.9	\$3,440.7	3.8x	15.3x
Blackbaud Inc.	\$66.10	\$3,067.2	\$3,469.4	5.3x	31.4x
Verint Systems Inc.	\$32.64	\$2,030.2	\$2,411.5	2.2x	19.9x
Stratasys Ltd.	\$22.38	\$1,166.0	\$859.8	1.2x	NM
QAD Inc.	\$19.27	\$362.6	\$227.8	0.8x	18.7x
Median:	\$62.99	\$7,827.6	\$6,894.2	4.0x	18.7x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 4.0x revenue (based on Enterprise Value) at the closing of Q2.
- Microsoft's \$26.2 billion deal for LinkedIn could trigger other large cap M&A for business software and internet companies.
- According to Forester Research, Adobe has been named a market leader in Enterprise Software due to its high scores in offerings and strategy.
- Companies that develop enterprise applications download over 200,000 open-source components on average every year -- and one in 16 of those components has security vulnerabilities.
- Infor has made a play for the Internet of Things (IoT) with a comprehensive platform that feeds connected device, sensor and app data into the firm's enterprise software. However, Infor faces stiff competition from enterprise software players such as SAP with its own IoT offerings and Microsoft with the Azure IoT Suite.
- IBM is broadening its relationship with VMware and SugarCRM to allow for new cloud enterprise software services. VMware will now use IBM's cloud to offer its Horizon Air cloud-hosted desktops and applications, and SugarCRM will give customers the option of running its platform on IBM's cloud.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-06-30	BrainChip Inc.	Spikenet Technology SARL	1.5
2016-06-30	Wartsila Corporation	Eniram Ltd.	47.5
2016-06-28	Sartorius AG	IntelliCyt Corp.	90.0
2016-06-24	Callidus Software Inc.	Badgeville	7.5
2016-06-21	KION GROUP AG	Dematic Group	2,100.0
2016-06-20	Francisco Partners	Dell Software Group	2,200.0
2016-06-20	Magic Software Enterprises Ltd.	Roshtov Software Industires Ltd.	21.0
2016-06-20	OpenText Corporation	Hewlett-Packard Company	315.0
2016-06-02	QHR Technologies Inc.	TrueVation Technologies Inc.	0.4
2016-05-27	Tech Mahindra Ltd.	Target Group Limited	164.1

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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tableau Software, Inc.	\$48.92	\$3,639.4	\$2,831.4	4.1x	NM
Qlik Technologies, Inc.	\$29.58	\$2,806.5	\$2,436.5	3.9x	NM
MicroStrategy Inc.	\$175.02	\$1,999.6	\$1,463.3	2.8x	10.2x
Pegasystems Inc.	\$26.95	\$2,056.5	\$1,862.6	2.6x	20.5x
PROS Holdings, Inc.	\$17.43	\$528.5	\$492.3	3.0x	NM
Median:	\$29.58	\$2,056.5	\$1,862.6	3.0x	15.3x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 3.0x revenue (based on Enterprise Value) at the closing of Q2.
- Many companies are still lacking real business intelligence competence at the C-Suite level, and these companies risk falling behind in an era built on big data.
- Citizen data scientists have become the audience du jour for many analytic vendors. The rise of data-driven businesses has given demand for this conversion away from traditional statisticians to citizen data scientists who are business users who are being given the tools to perform this deep analysis themselves.
- Sisense, disrupting the BI market by simplifying business analytics for complex data, announced significant advancements to its platform to simplify the consumption of BI insights using IoT devices (Amazon Echo) and Artificial Intelligence (AI) that create innately human sensory perceptions.
- Tableau Software has developed a visual analytics tool to help people see and understand their data and the company embraces the evolution of data storytelling as many users have a hard time understanding the provided data.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-06-17	Groupe Berger-Levrault	Infosilem Inc.	
2016-06-14	Olympia Group	SoftOne Technologies S.A.	
2016-06-13	Insurity, Inc.	Tropics, An Insurity Company	
2016-06-09	Fresche Solutions Inc.	Quadrant Software, Inc.	
2016-06-09	WorkForce Software, LLC	WorkPlace Systems International plc	
2016-06-02	Thoma Bravo, LLC	Qlik Technologies, Inc.	2,984.0
2016-06-01	Blue Hill Data Services, Inc.	XyberNET, Inc.	
2016-05-18	Grafton Capital Limited	BOARD International S.A.	
2016-05-03	Civica UK Limited	IPL Group Limited	
2016-04-25	K3 Retail and Business Solutions	DdD retail A/S	11.3
2016-04-15	Shanghai Wanda	Shanghai HEADING	16.3
2016-04-01	Senstar Corporation	Aimetis Corp.	14.0

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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
EMC Corporation	\$27.14	\$53,049.7	\$51,347.2	2.1x	10.7x
Check Point Software	\$78.60	\$13,478.1	\$12,002.5	7.2x	14.0x
Red Hat, Inc.	\$72.49	\$13,127.1	\$12,539.7	5.9x	33.5x
Symantec Corporation	\$20.50	\$12,614.8	\$8,707.5	2.4x	9.8x
Citrix Systems, Inc.	\$80.22	\$12,442.3	\$12,670.4	3.8x	13.6x
F5 Networks, Inc.	\$112.17	\$7,513.1	\$6,761.6	3.5x	11.5x
Trend Micro Inc.	\$35.48	\$4,862.7	\$3,643.9	3.0x	9.4x
CommVault Systems, Inc.	\$42.81	\$1,893.2	\$1,501.2	2.5x	NM
Progress Software	\$26.65	\$1,340.9	\$1,177.1	3.0x	12.3x
VASCO Data Security	\$15.90	\$632.6	\$510.2	2.3x	12.5x
Radware Ltd.	\$11.04	\$487.6	\$288.5	1.4x	15.0x
Magic Software	\$6.62	\$293.6	\$225.1	1.2x	7.2x
Guidance Software, Inc.	\$6.01	\$193.3	\$171.6	1.6x	NM
Allot Communications	\$4.81	\$161.5	\$41.7	0.4x	NM
BSQUARE Corp.	\$5.45	\$66.1	\$37.2	0.4x	6.4x
Median:	\$26.65	\$1,893.2	\$1,501.2	2.4x	11.9x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 2.4x revenue (based on Enterprise Value) at the closing of Q2.
- Amazon continues to invest in and develop the *Amazon Snowball*, a 50TB storage device that companies can use to upload their data and then ship to Amazon to be transferred to the Amazon cloud. Transferring hundreds of terabytes of data to the cloud via the internet – as opposed to the *Snowball* – would take weeks.
- EMC shareholders are set to vote in a special meeting on July 19 on a blockbuster merger with Dell, a deal worth approximately \$67 billion. The acquisition shifts the focus at Dell, once a pioneer in the personal computer business, away from hardware to the more profitable areas of storage and other business services.
- A California jury ordered Oracle to pay HP \$3 billion in damages in a case over HP's Itanium servers. The Itanium processor is made by Intel. Oracle decided to stop developing software for use with HPE's Itanium-based servers in 2011. HP said it had an agreement with Oracle that support for Itanium would continue, without which the equipment using the chip would become obsolete.
- The increasingly competitive pricing of IaaS products has been most beneficial to the average business consumer.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-06-30	Blackboard	Higher One Inc. [NYSE: ONE]	260.0
2016-06-29	CenturyLink [fka CenturyTel]	Active Broadband	
2016-06-23	Red Hat Inc	3scale Networks S. L.	27.0
2016-06-07	Fortinet Inc. [NASDAQ: FTNT]	AccelOps Inc. [fka ProspectHills, Inc.]	28.0
2016-06-01	SolarWinds	LOGICnow Ltd.	500.0
2016-05-26	Tern plc [fka Silvermere Energy plc]	Flexiant	1,826.0
2016-05-16	Black Knight Financial	eLynx [American Capital Ltd.]	115.0
2016-04-29	Descartes Systems Group Inc.	pixi* Software GmbH	10.4
2016-04-27	OpenText Corporation	ANXeBusiness Corp.	104.0
2016-04-05	ServiceNow Inc	Itapp Corporation	15.0
2016-04-05	Ally Financial Inc. [fka GMAC Inc.]	TradeKing Group Inc. [dba TradeKing]	275.0

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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture plc	\$113.29	\$70,527.8	\$67,635.1	2.1x	12.5x
Cap Gemini S.A.	\$86.85	\$14,758.3	\$16,878.4	1.3x	10.7x
NTT Data Corporation	\$47.03	\$13,192.6	\$14,526.7	0.9x	6.0x
Atos SE	\$82.77	\$8,662.1	\$8,286.2	0.7x	5.6x
Booz Allen Hamilton	\$29.64	\$4,391.7	\$5,801.4	1.1x	11.5x
CACI International Inc.	\$90.41	\$2,198.7	\$3,665.7	1.0x	11.3x
Sopra Steria Group	\$103.36	\$2,047.4	\$2,679.9	0.7x	8.5x
ManTech International	\$37.82	\$1,426.3	\$1,365.9	0.9x	11.5x
ICF International Inc.	\$40.90	\$777.6	\$1,106.2	1.0x	10.1x
Perficient Inc.	\$20.31	\$733.3	\$780.3	1.7x	13.8x
The Hackett Group, Inc.	\$13.87	\$398.2	\$385.5	1.6x	12.9x
NCI, Inc.	\$14.05	\$189.7	\$209.8	0.6x	7.1x
Ciber, Inc.	\$1.50	\$121.0	\$142.1	0.2x	20.6x
Edgewater Technology	\$8.64	\$104.9	\$101.9	0.9x	15.9x
Median:	\$39.36	\$1,736.8	\$2,022.9	0.9x	11.4x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 11.4x EBITDA (based on Enterprise Value) at the closing of Q2.
- A report by R&M forecasts the global information technology (IT) services market to grow at a CAGR of 5.6% during the period 2016-2020. According to the report, the need to focus on core competencies and improve efficiency will lead to the growth of this market.
- More IT service providers are relying on IT automation to compete effectively. Although most IT service providers in the channel today are collecting IT performance data, very few of them have the tools needed to turn that data into actual intelligence.
- The IT services sector across the globe will be hit by the uncertainty around the UK's future relationship with the EU, but a spending freeze will eventually thaw.
- While IBM and Accenture still command a majority of the IT services markets, the combination of offshore-centric and as-a-service competition has proven to be an 'all-out assault' on traditional providers

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-06-30	Arkphire Ireland	Bootstrap Limited	
2016-06-24	Arlington Capital Partners	EOIR Technologies Inc.	
2016-06-21	Capita plc	Trustmarque Solutions Ltd. [Liberata]	81.8
2016-06-20	Communications Sales & Leasing Inc.	Tower Cloud	230.0
2016-06-09	Southern Cross Electrical Engineering	Datatel Communications Pty Ltd.	4.6
2016-06-08	PFSweb Inc.	Conexus Limited	8.4
2016-06-02	Dycom Industries Inc.	Goodman Networks Inc.	107.5
2016-05-31	Platinum Equity LLC	Electro Rent Corporation	323.4
2016-05-30	Citadel Group Limited	Kapish Services Pty Ltd.	12.6
2016-05-24	Computer Sciences Corporation	Hewlett Packard Enterprise	8,500.0
2016-05-05	Falanx Group Ltd.	Advanced Security Consulting Limited	0.6
2016-04-04	Saicon Consultants Inc.	aurionPro Solutions Inc.	10.0
2016-04-03	Blackstone Group LP, The	MphasiS Ltd.	825.0

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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy Services	\$37.80	\$74,479.2	\$70,316.9	4.4x	15.5x
Infosys Limited	\$17.33	\$39,618.1	\$34,765.1	3.7x	13.5x
Automatic Data	\$91.87	\$41,850.0	\$40,892.6	3.6x	16.9x
Cognizant Technology	\$57.24	\$34,680.0	\$31,249.2	2.5x	12.3x
Wipro Ltd.	\$8.27	\$20,301.1	\$17,729.7	2.3x	11.1x
CGI Group Inc.	\$42.52	\$12,777.8	\$14,239.6	1.7x	10.2x
Computer Sciences Corporation	\$49.65	\$6,914.2	\$8,387.2	1.2x	8.6x
Syntel, Inc.	\$45.26	\$3,799.7	\$2,845.5	2.9x	9.6x
DST Systems Inc.	\$116.43	\$3,863.1	\$4,531.4	1.6x	10.3x
CSG Systems	\$40.31	\$1,307.7	\$1,479.2	2.0x	9.4x
Unisys Corporation	\$7.28	\$364.4	\$327.9	0.1x	2.2x
Median:	\$42.52	\$12,777.8	\$14,239.6	2.3x	10.3x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 10.3x EBITDA (based on Enterprise Value) at the closing of Q2.
- Technavio's analysts forecast the global healthcare IT outsourcing market to grow at a CAGR of 9.17% over the period 2014-2019.
- The Indian IT outsourcing industry is bracing itself for some major challenges following Britain's vote to exit the European Union (EU). Europe is the second-largest market for India's \$146 billion IT outsourcing industry, generating around 30% of its revenue.
- Infosys slashed its annual sales forecast, sending its shares down by the most in a single day since Vishal Sikka took the helm of Asia's second-largest software services exporter. Infosys is a barometer for the health of the \$3 trillion global enterprise spending market.
- Clients are becoming increasingly comfortable with best of breed suppliers and multi-provider environments. Driven by popularity of the cloud, standardization allows clients to 'plug in' or 'unplug' providers easily, and many companies have moved away from deals with a heavy asset investment by the provider.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-06-22	EPAM Systems	Dextrys	
2016-06-14	Broadridge	DST Systems	410.0
2016-06-15	Incedo	SysLogic	
2016-06-03	Samtec	nMode Solutions	
2016-05-24	Alorica	Expert Global Solutions	
2016-05-04	Playtech	Quickspin	26.9
2016-04-22	Adesso AG	Smarthouse Media	27.6
2016-04-15	Xpressdocs Holding	Merrill Corporation	
2016-04-03	PEI-Genesis	FilConn	

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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International	\$38.16	\$4,933.2	\$4,720.2	0.9x	7.4x
ManpowerGroup Inc.	\$64.34	\$4,599.9	\$4,801.7	0.2x	6.0x
On Assignment Inc.	\$36.95	\$1,972.4	\$2,667.3	1.2x	11.2x
Kforce Inc.	\$16.89	\$441.5	\$547.6	0.4x	6.6x
CDI Corp.	\$6.10	\$117.5	\$124.6	0.1x	25.4x
Computer Task Group	\$4.97	\$81.0	\$73.0	0.2x	5.5x
Hudson Global, Inc	\$1.97	\$67.5	\$41.6	0.1x	NM
RCM Technologies Inc.	\$5.21	\$64.4	\$84.2	0.5x	9.5x
Mastech Holdings, Inc.	\$6.65	\$28.9	\$43.5	0.3x	6.5x
Median:	\$6.65	\$117.5	\$124.6	0.3x	7.0x

*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 7.0x EBITDA (based on Enterprise Value) at the closing of Q2.
- Even as companies grow more dependent on cloud technology, it is harder than ever to find experienced talent. With small and midmarket firms struggling with tech complexity, managed services providers can fill the gap.
- According to a new list by careers social networking site LinkedIn, the top three US companies for attracting and keeping talent are: Facebook, Salesforce and Google.
- Not filling IT jobs in a timely fashion has serious consequences. In the *Information Week* survey, 79% of the large-company respondents said they had to delay IT projects for lack of people. Worse yet, 48% said staffing shortages resulted in poor-quality work, and 33% said they caused the company to miss revenue opportunities.
- A new TEKsystems survey found fewer IT leaders plan to increase contingent hiring this year when asked in the middle of the year compared to a similar survey conducted before the start of the year in December 2015.
- UK businesses are facing risks to their IT security due to a lack of requisite skills, as 77% of UK CIOs believe they will face more security threats in the next five years due to a shortage of IT security talent.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-05-24	Compunnel Software Group Inc.	Sherwood Consulting	-
2016-04-28	Tekcapital plc	Vortechs Group Inc.	0.5
2016-04-28	TPG Growth	Frank Recruitment Group	-
2016-04-06	Hire Velocity	BHS Hire Inc.	-

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 06/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Avnet, Inc.	\$40.51	\$5,206.2	\$6,486.9	0.2x	6.4x
Ingram Micro Inc.	\$34.78	\$5,165.6	\$5,208.0	0.1x	6.9x
Insight Enterprises Inc.	\$26.00	\$954.3	\$1,024.9	0.2x	6.2x
ALSO Holding AG	\$73.26	\$939.3	\$1,197.1	0.1x	7.3x
PC Connection, Inc.	\$23.80	\$630.7	\$539.7	0.2x	6.1x
ePlus inc.	\$81.79	\$587.0	\$661.6	0.5x	7.2x
PCM, Inc.	\$11.14	\$129.1	\$291.7	0.2x	12.3x
Median:	\$34.78	\$939.3	\$1,024.9	0.2x	6.9x

SECTOR HIGHLIGHTS

- The median VAR index was trading at 6.9x EBITDA (based on Enterprise Value) at the closing of Q2.
- According to a recent report by Cybersecurity Ventures, worldwide spending on security products and services will hit \$1 trillion during the five-year period between 2017 and 2021, a market that presents a big opportunity for solution providers.
- The global fingerprint biometrics industry in the value-added reseller (VAR) market is forecast to grow at a CAGR of 11.8% during the period 2016-2020, according to Research and Markets.
- Partners say the sky's the limit for Cisco's security business as the networking giant continues its strong push in the security market with the launch of new solutions leveraging technologies gained from recent acquisitions.
- The public sector is an important space for channel partners, as federal, state and local governments look to utilize technology and services to improve security and optimize their IT infrastructures. Global spending on technology by government on IT products and services will grow slightly, by 0.3% in 2016, according to a Gartner forecast.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-06-29	Pinnacle Group, The	Cymbel Corporation	
2016-06-27	Gannett Co. Inc.	ReachLocal Inc.	156.0
2016-06-27	Carousel Industries Inc.	SOURCE Inc.	
2016-06-24	Accenture Ltd.	dgroup GmbH	
2016-06-20	Communications Sales & Leasing	Tower Cloud	230.0
2016-06-08	PFSweb Inc.	Conexus Limited	8.4
2016-06-02	Dycom Industries Inc.	Goodman Networks Inc.	107.5
2016-05-31	Platinum Equity LLC	Electro Rent Corporation	323.4
2016-05-30	Citadel Group Limited	Kapish Services Pty Ltd.	12.6
2016-05-16	Chess Telecom	Pinnacle Technology Group plc	4.0
2016-04-03	Blackstone Group LP, The	MphasiS Ltd.	825.0

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.



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