

# DECISIONPOINT

## QUARTERLY VIEWPOINT:

For the Quarter Ended December 31, 2013 and the Latest Twelve Months

Q4 | 13

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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.



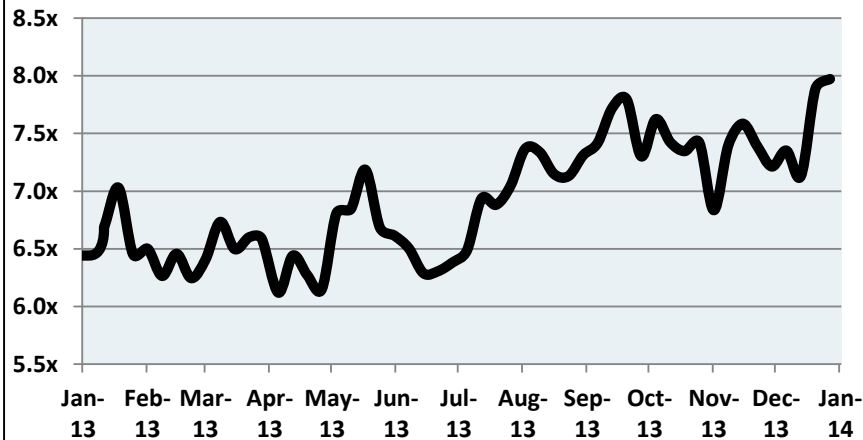
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# Software: Software as a Service (SaaS)

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

### MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                   | Stock Price<br>12/31/13 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|---------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Salesforce.com, Inc       | \$54.45                 | \$32,833.4       | \$34,587.6               | 9.2x               | NM                 |
| Red Hat, Inc.             | \$56.24                 | \$10,657.4       | \$9,690.9                | 6.5x               | 32.0x              |
| NetSuite Inc.             | \$99.24                 | \$7,411.6        | \$7,208.1                | 18.7x              | NM                 |
| Concur Technologies, Inc. | \$100.26                | \$5,619.9        | \$5,434.6                | 10.0x              | NM                 |
| athenahealth, Inc.        | \$132.94                | \$4,943.9        | \$5,124.5                | 9.5x               | NM                 |
| The Ultimate Software     | \$153.09                | \$4,275.4        | \$4,174.1                | 10.7x              | 73.9x              |
| Medidata Solutions, Inc.  | \$60.35                 | \$3,229.6        | \$3,098.1                | 11.9x              | 72.9x              |
| Cornerstone OnDemand,     | \$52.80                 | \$2,747.3        | \$2,734.3                | 16.4x              | NM                 |
| Demandware, Inc.          | \$63.88                 | \$2,210.4        | \$2,100.2                | 22.2x              | NM                 |
| Dealertrack Technologies, | \$47.52                 | \$2,085.9        | \$2,089.7                | 4.6x               | 31.0x              |
| OpenTable, Inc.           | \$78.15                 | \$1,818.6        | \$1,715.9                | 9.5x               | 30.3x              |
| RealPage, Inc.            | \$22.64                 | \$1,758.5        | \$1,714.5                | 4.7x               | 30.1x              |
| Responsys, Inc.           | \$27.36                 | \$1,418.3        | \$1,311.1                | 6.7x               | 98.3x              |
| Evertz Technologies Ltd.  | \$14.30                 | \$1,058.6        | \$868.3                  | 3.3x               | 13.6x              |
| Constant Contact, Inc.    | \$30.05                 | \$921.4          | \$814.1                  | 2.9x               | 34.8x              |
| LivePerson Inc.           | \$14.69                 | \$795.2          | \$717.8                  | 4.1x               | 76.8x              |
| Ellie Mae, Inc.           | \$27.89                 | \$766.9          | \$701.8                  | 5.5x               | 24.8x              |
| Ebix Inc.                 | \$14.79                 | \$567.0          | \$588.6                  | 2.8x               | 7.0x               |
| <b>Median:</b>            | <b>\$53.63</b>          | <b>\$2,148.2</b> | <b>\$2,095.0</b>         | <b>8.0x</b>        | <b>31.5x</b>       |

### SECTOR HIGHLIGHTS

- The median SaaS index was trading at 8.0x revenue (based on Enterprise Value) at the closing of Q4.
- Forrester predicts double-digit growth rates in software-as-a-service in 2014.
- Verizon is behind the competition with its enterprise IaaS offering, while Oracle's plan to refocus from legacy maintenance contracts to cloud services has barely even begun to materialize. Recognizing that they are in the same boat, the two tech titans are combining their resources in a push to drive value beyond the infrastructure layer. The newly announced partnership allows companies to run Oracle databases and Fusion Middleware on the Verizon Cloud for an hourly fee.
- Vendors want enterprise customers to know their SaaS offerings are built for disaster recovery and are broadly available. Therefore data center openings around the world is expected in 2014 from SaaS vendors. Some firms at present may not be able to proceed with a regional or global rollout of SaaS apps because of a lack of local data center support, which may be mandated by national data storage or privacy laws.
- Overall, expect multitenancy to fade away as a major talking point for SaaS in 2014. Other variations on multitenancy has emerged, such as one offered by Oracle's new 12c database. An option for the release allows customers to host many "pluggable" databases within a single host database, an approach that Oracle says is more secure than the application-level multitenancy used by Salesforce.com and others.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

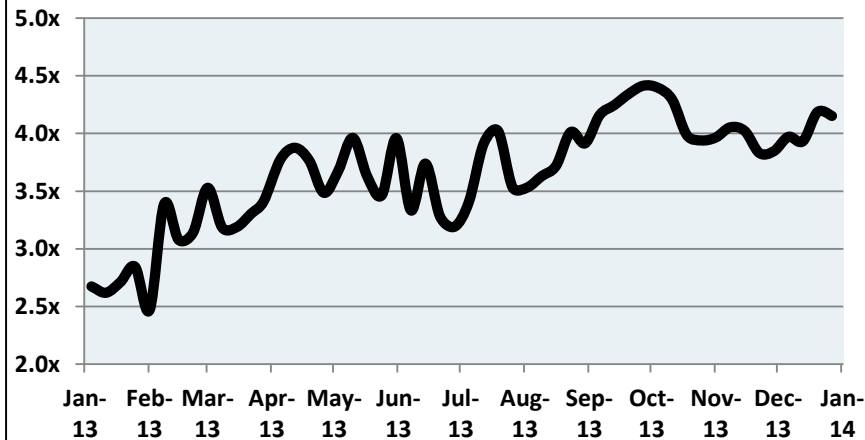
| Announced | Date       | Acquirer Name                  | Target Name                 | Enterprise Value (\$m) |
|-----------|------------|--------------------------------|-----------------------------|------------------------|
|           | 2013-12-19 | DealerTrack Holdings, Inc.     | Dealer Dot Com, Inc.        | 987.0                  |
|           | 2013-12-19 | Zebra Technologies Corporation | Hart Systems, Inc.          | 94.0                   |
|           | 2013-12-16 | PROS Holdings, Inc.            | SignalDemand, Inc.          | 13.5                   |
|           | 2013-12-12 | Marketo                        | Insightera Ltd.             | 19.5                   |
|           | 2013-12-02 | Apple Inc.                     | Topsy Labs, Inc.            | 240.0                  |
|           | 2013-12-02 | NCR Corporation                | Digital Insight Corporation | 1,650.0                |
|           | 2013-11-18 | FinancialForce.com             | Vana Workforce              | -                      |
|           | 2013-10-24 | PROS Holdings, Inc.            | Cameleon Software           | 32.9                   |
|           | 2013-10-23 | Oracle Corporation             | BigMachines, Inc.           | -                      |
|           | 2013-10-10 | Nuance Communications, Inc.    | Varolii Corporation         | 90.0                   |
|           | 2013-10-02 | Monsanto Company               | The Climate Corporation     | 930.0                  |

# 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<br>12/31/13 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|----------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Google Inc.          | \$1,118.40              | \$373,643.4      | \$326,044.4              | 5.7x               | 18.5x              |
| Amazon.com Inc.      | \$398.08                | \$182,214.8      | \$177,568.8              | 2.5x               | NM                 |
| Facebook, Inc.       | \$55.44                 | \$140,829.4      | \$132,076.4              | 19.2x              | 40.5x              |
| eBay Inc.            | \$54.18                 | \$70,141.3       | \$64,401.3               | 4.2x               | 14.0x              |
| priceline.com        | \$1,170.31              | \$60,186.7       | \$55,909.1               | 8.7x               | 23.2x              |
| Yahoo! Inc.          | \$40.49                 | \$41,074.8       | \$39,342.7               | 8.3x               | 19.6x              |
| LinkedIn Corporation | \$216.35                | \$25,833.2       | \$23,560.9               | 17.0x              | NM                 |
| Netflix, Inc.        | \$367.50                | \$21,777.2       | \$21,142.3               | 5.1x               | NM                 |
| Groupon, Inc.        | \$11.71                 | \$7,823.7        | \$6,681.8                | 2.7x               | NM                 |
| IAC/InterActiveCorp  | \$67.83                 | \$5,649.8        | \$5,547.6                | 1.8x               | 10.3x              |
| Pandora Media, Inc.  | \$27.66                 | \$5,373.1        | \$4,925.3                | 8.4x               | NM                 |
| AOL Inc.             | \$45.18                 | \$3,475.7        | \$3,413.6                | 1.5x               | 8.2x               |
| Vistaprint N.V.      | \$57.61                 | \$1,905.5        | \$2,110.9                | 1.8x               | 18.7x              |
| OpenTable, Inc.      | \$78.15                 | \$1,818.6        | \$1,715.9                | 9.5x               | 30.3x              |
| WebMD Health Corp.   | \$39.14                 | \$1,759.1        | \$1,683.0                | 3.4x               | 27.4x              |
| ValueClick, Inc.     | \$23.29                 | \$1,554.8        | \$1,695.2                | 2.5x               | 7.6x               |
| RealNetworks Inc.    | \$7.72                  | \$275.9          | \$57.5                   | 0.3x               | NM                 |
| <b>Median:</b>       | <b>\$55.44</b>          | <b>\$7,823.7</b> | <b>\$6,681.8</b>         | <b>4.2x</b>        | <b>18.7x</b>       |

### SECTOR HIGHLIGHTS

- The median Internet Software & Services index was trading at 4.2x revenue (based on Enterprise Value) at the closing of Q4.
- Verizon Communications' legal victory over the Federal Communications Commission lets the carrier charge extra fees for speedier delivery of online content, potentially increasing costs for Netflix and other Internet companies and the expenses may ultimately be passed on to consumers.
- Amazon Web Services has a new incentive in the pipeline, likely designed to attract both developers and enterprise customers. The cloud platform's digital store, AWS Marketplace, will now feature time-limited, free trials on software products.
- LinkedIn is expanding on that idea with the launch of a Volunteer Marketplace – a place people can go to post and look for unpaid positions. But even if the marketplace will focus on unpaid work and is currently limited to U.S. 501c3 nonprofits, posting in the marketplace will not be free.
- Zillow is now partnering with AOL Real Estate, powering the site's home shopping experience, and continues to expand Zillow's reach in the massive online real estate market.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

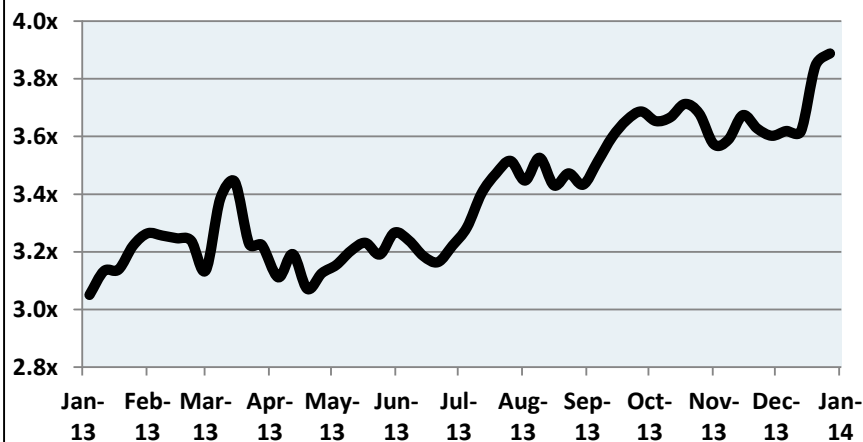
| Announced<br>Date | Acquirer Name          | Target Name              | Enterprise<br>Value (\$m) |
|-------------------|------------------------|--------------------------|---------------------------|
| 2013-12-16        | Viggle Inc.            | Wetpaint, Inc.           | 30.0                      |
| 2013-12-11        | Bain Capital, LLC      | MACROMILL, INC.          | 409.0                     |
| 2013-12-09        | IAC                    | ValueClick, Inc.         | 80.0                      |
| 2013-12-04        | HomeAway Inc.          | Stayz Group              | 198.0                     |
| 2013-12-02        | On Assignment Inc.     | CyberCoders, Inc.        | 94.0                      |
| 2013-11-29        | BC Partners            | The Mergermarket Group   | 617.7                     |
| 2013-11-25        | The Nielsen Company    | Harris Interactive, Inc. | 100.7                     |
| 2013-11-22        | Towers Watson          | Liazon Corporation       | 215.0                     |
| 2013-11-22        | TransUnion             | TLO, LLC                 | 154.0                     |
| 2013-11-21        | Hellman & Friedman LLC | Scout24 AG               | 2,702.7                   |
| 2013-11-07        | Groupon Inc.           | TicketMonster Inc.       | 244.9                     |
| 2013-11-07        | Dice Holdings Inc.     | onTargetjobs, Inc.       | 50.0                      |
| 2013-11-05        | Centro LLC             | SiteScout                | 40.0                      |
| 2013-10-24        | Shutterfly, Inc.       | BorrowLenses             | 35.8                      |
| 2013-10-15        | Yandex                 | KinoPoisk.ru             | 80.0                      |

# 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<br>12/31/13 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|----------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Microsoft Corporation      | \$37.29                 | \$311,295.7      | \$247,886.7              | 3.1x               | 7.9x               |
| IBM                        | \$185.08                | \$200,969.9      | \$227,007.9              | 2.2x               | 8.8x               |
| Oracle Corporation         | \$37.98                 | \$170,811.6      | \$158,481.6              | 4.2x               | 9.7x               |
| SAP AG                     | \$85.69                 | \$102,276.9      | \$105,096.6              | 4.6x               | 13.0x              |
| Dassault Systemes SA       | \$124.28                | \$15,451.0       | \$13,507.7               | 4.8x               | 15.4x              |
| Autodesk, Inc.             | \$49.54                 | \$11,176.2       | \$9,861.9                | 4.3x               | 21.4x              |
| Ansys, Inc.                | \$86.30                 | \$7,996.5        | \$7,288.8                | 8.6x               | 18.5x              |
| Amdocs Limited             | \$41.19                 | \$6,589.1        | \$5,463.8                | 1.6x               | 8.8x               |
| Stratasys Ltd.             | \$129.00                | \$6,287.2        | \$5,672.9                | 14.2x              | NM                 |
| Informatica Corporation    | \$41.49                 | \$4,502.2        | \$3,881.6                | 4.3x               | 22.9x              |
| Constellation Software     | \$202.46                | \$4,290.5        | \$4,388.1                | 4.0x               | 47.3x              |
| MICROS Systems, Inc.       | \$56.83                 | \$4,278.3        | \$3,686.1                | 2.9x               | 14.5x              |
| PTC Inc.                   | \$34.11                 | \$4,040.0        | \$4,056.2                | 3.1x               | 15.3x              |
| TIBCO Software Inc.        | \$22.47                 | \$3,687.2        | \$3,481.2                | 3.3x               | 18.0x              |
| Tyler Technologies, Inc.   | \$104.12                | \$3,357.3        | \$3,305.2                | 8.2x               | 43.5x              |
| NICE Systems Ltd.          | \$41.01                 | \$2,481.2        | \$2,266.2                | 2.4x               | 14.0x              |
| Manhattan Associates, Inc. | \$118.46                | \$2,275.3        | \$2,149.4                | 5.3x               | 21.2x              |
| Verint Systems Inc.        | \$40.69                 | \$2,175.1        | \$2,576.3                | 2.9x               | 14.6x              |
| Blackbaud Inc.             | \$37.63                 | \$1,672.5        | \$1,830.1                | 3.7x               | 19.5x              |
| QAD Inc.                   | \$17.70                 | \$278.2          | \$224.2                  | 0.9x               | 20.6x              |
| <b>Median:</b>             | <b>\$45.52</b>          | <b>\$4,396.4</b> | <b>\$4,222.2</b>         | <b>3.9x</b>        | <b>15.4x</b>       |

### SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 3.9x revenue (based on Enterprise Value) at the closing of Q4.
- Gartner's 4Q13 forecast shows that 2014 global spending for enterprise software will be \$326 billion, with growth of 7.0% over 2013. Within the enterprise software category, spending on customer relationship management (CRM) and supply chain management (SCM) will lead the charge as companies update their systems to provide better customer service.
- As companies struggle with moving toward a more open, cloud-based mobile app platform, entrenched enterprise software will expect to take a bigger step in moving towards mobile. The likes of Oracle, Red Hat, HP, etc. have seen some of the early missteps from SAP and IBM and are looking to capitalize on its large customer-base requirements for viable mobile solutions that fit the requirements for more modern, open development environments and cloud infrastructures.
- After years of languishing in the backwaters of unsexy boredom, enterprise software has become sexy. This change reflects growing expectations among business users that software should be easy to deploy and consume. With \$7 billion of VC money going to enterprise startups in 2013, it is clear that enterprise software is now the darling of just about everyone.
- Oracle recently agreed to acquire Responsys, an enterprise SaaS company, for \$27 a share in cash, or about \$1.5 billion, not including debt. This further extends Oracle's reach into the realm of online marketing. Responsys makes software that allows brands to coordinate their email, mobile, display and social advertising across the web.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced | Date       | Acquirer Name                   | Target Name                    | Enterprise Value (\$m) |
|-----------|------------|---------------------------------|--------------------------------|------------------------|
|           | 2013-12-20 | Oracle Corporation              | Responsys, Inc.                | 1,500.5                |
|           | 2013-12-05 | Dassault Systemes S.A.          | Realtime Technology AG         | 230.3                  |
|           | 2013-11-26 | Hellman & Friedman/JMI Equity   | Applied Systems, Inc.          | 1,800.0                |
|           | 2013-11-25 | OmniTracs                       | Roadnet Technologies, Inc.     | 190.0                  |
|           | 2013-11-18 | Advent International            | UNIT4                          | 1,721.8                |
|           | 2013-11-07 | Autodesk, Inc.                  | Delcam plc                     | 258.2                  |
|           | 2013-11-06 | Experian Group Ltd              | Passport Health Communications | 850.0                  |
|           | 2013-10-23 | Susquehanna International Group | G1 Execution Services LLC      | 75.0                   |
|           | 2013-10-03 | Accenture Ltd.                  | Procurian Inc.                 | 375.0                  |



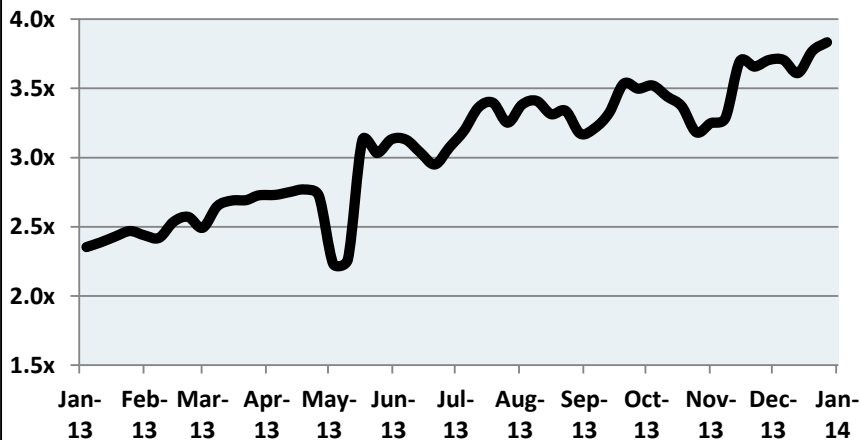
# Software: Business Intelligence Software

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

### MARKET PERFORMANCE

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

Latest Twelve Months



\* The large increase in May is due to the Tableau Software IPO and their inclusion in our BI Software Index.

### VALUATION METRICS

| Company                 | Stock Price<br>12/31/13 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|-------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Informatica Corporation | \$41.49                 | \$4,502.2        | \$3,881.6                | 4.3x               | 22.9x              |
| Tableau Software, Inc.  | \$67.60                 | \$3,998.7        | \$3,772.4                | 19.6x              | NM                 |
| Qlik Technologies, Inc. | \$26.51                 | \$2,352.8        | \$2,117.7                | 4.7x               | NM                 |
| Pegasystems Inc.        | \$49.50                 | \$1,879.1        | \$1,690.6                | 3.4x               | 20.9x              |
| MicroStrategy Inc.      | \$124.71                | \$1,409.4        | \$1,065.4                | 1.8x               | 31.0x              |
| PROS Holdings, Inc.     | \$40.24                 | \$1,131.7        | \$1,040.9                | 7.5x               | NM                 |
| Accelrys Inc.           | \$9.55                  | \$531.6          | \$428.2                  | 2.6x               | 38.8x              |
| Actuate Corporation     | \$7.77                  | \$370.1          | \$299.1                  | 2.2x               | 18.5x              |
| <b>Median:</b>          | <b>\$40.87</b>          | <b>\$1,644.2</b> | <b>\$1,378.0</b>         | <b>3.8x</b>        | <b>22.9x</b>       |

### SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 3.8x revenue (based on Enterprise Value) at the closing of Q4.
- Visual data discovery took center stage in 2013, with specialty vendors (Tableau, QlikView, TIBCO Spotfire) growing rapidly, and mega vendors (SAP, IBM, Microsoft, Oracle, MicroStrategy, SAS) stagnating. BI heavyweights have taken notice that agile, visual solutions have eaten into their bread-and-butter query-and-reporting market share.
- Cloud data warehouses like Amazon Redshift and Google BigQuery transform the process of building out a data warehouse from a months-long process to a matter of days. This enables rapid prototyping and a level of flexibility that previously was not possible. Cloud offerings like Teradata Cloud and SAP HANA from traditional vendors validate the space.
- Embedded BI begins to emerge, in an attempt to put insight directly in the path of business activities. Analytics is starting to live inside of transactional systems. Scenarios like customer relationship management will lead the way with analytics providing support for the many small decisions salespeople make in a day. Ultimately, embedded BI will bring data to departments that have typically lagged: for example, on the shop floor and in retail environments.
- Organizations are beginning to analyze social data, gaining insight beyond number of their likes and followers. Social data is becoming a proxy for brand awareness and attitude, as well as fertile ground for competitive analysis. Companies begin to use social data to understand how relevant they are to their customers.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

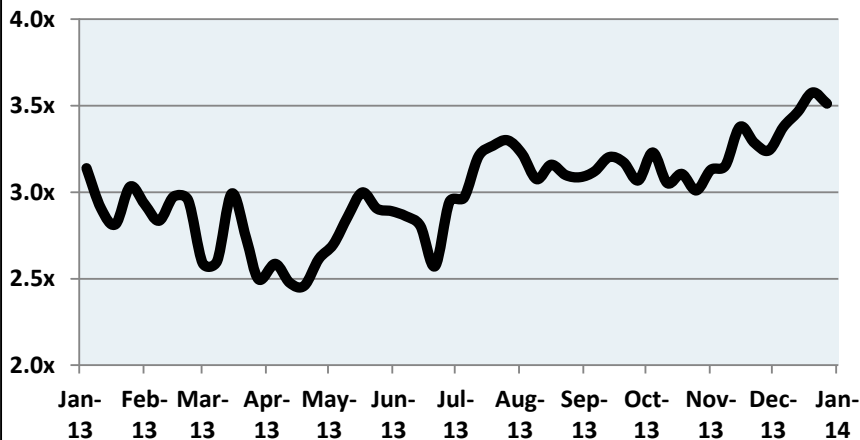
| Announced<br>Date | Acquirer Name     | Target Name               | Enterprise<br>Value (\$m) |
|-------------------|-------------------|---------------------------|---------------------------|
| 2013-12-10        | Splunk, Inc.      | Cloudmeter, Inc.          | 21.0                      |
| 2013-12-04        | Systems in Motion | Claritics                 | -                         |
| 2013-12-03        | RetailNext, Inc.  | NearBuy Systems, Inc.     | -                         |
| 2013-11-20        | Ideagen Limited   | Pentana Limited           | 3.6                       |
| 2013-11-08        | QualMetrix, Inc.  | Visual Intelligence, LLC  | -                         |
| 2013-10-30        | NeuStar Inc       | Aggregate Knowledge, Inc. | 119.0                     |
| 2013-10-14        | Facebook          | Onavo, Inc.               | -                         |
| 2013-10-08        | Verisae Inc.      | Hara Software             | -                         |
| 2013-10-01        | IBM Corporation   | Now Factory, The          | -                         |

# Software: Infrastructure Software

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

### MARKET PERFORMANCE

DP Infrastructure Software Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                 | Stock Price<br>12/31/13 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|-------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| EMC Corporation         | \$25.00                 | \$51,446.2       | \$49,437.2               | 2.2x               | 9.7x               |
| Symantec Corporation    | \$23.05                 | \$16,043.5       | \$14,305.5               | 2.1x               | 7.5x               |
| Check Point Software    | \$63.98                 | \$12,568.0       | \$11,307.5               | 8.2x               | 14.6x              |
| Citrix Systems, Inc.    | \$61.67                 | \$11,495.1       | \$10,800.4               | 3.8x               | 17.3x              |
| Red Hat, Inc.           | \$56.24                 | \$10,657.4       | \$9,690.9                | 6.5x               | 32.0x              |
| F5 Networks, Inc.       | \$89.22                 | \$6,924.3        | \$6,382.1                | 4.3x               | 13.6x              |
| Trend Micro Inc.        | \$34.86                 | \$4,680.4        | \$3,484.6                | 3.5x               | 10.4x              |
| CommVault Systems, Inc. | \$74.67                 | \$3,530.5        | \$3,045.4                | 5.6x               | 31.9x              |
| SolarWinds, Inc.        | \$37.58                 | \$2,824.2        | \$2,618.1                | 8.4x               | 17.6x              |
| Progress Software Corp. | \$25.88                 | \$1,343.6        | \$1,101.6                | 3.2x               | 16.0x              |
| Radware Ltd.            | \$17.62                 | \$789.7          | \$698.8                  | 3.7x               | 22.9x              |
| Allot Communications    | \$14.92                 | \$485.9          | \$370.8                  | 3.9x               | NM                 |
| VASCO Data Security     | \$7.85                  | \$303.5          | \$211.4                  | 1.4x               | 13.6x              |
| Guidance Software, Inc. | \$9.96                  | \$287.0          | \$270.4                  | 2.3x               | NM                 |
| Magic Software          | \$7.10                  | \$261.6          | \$225.8                  | 1.6x               | 8.3x               |
| Geeknet, Inc.           | \$18.53                 | \$123.0          | \$82.3                   | 0.6x               | 30.9x              |
| BSQUARE Corp.           | \$3.37                  | \$37.9           | \$16.6                   | 0.2x               | NM                 |
| <b>Median:</b>          | <b>\$25.00</b>          | <b>\$2,824.2</b> | <b>\$2,618.1</b>         | <b>3.5x</b>        | <b>15.3x</b>       |

### SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.5x revenue (based on Enterprise Value) at the closing of Q4.
- One of the major drivers in the global system infrastructure software market is the increasing adoption of mobile devices. Employees working in various organizations are carrying their own mobile devices, such as smartphones and tablets, to their workplace and connecting them to their companies' networks. These devices facilitate remote access to data and help employees remain productive at all times, even when they are not at their workstations. The increasing number of devices used with company networks is increasing the need for IT security and storage, thus driving the growth of the market.
- One of the major challenges faced by enterprises in the market is managing the configuration complexity of enterprise system infrastructure. Globalization has increased the use of various IT resources across all enterprises. The increase in IT resources has increased the complexity of enterprise IT systems, making it difficult to manage complex configurations.
- More than 600 leading Independent Software Vendors (ISVs) worldwide, including ERDAS Inc., Intergraph Corporation, and RedPrairie, are now certified to run their business solutions on Oracle Real Application Clusters. The announcement supports Oracle's strategy of delivering complete, integrated and end-to-end product suites on an open, standards-based middleware and database architecture.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                 | Target Name                      | Enterprise<br>Value (\$m) |
|-------------------|-------------------------------|----------------------------------|---------------------------|
| 2013-12-30        | PTC, Inc.                     | ThingWorx                        | 112.0                     |
| 2013-12-17        | PayPal, Inc.                  | StackMob, Inc.                   | -                         |
| 2013-11-19        | CenturyLink                   | Tier 3, Inc.                     | 150.0                     |
| 2013-11-17        | Dropbox Inc.                  | PiCloud, Inc.                    | -                         |
| 2013-11-07        | Upland Software               | ComSci                           | -                         |
| 2013-10-30        | Asurion Corp                  | Soluto                           | 100.0                     |
| 2013-10-30        | Computer Sciences Corporation | ServiceMesh                      | 158.0                     |
| 2013-10-23        | Microsoft Corporation         | Apiphany, LLC                    | -                         |
| 2013-10-15        | VMware, Inc                   | Deskton, Inc                     | -                         |
| 2013-10-07        | SolarWinds, Inc.              | Confio Software, Inc.            | 103.0                     |
| 2013-10-01        | CameronTec Intressenter AB    | Greenline Financial Technologies | 11.0                      |

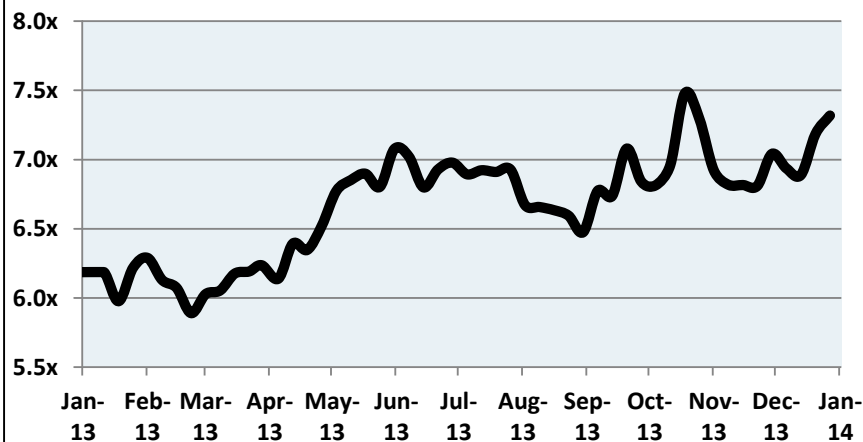


# Services: IT Services

## 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<br>12/31/13 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|-------------------------|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Accenture plc           | \$82.51                 | \$52,558.0       | \$48,542.6               | 1.7x               | 11.0x              |
| Cap Gemini S.A.         | \$67.32                 | \$10,607.3       | \$10,393.8               | 0.7x               | 7.6x               |
| NTT Data Corporation    | \$36.62                 | \$10,271.2       | \$12,434.5               | 1.0x               | 6.7x               |
| Atos S.A.               | \$90.36                 | \$9,983.8        | \$9,522.1                | 0.8x               | 7.3x               |
| Booz Allen Hamilton     | \$18.92                 | \$2,728.6        | \$3,991.4                | 0.7x               | 6.9x               |
| CACI International Inc. | \$72.93                 | \$1,708.5        | \$2,228.9                | 0.6x               | 6.9x               |
| Sopra Group             | \$99.03                 | \$1,180.0        | \$1,477.8                | 0.8x               | 6.9x               |
| ManTech International   | \$29.93                 | \$1,112.5        | \$1,053.8                | 0.4x               | 6.0x               |
| Perficient Inc.         | \$23.97                 | \$791.7          | \$802.3                  | 2.3x               | 18.8x              |
| ICF International Inc.  | \$34.63                 | \$688.8          | \$746.9                  | 0.8x               | 8.5x               |
| Ciber, Inc.             | \$4.26                  | \$321.4          | \$306.7                  | 0.3x               | 12.8x              |
| The Hackett Group, Inc. | \$6.21                  | \$190.6          | \$190.7                  | 0.9x               | 9.6x               |
| Dynamics Research       | \$11.46                 | \$119.2          | \$201.4                  | 0.7x               | 7.3x               |
| NCI, Inc.               | \$6.35                  | \$82.1           | \$83.5                   | 0.2x               | 4.2x               |
| Edgewater Technology    | \$7.27                  | \$79.1           | \$61.6                   | 0.7x               | 13.7x              |
| <b>Median:</b>          | <b>\$31.86</b>          | <b>\$1,112.5</b> | <b>\$1,053.8</b>         | <b>0.7x</b>        | <b>7.3x</b>        |

### SECTOR HIGHLIGHTS

- The median IT Services index was trading at 7.3x EBITDA (based on Enterprise Value) at the closing of Q4.
- According to Gartner, worldwide IT services spending will grow 4.5% in 2014 over last year.
- CA Technologies announced CA Service Management, a new solution that brings a consumer like experience to enterprise IT services and enables users to serve themselves. The new CA offering brings familiar Google search and Dropbox-like capabilities to business users to enhance the user experience, mobility, and collaboration between IT teams and employees to help attain IT services.
- Most of the major Indian IT services firms are no longer being pigeon-holed as the outsourced providers of low-value administrative work. They are maturing and proving capable of taking on higher value work, such as analytics, cloud and mobility services. As a result, Indian majors are now competing aggressively for the more complex IT services work, contracts that used to go predominantly to the likes of IBM, Deloitte, HP, NTT, CGI-Logica, CSC and Accenture.
- The Obama administration has tapped Accenture to take over its beleaguered Obamacare website in a one-year contract.
- The partners of management-consulting firm Booz & Co. have approved the October announced acquisition of the firm by accounting giant PricewaterhouseCoopers, which is expected to boost PwC's consulting business and spotlights the major accounting firms' push into consulting.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

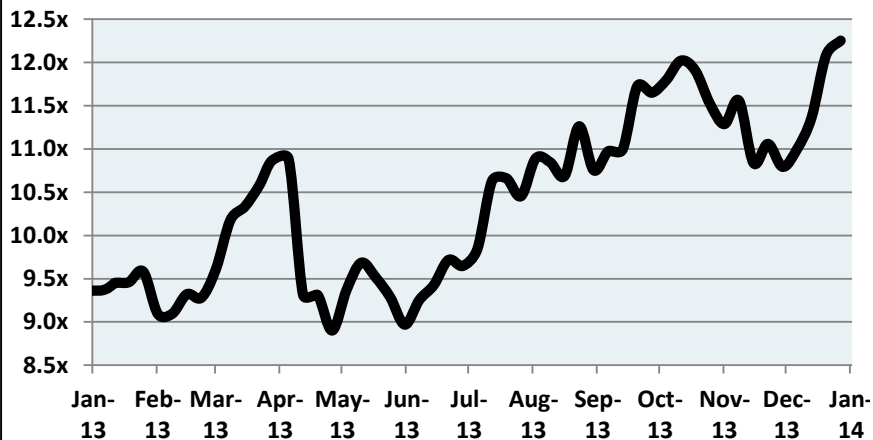
| Announced<br>Date | Acquirer Name                             | Target Name                         | Enterprise<br>Value (\$m) |
|-------------------|---|-------------------------------------|---------------------------|
| 2013-12-20        | Madison Dearborn Partners/<br>CoVant Inc. | LGS Innovations                     | 100.0                     |
| 2013-12-17        | iQor Holdings                             | Jabil Circuit Inc.                  | 725.0                     |
| 2013-12-17        | Babcock International Group PLC           | Context Information Security        | 52.1                      |
| 2013-11-21        | NTT Data Corporation                      | Optimal Solutions Integration, Inc. | 150.0                     |
| 2013-10-30        | PricewaterhouseCoopers                    | Booz & Company, Inc                 | -                         |
| 2013-10-18        | Softbank Corp.                            | Brightstar Corp.                    | 1,260.0                   |
| 2013-10-17        | Blackstone Group/Pactera mgmt.            | Pactera Technology International    | 530.1                     |
| 2013-10-14        | Perficient, Inc.                          | CoreMatrix Systems                  | 21.5                      |
| 2013-10-09        | CACI International, Inc.                  | Six3 Systems Inc.                   | 820.0                     |
| 2013-10-09        | Thoma Bravo LLC                           | Empirix Inc.                        | 165.0                     |

# Services: IT Outsourcing

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

### MARKET PERFORMANCE

DP IT Outsourcing Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                                    | Stock Price<br>12/31/13 | Market<br>Cap.   | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|--|-------------------------|------------------|--------------------------|--------------------|--------------------|
| Automatic Data Processing, Inc.            | \$80.72                 | \$38,860.6       | \$40,105.4               | 3.5x               | 16.6x              |
| Infosys Ltd.                               | \$57.49                 | \$32,851.5       | \$28,679.1               | 3.6x               | 13.5x              |
| Cognizant Technology Solutions Corporation | \$99.15                 | \$29,992.6       | \$26,632.0               | 3.2x               | 15.1x              |
| Wipro Ltd.                                 | \$8.96                  | \$21,951.3       | \$20,230.9               | 3.2x               | 15.2x              |
| CGI Group, Inc.                            | \$34.21                 | \$10,540.0       | \$13,133.1               | 1.4x               | 10.1x              |
| Computer Sciences Corporation              | \$55.63                 | \$8,189.3        | \$8,834.3                | 0.6x               | 4.1x               |
| DST Systems Inc.                           | \$91.04                 | \$3,839.2        | \$4,292.3                | 1.6x               | 9.5x               |
| Syntel, Inc.                               | \$91.70                 | \$3,829.1        | \$3,397.6                | 4.3x               | 13.0x              |
| iGATE Corporation                          | \$40.46                 | \$2,359.3        | \$3,218.7                | 2.9x               | 12.3x              |
| Unisys Corporation                         | \$34.34                 | \$1,507.9        | \$1,433.1                | 0.4x               | 6.3x               |
| CSG Systems International Inc.             | \$29.61                 | \$940.2          | \$1,014.1                | 1.4x               | 8.1x               |
| <b>Median:</b>                             | <b>\$55.63</b>          | <b>\$8,189.3</b> | <b>\$8,834.3</b>         | <b>2.9x</b>        | <b>12.3x</b>       |

### SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 12.3x EBITDA (based on Enterprise Value) at the closing of Q4.
- According to Forrester, global IT outsourcing spending will come in at \$442 billion for 2014. Although IT outsourcing will be one of the weaker segments in 2014, it will pick up in 2015.
- Indian IT outsourcing firm, Tata Consultancy Services have announced plans to set up the world's largest corporate training facility in India. The facility is expected to train the country's next generation of engineers and professionals. By offering courses in emerging technologies, such as social media, mobility, and cloud computing, TCS hopes to secure a strong position in the developing IT market.
- Indian outsourcing companies are concerned that their main customers, the CIO and IT department — are in decline. With the advent of tablets, apps, and cloud computing, users have direct access to better technology than their IT departments can provide them. They can download cheap and powerful apps that make their corporate systems look primitive. These modern-day apps do not require internal teams doing software development and maintenance. They are user-customizable and can be built by anyone with basic programming skills.
- Outsourcing in the mid-market sector will continue to be an increasingly desirable prospect for businesses over the next year, particularly as the economy picks up and organizations want agility and flexibility from their IT, while at the same time keeping costs down. The increasing complexity of IT also continues to make it difficult for mid-market businesses to retain skills in house, making IT outsourcing a sustainable solution to having access to a diverse range of expertise.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

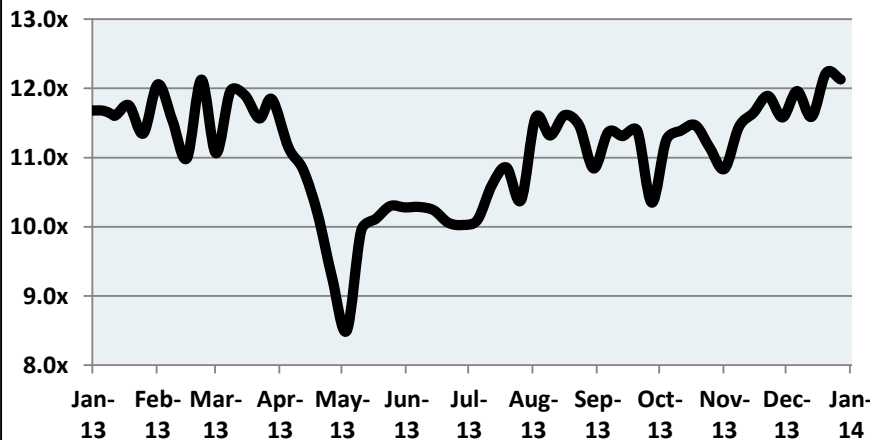
| Announced<br>Date | Acquirer Name                  | Target Name                     | Enterprise<br>Value (\$m) |
|-------------------|--------------------------------|---------------------------------|---------------------------|
| 2013-12-23        | Engility Holdings, Inc.        | Dynamics Research Corporation   | 203.1                     |
| 2013-12-16        | Constellation Software Inc.    | Total Specific Solutions B.V.   | 330.6                     |
| 2013-11-14        | Sterling                       | Innotrac                        | 115.6                     |
| 2013-11-07        | EVO Merchant Services          | eService SA                     | 113.5                     |
| 2013-11-04        | ENERCON Services, Inc.         | MARACOR Technical Services Inc. | -                         |
| 2013-10-31        | Lynx Equity Limited            | Majestic Media Ltd.             | -                         |
| 2013-10-24        | R.R. Donnelley & Sons Company  | Consolidated Graphics, Inc.     | 717.1                     |
| 2013-10-22        | In-Deed Online plc             | Epic Group Limited              | 28.5                      |
| 2013-10-03        | Cognizant Technology Solutions | ValueSource NV                  | -                         |

# Services: IT Staffing

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

### MARKET PERFORMANCE

DP IT Staffing Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

| Company                        | Stock Price<br>12/31/13 | Market<br>Cap. | Enterprise<br>Value (EV) | EV/ LTM<br>Revenue | EV / LTM<br>EBITDA |
|--------------------------------|-------------------------|----------------|--------------------------|--------------------|--------------------|
| Robert Half International Inc. | \$41.92                 | \$5,810.0      | \$5,531.7                | 1.3x               | 12.6x              |
| On Assignment Inc.             | \$34.93                 | \$1,880.6      | \$2,193.4                | 1.3x               | 13.5x              |
| Kforce Inc.                    | \$20.81                 | \$683.2        | \$737.5                  | 0.7x               | 14.0x              |
| CDI Corp.                      | \$18.89                 | \$368.2        | \$338.1                  | 0.3x               | 9.6x               |
| Computer Task Group Inc.       | \$18.95                 | \$352.4        | \$320.8                  | 0.8x               | 12.1x              |
| Hudson Global, Inc             | \$3.86                  | \$124.7        | \$91.9                   | 0.1x               | NM                 |
| RCM Technologies Inc.          | \$6.95                  | \$85.9         | \$71.9                   | 0.4x               | 9.1x               |
| Mastech Holdings, Inc.         | \$14.05                 | \$59.0         | \$57.4                   | 0.5x               | 10.7x              |
| <b>Median:</b>                 | <b>\$18.92</b>          | <b>\$360.3</b> | <b>\$329.4</b>           | <b>0.6x</b>        | <b>12.1x</b>       |

### SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 12.1x EBITDA (based on Enterprise Value) at the closing of Q4.
- Employment growth in IT continues to outperform growth in total U.S. employment. All this bodes well for the IT staffing industry and Staffing Industry Analysts estimates that the IT staffing market will grow 7% in 2014, with the market growing to \$25.9 billion.
- Work Market recently announced a deal with global enterprise software giant SAP. This deal not only indicates that large enterprises are reaching out and engaging with online staffing platforms to access needed talent, it shows that online staffing platform businesses can maneuver and position themselves in agile ways to provide innovative, advanced contingent workforce staffing solutions.
- The number of IT pros who will switch gears from full-time traditional employers to contracting firms and consultancies will increase this year and next year due to cloud computing.
- The IT staffing market is doing well resulting in buyers on the lookout to acquire a solid IT staffing firm to take advantage of the growth in the market. Most of these buyers are IT staffing firms and their desire to acquire is stemming from a strategic interest to further establish themselves in certain geographic markets where they do not have a strong foothold, or to add to their service offerings.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced<br>Date | Acquirer Name                                | Target Name  | Enterprise<br>Value (\$m) |
|-------------------|--|--|---------------------------|
| 2013-12-19        | EOS Partners/ RCG Global Services management | RCG Global Services, Inc.  | -                         |
| 2013-12-17        | Signature Technology Group                   | Global Resources, Ltd. (technical recruiting and deployment services division) | -                         |
| 2013-12-09        | Spinnaker Management Group, LLC              | Plan4Demand Solutions, Ins.  | -                         |
| 2013-11-27        | InterQuest Group                             | ECOM Recruitment Limited   | 9.2                       |
| 2013-10-22        | Kellton Tech                                 | Supremesoft Global Inc.  | -                         |
| 2013-10-08        | Magic Software Enterprises Ltd.              | Allstates Technical Services, LLC (US enterprise operations)                   | 10.0                      |

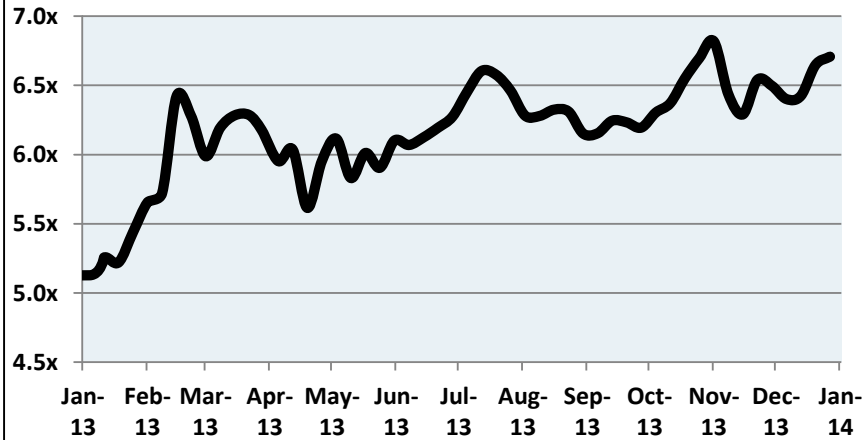
# Services: Value Added Resellers

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

### MARKET PERFORMANCE

#### DP VAR Index EV/EBITDA Multiple

Latest Twelve Months



### VALUATION METRICS

| Company                  | Stock Price 12/31/13 | Market Cap.      | Enterprise Value (EV) | EV/ LTM Revenue | EV / LTM EBITDA |
|--------------------------|----------------------|------------------|-----------------------|-----------------|-----------------|
| Avnet, Inc.              | \$43.43              | \$5,974.8        | \$7,188.4             | 0.3x            | 7.6x            |
| Ingram Micro Inc.        | \$23.38              | \$3,603.9        | \$3,940.4             | 0.1x            | 6.1x            |
| Insight Enterprises Inc. | \$22.94              | \$971.2          | \$924.9               | 0.2x            | 5.4x            |
| ALSO Holding AG          | \$53.75              | \$689.1          | \$653.6               | 0.1x            | 4.3x            |
| ePlus inc.               | \$57.98              | \$473.8          | \$544.0               | 0.5x            | 7.3x            |
| PC Connection, Inc.      | \$24.85              | \$650.3          | \$573.3               | 0.3x            | 8.9x            |
| PCM, Inc.                | \$10.39              | \$121.6          | \$195.2               | 0.1x            | 6.0x            |
| Emtec, Inc.              | \$0.95               | \$16.1           | \$40.9                | 0.2x            | 8.9x            |
| <b>Median:</b>           | <b>\$33.41</b>       | <b>\$2,287.6</b> | <b>\$2,432.7</b>      | <b>0.1x</b>     | <b>6.7x</b>     |

### SECTOR HIGHLIGHTS

- The median VAR index was trading at 6.7x EBITDA (based on Enterprise Value) at the closing of Q4.
- IBM gave its cloud computing business a \$1.2 billion boost, outlining plans to build 15 new data centers across the globe as part of a major expansion of its SoftLayer cloud services into new markets around the world. The investment, IBM said, will allow channel partners and customers to deliver high-performance services globally across the SoftLayer network.
- Although 2013 has been a tough year for the public sector, it is not anything new for VARs in the federal space. VARs have to make sure to position themselves as the trusted advisor to the government. The government is looking to cut back on costs and innovate and partners need to be reliably ahead of those trends to grab hold of more shares of the federal pie. Partners that think they can continue to stay relevant with just desktop replacements in the federal marketplace will be the ones struggling the most going forward.
- In February Microsoft will launch a promotional offer aimed at getting small and midsize businesses to migrate from on-premise software volume licensing agreements to Office 365 subscriptions. With the promotion, Microsoft is encouraging partners to resell Office 365 through distribution.
- Based on recent allegations that the National Security Agency inserted malware into components and intercepted IT shipments to overseas customers, U.S.-based vendors and solution providers looking to tap overseas markets could face challenges. International customers will be increasingly concerned about how secure their IT equipment and infrastructures are.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

| Announced Date | Acquirer Name                        | Target Name                  | Enterprise Value (\$m) |
|----------------|--------------------------------------|------------------------------|------------------------|
| 2013-12-27     | TNS Distribution Limited             | CONEXUS Pty Ltd              | -                      |
| 2013-12-24     | Dr. Peng Telecom & Media Group Co.,  | CITIC NETWORKS Co., Ltd.     | 494.1                  |
| 2013-12-18     | InflexionPoint Technologies Pte. Ltd | Iris Computers Ltd.          | -                      |
| 2013-12-03     | Old Mutual plc, Investment Arm       | Datatec Limited              | -                      |
| 2013-11-18     | Exclusive Networks SAS               | Network Distributors FZ LLC. | -                      |
| 2013-11-05     | CMS Distribution Limited             | Interactive Ideas Ltd.       | -                      |
| 2013-10-28     | Lanway Corporate Business Systems    | Profile IT Ltd.              | -                      |
| 2013-10-08     | TDS Hosted & Managed Services, LLC   | MSN Communications, Inc.     | 40.0                   |

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



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