



## QUARTERLY VIEWPOINT:

For the Quarter Ended December 31, 2010 and the Latest Twelve Months

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# QUARTERLY VIEWPOINT:

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# Market Leader For Mid-Market Technology M&A

This Quarterly ViewPoint covers trends, stock index performances, public valuation multiples and relevant M&A activity for the services, software and communications 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 global leader in M&A advisory services for middle-market technology clients in the services, software, and communications sectors. For further information regarding the contents of this document or any other questions, please call DecisionPoint International at 704.248.1111 or visit the web site at [www.DecisionPointINT.com](http://www.DecisionPointINT.com).



December 2010 – Services



May 2010 – Services



March 2010 - Services



December 2009 - Services



November 2009- Services



October 2009- Services



September 2009 – Software



March 2009 – Services



September 2008 – Services



August 2008 – Services



August 2008 – Services



July 2008 – Services



May 2008 – Software/Services



March 2008 - Software



December 2007 - Services



November 2007 - Services



October 2007 - Services



September 2007 - Services



September 2007 - Services



August 2007 - Services

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# Market Leader For Mid-Market Technology M&A

The 451 Group named DecisionPoint International the top sell-side advisor for the 24-month period ending December, 2008, for M&A transactions closed in the Systems Integration sector. In addition, DecisionPoint was ranked 4<sup>th</sup> in 2009 and 5<sup>th</sup> in 2008 for M&A transactions closed in the IT Outsourcing & Business Services sector. This follows the firm's # 1 ranking of closed 2007 M&A transactions in the IT Business Services sector. (The 451 Group is a New York-based, independent technology-industry analyst company focused on the business of enterprise IT innovation.)

## 2009 TOP DEALMAKERS IT OUTSOURCING & BUSINESS SERVICES

	Number
1 Houlihan Lokey	7
2 Goldman, Sachs & Co.	5
2 Credit Suisse	5
<b>4 DecisionPoint</b>	<b>3</b>
4 Jefferies	3
4 Stifel Nicolaus	3
4 Banc of America Merrill Lynch	3
4 Focus Enterprises	3
4 Childs Advisory Partners	3
4 Morgan Stanley	3

## 2007 TOP DEALMAKERS IT BUSINESS SERVICES

	Number
<b>1 DecisionPoint</b>	<b>10</b>
2 Morgan Stanley	9
3 Goldman, Sachs & Co.	7
4 Raymond James & Associates	6
5 BB&T Capital Markets	6
6 AdMedia Partners	5
7 JP Morgan Securities Inc.	4
8 Jefferies & Company, Inc.	4
9 Savvian Advisors, LLC	4
10 Pagemill Partners	4

## 2008 TOP DEALMAKERS IT OUTSOURCING & BUSINESS SERVICES

	Number
1 Houlihan Lokey	8
1 William Blair	8
3 BB&T	6
4 Barclays	5
<b>5 DecisionPoint</b>	<b>4</b>
5 AdMedia Partners	4
5 Banc of America	4
5 Martin Wolf	4
9 JP Morgan	3
9 Morgan Stanley	3

## 2007-2008 TOP SELL-SIDE ADVISORS SYSTEMS INTEGRATION

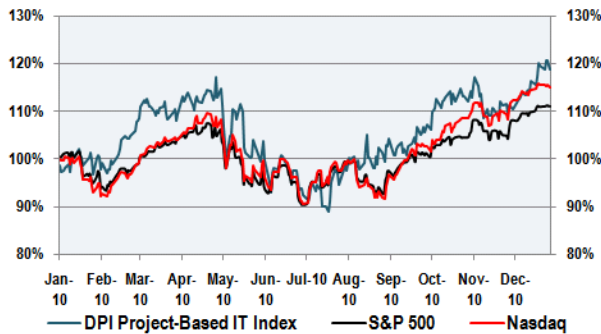
	Number
<b>1 DecisionPoint</b>	<b>11</b>
2 BB&T	7
3 St. Charles Capital	3

# Services: Project-Based - IT Commercial

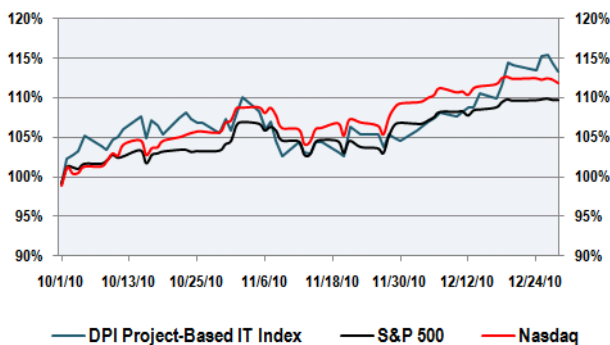
## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

**DPI Project-Based IT Index vs. Major Indices**  
Latest Twelve Months



**DPI Project-Based IT Index vs. Major Indices**  
Latest Quarter



Note: The DPI IT Project-Based Index includes: Accenture, The Hackett Group, CIBER, Edgewater Technology and Perficient

### VALUATION METRICS

Company	Enterprise Value/ LTM	
	Revenue	EBITDA
Accenture Ltd.	1.1x	7.5x
The Hackett Group, Inc.	0.8x	7.3x
CIBER, Inc.	0.4x	6.1x
Edgewater Technology	0.3x	5.0x
Perficient Inc.	1.8x	15.7x

LTM = Latest Twelve Months

### Highlights

- IT Project-Based Commercial Index was up 19% and 13%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 32 M&A transactions compared to 35 announced in Q3'10.
- Research firm Gartner said global spending on technology is likely to rise 5.1% in 2011, higher than its previous estimate, as the dollar's recent weakness helped spending in 2010 top its forecast. The research firm forecast a 4.6% rise in IT services spending to \$817.9 billion.
- Concern about security is still a major issue for companies looking to invest in cloud computing. These concerns are driving some companies to transform their own internal datacenters into private clouds, the practice where a company's in-house IT department can deliver the same on-demand computing model provided by the public cloud. Larger companies are more likely to go with a public cloud while smaller companies favor a private cloud.
- A late rush of merger and acquisition activity in the European IT services sector in 2010 could be an indication of things to come. European players are attempting to fight off competition from the US and India while US and Indian suppliers try to grow their European businesses.
- Pierre Nanterme has assumed the role of chief executive officer of Accenture, effective January 1<sup>st</sup>.
- IT services companies that provide data processing services performed very well in 2010 as demand continues to be high for these types of services.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/23/10	Decisionpoint Systems, Inc.	CMAC, Inc.	\$3.2
12/13/10	Perficient, Inc.	speakTECH, Inc.	\$15.0
12/07/10	Etherios LLC	Solutions to Order	NA
11/22/10	Zensar Technologies Ltd.	Akibia	\$66.0
11/11/10	Amazon Consulting LLC	PartnerAlliances LLC	NA
11/08/10	Harris Corp.	Schlumberger Information Solutions	\$397.5
11/05/10	C&G Consulting	Business Technology Systems, Inc.	NA
11/04/10	Net@Work, Inc.	Forepoint LLC (Sage practice)	NA
11/03/10	PlumChoice Online PC Services Inc.	Everon Technology Services, LLC	NA
10/05/10	Freeborders Inc.	MindWorks, Inc.	NA
10/04/10	Blytheco, LLC	CRM Partners LLC [fka SFA Technology]	NA

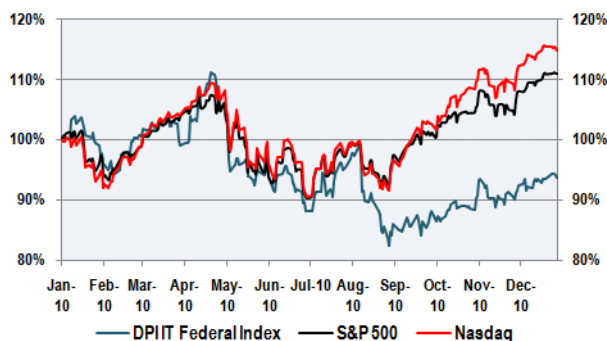
Please call DecisionPoint for further details on listed transactions.

# Services: Project-Based - IT Federal

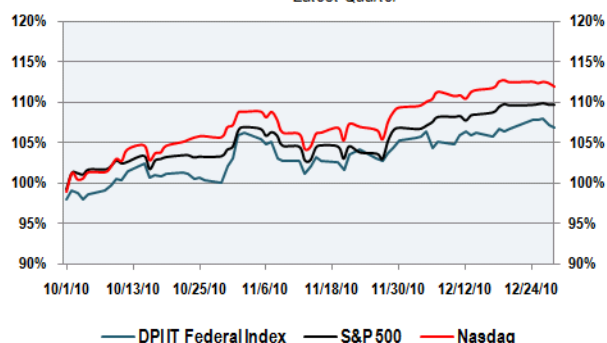
## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

**DPI IT Federal Index vs. Major Indices**  
Latest Twelve Months



**DPI IT Federal Index vs. Major Indices**  
Latest Quarter



Note: The DPI IT Federal Index includes: CACI, ManTech, NCI, SAIC and SRA International.

### VALUATION METRICS

Company	Enterprise Value/	
	LTM Revenue	LTM EBITDA
CACI International Inc.	0.6x	7.7x
ManTech International	0.7x	7.1x
NCI, Inc.	0.7x	8.1x
SAIC, Inc.	0.6x	6.3x
SRA International Inc.	0.6x	7.1x

LTM = Latest Twelve Months

### Highlights

- IT Federal Index was down 7% for the last 12 months and up 7% for the last quarter.
- Q4'10 had a total of 8 M&A transactions compared to 4 announced in Q3'10.
- Virginia-based Computer Sciences Corp. announced that it has taken over CenTauri Solutions, which is focused on the intelligence, surveillance and reconnaissance (ISR) segment. Computer Sciences is a very well-known government contractor, with a steady flow of business from different government bodies. The ISR segment is of strategic importance, given the government's increased spending in the area over the past few years. Additionally, with increased terrorist activity in recent times, spending levels should continue.
- HP Enterprise Services has signed a \$2.5 billion, 10-year outsourcing contract with NASA to deliver the space agency's IT desktop, mobile and other computing needs over the next decade. Under the contract, HP will manage NASA's personal computing hardware and software, mobile IT services, peripherals, accessories and supporting infrastructure.
- The General Services Administration (GSA) announced late December the adoption of an agency wide cloud-based e-mail system, which it expects will garner \$15 million in savings over the next five years. GSA awarded the five-year \$6.7 million contract to Unisys Corp. under the Alliant government wide acquisition contract.
- The growth rate for IT spending at civilian agencies is expected to be twice that of the Defense Department, according to a new five-year forecast of federal IT spending by the TechAmerica Foundation. This reflects a major shift in emphasis as the Defense Department's IT budget has generally been the primary driver of federal IT spending since Sept. 11, 2001.
- Most of the 24 recommendations outlined in President Obama's 2009 cyber policy review report have not been implemented, according to a Government Accountability Office report. Officials also said that some recommendations are too broad and could take several years to implement.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/20/10	Computer Sciences Corporation	Centauri Solutions, LLC	NA
12/20/10	Raytheon Co.	Applied Signal Technology, Inc.	\$479.4
12/01/10	LexisNexis Group	Information For Public Affairs, State Net	NA
11/22/10	ManTech International Corporation	MTCS Inc.	\$75.0
11/04/10	Global Defense Technology & Systems	Signature Government Solutions, LLC	\$52.5
10/26/10	ITSolutions, LLC	NetStar-1 Inc. (IT service business)	NA
10/18/10	CACI International Inc.	TechniGraphics	NA
10/13/10	Veritas Capital, Inc.	Lockheed Martin Corp. (Enterprise Integration Group Assets)	\$815.0

Please call DecisionPoint for further details on listed transactions.



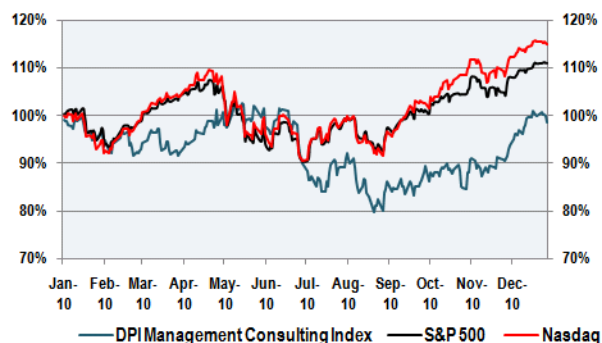
# Services: Project-Based - Management Consulting

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

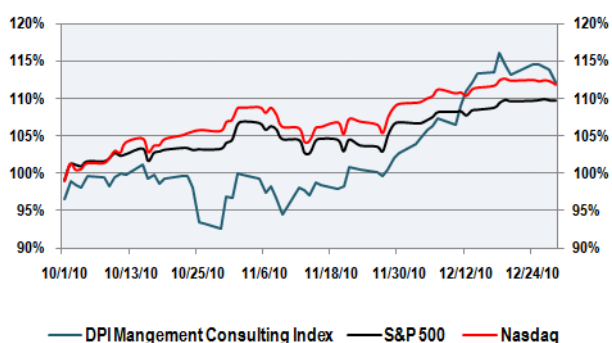
#### DPI Management Cons. Index vs. Major Indices

Latest Twelve Months



#### DPI Management Cons. Index vs. Major Indices

Latest Quarter



Note: The DPI Management Consulting Index includes: CRA International, FTI Consulting, Huron Consulting Group, LECG Corporation, Navigant Consulting, The Advisory Board Company and The Corporate Executive Board.

### VALUATION METRICS

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
CRA International Inc.	0.8x	9.0x
FTI Consulting, Inc.	1.6x	7.2x
Huron Consulting	1.3x	8.5x
LECG Corporation	0.3x	NM
Navigant Consulting Inc.	0.9x	6.7x
Advisory Board Co.	2.9x	19.9x
Corp. Executive Board	2.8x	11.2x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- Management Consulting Index was down 1% for the last 12 months and up 12% for the last quarter.
- Q4'10 had a total of 7 M&A transactions compared to 5 announced in Q3'10.
- FTI Consulting plans to consolidate all its acquired firms under one brand and sees a related charge (non-cash charge of about \$25 million, or 36 cents a share) in the fourth quarter of 2011.
- Huron Consulting Group said it agreed to settle a securities lawsuit for \$38 million and will take a related non-cash charge of about \$11 million in the fourth quarter of 2010. The class action lawsuit relates to Huron's restatement in 2009 when Huron was in the news for a major accounting scandal, forcing its top management to quit the firm.
- ICF International acquired Marbek Resource Consultants, a leading Canadian energy and environmental consulting firm. The acquisition of Marbek will create a fully integrated energy, climate, and environmental consultancy with a strong footprint in Canada that strengthens the combined firm's position as a leading player in energy efficiency, renewable energy, and pollution prevention programs.
- Consulting firms are being squeezed two ways as employee turnover rates are increasing rapidly due to frustrations with negligible salary increases and declines. At the same time, business has not picked up to the level where firms enjoy margins that allow compensation increases.
- Overall, HR Consulting market changes at a fundamental level are pushing consultancies to become larger and broader in their services orientation. While creating cost effectiveness, doing so risks decreased differentiation and the loss of service depth. In the long run, leading HR consultancies will be challenged to reshape their businesses in a maturing market where service commoditization is an ever-present threat.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/17/10	ICF International, Inc	Marbek Resource Consultants Ltd.	NA
12/02/10	Pink Elephant Inc.	ServiceSphere	NA
11/16/10	KPMG LLP	Ledjit Consulting Inc.	NA
11/11/10	Amazon Consulting, LLC	PartnerAlliances LLC	NA
11/10/10	Atomic Data Centers	1543AD	NA
10/07/10	SunGard Data Systems Inc.	Mindwell AB	NA
10/04/10	Navigant Consulting	EthosPartners Healthcare Management	\$45.0

Please call DecisionPoint for further details on listed transactions.

# Services: Outsourcing - IT

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

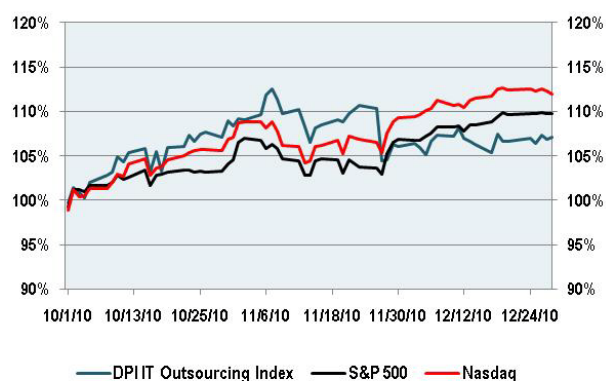
#### DPIIT Outsourcing Index vs. Major Indices

Latest Twelve Months



#### DPIIT Outsourcing Index vs. Major Indices

Latest Quarter



Note: The DPIIT Outsourcing Index includes: CGI, CSC, ATS Corporation, iGate Corporation and Syntel.

### VALUATION METRICS

Company	Enterprise Value/ LTM	
	Revenue	EBITDA
CGI Group, Inc.	1.6x	8.3x
CSC	0.6x	3.8x
ATS Corporation	0.7x	7.1x
iGATE Corporation	3.9x	17.3x
Syntel	3.4x	12.1x

LTM = Latest Twelve Months

### Highlights

- IT Outsourcing Index was up 7% and 11%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 59 M&A transactions compared to 52 announced in Q3'10.
- Cloud players like Amazon, Google, and Rackspace are hitting traditional service providers like IBM and HP where it hurts. "The emerging cloud sourcing market will cause the destruction of the outsourcing market as we know it today," predicts Ben Trowbridge, CEO of outsourcing consultancy Alsbridge.
- BP has signed a five-year outsourcing services deal with HP Enterprise Services that opens the way for the oil company to tap into the potential of cloud computing. The deal means that HP will now manage BP's datacenter services in Europe and the Americas which enables BP to standardize and consolidate its hosted services globally.
- CSC announced that it is one of eight companies awarded the U.S. Navy's Fielded Training System Support III multiple award contract. The contract has a five-year period of performance, three one-year options and an estimated total value of \$900 million for all firms.
- In 2011, large IT outsourcing deals are expected to rebound as customers understand that multi-sourcing takes too much effort, time, and requires too many advisers. Advisors will be under pressure to be held accountable for their advice, predictable risks and speed of the transaction.
- For the past two years, US tech workers who lost their jobs because of offshore outsourcing have been getting federal benefits to help with education, healthcare and even relocation costs. However, these benefits will disappear in February unless Congress extends them.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/13/10	Lightower Fiber Networks	Open Access Inc.	NA
12/01/10	Dolan Company	DataStream	\$15.0
11/30/10	Xoriant Corporation	MooWee, Inc.	NA
11/23/10	Broadridge Financial Solutions	Matrix Financial Solutions	\$201.0
11/16/10	Cubic Corporation	Abraxas Corporation	NA
11/08/10	ConJoin Group	PHNS	\$250.0
11/05/10	Elisa	Appelsini	\$63.2
10/29/10	NTT Data Corporation	Keane Inc.	\$1,200.0
10/06/10	Accenture Ltd.	Ariba (sourcing services & BPO assets)	\$51.0
10/01/10	EarthLink Inc.	ITC^DeltaCom, Inc.	\$492.8

Please call DecisionPoint for further details on listed transactions.



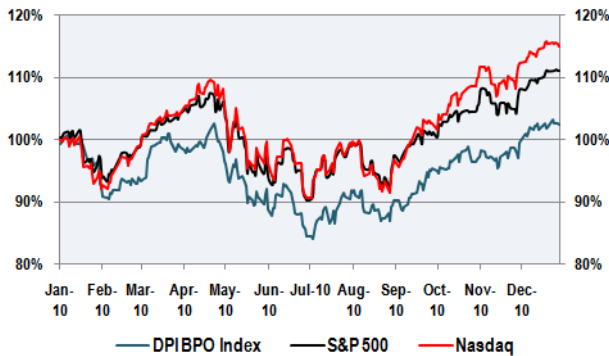
# Services: Outsourcing - Business Process Outsourcing

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

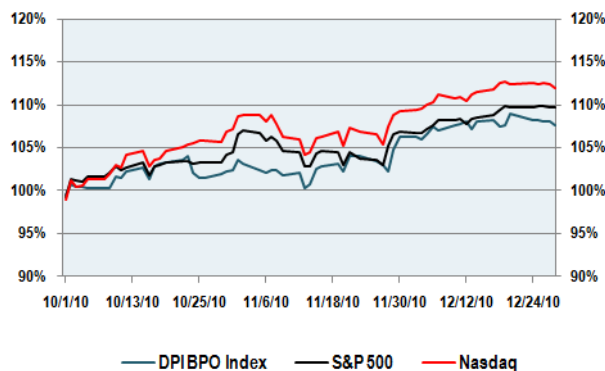
#### DPI BPO Index vs. Major Indices

Latest Twelve Months



#### DPI BPO Index vs. Major Indices

Latest Quarter



Note: Due to the broad BPO market, the DPI BPO Index includes a variety of financial services, healthcare, HR, energy and IT services companies: Automatic Data Processing, DST Systems and Paychex.

### VALUATION METRICS

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
ADP	2.4x	10.2x
DST Systems Inc.	1.3x	5.9x
Paychex Inc.	5.3x	13.1x

LTM = Latest Twelve Months

### Highlights

- Business Process Outsourcing Index was up 2% and 7%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 17 M&A transactions compared to 14 announced in Q3'10.
- As predictions for the coming year are in abundance, different analysts and publications have weighed in on sectors in the outsourcing industry which they deem will be a sector to watch. Aside from mainstays such as medical billing outsourcing or medical coding outsourcing, which have been some of the most talked about sectors of this year, other sectors such as financial services and recruitment process outsourcing have also been identified as sectors to watch in 2011.
- Universities can cope with significant funding cuts by taking advantage of outsourcing services. Policy Exchange claimed that by seeking external support from the private sector, overall higher education costs could be reduced significantly. Functions such as accommodation, HR and student records could be outsourced to private companies as well as IT.
- Although businesses have been quick to recognize potential benefits of shared services or Business Process Outsourcing (BPO), it is still not uncommon that such projects are started and then stopped, resulting in companies going through several iterations of shared services or BPO assessments before serious efforts take place.
- Knowledge Process Outsourcing (KPO), which is a form of outsourcing in which high-level knowledge and information-related work is carried out by a third party firm, is expected to grow rapidly in 2011- 2012. Currently, the KPO space constitutes a small part of the overall BPO sector.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/24/10	Accentus [High Road Capital Partners]	Transolutions, Inc.	NA
12/20/10	Towers Watson	Aliquant Corporation	NA
11/11/10	UnitedLex Corporation	LawScribe Inc.	NA
11/03/10	RealPage, Inc.	Level One, Inc. (assets)	\$62.0
11/19/10	Thomson Reuters Corporation	Pangea3 Global Services Pvt. Ltd.	NA
11/01/10	iQor Holdings Inc.	Receivable Management Services Corporation (RMS)	NA
10/04/10	Aon Corporation	Hewitt Associates LLC	\$4,837.6
10/22/10	Transcend Services, Inc.	Spryance, Inc.	\$6.5
10/07/10	Automatic Data Processing, Inc.	Mastertax	NA
10/01/10	iMedX, Inc.	FORE Transcriptions USA	NA

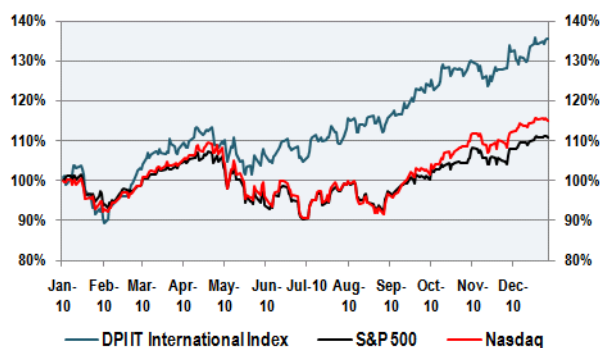
Please call DecisionPoint for further details on listed transactions.

# Services: IT International

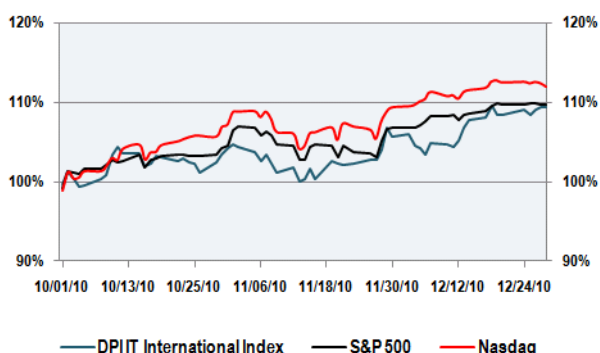
## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

**DPI IT International Index vs. Major Indices**  
Latest Twelve Months



**DPI IT International Index vs. Major Indices**  
Latest Quarter



The DPI IT International Index includes: Cognizant Technology, Infosys, Patni Computer Systems, VancelInfo Technologies and Wipro.

### VALUATION METRICS

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
Cognizant Technology	5.4x	25.2x
Infosys Technologies	7.3x	21.9x
Patni Computer Systems	1.9x	8.7x
VancelInfo Technologies Inc.	8.1x	41.0x
Wipro	4.1x	18.7x

LTM = Latest Twelve Months

### Highlights

- IT International Index was up 35% and 9%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 25 M&A transactions compared to 23 announced in Q3'10.
- Atos Origin has acquired engineering giant Siemens' IT division for \$1.1 billion in a deal that the French IT Services company says will create a "pan-European IT champion". Nearly 2,000 jobs will be lost as the deal creates Europe's second largest IT services provider. The two companies have also signed separate seven-year, €5.5 billion contract, under which Atos will provide Siemens with IT services.
- The founder of outsourcing giant Infosys has warned that India's IT services vendors must hire more local staff for customer-facing roles in the UK and the US in the face of an anti-offshoring backlash among customer markets.
- Business functions such as IT and finance at European and US companies will continue to be offshored to low-cost locations as the practice matures. Many companies have become much more mature in their use of offshore resources. The Hackett Group said IT has dominated offshoring since 2000 but it is now leveling off, while finance job offshoring is accelerating.
- With fast changing industry dynamics, India's BPO sector is expected to see a consolidation wave early in 2011, says global research group Gartner.
- According to analyst figures, the Philippines has dethroned India as the global hub of call centers. This year, Philippine call center revenues will reach \$5.5 billion compared to India's \$5.3 billion. The rise of the Philippines' market share is the result of two winning propositions - cheap manpower and plenty of English speaking workers.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/15/10	Cap Gemini	CS Consulting GmbH	NA
12/14/10	Atos Origin SA	Siemens IT Solutions and Services, Inc.	\$1,123.8
12/13/10	Magic Software Enterprises Ltd.	Magix Integration Pty. Ltd.	NA
12/02/10	Daisy Group plc	Network Europe Group Limited	\$37.0
11/30/10	Tele-Polska Holding SA	COOL47	NA
11/29/10	BAE Systems - North America	stratsec.net Pty Ltd.	\$23.1
11/18/10	HiSoft Technology International Ltd.	Besure Technology Co., Ltd.	NA
11/18/10	K3 Business Technology Group plc	Panacea Group	\$3.5
11/05/10	Sonda S.A.	CEITECH	\$6.3
10/26/10	Atea ASA	Datawest Oy	\$1.1
10/04/10	Alternative Networks Plc	Scalable Communications PLC	\$18.2

Please call DecisionPoint for further details on listed transactions.

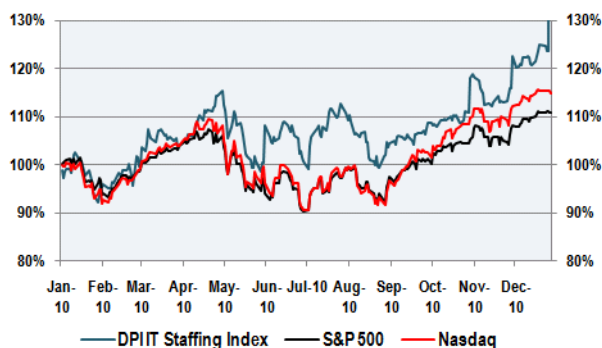
# Services: IT Staffing

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

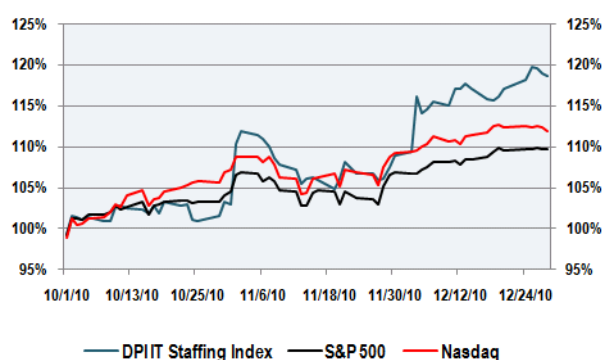
#### DPI IT Staffing Index vs. Major Indices

Latest Twelve Months



#### DPI IT Staffing Index vs. Major Indices

Latest Quarter



The DPI Staffing Index includes: Analysts International, COMFORCE, Computer Task Group, Kforce, RCM Technologies, TechTeam Global and Volt Information Services.

### VALUATION METRICS

Company	Enterprise Value/ LTM	
	Revenue	EBITDA
Analysts International	0.1x	NM
Comforce Corp.	0.1x	5.2x
Computer Task Group Inc.	0.6x	14.2x
Kforce Inc.	0.7x	21.9x
RCM Technologies Inc.	0.2x	5.7x
TechTeam Global Inc.	0.0x	0.0x
Volt Information Sciences	0.1x	4.2x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- IT Staffing Index was up 24% and 19%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 3 M&A transactions compared to 4 announced in Q3'10.
- According to CompTIA, hiring new employees for understaffed IT departments in the coming year will be hindered by a lack of qualified candidates. The majority (59%) of IT managers surveyed said its IT department was understaffed and planned to recruit in 2011.
- A staggering 80% of tech workers are planning to look for a new job in 2011 according to a recent poll by the IT Job Board. Low salary and not feeling valued are the two top factors listed as reasons for switching jobs. Banking and finance are the sectors with the highest levels of IT worker churn.
- Although cloud computing has tremendous opportunities, many IT workers are concerned that cloud computing means that a significant part of the infrastructure duties would be eradicated resulting in decreased job security.
- Staffing employment in December 2010 was 16% higher than in the same month of 2009, according to the ASA Staffing Index.
- The small business information technology investment picture is looking brighter than it has since the beginnings of the recession. However, IT staffing levels might have a hard time keeping pace with estimated investments. According to a recent survey, nearly half of IT decision makers at small businesses expect to replace or install new hardware in the next six months. An even greater number anticipate replacing or installing new software during the same period.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/06/10	American Cybersystems, Inc.	XRoads Consulting, LLC	NA
11/02/10	Stefanini International	TechTeam Global, Inc.	\$93.4
10/08/10	Indecon Solutions	SkilGroup	NA

Please call DecisionPoint for further details on listed transactions.

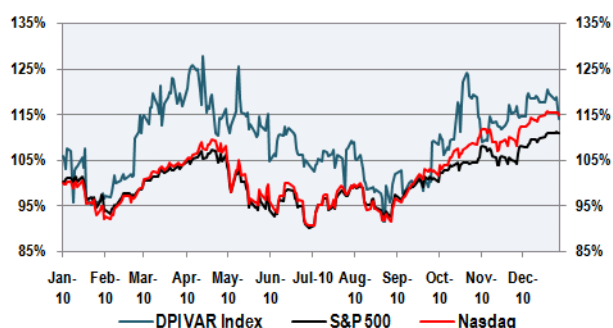
# Services: Value Added Resellers

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

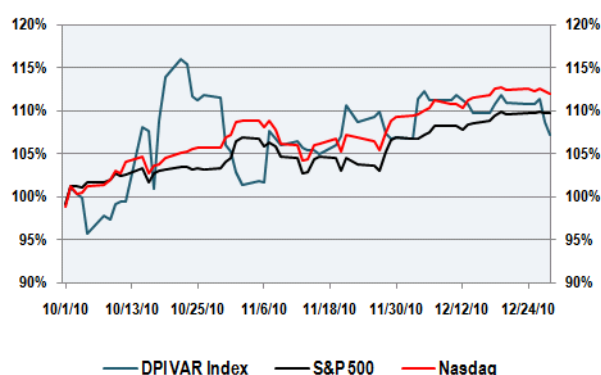
#### DPI VAR Index vs. Major Indices

Latest Twelve Months



#### DPI VAR Index vs. Major Indices

Latest Quarter



Note: The DPI Value Added Resellers Index includes: Emtec, Insight Enterprises, MTM Technologies and PC Connection.

### VALUATION METRICS

Company	Enterprise Value/ LTM	
	Gross Profit	EBITDA
Emtec Inc.	0.9x	4.4x
Insight Enterprises Inc.	1.0x	4.1x
MTM Technologies Inc.	1.2x	NM
PC Connection, Inc.	0.9x	6.3x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- VAR Index was up 14% and 7%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 6 M&A transactions compared to 4 announced in Q3'10.
- In Q4 2010, Microsoft launched Lync which is a single platform that integrates instant messaging, presence, audio, video, web conferencing and voice. This will provide a host of new opportunities for the VAR channel but the pressure is on partners to rethink how they consult on and deploy unified communications (UC) solutions if they're going to reap the benefits. Smaller solution providers, especially regional VARs, will need to adapt to a changing world of software-centric UC.
- Cisco Capital's executive, Maryann Von Seggern has urged VARs towards "new normal" of financing. She said that one of the most frustrating aspects of the current financing climate is that CFOs, despite seeing profits, are neither spending, nor hiring much. At a macro level, U.S. financial institutions are lending again, but they are charging a lot more in interest. As a result, Cisco will debut a Cisco Capital Marketing Kit that will contain resources to help VARs close deals using financing.
- Avnet exits the reseller business with the sale of ProSys to Applied Computer Solutions (deal announced in January and details will be included in next quarter's ViewPoint). Avnet, unlike many of its fellow distributors, did not have a reseller arm until it acquired Bell Micro in July of 2010. At the time of that acquisition, Avnet made it clear that it would explore strategic alternatives for ProSys.
- According to the CEO of Data Dimension America, cloud computing will change the 2011 landscape of the VAR, SI and Service provider communities. Slideware will become delivered solutions in 2011 and industry consolidation will accelerate with more merger and acquisitions in 2011 than 2010.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/21/10	CAS Severn, Inc.	Jeskell, Inc.	NA
12/13/10	Brightpoint, Inc.	Touchstone Wireless	\$80.0
11/23/10	Arrow Electronics, Inc.	Intechra Group LLC (assets)	NA
10/25/10	Black Box Corporation	LOGOS Communications	NA
10/25/10	Carousel Industries	Lanforce Consulting Group, LLC.	NA
10/13/10	IA Global, Inc.	PowerDial Systems Ltd.	\$1.4

Please call DecisionPoint for further details on listed transactions.

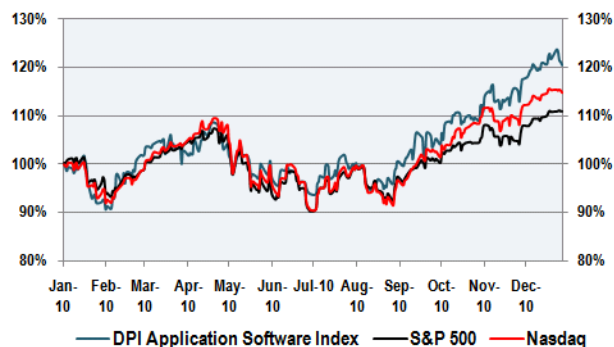
# Software: Application

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

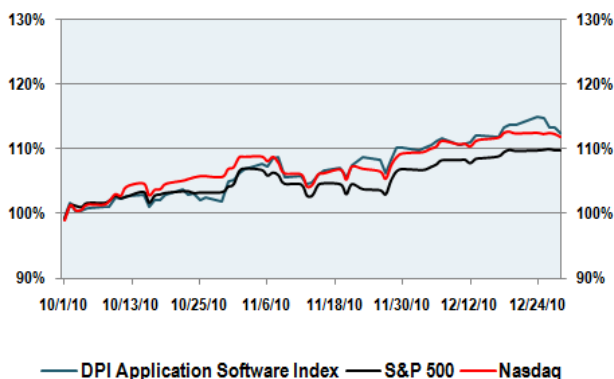
#### DPI Application Software Index vs. Major Indices

Latest Twelve Months



#### DPI Application Software Index vs. Major Indices

Latest Quarter



Note: The DPI Application Software Index includes companies from the following sub-sectors: Accounting and Financial Services, Billing & Service Provisioning, BI, Content & Document Management, CRM, Engineering, ERP, Healthcare, Human Resources & Workforce Management, Media & Entertainment and Supply Chain Management.

### VALUATION METRICS

Company	Enterprise Value/ LTM	
	Revenue	EBITDA
Acct. & Financial	2.4x	9.8x
Billing & Service	1.3x	9.1x
Business Int.	4.1x	20.0x
Content Mgmt.	2.8x	9.1x
CRM	4.1x	29.3x
Engineering, etc.	3.2x	16.3x
ERP	1.8x	11.6x
Healthcare	2.7x	12.2x
HR Mgmt	1.7x	50.4x
Media & Ent.	3.9x	14.0x
SC Mgmt.	4.8x	18.8x

LTM = Latest Twelve Months

### Highlights

- Application Software Index was up 20% and 12%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 120 M&A transactions compared to 124 announced in Q3'10.
- SAP has to pay Oracle \$1.3 billion in landmark decision for software theft in a jury verdict that could be the largest-ever for copyright infringement. SAP has acknowledged that its TomorrowNow subsidiary had wrongfully downloaded millions of Oracle's files. With the admission of liability, the issue before the jury was how much was owed in damages. SAP said no more than \$40 million, while Oracle sought at least \$1.65 billion.
- Gartner, Inc. has named Oracle as a Leader in its latest "Magic Quadrant for Enterprise Content Management. Gartner's Magic Quadrant reports position vendors within a particular quadrant based on their completeness of vision and ability to execute.
- In 2011, the market for enterprise social software is expected to grow to \$769 million, up 15.7% from 2010, according to market research firm Gartner. Of course, most companies are opting for secure, private networking software that is optimized for the workplace. Dell already has over 100,000 of its employees posting status updates and sharing files on Chatter, Salesforce.com's cloud-based collaboration platform.
- According to Adobe's Chief Financial Officer, Mark Garrett, Apple's ban of the Adobe Flash player from its products does not impact Adobe's revenue. Garrett believes that the explosion of digital content and proliferation of devices will contribute to what he projects will be a 10% rise in Adobe's revenues in 2011.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/22/10	Rovi Corporation	Sonic Solutions	\$637.2
12/22/10	Ericsson Inc.	Optimi Corp. [fka Setram Int.]	NA
12/07/10	Standard Life plc	Focus Solutions Group	\$61.6
12/06/10	Computer Sciences Corporation	Image Solutions, Inc.	NA
12/06/10	AT&T Inc.	Xanboo Inc.	NA
12/03/10	BMC Software	GridApp Systems	\$35.0
12/01/10	Motorola Inc.	4Home, Inc.	NA
11/29/10	Mellanox Technologies, Ltd.	Voltaire Ltd.	\$157.8
11/12/10	Misys plc	Sophis	\$711.2
11/04/10	PDI, Inc.	Group DCA Inc.	\$55.0
11/02/10	Oracle Corporation	Art Technology Group, Inc.	\$798.9
10/27/10	Open Text Corporation	StreamServe, Inc.	\$71.0
10/13/10	H&R Block, Inc.	2nd Story Software, Inc.	\$287.5

Please call DecisionPoint for further details on listed transactions.



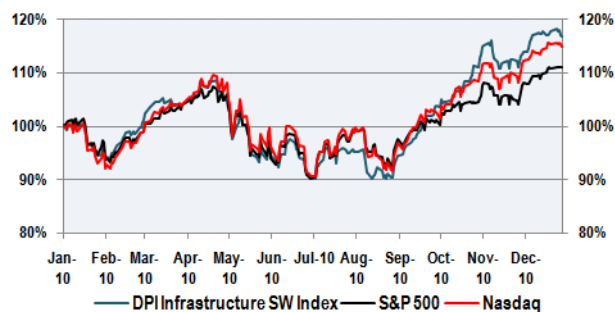
# Software: Infrastructure

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

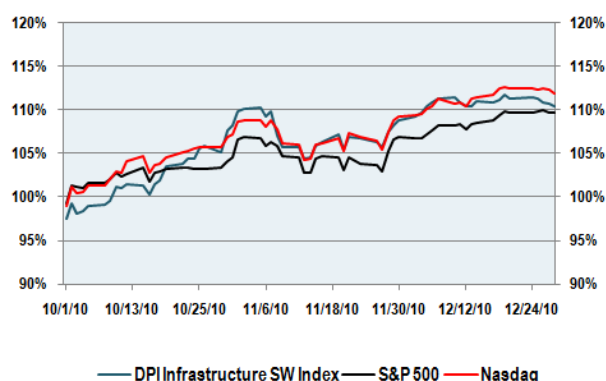
#### DPI Infrastructure SW Index vs. Major Indices

Latest Twelve Months



#### DPI Infrastructure SW Index vs. Major Indices

Latest Quarter



Note: The DPI Infrastructure Software Index includes companies from the following sub-sectors: Database & File Management, eCommerce Enablement, EAI, Messaging & Conferencing, Networking & Connectivity, Security, Storage & ESM, Tools and Testing and Wireless.

### VALUATION METRICS

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
Database Mgmt.	3.0x	8.0x
eCommerce	2.8x	17.9x
Enterprise App.	2.2x	18.0x
Messaging & Conf.	2.6x	9.3x
Networking	1.9x	14.4x
Security	2.8x	10.9x
Data Storage	2.5x	10.5x
Tools & Testing	1.7x	8.7x
Wireless	1.8x	15.0x

LTM = Latest Twelve Months

### Highlights

- Infrastructure Software Index was up 17% and 10%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 23 M&A transactions compared to 25 announced in Q3'10.
- Intel has offered concessions in a bid to win European Union antitrust clearance for its \$7.7 billion purchase of security software maker McAfee. The commission is concerned that Intel might embed certain elements of McAfee's virus-fighting technology in its widely used microprocessor chips for personal computers, giving Intel an unfair advantage over rivals.
- North American businesses suffer an average of 10 hours of IT downtime annually, collectively costing them \$26.5 billion in revenue, according to a study released by CA Technologies. Financial services are impacted the most by downtime, with the average company losing \$224,000 or more in revenue each year. Public-sector organizations are impacted the least, with the average organization losing \$99,000 in revenue.
- For the data storage business, 2010 was another year of great profit and success, and 2011 is expected to follow suit. It is clear that storage -- including hardware, software and services -- has been the most profitable and consistent-performing sector of IT for most of the last decade. Demand remains high due to the constant deluge of files and data filling up disk drives. Steady advances in both magnetic disk and solid state technology are allowing manufacturers to keep expanding storage capacities.
- Analysts expect increased use of virtualization in data centers. Currently, corporations virtualize about 30% of their servers and storage machines. This is expected to grow to about 70% over the next five years.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/16/10	Rackspace US	Cloudkick	NA
12/06/10	Juniper Networks, Inc	Altor Networks	\$95.0
12/03/10	Google	Widevine Technologies	NA
12/01/10	Group Business Software AG	Permessia Corporation	NA
11/22/10	Attachmate	Novell, Inc.	\$1,101.7
11/15/10	EMC Corporation	Isilon Systems, Inc.	\$2,133.9
11/09/10	Quest Software, Inc.	BakBone Software, Inc.	\$45.1
10/11/10	HID Global Corporation	ActivIdentity Corporation	\$85.0
10/05/10	Oracle Corporation	Passlogix, Inc.	NA
10/04/10	Rogue Wave Software, Inc.	Acumem AB	NA

Please call DecisionPoint for further details on listed transactions.

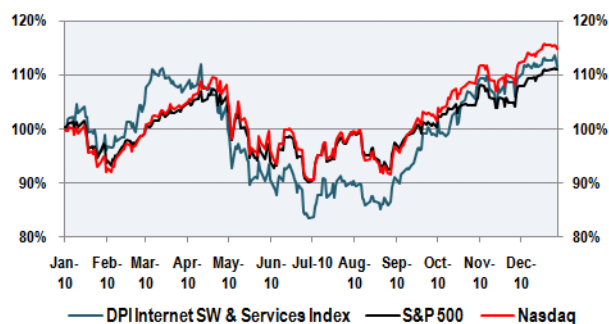


# Software: Internet Software and Services

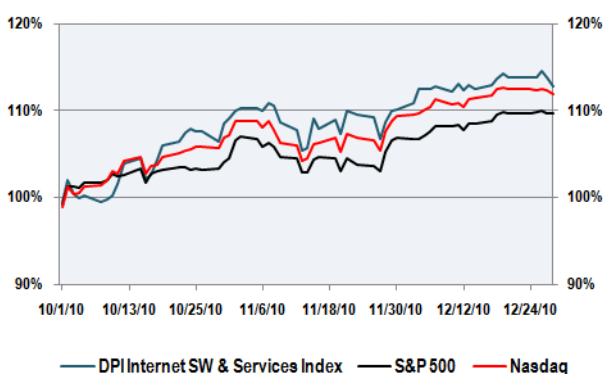
## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

**DPI Internet SW & Services Index vs. Major Indices**  
Latest Twelve Months



**DPI Internet SW & Services Index vs. Major Indices**  
Latest Quarter



Note: The DPI Internet Software & Services Index includes: Amazon.com, eBay, Google, InfoSpace, IAC/InterActive, RealNetworks and Yahoo!.

### VALUATION METRICS

Company	Enterprise Value	
	LTM Revenue	LTM EBITDA
Amazon.com Inc.	2.6x	44.1x
eBay Inc.	3.5x	11.4x
Google Inc.	5.8x	14.1x
InfoSpace Inc.	0.3x	3.5x
IAC/InterActiveCorp.	1.0x	11.5x
RealNetworks Inc.	0.5x	NM
Yahoo! Inc.	2.9x	14.4x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- Internet Software and Services Index was up 12% and 13%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 181 M&A transactions compared to 170 announced in Q3'10.
- With so many investors becoming fans of the company, Facebook will be legally required to begin sharing more information about its finances and strategy by April 2012, according to documents distributed to prospective shareholders. After a company with at least \$10 million in assets has more than 500 shareholders, the Securities and Exchange Commission requires it to disclose its financial results and other details on a quarterly basis in an effort to ensure investors are adequately informed. Facebook is expected to have more than 500 shareholders at some point this year which will catapult Facebook over a hurdle likely to lead to the company's long-awaited initial public offering of stock next year.
- After Yahoo! and Google tried to acquire Groupon, the company opted to remain private and rejected the offer made by Google, which was rumored to be as high as \$6 billion. For giants like Google, the appeal of Groupon (and its rivals) is the knowledge of locals' buying and searching habits -- valuable data as big, global firms move into smaller markets with targeted search and advertising.
- Google and Unilytics have formed the first Google Analytics Authorized Consultant Partnership to provide Google analytics services. Under this agreement, Unilytics will provide Google analytics service and support using its extensive experience in the web analytics consulting and optimization space.
- Skype Technologies SA Chief Executive Officer, Tony Bates, will fuel growth by adding corporate partnerships and hiring engineers to build new products as the company readies for an initial public offering.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/20/10	eBay Inc.	Private Sale GmbH	\$200.0
12/16/10	Scantron Corporation	GlobalScholar Corporation	\$166.6
12/02/10	Whale Shark Media, Inc.	RetailMeNot.com	\$87.0
12/01/10	Internet Brands, Inc.	AllLaw.com Inc.	NA
11/17/10	Imagination Technologies Group Plc	HelloSoft, Inc.	\$47.0
11/10/10	Boxwood Capital Partners	YogaDirect.com, LLC	NA
11/08/10	QuinStreet, Inc.	Car Insurance. Com, Inc.	\$49.7
11/08/10	Amazon.com Inc.	Quidsi, Inc.	\$545.0
11/08/10	NexTag, Inc.	NextCoupons.com	NA
10/21/10	EasyLink Services International Corporation	Xpedite Systems LLC	\$105.0

Please call DecisionPoint for further details on listed transactions.

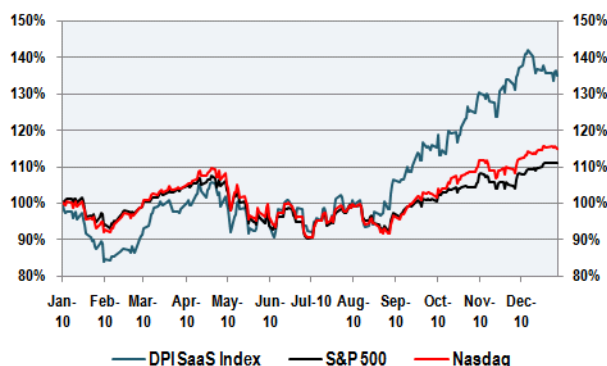
# Software: Software as a Service (SaaS)

## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

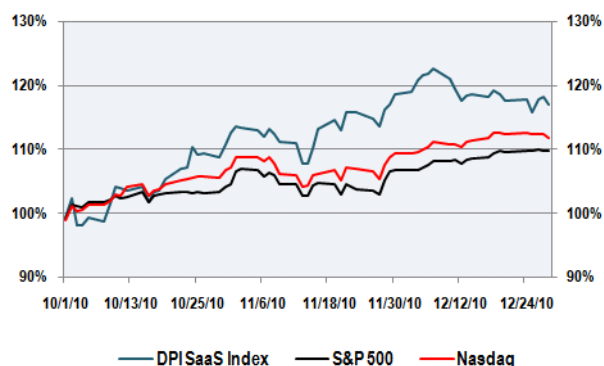
#### DPI Software as a Service Index vs. Major Indices

Latest Twelve Months



#### DPI Software as a Service Index vs. Major Indices

Latest Quarter



Note: The DPI Software as a Service (SaaS) Index includes: Blackboard, Concur Technologies, DealerTrack Holdings, Kenexa, Red Hat, Rightnow Technologies, Salesforce.com, Taleo, Ultimate Software Group and Vocus.

### VALUATION METRICS

Company	Enterprise Value/	
	LTM Revenue	LTM EBITDA
Blackboard Inc.	3.5x	14.6x
Concur Technologies	8.5x	36.9x
DealerTrak Holdings	2.8x	27.6x
Kenexa Corp.	2.6x	25.0x
Red Hat, Inc.	9.4x	45.0x
Rightnow Technologies	4.0x	46.4x
Salesforce.com	11.7x	101.7x
Taleo Corp.	4.1x	31.8x
Ultimate Software	5.7x	100.8x
Vocus Inc.	5.0x	247.5x

LTM = Latest Twelve Months

### Highlights

- Software as a Services Index was up 35% and 17%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 49 M&A transactions compared to 51 announced in Q3'10.
- According to Gartner, worldwide Software as a Service (SaaS) revenue within the enterprise application software market is forecasted for strong growth in 2011 with worldwide SaaS revenue totaling \$10.7 billion, a 16.2% increase from 2010 revenue.
- IBM is building a cloud-computing system for NATO in the first such deal for the international military alliance. IBM will manage the North Atlantic Treaty Organization's data from inside the Norfolk base, in a so-called private-cloud model, which lets customers put information on servers within their own security systems.
- In a new report on the SaaS delivery of IT management capabilities, an independent technology analyst states that CIOs should only implement SaaS if it is right for their organization and if they are clear about the business outcome they want to achieve. According to the report, CIOs that do not take the right approach to SaaS could find that their application is more expensive, slower and worse than before.
- One of the most troubling obstacles to SaaS is data security. In a world where data can be accessed from any device anywhere, traditional security falls apart. However, with cloud access and identity enforcement being solved by the likes of SecureAuth and Symplified, cloud computing is getting closer to being ready for the kind of advanced security that helped WiFi mature into an enterprise-class technology.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/22/10	Calyx Software, Inc.	Loan-Score Decisioning Systems LLC	NA
12/08/10	Salesforce.com	Heroku, Inc.	\$222.0
12/08/10	TIBCO Software Inc.	Loyalty Lab, Inc.	NA
12/07/10	Aetha, Inc.	Medicity, Inc	\$500.0
12/06/10	j2 Global Communications	Protus IP Solutions, Inc.	\$212.6
12/02/10	Centerstance	Ventus Solutions	NA
11/08/10	Blackstone Technology Group	Quinnian Health	NA
11/08/10	MedLink International	MedAppz, LLC (assets)	\$2.6
11/04/10	American Express Company	Accertify, Inc.	\$150.0
11/02/10	Dell	Boomi	\$6.0
11/02/10	NeuStar	Quova	\$21.7
10/19/10	Tendrill	GroundedPower	NA

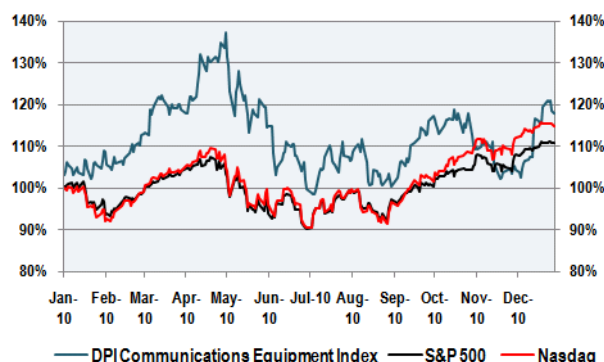
Please call DecisionPoint for further details on listed transactions.

# Communications: Equipment

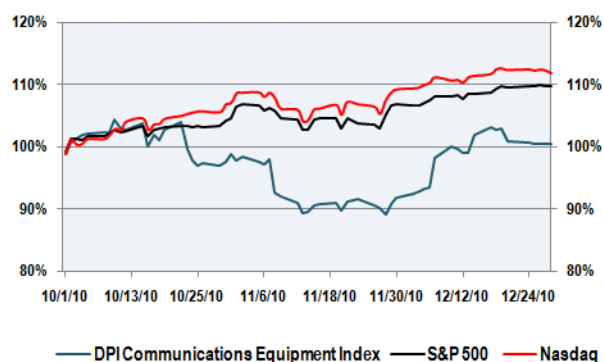
## Highlights, Stock Performance and Recent M&A Activity

### MARKET PERFORMANCE

**DPI Comm. Equipment Index vs. Major Indices**  
Latest Twelve Months



**DPI Comm. Equipment Index vs. Major Indices**  
Latest Quarter



Note: The DPI Communications Equipment Index includes: Alcatel-Lucent, CIENA, Cisco Systems and Tellabs.

### VALUATION METRICS

Company	Enterprise Value/ LTM	
	Revenue	EBITDA
Alcatel-Lucent	0.3x	6.8x
CIENA Corp.	2.7x	NM
Cisco Systems, Inc.	2.2x	7.8x
Tellabs Inc.	0.8x	4.6x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- Communication Equipment Index was up 18% and 0%, for the last 12 months and last quarter respectively.
- Q4'10 had a total of 74 M&A transactions compared to 77 announced in Q3'10.
- Intel has opened a \$2.5 billion fabrication plant in China, its first semiconductor manufacturing plant in Asia. Located in Dalian, the wafer fabrication facility will focus initial production on chipsets for laptop computers, high-performance desktop PCs and Intel Xeon processor-based servers.
- Verizon CEO, Ivan Seidenberg, views the recent launch of his company's 4G network and the accompanying barrage of wireless devices announced at CES as the linchpin of an entertainment and data revolution that is fundamentally changing how consumers interact with themselves and their content.
- Federal regulators adopted new rules to keep the companies that control the Internet's pipelines from restricting what their customers do online or blocking competing services, including online calling applications and Web video. The rules will prohibit phone and cable companies from favoring or discriminating against Internet content and services that travel over their networks — including online calling services such as Skype, Internet video services such as Netflix and other applications that compete with their core businesses.
- Verizon and RIM are investing in mobile security to protect phones from attackers. As people increase their use of smartphones to check e-mail, do their banking and access documents, the wireless industry is addressing mobile device security more seriously.
- Motorola has officially completed its stock split and the company's assets have been divided between two separate and independent companies to create Motorola Solutions (enterprise focused) and Motorola Mobility (consumer focused). As part of the split, stockholders received 1 share of Motorola Mobility Holdings common stock for every 8 shares of Motorola Inc. stock. Once the distribution of the Mobility Holdings stock was completed, Motorola Inc. initiated a 1-for-7 reverse stock split.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
12/22/10	Dover Corp.	NXP (Sound Solutions business)	\$855.0
12/20/10	EarthLink Inc.	One Communications Corp.	\$370.0
11/30/10	Mitsubishi Electric Corporation	Vincotech GmbH	NA
11/18/10	Verigy, Ltd.	LTX-Credence Corporation	\$334.7
11/16/10	Juniper Networks, Inc	Trapeze Networks, Inc.	\$152.0
10/27/10	The Carlyle Group	CommScope, Inc.	\$3,797.7
10/26/10	Broadcom Corp.	Percello, Ltd.	\$98.0
10/21/10	PMC-Sierra	Wintegra Inc.	\$300.0
12/20/10	AT&T Inc.	Qualcomm Inc. (spectrum licenses)	\$1,925.0

Please call DecisionPoint for further details on listed transactions.

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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