



## QUARTERLY VIEWPOINT:

For the Quarter Ended September 30, 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).



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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

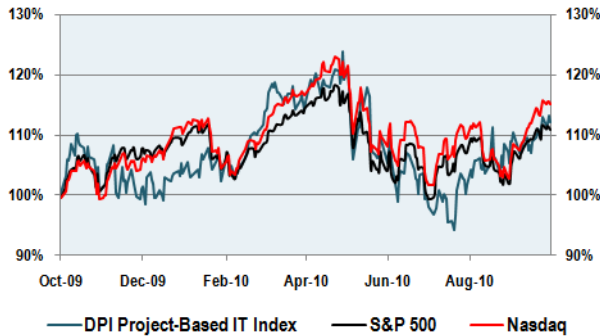
	Number
<b>1 DecisionPoint</b>	<b>11</b>
2 BB&T	7
3 St. Charles Capital	3

# Services: Project-Based - IT Commercial

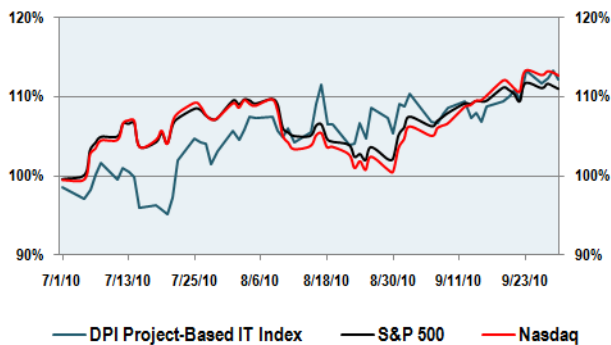
## Highlights, Stock Performance and Recent M&A Activity

### 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.	1.0x	6.3x
The Hackett Group, Inc.	0.9x	8.7x
CIBER, Inc.	0.3x	4.2x
Edgewater Technology	0.4x	6.0x
Perficient Inc.	1.3x	11.4x

LTM = Latest Twelve Months

### Highlights

- IT Project-Based Commercial Index was up 12% for both the last 12 months and last quarter
- Q3'10 had a total of 35 M&A transactions compared to 28 announced in Q2'10.
- Cloud-computing services consumed from external service providers (ESPs) are estimated to be 10% of the spending on external IT services in 2010, according to a recent worldwide survey by Gartner.
- Oracle consultancies continue to be attractive M&A targets. In addition, companies that have an industry focus seem to garner more interest from buyers than a firm with a generic focus.
- Economic fluctuations and business uncertainty, accelerated service globalization, and increasing competition of IT services are major factors that could force businesses to move further toward low-cost IT.
- The U.S. Social Security Administration (SSA) has selected Accenture as a prime contractor under the Information Technology Support Services Contract (ITSSC) that will be used to acquire a wide range of IT systems development and modernization services.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/28/10	HEIT, Inc.	Simpler-Webb	NA
09/27/10	KPIT Cummins Infosystems Ltd.	CPG Solutions LLC	\$13.2
09/20/10	Accuvant, Inc.	Ciphent, Inc.	NA
08/24/10	Tallan, Inc.	Twentysix New York, Inc.	\$3.5
08/24/10	Systems America, Inc.	CollectiveGain	NA
08/12/10	Schafer Corporation	Asynchrony Solutions, Inc.	NA
08/11/10	NouvEON Technology Partners	Incentric Solutions, LLC	NA
08/10/10	InfoTech Enterprises Ltd.	Wellsco	NA
08/02/10	Xivia Inc.	The Knowledge Network	NA
08/02/10	Summa Technologies, Inc.	HarvestGold	NA
07/16/10	Technology Capital Investors	D&D Consulting Ltd.	NA
07/06/10	Warwick Communications, Inc.	ClearBlue Technologies, Inc.	NA
07/06/10	NetVision Resources, Inc.	GTRAS	NA

Please call DecisionPoint for further details on listed transactions.

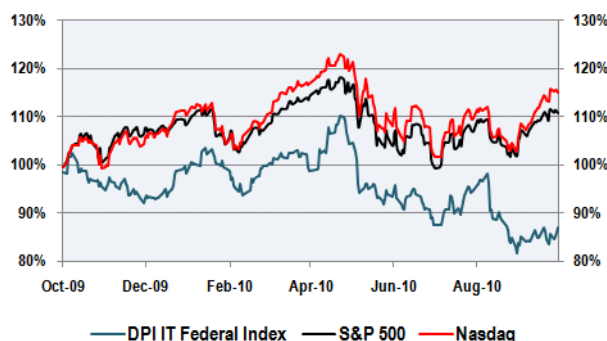
# Services: Project-Based - IT Federal

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

### MARKET PERFORMANCE

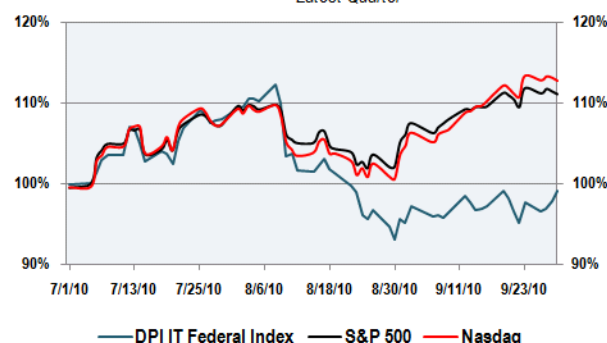
#### DPI IT Federal Index vs. Major Indices

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	EBITDA
CACI International Inc.	0.5x	6.7x
ManTech International	0.6x	6.7x
NCI, Inc.	0.6x	6.8x
SAIC, Inc.	0.6x	6.3x
SRA International Inc.	0.6x	6.9x

LTM = Latest Twelve Months

### Highlights

- IT Federal Index was down 13% and 2%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 4 M&A transactions compared to 5 announced in Q2'10.
- Google's package of cloud-computing applications is the first to be certified by the General Services Administration as meeting federal cyber-security standards. The certification only covers the use of Google Apps within GSA, but Google officials believe it gives the company a leg up in the race to move federal networks at other agencies into the cloud.
- As expected, the FCC approved use of white spaces for unlicensed data, the so-called "super WiFi" proposal. The federal ruling sets ground rules manufacturers will need to meet in order to have their gear approved for sale to consumers and businesses. Just as with WiFi, the new rules define what happens to spectrum in terms of equipment, rather than as property.
- According to a government official, the White House is identifying between 25 and 30 high-risk information technology projects that will be eliminated unless agencies can make required improvements.
- A Pentagon official has confirmed a major cyber attack on U.S. military computers that occurred in 2008 when a foreign intelligence agent used a malicious flash drive to steal information from laptops in Iraq and Afghanistan. The official also reinforced that the U.S. needed to reevaluate its IT systems to avoid this type of attack from happening again.
- The Small Business Administration suspended GTSI's federal contracting authority, alleging that the \$762 million reseller is not a small business and should not be allowed to keep the contract.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/30/10	ManTech International Corporation	QinetiQ North America Inc.	\$60.0
09/21/10	Perla Capital Partners, LLC	Steimel Communications, Inc.	NA
09/16/10	CherryRoad Technologies, Inc.	Maximus (Oracle PeopleSoft ERP business)	NA
08/04/10	AECOM Technology Corporation	McNeil Technologies Inc.	\$335.0

Please call DecisionPoint for further details on listed transactions.

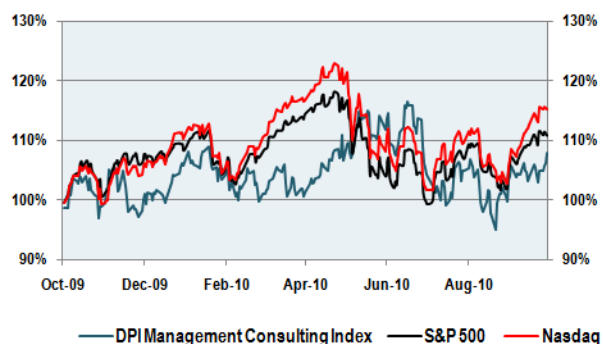
# Services: Project-Based - Management Consulting

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

### MARKET PERFORMANCE

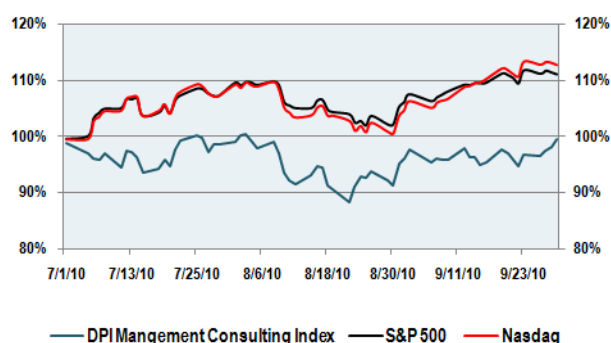
#### DPI Management Cons. Index vs. Major Indices

Latest Twelve Months



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

Latest Quarter



Note: The DPI Management Consulting Index includes: CRA International, Diamond Management & Technology Consultants, 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.	0.6x	6.6x
DTPi	1.2x	13.0x
FTI Consulting, Inc.	1.5x	6.8x
Huron Consulting	1.2x	7.6x
LECG Corporation	0.2x	NM
Navigant Consulting Inc.	1.1x	7.9x
Advisory Board Co.	2.6x	18.2x
Corp. Executive Board	2.3x	9.2x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- Management Consulting Index was up 8% and 0%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 5 M&A transactions compared to 5 announced in Q2'10.
- In August, PwC acquired Diamond Management & Technology Consultant for 1.4x trailing 12 months revenue and around 15x EBITDA. PwC has been steadily rebuilding its technology and management consulting services after divesting its original technology consulting practice to IBM in 2002, for \$3.5 billion when accounting firms were spinning off or selling their consulting units in the wake of Sarbanes-Oxley and other accounting issues.
- ICF International, a leading provider of consulting services and technology solutions to government and commercial clients, has been awarded a new multiple-award contract by the U.S. Department of Health and Human Services (HHS) and Centers for Disease Control and Prevention (CDC), to support CDC Information Management Services (CIMS). The total potential value to ICF is \$4 billion and the term includes two base years and four two-year options, for a total of up to 10 years.
- Huron Consulting Group recently announced the formation of The Advisory Group at Huron. It will expand the Company's offerings in higher education, research administration and academic medicine by providing advice and management insights to research universities, healthcare institutions, governments, and non-profit organizations, both domestically and globally.
- FTI Consulting said it completed its \$400 million private offering and said it plans to use the net proceeds to finance its previously announced cash tender offer to repurchase all of its outstanding 7.6% senior notes due in 2013. The proceeds will use be used for general corporate purposes that could include working capital, share repurchases, capital expenditures, acquisitions and refinancing of other debt.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/21/10	Kalypso LP	Metafore LLC	NA
09/10/10	possibleNOW, Inc.	T3i	NA
09/01/10	Alterian plc	INTREPID	\$12.0
08/24/10	PricewaterhouseCoopers LLP	Diamond Management & Technology Consultants, Inc.	\$302.0
08/02/10	First Derivatives plc	LakeFront Data Consulting	NA

Please call DecisionPoint for further details on listed transactions.

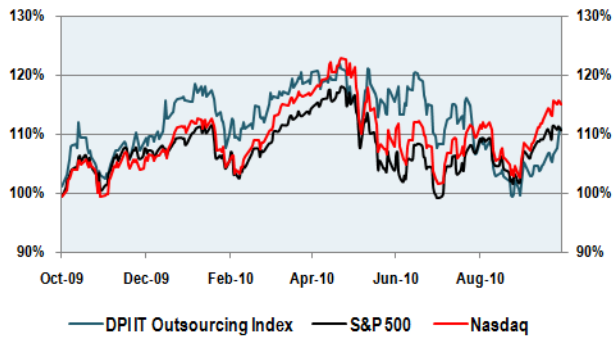
# Services: Outsourcing - IT

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

### MARKET PERFORMANCE

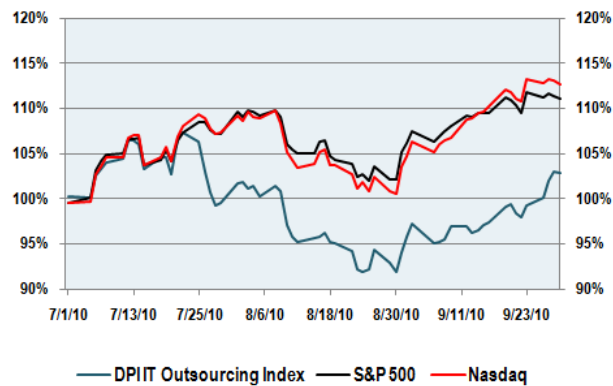
#### DPI IT Outsourcing Index vs. Major Indices

Latest Twelve Months



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

Latest Quarter



Note: The DPI IT Outsourcing Index includes: CGI and CSC.

### VALUATION METRICS

Company	Enterprise Value/ LTM	
	Revenue	EBITDA
CGI Group, Inc.	1.1x	6.0x
CSC	0.5x	3.6x

LTM = Latest Twelve Months

### Highlights

- IT Outsourcing Index was up 1% and 3%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 52 M&A transactions compared to 58 announced in Q2'10.
- A study conducted by CIO Magazine indicated that the advent of IT outsourcing is enabling companies to reduce their headcounts. Around 41% of companies say cloud computing has allowed them to reduce personnel costs over recent months.
- While more IT outsourcing deals are being signed, the values of the contracts are declining.
- Smaller companies with lower IT budgets are making the move to outsourcing more than in previous years. For those with an IT budget of less than \$1.5 million, 15% are considering outsourcing, compared to only 6% in the same bracket in 2009.
- In order to avoid buying equipment that quickly becomes dated, companies are increasingly turning to infrastructure outsourcing. Also known as hardware as a service, this is the process where a business uses the IT resources of a third-party provider. The third party supplies the equipment needed for the client to maintain an optimal IT network as well as manage the network itself, whether it is on the client site or in the cloud.
- The recession has had a major impact on employment in the USA, reducing wages and the number of jobs available to such an extent that companies can now hire call center agents in the USA for almost the same price as hiring them in India.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
09/28/10	Propalms, Inc.	Acute Systems Consulting LLC	NA
09/23/10	Ancestry.com Inc.	iArchives, Inc.	NA
09/21/10	UnitedHealth Group, Inc.	A-Life Medical	NA
09/20/10	Document Technologies, Inc.	Daticon Electronic Evidence Discovery	NA
09/16/10	Element115.net, LLC	AllStar IT LLC	NA
09/14/10	Global Defense Technology & Systems, Inc.	Zytel Corporation	NA
09/11/10	HealthyPet Magazine	Veterinary Metrics, Inc.	NA
09/07/10	BAE Systems - North America	OASYS Technology LLC	NA
09/02/10	Diversified Information Technologies, Inc.	Commercial Data Processing, Inc.	NA
08/18/10	AppLabs Technologies Pvt, Ltd.	ValueMinds	NA
07/19/10	SmartBear Software	AutomatedQA	NA

Please call DecisionPoint for further details on listed transactions.

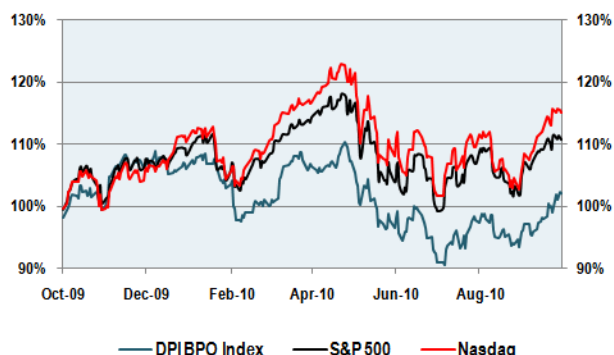


# Services: Outsourcing - Business Process Outsourcing

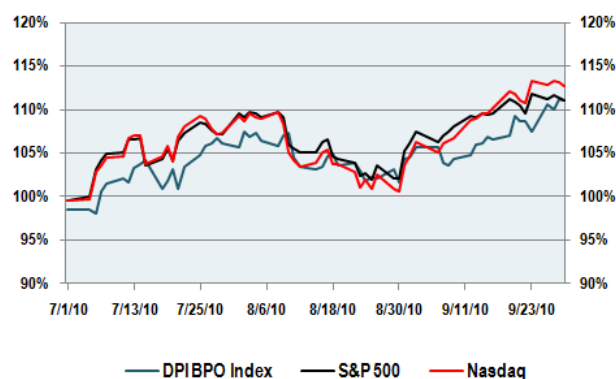
## Highlights, Stock Performance and Recent M&A Activity

### 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	2.1x	9.1x
DST Systems Inc.	1.3x	6.0x
Paychex Inc.	4.7x	11.6x

LTM = Latest Twelve Months

### Highlights

- Business Process Outsourcing Index was up 3% and 12%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 14 M&A transactions compared to 7 announced in Q2'10.
- While financial services outsourcing still remains behind its more controversial counterparts, healthcare and IT, it certainly seems that 2010 will be the year that it resumes growth after previous years. According to TPI, some work is being kept quiet for political reasons, but outsourcing is active in the financial services industry.
- Although adoption of software-as-a-service (SaaS) and Business Process Outsourcing (BPO) is growing rapidly, the combined SaaS-BPO approach is yet to see significant traction in BPO beyond Human Resources Outsourcing (HRO), according to Everest, a global consulting and research firm.
- The hospitality industry is slowly recovering from its worst economic downturn in 60 years. It is time for companies in this space to focus on core functions that generate revenue. Non-core support functions, such as finance and accounting, customer service, and research and analytics, require in-depth skills and are best managed through BPO.
- As the national unemployment rate has reached the level that many rural areas experience even during good economic times, outsourcers or companies who wish to outsource are taking a closer look at so-called "rural sourcing," or "onshoring."
- IT services firm Cognizant Technology Solutions is rumored to have an interest in acquiring BPO giant Genpact. According to industry sources, Cognizant has been doing due diligence of the BPO leader to acquire a controlling stake.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/30/10	Huntsman Gay Global Capital, LLC	iQor, Inc.	NA
09/29/10	Payment Data Systems Inc.	Electronic Recovery Systems LLC	NA
09/15/10	Fifth Third Bank Processing	National Processing Company LLC	NA
09/13/10	GAIN Capital Holdings, Inc.	MG Financial (Forex assets)	NA
09/09/10	PracticeMax	MediNomics, LLC	NA
09/01/10	Thomson Reuters Corporation	Healthcare Data Management, Inc.	NA
08/26/10	TriZetto Group, Inc.	Tela Sourcing LLC	NA
08/19/10	Mastercard Incorporated	DataCash Group plc	\$490.3
08/05/10	Cap Gemini	Sonda Procwork (Gaspar BPO)	NA
07/30/10	Thomas H. Lee Partners, L.P.	Intermedix Corporation	NA
07/29/10	Genstar Capital, LLC	Evolution Benefits, Inc.	NA
07/28/10	Vestar Capital Partners	Health Grades Inc.	\$294.0

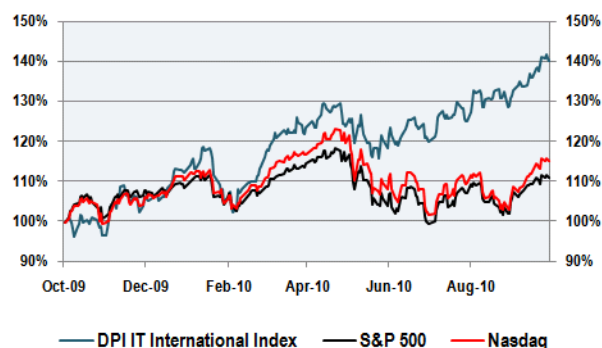
Please call DecisionPoint for further details on listed transactions.

# Services: IT International

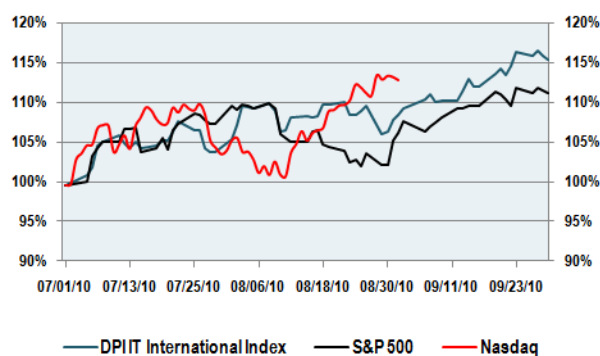
## Highlights, Stock Performance and Recent M&A Activity

### 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	4.6x	21.4x
Infosys Technologies	6.7x	19.9x
Patni Computer Systems	1.6x	7.5x
VancelInfo Technologies Inc.	6.7x	34.1x
Wipro	3.7x	17.0x

LTM = Latest Twelve Months

### Highlights

- IT International Index was up 40% and 15%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 23 M&A transactions compared to 26 announced in Q2'10.
- Companies in India lobbied hard against an anti-outsourcing campaign in the US and hailed the Senate Republicans for blocking the bill that denied tax breaks to US companies moving jobs offshore.
- With an anti-outsourcing attitude in America rising, Indian software giants like Infosys and Wipro are planning to expand their businesses in Europe through new ventures in a bid to reduce their revenue from the United States to 40% in five years from over 60% now.
- China's calculated move from being the world's factory to becoming the world's back office is increasingly becoming a reality. China's size, infrastructure and talent pool all indicate a promising future for outsourcing over the coming years.
- India's top mobile phone firm Bharti Airtel is all set to replicate its hugely successful outsourcing model in Africa with the award of a \$1.5 billion contract to IBM for managing its IT requirements across 16 countries in the continent.
- The business process outsourcing division of Wipro Technologies will provide legal process outsourcing (LPO) to Microsoft's intellectual property (IP) and licensing group worldwide. Wipro has developed IP domain expertise and the ability to work on a scale required for Microsoft's vast IP portfolio. The two companies are jointly developing processes and case managements to streamline the IP processes.
- Global manufacturing firm 3M has extended an agreement with Indian IT services provider Cognizant for application development and maintenance services.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/22/10	SMS Management & Technology	Renewtek Pty Limited	NA
09/20/10	Cassidian	Regency IT Consulting	NA
09/13/10	Group 4 Securicor plc	Skycom Pty. Ltd.	NA
09/09/10	Hostech Limited	Netrics	NA
09/06/10	Prism Informatics Limited	Information Management Tech.	NA
08/12/10	Asseco Poland SA	Necomplus Group	NA
08/11/10	KPMG LLP	Analitica Ltd	NA
08/05/10	Reply SpA	Riverland Systems GmbH	NA
07/30/10	Imtech NV	YSP Oy	NA
07/16/10	Qurius N.V.	evidanza GmbH (BI consulting)	NA
07/08/10	HCL Infosystems Limited	NTS Group (UAE)	NA
06/21/10	Hinduja Global Solutions	Careline Services Ltd	NA

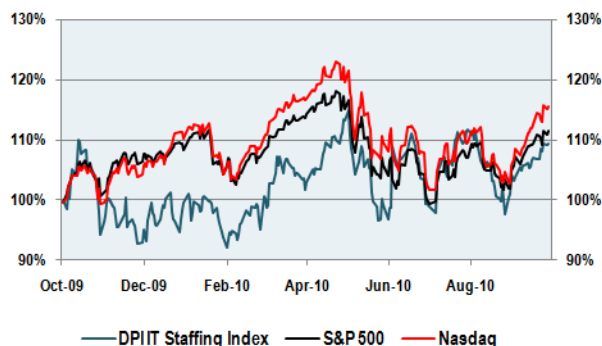
Please call DecisionPoint for further details on listed transactions.

# Services: IT Staffing

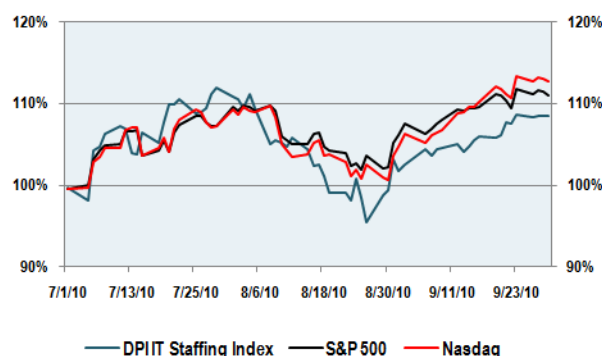
## Highlights, Stock Performance and Recent M&A Activity

### 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	LTM EBITDA
Analysts International	0.1x	NM
Comforce Corp.	0.2x	6.5x
Computer Task Group Inc.	0.4x	9.7x
Kforce Inc.	0.6x	18.7x
RCM Technologies Inc.	0.2x	6.3x
TechTeam Global Inc.	0.4x	9.3x
Volt Information Sciences	0.1x	3.3x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- IT Staffing Index was up 9% and 8%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 4 M&A transactions compared to 3 announced in Q2'10.
- While customer demand will vary by occupation, IT staffing firms are finding that customers need temporary workers given a hesitation to hire non-contingents amid an uncertain, but growing, economy rather than due to a booming economy.
- Demand for IT staff continues to rise, resulting in shortages in some software skills, according to recent research. A report by the Recruitment & Employment Confederation (REC) found staff skills in C#, SQL, .Net and Javascript were in short supply.
- Many IT departments are having to restructure and reduce management layers. The economic conditions mean that IT directors do not have the luxury of time to bring in HR experts and external consultants to advise on the best way to reduce layers.
- HP in collaboration with the University of the West of England (UWE) has developed a degree program to improve computing graduates' job prospects. The UWE HP enterprise computing degree, launching in 2011, will offer a four-year study program involving internships with HP and HP partners for 30 students per year to increase graduates' level of work experience and employability.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/01/10	S.I. Systems Ltd.	Datalist Inc. (ON,Canada)	NA
09/01/10	UBM Studios	Astound LLC	NA
08/31/10	MD&E, Inc.	People Network, Inc.	NA
07/01/10	MISI Company Limited	Cue Data Services, Inc. (assets)	NA

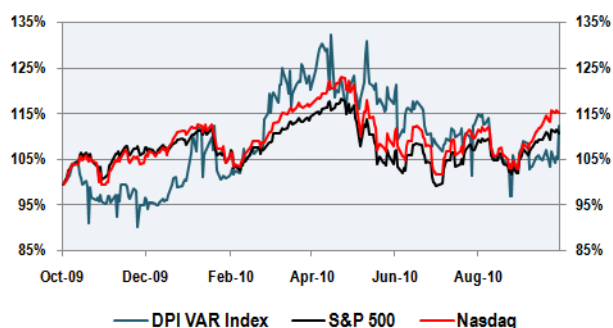
Please call DecisionPoint for further details on listed transactions.

# Services: Value Added Resellers

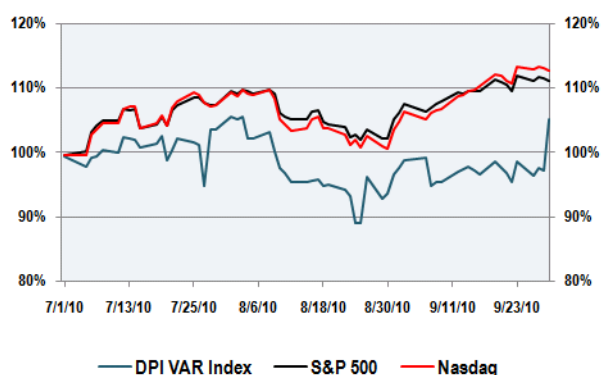
## Highlights, Stock Performance and Recent M&A Activity

### 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	LTM EBITDA
Emtec Inc.	0.8x	4.0x
Insight Enterprises Inc.	1.2x	4.9x
MTM Technologies Inc.	1.2x	NM
PC Connection, Inc.	0.7x	4.6x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- VAR Index was up 13% and 5%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 4 M&A transactions compared to 10 announced in Q2'10.
- Oracle's acquisition of Sun is bringing new opportunities to VARs who embrace the idea of selling the combined software and hardware stack resulting from the acquisition. However, they need to move quickly to get the right specializations and prove their commitment to the vendor.
- HP's top VAR partners are questioning the channel street credibility of new HP CEO, Leo Apotheker. Several top HP partners said they were disappointed HP chose to hire an outsider with little channel experience rather than channel-savvy insiders such as HP Personal Systems Group Executive Vice President Todd Bradley or HP Enterprise Servers Storage and Networking Executive Vice President David Donatelli.
- ConvergeOne declared late September its intent to acquire the systems solutions and maintenance business of Juma Technology, a deal that would mark the latest in a series of mergers and acquisitions among top-ranked Avaya partners.
- Ingram Micro is set to break out two new divisions based on enterprise-class technologies as a means to better serve VARs selling into midsize and large customer bases. The distributor's Advanced Technology division will be focused on security, networking and unified communications solutions while The Advanced Computing division will focus on infrastructure solutions including software, storage and virtualization.
- Avaya channel partners see plenty of reason to celebrate, as Avaya's Flare Experience has been launched with positive reviews. This is a collaboration dashboard designed to run on host devices, desktop and mobile alike, including the Avaya Desktop Video Device. Along with the software collaboration platform and tablet, Avaya also launched a number of video endpoints and services, dramatically expanding what the vendor can offer for video, UC and collaboration tools.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/23/10	ConvergeOne, LLC	Juma Technology Corp.	NA
09/21/10	Brightstar Corporation	OTBT, Inc.	NA
09/13/10	Eyak Technology, LLC	GTSI Corporation	NA
08/10/10	Carousel Industries of North America	TriNET Systems, Inc.	NA

Please call DecisionPoint for further details on listed transactions.

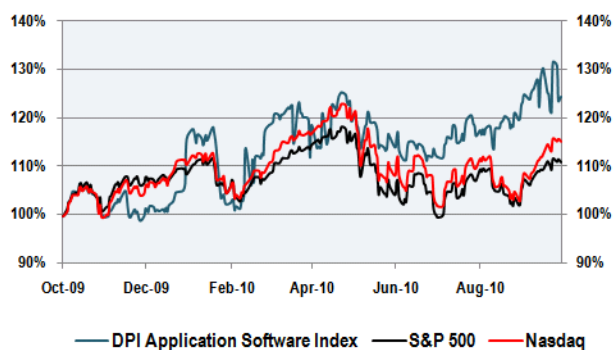
# Software: Application

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

### MARKET PERFORMANCE

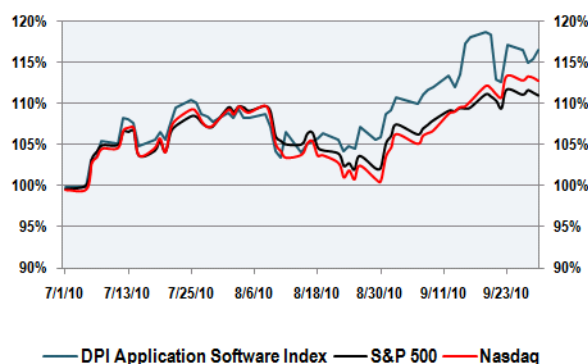
#### DPI Application Software Index vs. Major Indices

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	2.2x	8.9x
Billing & Service	1.3x	8.4x
Business Int.	1.9x	13.1x
Content Mgmt.	2.9x	10.0x
CRM	3.2x	30.3x
Engineering, etc.	2.9x	17.1x
ERP	1.8x	10.6x
Healthcare	1.3x	11.9x
HR Mgmt	2.0x	48.3x
Media & Ent.	3.6x	12.0x
SC Mgmt.	4.2x	19.6x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- Application Software Index was up 24% and 16%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 124 M&A transactions compared to 115 announced in Q2'10.
- IBM announced in September that it is acquiring data warehousing company Netezza for \$1.7 billion, continuing Big Blue's steady diet of acquisitions. Netezza will complement IBM's more expensive ISAS package and competes directly with the comparably priced Exadata from Oracle. With IBM entering the low-cost data warehousing market, more companies are expected to start slashing prices to compete.
- Former rivals Microsoft and Adobe CEOs recently met at Adobe's offices. One person familiar with the discussion said the two companies had talked about the blockade that Apple has placed on Adobe's Flash software for its handheld devices and whether a partnership by Adobe and Microsoft could fend off Apple. A possible acquisition of Adobe by Microsoft was also rumored on the agenda.
- Salesforce.com is dominating the SaaS CRM market but SAP is doing a push to show specifically larger companies that their SAP CRM product goes way beyond the SaaS players by showing plans for creating demand, how fast products are selling, how many are in inventory, how fast the factories are running, the speed materials are flowing through supply chain, and the complete customer history.
- According to Focus Magazine, SAP AG's co-Chief Executive Officer, Jim Hagemann Snabe, said rival Oracle is going "completely in the wrong direction." "Oracle's attempt to integrate the software and hardware businesses by acquiring Sun Microsystems and hiring former Hewlett Packard CEO, Mark Hurd, is a step backward" says Snabe.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/30/10	Star2Star Communications LLC	BridgeFive Solutions	NA
09/28/10	Temenos Group AG	Odyssey Financial Technologies	\$101.3
09/24/10	CSG Systems International Inc.	Intec Telecom Systems plc	\$253.0
09/23/10	TIBCO Software Inc.	OpenSpirit Corporation	NA
09/20/10	IBM	Netezza Corporation	\$1,729.0
09/15/10	Mad Gravity	TCS Software [aka Nspire Software]	NA
08/26/10	ID Business Solutions Ltd.	Quantrix LLC	NA
08/26/10	Hewlett-Packard Company	StrataVia	NA
08/12/10	Astute, Inc.	Speech Labs, LLC	NA
08/04/10	Google	Instantiations, Inc.	NA
07/22/10	Scantron Corporation	Spectrum K12 School Solutions Inc.	NA
07/15/10	Joyent, Inc.	Layerboom Systems Inc.	NA
07/07/10	Sabre Holdings Corporation	Flightline Data Services, Inc.	NA
07/06/10	EMC Corporation	Greenplum, Inc.	NA

Please call DecisionPoint for further details on listed transactions.

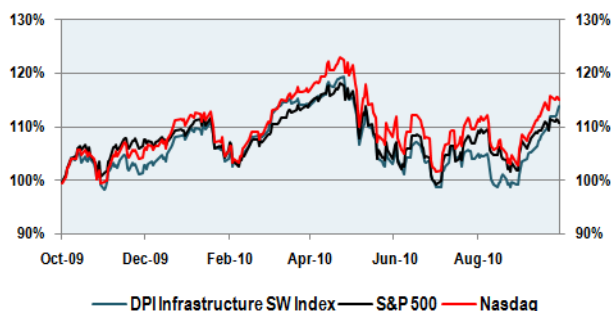
# Software: Infrastructure

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

### MARKET PERFORMANCE

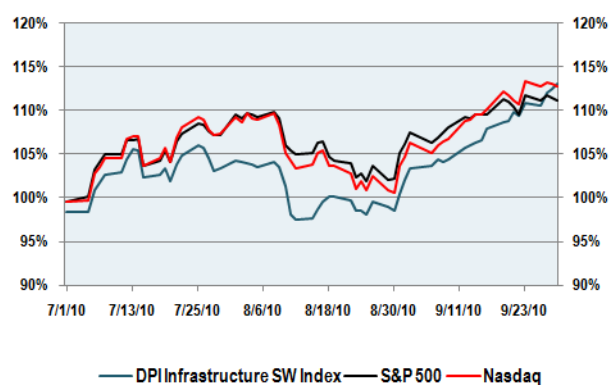
#### DPI Infrastructure SW Index vs. Major Indices

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 14% and 13%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 25 M&A transactions compared to 22 announced in Q2'10.
- In early October, IBM debuted a new, midrange disk storage system designed to better manage the increasing amount of data flowing through the Internet and growing volume of Web transactions. Demand for storage is growing, with businesses coming under pressure as cloud computing and Internet-related transactions increase data flow.
- VMware's success in corporate IT systems has resulted in a competitive onslaught by Microsoft. Two years after launching a rival virtualization product, known as a hypervisor, as a free add-on to its Windows Server software, Microsoft already claims to hold 25% of the virtualization market. The acquisition of SpringSource, an open source software company, has given VMware a base for developers to work on, while the purchase of Zimbra, an e-mail company, has taken VMware into the realm of applications themselves, further extending its battlefield with Microsoft.
- McAfee CEO Dave DeWalt calls it McAfee 3.0, the next step in the world's second-largest security software maker's evolution from a nuts-and-bolts antimalware consumer application vendor to a one-stop shop for safeguarding consumer and enterprise data in the cloud and, eventually, from a chip. This is related to opportunities once its pending \$7.7 billion merger with chip-making giant Intel is completed. Both companies claim that securing connected devices both behind the firewall and in the cloud represents the "third pillar" of enterprise computing.
- IDC named Oracle the leader in worldwide embedded database management systems for the third consecutive year. IDC defines embedded DBMSs as those sold to Independent Software Vendors (ISVs) or hardware device partners to be used as components within larger software or hardware products developed by the partner.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/13/10	Hewlett-Packard Company	ArcSight, Inc.	\$1,354.9
09/08/10	X-Change Corporation	Genesis Key, Inc.	NA
08/27/10	OPNET Technologies, Inc.	Embarcadero (DSAuditor product line)	NA
08/23/10	Thoma Bravo, LLC	LANDesk Software	NA
08/19/10	Hitachi Data Systems Corporation	ParaScale (IP)	NA
08/19/10	Intel Corporation	McAfee, Inc.	\$6,658.5
08/17/10	Marlin Equity Partners, LLC	Phoenix Technologies	\$95.3
08/09/10	Tektronix, Inc.	Arbor Networks, Inc.	NA
07/29/10	McAfee, Inc.	tenCube Pte Ltd.	NA
07/29/10	Quest Software, Inc.	Surgient Networks, Inc.	NA
07/13/10	GFI Software Ltd	Sunbelt Software	NA
07/01/10	IBM	BigFix, Inc.	NA

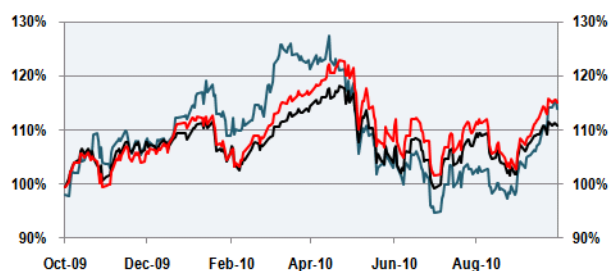
Please call DecisionPoint for further details on listed transactions.

# Software: Internet Software and Services

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

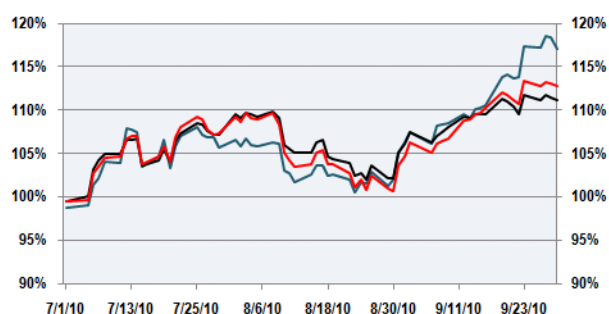
### MARKET PERFORMANCE

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



— DPI Internet SW & Services Index — S&P 500 — Nasdaq

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



— DPI Internet SW & Services Index — S&P 500 — Nasdaq

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.	2.3x	38.0x
eBay Inc.	3.0x	9.8x
Google Inc.	5.0x	12.1x
InfoSpace Inc.	0.4x	4.1x
IAC/InterActiveCorp.	0.9x	10.5x
RealNetworks Inc.	0.3x	NM
Yahoo! Inc.	2.5x	12.4x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- Internet Software and Services Index was up 15% and 17%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 170 M&A transactions compared to 190 announced in Q2'10.
- Google, in partnership with Sony, released the first Android-powered Google TV that seamlessly integrates Web browsing with a more traditional television experience. Google is banking on consumers having an appetite for a convenient way of using the TV to search the internet. A set-top box from Logitech has also been announced to use with TVs that do not have Google TV built in.
- Sources say Yahoo! has been eyeing Groupon for a possible acquisition, which would put Yahoo in the hot space around local purchasing and consumer information. eBay, Google and Amazon will probably also have an interest in Groupon that had a valuation close to \$1.4 billion in a recent round of financing.
- According to the Wall Street Journal, private equity groups Blackstone and Silverlake along with AOL have an interest to merge AOL with Yahoo!. A combination of AOL and Yahoo! may make economic sense, but the talks are in early stage and little feedback from Yahoo! is available so far.
- The success of social networking sites and online retailers have caught the attention of the investment community. Funds such as the First Trust NYSE Internet Index ETF and the Rydex Internet Mutual Fund provide investors with exposure to the companies that are heavily involved with the Internet.
- Skype announced that it will be hiring former Cisco executive Tony Bates to run the company and shows it plans on increasing the company's value even more before its IPO. However, this announcement has certainly added fuel to the rumors that an acquisition seems to make sense for both Cisco and Skype.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/29/10	SheKnows LLC	FabulousFoods.com	NA
09/22/10	Easy Date Holdings Ltd.	Cupid.com Inc.	\$6.9
09/16/10	Flying Online Inc.	AircraftforSale.com	NA
09/10/10	Latitude Industries Inc.	ChampionMarineUSA.com	NA
09/08/10	Shanda Games Limited	Eyedentity Games, Inc.	\$95.0
08/25/10	carsales.com.au Limited	Ozton Pty Ltd. (assets)	\$1.0
08/20/10	Google	Like.com	NA
08/17/10	Broadridge Financial Solutions Inc.	NewRiver, Inc.	\$77.0
08/16/10	Ybrant Digital Limited	Lycos, Inc.	\$360.0
08/06/10	JobMonkey, Inc.	Working Abroad Magazine	NA
07/29/10	bwin Interactive Entertainment AG	PartyGaming Plc	\$1,500.3
07/14/10	The Washington Post Company	iCurrent Inc.	NA

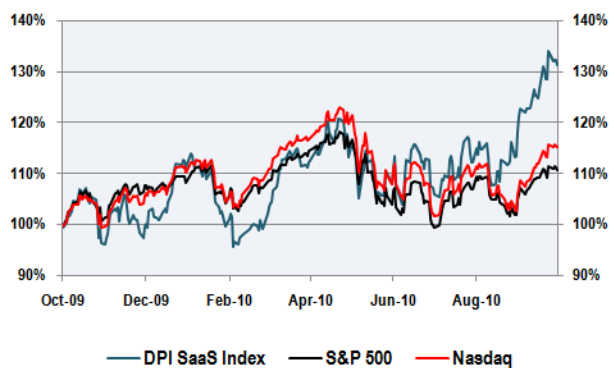
Please call DecisionPoint for further details on listed transactions.

# Software: Software as a Service (SaaS)

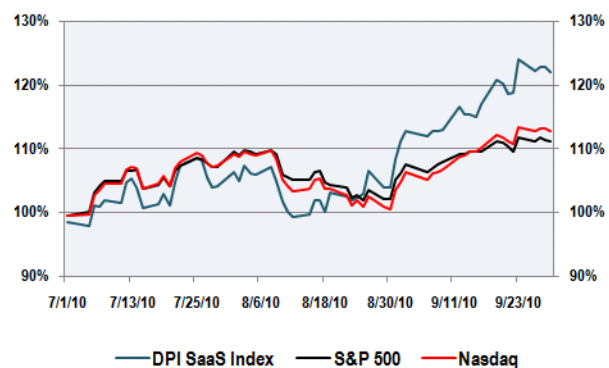
## Highlights, Stock Performance and Recent M&A Activity

### 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	EBITDA
Blackboard Inc.	3.1x	12.7x
Concur Technologies	8.0x	34.5x
DealerTrak Holdings	2.3x	22.3x
Kenexa Corp.	2.0x	19.2x
Red Hat, Inc.	8.3x	39.4x
Rightnow Technologies	3.2x	37.1x
Salesforce.com	9.8x	84.9x
Taleo Corp.	4.3x	33.3x
Ultimate Software	4.5x	78.9x
Vocus Inc.	3.0x	146.9x

LTM = Latest Twelve Months

### Highlights

- Software as a Services Index was up 32% and 22%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 51 M&A transactions compared to 39 announced in Q2'10.
- According to MarketsandMarkets, the global cloud computing market is projected to reach a staggering \$121.1 billion by 2015. The lucrative sector will increase from \$37.8 billion in 2010 to \$121.1 billion in 2015 at a CAGR of 26.2% from 2010 to 2015.
- Even though the SaaS industry is growing, standards for configuration and management of cloud services are not in place yet and cloud computing will not reach its full potential until standards are fully developed and stable. In the meantime, there will be pitfalls, so buyers of cloud services should beware.
- Microsoft is hoping to lure business away from Salesforce.com with a new offer that allows customers to buy Dynamics CRM Online seats for \$34 per user per month for the first year of service, a roughly 25% drop from the current \$44 monthly charge. The offer significantly undercuts Salesforce.com's Professional edition at \$65 per user per month, and its Enterprise edition, which costs \$125 per user per month.
- Cloud computing presents new security challenges for enterprises. A recent study by PricewaterhouseCoopers shows that only 14% of large enterprises encrypt the data available in cloud services compared to 75% for data held on local hard discs.
- U.S.-based cloud computing firm Salesforce.com is taking steps to broaden its operations in Japan. Salesforce.com plans to set up its first Japanese data center and buy more than a 5% stake in software developer Synergy Marketing. Salesforce.com has a global customer base of 82,400 companies, including 3,000 Japanese firms, which are serviced from data centers in the U.S. and Singapore.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/30/10	Industrial & Fincial Systems IFS AB	360 Scheduling Ltd.	NA
09/29/10	Atlassian Pty Ltd.	Bitbucket.org	NA
09/27/10	HighJump Software, LLC	True Commerce, Inc.	NA
09/27/10	Salesforce.com	Activa Live, Inc.	NA
09/14/10	MedAssets, Inc.	Broadlane, Inc.	\$850.0
09/01/10	Hyland Software, Inc.	Hershey Systems, Inc.	NA
08/26/10	ANXeBusiness Corp.	TruArx Inc	NA
08/17/10	Hewlett-Packard Company	Fortify Software, Inc.	NA
08/12/10	Voxeo Corporation	Teleku	NA
08/02/10	Limelight Networks, Inc.	Delve Networks, Inc.	NA
07/22/10	West Interactive Corporation	TuVox	NA
07/07/10	Blackboard Inc.	Wimba Inc.	NA
07/01/10	Local.com Corp.	OCTANE360 (assets)	\$10.9

Please call DecisionPoint for further details on listed transactions.

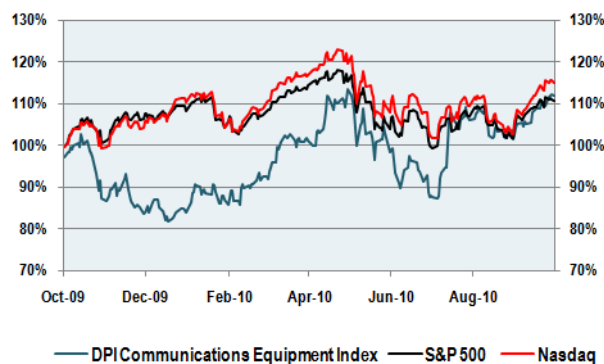


# Communications: Equipment

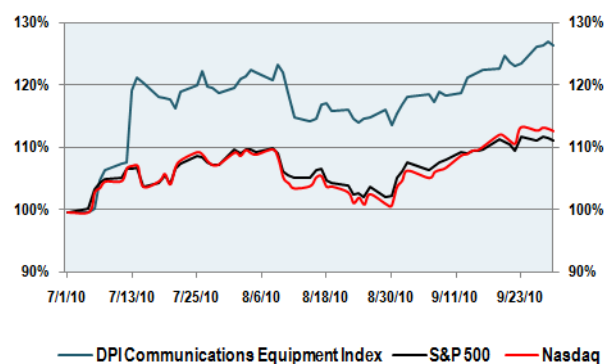
## Highlights, Stock Performance and Recent M&A Activity

### 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: ADC Telecommunications, Alcatel-Lucent, CIENA, Cisco Systems and Tellabs.

### VALUATION METRICS

Company	Enterprise Value/	
	LTM Revenue	LTM EBITDA
ADC Telecommunications	1.1x	12.3x
Alcatel-Lucent	0.4x	7.7x
CIENA Corp.	2.2x	NM
Cisco Systems, Inc.	2.4x	8.7x
Tellabs Inc.	1.0x	5.8x

LTM = Latest Twelve Months

NM = Not Meaningful

### Highlights

- Communication Equipment Index was up 10% and 27%, for the last 12 months and last quarter respectively.
- Q3'10 had a total of 77 M&A transactions compared to 73 announced in Q2'10.
- Cisco plans to introduce a videoconferencing system that analysts said is aimed at boosting the company's appeal to consumers and stepping up competition with Skype. The system will let consumers carry out video chats from their high-definition televisions but is expected to be viewed as expensive at \$600 plus a \$25 monthly subscription.
- At the end of September, Hewlett-Packard (HPQ) completed the acquisition of 3PAR for approximately \$2.3 billion in enterprise value, after an initial offer by Dell was not accepted by 3PAR's board of directors. According to analysts, HP effectively decided that it cannot afford for such a key player like 3PAR to go to one of its major competitors.
- Verizon Wireless recently announced it will launch a high-speed Internet network in 38 metropolitan areas by the end of the year, a major upgrade to mobile phone service that allows users to watch videos and play games with nearly the same quality as over their home networks.
- Motorola plans to ask shareholders to approve a reverse stock split at a special meeting to be held on November 29th. The split would come on the heels of the company's previously announced plan to separate itself into two independent public companies. Motorola is looking to spin off Motorola Mobility, which comprises its phone and cable set-top box businesses, and rename itself Motorola Solutions.

### Mergers & Acquisitions (sample deals)

Announced Date	Acquiror Name	Target Name	Enterprise Value (\$m)
09/30/10	International Quantum Epitaxy plc	Galaxy Compound Semiconductors	\$14.2
09/16/10	Calix Inc.	Occam Networks Inc.	\$120.8
08/31/10	Ridgmont Equity Partners	Unite Private Networks, LLC	NA
08/30/10	Intel Corp.	Infineon Technologies AG	\$1,400.0
08/23/10	Hewlett-Packard Company	3PAR, Inc.	\$2,300.0
08/16/10	Intel Corporation	Texas Instruments Inc.(cable modem unit)	NA
08/02/10	Advanced Semiconductor Engineering	EEMS Test Singapore Pte Ltd	\$67.7
07/29/10	IBM	Storwize, Inc.	\$140.0
07/26/10	Ceradyne, Inc.	Calabazas Creek Research Inc.	NA
07/21/10	Winscon Electronics	Uniwel Electronic Ltd.	NA
07/13/10	Tyco Electronics, Ltd.	ADC Telecommunications	\$1,347.7

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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