

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended June 30, 2015 and the Latest Twelve Months

Q2 | 15

QUARTERLY VIEWPOINT:

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Market Leader for Mid-Market Technology M&A:

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

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



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Software: Software as a Service (SaaS)

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
salesforce.com, inc.	\$69.63	\$45,646.4	\$46,666.1	8.2x	NM
Red Hat, Inc.	\$75.93	\$13,931.2	\$13,467.4	7.3x	38.5x
NetSuite Inc.	\$91.75	\$7,213.2	\$7,030.6	11.8x	NM
The Ultimate Software	\$164.34	\$4,696.9	\$4,584.2	8.7x	64.5x
athenahealth, Inc.	\$114.58	\$4,417.4	\$4,622.5	5.8x	74.4x
Dealertrack Technologies,	\$62.79	\$3,461.2	\$4,263.0	4.5x	34.5x
Medidata Solutions, Inc.	\$54.32	\$3,002.6	\$2,948.8	8.4x	74.7x
Demandware, Inc.	\$71.08	\$2,660.2	\$2,471.2	13.9x	NM
Ellie Mae, Inc.	\$69.79	\$2,052.2	\$1,980.3	10.8x	51.7x
Cornerstone OnDemand,	\$34.80	\$1,877.0	\$1,884.2	6.7x	NM
RealPage, Inc.	\$19.07	\$1,517.3	\$1,504.5	3.6x	61.3x
Ebix Inc.	\$32.61	\$1,140.8	\$1,250.0	5.5x	15.2x
Evertz Technologies	\$13.05	\$971.5	\$894.6	3.1x	11.4x
Constant Contact, Inc.	\$28.76	\$924.9	\$745.8	2.2x	18.4x
LivePerson Inc.	\$9.81	\$559.7	\$518.8	2.3x	46.9x
Median:	\$62.79	\$2,660.2	\$2,471.2	6.7x	46.9x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.7x revenue (based on Enterprise Value) at the closing of Q2.
- Software-as-a-Service (SaaS) is transforming the relationship between software providers and their customers. Vendors and customers are increasingly designing and building software products and services more collaboratively—even mission-critical business applications like ERP.
- Amazon has launched its AWS Partner Program with the aim of helping ISVs build their own apps on the cloud service to roll out to customers quickly and efficiently.
- After its recent earnings report, it is clear that Oracle is on the path to reach its goal of surpassing Salesforce as the world's largest cloud service company. More than 1,200 new SaaS customers were obtained by Oracle's SaaS unit, while an additional existing 760 customers expanded their business with the company.
- Salesforce has been at the center of takeover speculation for the past few months thanks to its strong position in the cloud-computing market. A number of competitors including Oracle, Microsoft and SAP were thought to be interested in acquiring the business. However, SAP claims to have zero interest in acquiring Salesforce and would be surprised if anyone tried as the company would be too expensive.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-18	Patriot National Inc.	InsureLinx	6.0
2015-06-03	RealPage Inc.	ICIM Corporation (assets)	49.0
2015-06-01	Castleton Technology plc	Impact Applications Limited	7.6
2015-05-27	8x8, Inc.	DXI Ltd.	22.6
2015-05-20	Magnetic Media Online Inc.	MyBuys Inc.	42.7
2015-05-14	Brand Networks Inc.	Shift Labs Inc.	50.0
2015-05-12	CCC Information Services Group Inc.	DriveFactor Inc.	22.0
2015-05-11	Towers Watson	Acclaris	140.0
2015-05-08	TechnologyOne Ltd.	Digital Mapping Solutions	9.6
2015-05-07	Market Tech Holdings Limited	Stucco Media Limited	25.8
2015-05-05	Pitney Bowes Inc.	Borderfree	395.0
2015-05-04	Agilent Technologies Inc.	Cartagenia NV	67.2
2015-04-28	Twitter Inc.	TellApart	532.6
2015-04-23	NetSuite Inc.	Bronto Software Inc.	200.0

Software: Internet Software and Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

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



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Google Inc.	\$540.04	\$368,528.4	\$304,121.1	4.5x	13.9x
Facebook, Inc.	\$85.77	\$240,848.4	\$228,621.4	16.9x	36.4x
Amazon.com Inc.	\$434.09	\$202,147.5	\$205,397.5	2.2x	42.4x
eBay Inc.	\$60.24	\$73,180.9	\$71,164.9	3.9x	14.0x
The Priceline Group Inc.	\$1,151.37	\$59,683.6	\$60,352.2	7.0x	18.3x
Netflix, Inc.	\$93.85	\$39,825.8	\$39,268.1	6.8x	NM
Yahoo! Inc.	\$39.29	\$36,871.4	\$32,817.6	7.0x	NM
LinkedIn Corporation	\$206.63	\$26,028.0	\$23,596.4	9.9x	NM
IAC/InterActiveCorp	\$79.66	\$6,543.3	\$6,774.4	2.2x	15.6x
Groupon, Inc.	\$5.03	\$3,403.7	\$2,466.2	0.8x	23.9x
Pandora Media, Inc.	\$15.54	\$3,285.6	\$2,904.1	3.0x	NM
Cimpress N.V.	\$84.16	\$2,760.8	\$3,133.3	2.2x	14.4x
WebMD Health Corp.	\$44.28	\$1,633.5	\$1,850.4	3.1x	15.4x
RealNetworks Inc.	\$5.41	\$195.3	\$60.9	0.4x	NM
Analyze Online S.A.	\$4.20	\$5.0	\$4.5	2.9x	11.2x
Median:	\$79.66	\$26,028.0	\$23,596.4	3.1x	15.5x

SECTOR HIGHLIGHTS

- The median Internet Software & Services index was trading at 3.1x revenue (based on Enterprise Value) at the closing of Q2.
- As eBay gets ready to split off PayPal, the company is shedding one last distraction from its core business. The e-commerce company said it has signed a deal to sell off its eBay Enterprise business -- which helps run online retail sites, including those of Ikea, Timberland, and iRobot -- for \$925 million. The buyer is a consortium that includes private-equity firms Permira and Sterling Partners.
- Netflix has found unexpected success in the United States with programming acquired from the Latin American market as the company has expanded there. Netflix has licensed a lot of programming from Latin America into the U.S. and is getting incredible viewing on these shows.
- Groupon is benefiting from rising e-commerce spending on mobile devices, a profitable domestic market and an underpenetrated international market. In addition, product launches will boost user retention while making it easier for merchants to connect to new consumers. These opportunities are likely to drive top-line growth and profitability over the long run.
- The three-month free trial of Apple's new music streaming service is expected to take a toll on Pandora in the current quarter. However, the "freemium" model of Pandora — namely its non-subscription, ad-supported tier — offers a unique advantage in the long run as streaming increases in the connected car.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-30	Vivendi SA	Dailymotion	242.3
2015-06-26	GigaMedia Limited	Strawberry Cosmetics Holding Ltd.	93.1
2015-06-09	BlueFocus Communication Group	Domob Network Technology	289.4
2015-06-02	GameStop Corp.	Geeknet Inc.	102.9
2015-05-31	Playtech plc	Plus500 Ltd.	703.1
2015-05-12	Verizon Communications Inc.	AOL Inc.	4,072.4
2015-05-08	Just Eat	MenuLog Pty Ltd.	681.5
2015-05-06	Michelin Group	Blackcircles.com Ltd.	75.7
2015-04-29	CoStar Group Inc.	Apartment Finder	170.0
2015-04-24	Houghton Mifflin Harcourt	Scholastic Corporation	575.0
2015-04-09	LinkedIn Corporation	lynda.com	1,500.0

Software: Enterprise Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Enterprise Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft Corporation	\$44.15	\$358,189.0	\$294,791.0	3.1x	8.8x
Oracle Corporation	\$40.30	\$174,743.9	\$162,768.9	4.3x	10.1x
IBM	\$162.66	\$160,176.8	\$190,342.8	2.1x	8.1x
SAP SE	\$70.00	\$83,669.7	\$89,993.3	4.4x	13.4x
Dassault Systemes SA	\$72.65	\$18,323.2	\$17,078.0	6.3x	24.7x
Autodesk, Inc.	\$50.08	\$11,399.7	\$10,316.2	4.0x	41.5x
Amdocs Limited	\$54.59	\$8,440.6	\$7,148.1	2.0x	10.2x
Constellation Software	\$397.41	\$8,421.8	\$8,568.1	5.0x	30.8x
Ansys, Inc.	\$91.24	\$8,190.8	\$7,429.6	7.9x	17.2x
Informatica Corporation	\$48.47	\$5,075.3	\$4,576.6	4.3x	24.2x
PTC Inc.	\$41.02	\$4,716.8	\$4,979.6	3.7x	18.2x
Manhattan Associates, Inc.	\$59.65	\$4,401.2	\$4,293.9	8.4x	30.5x
Tyler Technologies, Inc.	\$129.38	\$4,356.6	\$4,161.9	8.1x	36.2x
NICE Systems Ltd.	\$63.59	\$3,807.1	\$3,499.1	3.2x	16.6x
Blackbaud Inc.	\$56.95	\$2,623.2	\$2,896.7	5.0x	30.5x
Verint Systems Inc.	\$60.75	\$3,727.2	\$4,084.9	3.6x	25.0x
Stratasys Ltd.	\$34.93	\$1,782.0	\$1,411.4	1.8x	17.2x
QAD Inc.	\$26.43	\$491.0	\$360.2	1.2x	17.0x
Median:	\$58.30	\$6,633.1	\$6,063.8	4.1x	17.7x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 4.1x revenue (based on Enterprise Value) at the closing of Q2.
- Gartner predicts enterprise software spending will decline 1.2% in 2015, with revenue totaling \$654 billion. Enterprise software vendors will try to hold the line on prices this year because they are more interested in market share than profitability
- One of Oracle's big areas of focus for the next 12 months will be around enterprise resource planning as the company continues to push its way into the public cloud market.
- BlackBerry's revenues from licensing software and technology to enterprises have become a bright spot in the company's continuing financial recovery. In another step expected to further BlackBerry's software position, BlackBerry and Cisco announced they had entered into a long-term patent cross-licensing agreement covering their respective products and technologies.
- SEC filings show that ex-Microsoft manager raised \$202M for enterprise software-focused venture fund Tola Capital. Tola Capital is focused on the opportunity as enterprise software companies transition to the cloud; they are looking to engage with firms in this space to apply mid-stage funding, expertise, and network to help targets achieve a new level of growth.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

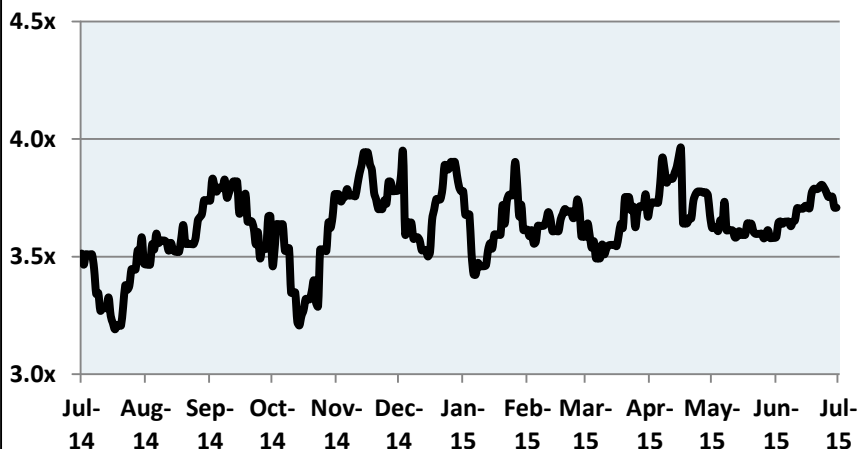
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-24	Seonics	ICD Software AS	11.8
2015-06-17	Vista Equity Partners	PowerSchool	350.0
2015-06-16	XLMedia PLC	Marmar Media Ltd	5.4
2015-06-15	Cox Automotive	DealerTrack Holdings Inc.	4,806.5
2015-06-11	Blackhawk Network Holdings Inc.	Achievers Corp.	110.0
2015-06-10	6pm Holdings Plc	BliThe Computer Systems	6.4
2015-06-02	HDS International Corp.	SirenGPS, Inc. (IP and assets)	6.5
2015-06-01	Castleton Technology plc	Brixx Solutions Limited	7.6
2015-05-28	MYOB Technology Pty Ltd.	Ace Payroll Plus Limited	10.2
2015-05-08	ABRY Partners LLC	Compusearch Software Systems Inc.	350.0
2015-05-06	Envestnet Inc.	OLTIS SOFTWARE LLC	30.5
2015-04-30	Francisco Partners	ClickSoftware Technologies Ltd.	407.6

Software: Business Intelligence Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP BI Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tableau Software, Inc.	\$115.30	\$8,203.5	\$7,487.8	16.0x	NM
Informatica Corporation	\$48.47	\$5,075.3	\$4,576.6	4.3x	24.2x
Qlik Technologies, Inc.	\$34.96	\$3,193.0	\$2,911.9	5.1x	NM
MicroStrategy Inc.	\$170.08	\$1,926.3	\$1,534.5	2.7x	22.0x
Pegasystems Inc.	\$22.89	\$1,752.1	\$1,526.7	2.5x	21.1x
PROS Holdings, Inc.	\$21.11	\$623.2	\$580.9	3.1x	NM
Median:	\$41.72	\$2,559.7	\$2,223.2	3.7x	22.0x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 3.7x revenue (based on Enterprise Value) at the closing of Q2.
- Global Business Intelligence market is expected to grow at a CAGR of 8.25% over the period 2015-2019
- Self-service BI is the new trend where easy-to-use, exploratory business intelligence products edge out the older, feature-bloated reporting platforms. According to Gartner, by 2017, most business users and analysts in organizations will have access to self-service tools to prepare data for analysis.
- An updated version of Microsoft's Power BI service will be released July 24th. The goal of the updated service is to enable business users to benefit from business intelligence and analytics without requiring sophisticated help from analysts, data scientists, or other tech staff. Microsoft also recently announced Cortana Analytics Suite, a new package of data storage, information management, machine learning, and BI software in a single monthly subscription.
- Nearly one third of BI professionals spend 50% to 90% of their time cleaning raw data for analytics, according to a survey by Xplenty, which provides a big data integration platform. When asked what the biggest challenge is in making data "analytics-ready," 55% of the respondents said integrating data from different platforms.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-22	Integrity Data	Synpio Software LLC	-
2015-06-03	Advantage Sales & Marketing LLC	ATLAS Technology Group Inc.	-
2015-05-21	Planview, Inc.	Troux Technologies, Inc.	40.0
2015-05-19	Pandora Media, Inc.	Next Big Sound, Inc.	-
2015-05-19	Welltok Inc.	Predilytics	-
2015-05-07	Envysion, Inc.	LightHaus Logic Inc.	-
2015-05-05	IMS Health Inc.	Dataline Software	-
2015-05-05	PTC Inc.	ColdLight Solutions LLC	100.0
2015-05-05	comScore Inc.	Proximic Inc.	-
2015-04-29	Amazon.com Inc.	ClusterK	-
2015-04-27	MasterCard Inc.	Applied Predictive Technologies	600.0
2015-04-08	Knetik Media	SPLYT	-

Software: Infrastructure Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Infrastructure Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
EMC Corporation	\$26.39	\$51,251.0	\$51,851.0	2.1x	9.7x
Symantec Corporation	\$23.25	\$15,826.9	\$14,031.9	2.2x	7.6x
Check Point Software	\$79.55	\$14,387.0	\$13,108.7	8.6x	15.9x
Red Hat, Inc.	\$75.93	\$13,931.2	\$13,467.4	7.3x	38.5x
Citrix Systems, Inc.	\$70.16	\$11,245.8	\$11,658.4	3.7x	17.3x
F5 Networks, Inc.	\$120.35	\$8,657.1	\$7,990.6	4.3x	13.8x
Trend Micro Inc.	\$34.26	\$4,652.0	\$3,697.3	3.8x	11.2x
SolarWinds, Inc.	\$46.13	\$3,523.8	\$3,284.0	7.3x	23.5x
CommVault Systems, Inc.	\$42.41	\$1,918.2	\$1,530.6	2.5x	29.9x
Progress Software	\$27.50	\$1,391.4	\$1,328.4	3.9x	14.8x
VASCO Data Security	\$30.19	\$1,193.6	\$1,044.5	4.6x	20.7x
Radware Ltd.	\$22.20	\$1,024.3	\$947.5	4.2x	21.8x
Magic Software	\$6.66	\$294.5	\$213.9	1.3x	6.9x
Guidance Software, Inc.	\$8.47	\$253.8	\$229.4	2.1x	NM
Allot Communications	\$7.19	\$239.9	\$116.1	1.0x	28.4x
Geeknet, Inc.	\$19.94	\$128.4	\$91.4	0.7x	NM
BSQUARE Corp.	\$6.78	\$80.1	\$53.5	0.5x	10.3x
Median:	\$27.50	\$1,918.2	\$1,530.6	3.7x	15.9x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.7x revenue (based on Enterprise Value) at the closing of Q2.
- After proclaiming that “Linux has won in the data center”, Red Hat is pushing hard beyond Linux all the way across the infrastructure and app development stack. However, some observers believe it is unrealistic for Red Hat to dominate the infrastructure and application development markets the way it has been able to in the OS market.
- Continuing its efforts to profit from growing corporate cybersecurity spend, Cisco is acquiring OpenDNS, a provider of cloud-based cybersecurity software and services (e.g. malware/phishing-protection, Web filtering, threat intelligence) that revolves around handling and analyzing domain name requests.
- AT&T has developed its own approach to software-defined storage and is letting its service developers and project managers easily define and quickly turn up the cloud-based storage they need through an automated user interface.
- As virtualization extends its reach beyond the server, software-defined storage is being included in strategies for future-proofing an infrastructure.
- Google has become an official sponsor of the governance organization for OpenStack, the family of open-source, cloud-infrastructure software projects. Google engineers will make contributions primarily around integrating OpenStack with Linux containers.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-11	NVIDIA Corporation	TransGaming Inc.	3.8
2015-06-11	Atos SE	Blue Elephant Systems GmbH	-
2015-06-03	Cisco Systems, Inc.	Piston Cloud Computing Inc.	-
2015-05-28	Starbreeze Studios AB	Valhalla	8.6
2015-05-27	CA Technologies	Rally Software Development Corp.	480.0
2015-05-26	EMC Corporation	Virtustream Inc.	1,200.0
2015-05-26	Hewlett-Packard Company	ConteXtream	-
2015-05-07	Cisco Systems, Inc.	Tropo	-
2015-04-14	Box Inc.	Verold	5.4
2015-04-13	Hortonworks Inc.	SequenceIQ Inc.	8.3
2015-04-01	Cisco Systems, Inc.	Embrane Inc.	55.0

Services: IT Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Services Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture plc	\$96.78	\$60,403.8	\$56,957.4	1.8x	11.6x
Cap Gemini S.A.	\$88.41	\$15,232.1	\$14,007.9	1.2x	11.6x
NTT Data Corporation	\$43.74	\$12,270.4	\$13,980.9	1.1x	7.4x
Atos SE	\$74.61	\$7,434.2	\$6,565.1	0.7x	5.8x
Booz Allen Hamilton	\$25.24	\$3,686.7	\$5,105.9	1.0x	9.8x
CACI International Inc.	\$80.89	\$1,955.8	\$3,016.0	0.9x	9.8x
Sopra Steria Group	\$89.84	\$1,803.3	\$2,330.9	0.9x	9.9x
ManTech International	\$29.00	\$1,088.2	\$1,044.6	0.6x	8.4x
Perficient Inc.	\$19.24	\$681.8	\$742.9	1.6x	12.3x
ICF International Inc.	\$34.86	\$680.6	\$1,050.9	1.0x	11.0x
The Hackett Group, Inc.	\$13.43	\$398.8	\$406.3	1.9x	16.2x
Ciber, Inc.	\$3.45	\$272.0	\$274.6	0.3x	12.9x
NCI, Inc.	\$10.33	\$134.5	\$160.8	0.5x	6.9x
Edgewater Technology	\$7.30	\$84.8	\$65.8	0.6x	11.2x
Median:	\$31.93	\$1,445.7	\$1,690.9	0.9x	10.5x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 10.5x EBITDA (based on Enterprise Value) at the closing of Q2.
- IT spending worldwide is projected to be \$3.5 trillion by year's end, down 5.5% from \$3.7 trillion last year, according to research firm Gartner. This is an even larger dip than was previously expected.
- Under a broader umbrella of a military-wide shift to enterprise IT services, the Defense Department will soon reach initial operating capability in its Single Service, Provider-Pentagon effort. This combines several IT-focused but separate DoD organizations with the Defense Information Systems Agency. The first phase of consolidation will impact roughly 63 organizations and aims for efficient delivery of IT services as well as cost savings.
- CenturyLink announced the availability of CenturyLink's portfolio of hybrid IT solutions to HP customers. The newly expanded HP PartnerOne for Service Provider Program agreement enables businesses to buy CenturyLink services. Through the program, HP customers can access CenturyLink services such as managed hosting, colocation, storage, cloud, application services, and big data solutions. These services are offered on HP equipment and technologies.
- Accenture had inked a partnership with shipbuilder Hyundai Heavy Industries to bring the Internet of Things to the high seas. The two companies will work together to design a connected smart ship with real-time analytics capable of bringing new standards of safety and efficiency to the age-old shipping industry.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-30	Ernst & Young Global Ltd.	Entegreat Inc.	-
2015-06-23	Accenture Ltd.	Brightstep	-
2015-06-18	Ernst & Young Global Ltd.	Integrac Netherlands B.V.	-
2015-06-16	Marketing Associates	Conclusive Analytics, Inc.	-
2015-06-15	PFSweb Inc.	MODA Superbe Ltd.	1.2
2015-06-08	iomart Group PLC	SystemsUp	13.8
2015-06-04	Konica Minolta Business Solutions	SymQuest Group Inc.	-
2015-06-01	Shoo 605 Ltd.	ProcessFlows UK Ltd.	4.3
2015-05-04	Columbus IT Partner A/S	MW data A/S	6.2
2015-04-30	SQS Software Quality Systems AG	Trissential	17.7
2015-04-07	Mansa Capital	Accreon Inc.	5.5

Services: IT Outsourcing

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Outsourcing Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy Services	\$40.08	\$78,507.6	\$75,590.9	5.1x	19.7x
Automatic Data	\$80.23	\$37,669.9	\$35,844.1	2.8x	13.1x
Cognizant Technology Solutions Corporation	\$61.09	\$37,296.5	\$35,021.7	3.3x	16.2x
Infosys Ltd.	\$15.47	\$35,525.1	\$30,614.9	3.6x	12.6x
Wipro Ltd.	\$8.55	\$20,984.7	\$18,294.0	2.5x	11.1x
CGI Group, Inc.	\$39.15	\$12,256.3	\$13,787.3	1.7x	9.9x
Computer Sciences Corporation	\$65.64	\$9,048.5	\$9,647.5	0.8x	8.9x
DST Systems Inc.	\$125.98	\$4,623.2	\$5,024.0	1.8x	10.5x
Syntel, Inc.	\$47.48	\$3,976.4	\$3,246.1	3.6x	12.8x
CSG Systems International	\$31.66	\$1,036.9	\$1,152.4	1.5x	9.4x
Unisys Corporation	\$19.99	\$997.9	\$830.6	0.3x	4.2x
Median:	\$40.08	\$12,256.3	\$13,787.3	2.5x	11.1x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 11.1x EBITDA (based on Enterprise Value) at the closing of Q2.
- The American IT outsourcing market is growing between 3-20% a year depending on function, according to Everest Group's research. Companies are largely sticking with their offshore locations for existing non-voice work and considering domestic options for new tasks.
- The prevailing IT outsourcing model has shifted from a single provider approach to managing a host of best-of-breed vendors. The pendulum, however, may have shifted too far in the direction of multisourcing as managing a stable of dozens of vendors has proven difficult and costly, and outsourcing clients are beginning to rethink the extreme multisourcing approach.
- India's IT outsourcing firms are betting on US President Barack Obama's healthcare reform to rev up revenue growth which is slowing as the \$146 billion industry's key financial and manufacturing clients spend less on software services.
- With business of about a billion dollars up for grabs, there is expected to be intense competition between Indian and global IT vendors for Bank of America's core IT outsourcing contract. The Bank has floated a request for proposal which could trigger a price war.
- Fiscal policies and market barriers have long deterred outsourcing buyers and providers from investing in Latin America. On the other hand, creative sourcing solutions and a shift in corporate culture are helping to change that. The economic opportunities in the region are on the rise.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-05	RF Industries Ltd.	Rel-Tech Electronics	2.3
2015-06-01	DWS Advanced Business Solutions	Symplit Pty Ltd.	6.5
2015-05-14	Globant SA	Clarice Technologies	9.3
2015-05-11	StarTek Inc.	Accent Marketing Services LLC	16.0
2015-05-05	Molex Inc. [Koch Industries]	Soligie Inc. (assets)	-
2015-04-27	Capgemini Group	IGATE Global Solutions Ltd.	4,499.3
2015-04-14	Sparton Hunter Corporation	Hunter Technology Corp.	55.0
2015-04-13	Shenzhen Comix Group Co., Ltd.	Hangzhou Maimiao Network Tech	55.2
2015-04-01	CACI International Inc.	LTC Engineering Associates Inc.	-

Services: IT Staffing

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Staffing Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International Inc.	\$55.50	\$7,496.7	\$7,237.1	1.5x	12.6x
ManpowerGroup Inc.	\$89.38	\$6,991.7	\$6,785.8	0.3x	8.4x
On Assignment Inc.	\$39.28	\$2,063.0	\$2,321.2	1.2x	12.2x
Kforce Inc.	\$22.87	\$676.8	\$769.6	0.6x	13.0x
CDI Corp.	\$13.00	\$255.4	\$230.2	0.2x	7.5x
Computer Task Group Inc.	\$7.72	\$144.5	\$110.1	0.3x	6.4x
Hudson Global, Inc	\$2.29	\$78.0	\$64.5	0.1x	NM
RCM Technologies Inc.	\$5.66	\$71.9	\$91.4	0.5x	7.5x
Mastech Holdings, Inc.	\$8.94	\$38.7	\$35.9	0.3x	7.2x
Median:	\$13.00	\$255.4	\$230.2	0.3x	8.0x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 8.0x EBITDA (based on Enterprise Value) at the closing of Q2.
- According to Staffing Industry Analysts, the U.S. IT staffing market is expected to grow 7% in 2015 and 6% in 2016. This would bring the total U.S. market to \$29.1 billion in 2016, an all-time high.
- A study by IT staffing firm TEKSystems proposes a compelling reason for the IT skills gap in this country -- and it has nothing to do with education or training. Instead, it might be a lack of communication between enterprises and IT professionals. At the very least, the study shows that enterprises have a long way to go to better communicate with potential employees.
- Health care is continuing to experience a shortage of qualified health IT staff that, in the view of some observers, is growing worse. Nonetheless, few health care organizations believe that the solution is to lure IT pros away from other industries. In fact, most hospital systems and large physician groups would prefer not to hire any IT person who does not have extensive health experience.
- RCM Technologies announced that the Chicago Board of Education awarded a new contract to its specialty healthcare division. Under the four-year, \$30 million contract, RCM will manage hiring, staffing, and training of nurses for Chicago Public Schools.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-30	Fahrenheit IT	Information Technology Engineering	-
2015-06-12	Manpower Inc.	7S Group GmbH	154.3
2015-06-09	BCforward	Global Networkers Inc.	-
2015-06-01	Manpower Inc.	Greythorn	-
2015-05-28	machineLogic LLC	Hiring Insiders, The	-
2015-05-27	Tech Data Corp.	Signature Technology Group	-
2015-05-19	interRel Consulting	Niche Technologists, Inc.	-
2015-05-18	Field Nation, LLC	FieldSolutions, Inc.	-
2015-05-11	On Assignment Inc.	Creative Circle LLC	570.0
2015-05-04	Kavaliro	Hynes & Company	-
2015-04-30	OpenBet	Athens Technology Center S.A.	-
2015-04-15	Bluefire Professional Services	Gate Hampton Ltd.	-

Services: Value Added Resellers

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP VAR Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Avnet, Inc.	\$41.11	\$5,583.7	\$6,855.7	0.2x	6.5x
Ingram Micro Inc.	\$25.03	\$3,911.1	\$4,763.9	0.1x	6.2x
Insight Enterprises Inc.	\$29.91	\$1,159.4	\$1,215.3	0.2x	6.8x
ALSO Holding AG	\$59.81	\$766.8	\$1,026.7	0.1x	7.4x
PC Connection, Inc.	\$24.74	\$651.9	\$572.0	0.2x	7.0x
ePlus inc.	\$76.65	\$566.4	\$646.3	0.6x	7.5x
PCM, Inc.	\$10.03	\$121.3	\$202.3	0.2x	12.5x
Median:	\$29.91	\$766.8	\$1,026.7	0.2x	7.0x

SECTOR HIGHLIGHTS

- The median VAR index was trading at 7.0x EBITDA (based on Enterprise Value) at the closing of Q2.
- VARs are moving aggressively to capitalize on the education market boom. The education IT market has shot up from \$17.1 billion in 2012 to a projected \$19.2 billion by the end of this year, according to market researcher IDC.
- The government revealed that hackers recently stole sensitive personal information from 21.5 million federal workers and contractors. Solution providers said the revelation should serve as a wakeup call for how the government approaches and invests in security.
- Microsoft has tapped only 15 solution providers and three distributors to bring the Surface Hub team-collaboration device to the channel. Much of the demand for Surface Hub has come from Fortune 500 companies with multiple locations.
- Check Point Software Technologies has inked an expanded partnership with VMware around securing the software defined data center. The move fires back at rival Palo Alto Networks, which also has been building out its relationship with the vendor.
- F5 Networks channel partners in North America stand to gain a huge boost as the Seattle-based networking company is set to launch its first Renewal Incumbency Program, effective Aug. 1. The program provides significant pricing advantages to the incumbent partner when the partner is transacting a support renewal.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-06-23	Tagetik	iNovasion	-
2015-06-18	AssuredPartners	StoudtAdvisors	81.9
2015-06-17	LocoMobi Inc.	Ultimate Systems Solutions LLC	3.1
2015-06-15	Ingram Micro Inc.	Arabian Applied Technology Co. Ltd.	0.3
2015-06-04	TWL Voice and Data Ltd.	JVH Communications	-
2015-05-20	Vodafone Fiji	Datec Fiji	-
2015-05-18	Grant Thornton Australia Limited	Consult Point Group, The	-
2015-04-30	Launch Consulting	Averro Inc.	-
2015-04-07	Konica Minolta Business Solutions	Monotech Systems Ltd.	-
2015-04-01	Konica Minolta Business Solutions	Knowledge Partners	-
2015-04-01	Konica Minolta Business Solutions	Stonebridge Systems	-

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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