

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended March 31, 2018 and the Latest Twelve Months

Q1 | 18

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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, and healthcare IT sectors.



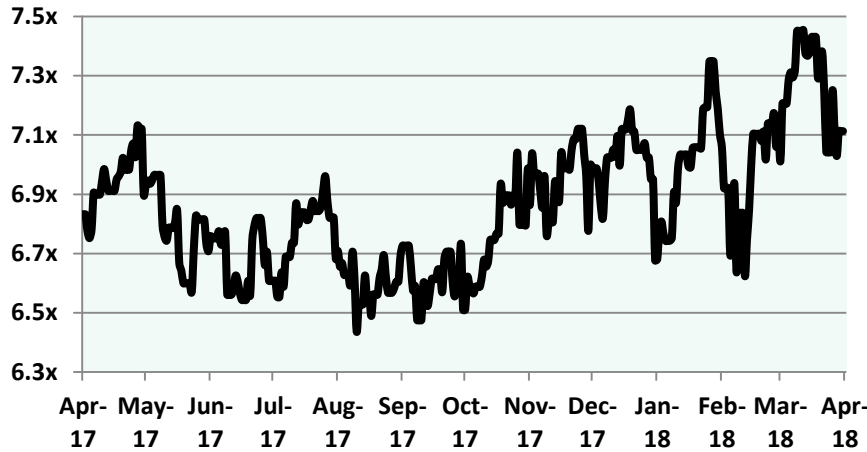
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Software: Software as a Service (SaaS)

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 03/31/18	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$116.30	\$85,433.7	\$82,737.2	7.9x	82.3x
ServiceNow	\$165.45	\$28,321.0	\$28,298.3	14.6x	NM
Red Hat	\$149.51	\$27,348.2	\$25,510.4	9.2x	48.6x
Workday	\$127.11	\$26,410.2	\$25,170.8	11.7x	NM
Ultimate Software	\$243.70	\$7,505.7	\$7,472.6	7.9x	94.6x
LogMeIn	\$115.55	\$5,946.5	\$5,806.0	5.9x	27.7x
Athenahealth	\$143.03	\$5,821.3	\$5,842.9	4.8x	26.9x
RealPage	\$51.50	\$4,243.5	\$4,858.6	7.2x	49.9x
Medidata Solutions	\$62.81	\$3,753.8	\$3,607.1	6.6x	40.8x
Ellie Mae	\$91.94	\$3,292.0	\$2,912.5	7.0x	31.9x
Ebix	\$74.50	\$2,363.1	\$2,707.7	7.4x	21.1x
Cornerstone OnDemand	\$39.11	\$2,239.5	\$2,211.8	4.6x	NM
Evertz Technologies	\$13.39	\$1,019.9	\$946.8	2.9x	12.3x
LivePerson	\$16.35	\$921.5	\$927.0	4.2x	NM
Median:	\$103.75	\$5,032.4	\$5,332.3	7.1x	36.4x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 7.1x revenue (based on Enterprise Value) at the closing of Q1.
- Iboss, a provider of cloud-based web security solutions, has published the findings of its 2018 *Enterprise Cloud Trends* report. The survey of IT decision makers and office workers in U.S. enterprises found that 64% of IT decision makers believe the pace of software as a service (SaaS) application adoption is outpacing their cybersecurity capabilities. Combined with growing pressures from shadow IT and mobile employees, 91% of IT decision makers agree they need to update security policies to operate in a cloud-first environment.
- The ongoing growth of the sheer volume of unstructured data being generated by applications makes the task of backing up this data increasingly challenging. Unfortunately, data protection for SaaS applications is not a given, and 451 Research notes that customers today should be wary of what data-protection responsibility SaaS vendors offer for cloud-based application data.
- On January 30, SAP announced its purchase of CallidusCloud - its first \$1bn-plus deal since 2014. CallidusCloud has successfully transitioned to the cloud and has grown from a niche SaaS specialist to become a major sales performance management provider. Combining the target's sales-execution software with SAP's existing sales automation complements SAP Hybris with a set of specialized CPQ tools and enhances their ability to provide back-office alignment for sales compensation and visibility between the finance department and sales execution personnel.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

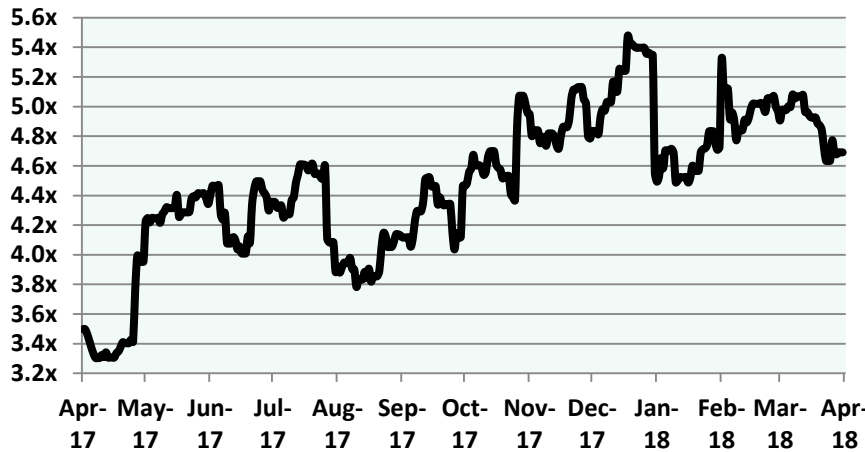
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-21	Pandora Media Inc. [dba Pandora]	AdsWizz Inc.	145.0
2018-03-20	Meltwater Group	Mediasift Ltd. [dba DataSift]	17.0
2018-03-13	Silver Lake Partners/Battery Ventures	Environmental Data Resources Inc.	205.0
2018-03-12	MINDBODY Inc. [NASDAQ: MB]	Booker Software Inc.	150.0
2018-03-06	S&P Global Inc.	Kensho Technologies Inc.	550.0
2018-02-15	Roche Holding AG	Flatiron Health Inc.	1,900.0
2018-02-02	Trimble Navigation Ltd.	e-Builder Inc.	500.0
2018-01-31	PeopleAdmin Inc.	Performance Matters LLC	125.0
2018-01-30	SAP SE	Callidus Software Inc.	2,400.0
2018-01-16	Smartsheet Inc.	Converse.AI	1.6
2018-01-04	Francisco Partners	Connecture Inc. [OTCQX:CNXR]	8.1

Software: Internet Software and Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

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



VALUATION METRICS

Company	Stock Price 03/31/18	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$1,037.14	\$729,715.1	\$621,347.2	5.6x	18.9x
Amazon.com	\$1,447.34	\$713,538.6	\$707,607.7	4.0x	44.4x
Facebook	\$159.79	\$472,339.2	\$422,479.1	10.4x	18.2x
Netflix	\$295.35	\$131,966.5	\$131,843.3	11.3x	18.4x
Booking Holdings	\$1,871.60	\$93,493.9	\$102,581.3	8.1x	21.1x
eBay	\$40.24	\$42,815.4	\$44,878.1	4.7x	14.6x
Twitter	\$29.01	\$21,255.7	\$19,174.4	7.8x	47.3x
Snap	\$15.87	\$18,533.3	\$17,474.2	21.2x	NM
Expedia Group	\$110.41	\$17,266.5	\$19,304.0	1.9x	13.3x
IAC	\$156.38	\$13,340.8	\$13,800.4	4.2x	47.8x
Cimpress	\$154.70	\$4,817.0	\$5,563.3	2.3x	28.5x
Groupon	\$4.34	\$2,466.9	\$1,792.0	0.6x	9.4x
Pandora Radio	\$5.03	\$1,225.5	\$1,545.8	1.1x	NM
Median:	\$154.70	\$21,255.7	\$19,304.0	4.7x	18.9x

SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 4.7x revenue (based on Enterprise Value) at the closing of Q1.
- Since Facebook released information regarding the data breach of 87 million users accounts, its stock price has dropped 15%. In addition, Facebook recently revealed that most users have at some point had their data scrapped, as malicious accounts were locating profiles by entering email addresses in the Facebook search bar.
- The recent trend of data breaches has extended past Facebook with companies including Under Armor, Saks Fifth, and Sears revealing data breaches in Q1. In 2017, IBM found that human error accounted for 70% of total data breaches. With GDPR coming into effect in May 2018, it will be imperative for enterprises to learn how to control data privacy, as a privacy breach will cost a minimum of €10m.
- Amazon, which recently narrowed its new HQ candidate pool to 20, is rumored to be receiving \$1b in tax breaks from candidate cities, setting a new precedent for large corporate expansion. In addition, Amazon recently faced political backlash from President Trump for tax collection procedures and teamed up with JP Morgan and Berkshire Hathaway to create a disruptive healthcare company.
- The crowdsourcing industry has undergone significant consolidation in recent months after YouCaring acquired Generosity.com in February and GoFundMe acquired YouCaring in early April. Although GoFundMe already controlled over 80% of the crowdsourcing market prior to the acquisition, it has expanded that control even further, now turning focus to organic growth through geographic expansion.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

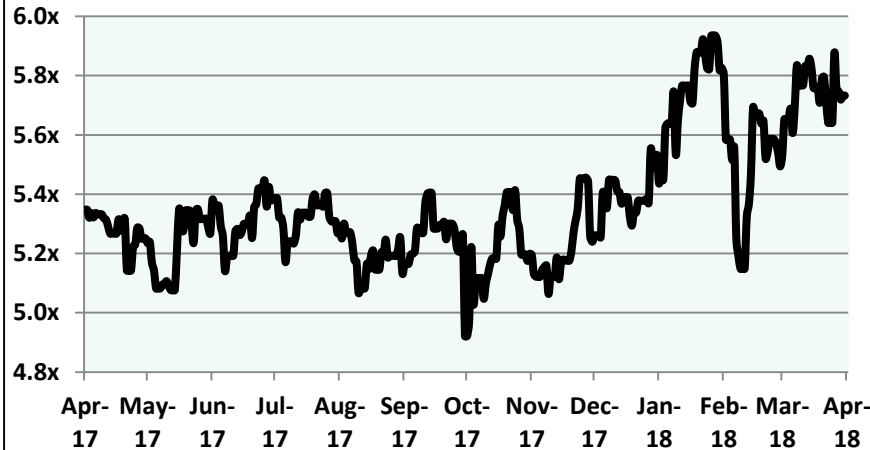
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-15	Carrefour	Quitouque	
2018-03-15	Experian	ClearScore	385.0
2018-02-27	The Stars Group	CrownBet	117.7
2018-02-26	Francisco Partners	Discovery Education	120.0
2018-02-12	CITIC Capital	Euromoney (Global Markets Intelligence Division)	180.5
2018-02-12	Forbes Media	The Memo	
2018-01-30	Blackstone	Thomson Reuters (financial markets business)	17,000.0
2018-01-25	YouCaring.com	Generosity.com	
2018-01-19	GiveGab	Kimbia	
2018-01-18	FullContact	Mattermark	
2017-10-04	Navient	Earnest	155.0

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 03/31/18	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$91.27	\$712,362.4	\$654,880.1	6.6x	16.7x
Oracle	\$45.75	\$195,020.8	\$177,508.8	4.5x	11.0x
IBM	\$153.43	\$143,823.1	\$175,708.8	2.2x	10.7x
SAP	\$104.53	\$125,224.9	\$127,481.1	4.8x	18.5x
Dassault Systemes	\$135.81	\$35,019.0	\$32,544.0	9.2x	34.1x
Autodesk	\$125.58	\$27,564.8	\$27,925.6	13.6x	NM
Constellation Software	\$678.15	\$14,371.3	\$14,214.8	5.7x	24.0x
Ansys	\$156.69	\$13,609.2	\$12,289.4	11.2x	26.9x
Amdocs	\$66.72	\$9,709.5	\$8,641.4	2.2x	12.1x
PTC	\$78.01	\$9,201.1	\$9,502.1	8.0x	NM
Tyler Technologies	\$210.96	\$8,279.3	\$7,836.5	9.3x	36.4x
Blackbaud	\$101.81	\$4,864.0	\$5,303.2	6.7x	38.1x
Manhattan Associates	\$41.88	\$2,907.5	\$2,672.9	4.5x	13.9x
Verint Systems	\$42.60	\$2,697.1	\$3,163.0	2.8x	20.0x
Stratasys Ltd.	\$20.18	\$1,068.7	\$787.7	1.2x	21.8x
Median:	\$101.81	\$13,609.2	\$12,289.4	5.7x	20.0x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 5.7x revenue (based on Enterprise Value) at the closing of Q1.
- As enterprises look to take a defense-in-depth approach to security solutions, they often end up with dozens of security tools in place from a variety of different vendors. These disparate point products often lack integration, which makes it difficult for security teams to gain the visibility and centralized management they need for seamless, holistic protection. In many cases, partnering with a security service provider allows an enterprise to bundle these tools with a service that would be difficult to replicate for most companies.
- According to Natalie Lambert, VP of Marketing at Sapho and former Forrester Research Analyst, we should expect 4 trends in enterprise software in 2018: personalization, machine learning improvements, push notifications and omnichannel communication / task completion. She describes a couple below:
 - "With personalized apps, employees only receive information and tasks that are relevant to them," said Lambert. Personalization has the potential to save employees time by eliminating unnecessary interruptions.
 - "The process of searching for information has gotten so bad that the average employee wastes about 108 minutes each work day searching for required data," said Lambert. As an alternative, push technology can improve their productivity by notifying employees the moment an important system change occurs — even if it's something they don't typically check every day.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-01	Paychex Inc.	Lessor Group [Axcel]	160.6
2018-02-28	EXFO Inc.	Astellia	31.9
2018-02-21	Temenos Group AG	Fidessa group plc	1,961.7
2018-02-15	Google Inc.	Xively [NASDAQ:LOGM]	50.0
2018-02-14	OpenText Corporation	Hightail Inc.	25.0
2018-02-13	Nielsen Holdings N.V.	Ebiquity plc (advertising intelligence business)	35.9
2018-02-08	Thomas H. Lee Partners	Alfresco Software Inc.	250.0
2018-02-02	Apptio Inc.	Digital Fuel Technologies Inc.	42.5
2018-01-08	Allscripts Healthcare Solutions	Practice Fusion	100.0
2018-01-03	Barracuda Networks Inc. [NYSE: CUDA]	PhishLine LLC	25.0

Software: Business Intelligence Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP BI Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 03/31/18	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Tableau Software	\$80.82	\$6,374.2	\$5,735.0	6.5x	NM
Pegasystems	\$60.65	\$5,023.8	\$4,513.0	5.4x	NM
MicroStrategy	\$128.99	\$1,489.4	\$801.4	1.6x	10.0x
Pros Holdings	\$33.01	\$1,044.0	\$1,128.5	6.7x	NM
Datawatch	\$8.65	\$105.2	\$77.0	2.0x	NM
Median:	\$60.65	\$1,489.4	\$1,128.5	5.4x	10.0x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 5.4x revenue (based on Enterprise Value) at the closing of Q1.
- 451 Research projects the data market to grow at a 10.3% CAGR to reach \$146.1m by 2022. The largest growth is projected to come from the distributed data processing frameworks sector, which is projected to grow at a 29% CAGR. As enterprises continue to seek ways to analyze unstructured data, BDWs and machine learning will become important for generating prescriptive analytics.
- BI has entered a new era where machine-learning is becoming mainstream. Organizations are no longer dependent on dashboards to generate insights and are now turning to machine-learning algorithms. However, enterprises must realize that machine-learning requires visibility into the internal logic of the insights.
- A 451 Research survey discovered that BI is a top IT priority across enterprises, with 45% of participants listing it as a top 3 priority in 2018. Surprisingly, 73% of participants already have BI in use, including 30% of companies who consider themselves late adopters. BI is a precursor to advanced intelligence, with many enterprises testing the waters with BI before implementing big data initiatives.
- As the growth of data science continues to lead a cultural shift toward data-driven decision making, data privacy and governance have become increasingly important. In Europe, GDPR regulation, set to come into effect in May 2018, will require companies to protect the personal data of consumers, but only 30% of companies have declared themselves as prepared for the new regulation.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

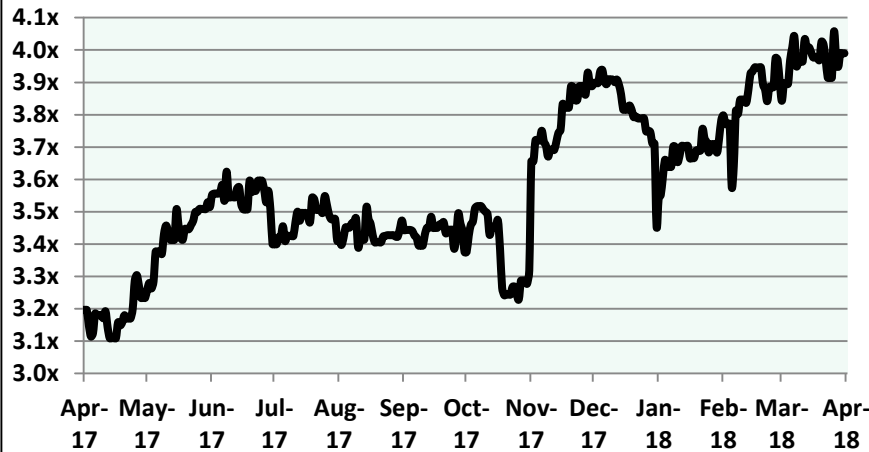
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-23	Infogix	Lavastorm Analytics	
2018-03-20	Meltwater	DataSif]	17.0
2018-03-13	Silver Lake Partners/Battery Ventures	EDR	205.0
2018-03-06	S&P Global	Kensho Technologies	550.0
2018-02-27	Dow Jones	RiskAverter	
2018-02-26	Vermeg	Lombard Risk Management	
2018-02-20	Infomedia	Opoint Technology	
2018-02-15	Roche	Flatiron Health	1,900.0
2018-01-30	Datawatch	Angoss Software	24.5
2018-01-17	RigNet	Intelie	10.8
2018-01-12	FireEye	X15 Software	20.0
2018-01-09	TD Bank	Layer 6	

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 03/31/18	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Red Hat	\$149.51	\$27,348.2	\$25,510.4	9.2x	48.6x
Symantec	\$25.85	\$16,886.5	\$19,121.8	4.0x	15.9x
Check Point Software	\$99.34	\$16,686.1	\$14,977.9	8.2x	16.8x
Citrix Systems	\$92.80	\$14,430.7	\$13,014.6	4.6x	17.5x
F5 Networks	\$144.61	\$9,255.2	\$7,938.8	3.8x	12.4x
Trend Micro	\$59.62	\$8,268.7	\$6,853.8	5.2x	15.4x
CommVault Systems	\$57.20	\$2,696.5	\$2,125.2	3.1x	NM
Progress Software	\$38.45	\$1,853.4	\$1,733.1	4.3x	13.3x
Radware	\$21.35	\$928.2	\$843.2	4.0x	NM
Vasco Data Security	\$12.95	\$515.4	\$361.7	1.9x	20.6x
Magic Software	\$8.17	\$364.4	\$317.4	1.3x	8.8x
Allot Communications	\$5.49	\$182.5	\$105.8	1.3x	NM
BSQUARE	\$4.25	\$53.5	\$29.1	0.4x	NM
Median:	\$38.45	\$2,696.5	\$2,125.2	4.0x	15.9x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 4.0x revenue (based on Enterprise Value) at the closing of Q1.
- In 451 Research's recent Voice of the Service Provider 2018 Survey, Google noted that it is essential for enterprises to be able to apply and adjust security controls and policies at scale by leveraging automation and APIs as infrastructure continues to become more complex and the layers of defense continue to compound. The company adds that protecting applications, data, users and devices is a continuous process with multiple steps – develop a comprehensive inventory, define the desired state according to policy, measure configurations, and upon discovering deviations, adjust back to the desired state.
- On March 20, Salesforce announced that it paid 22x sales for MuleSoft, the richest multiple ever paid in an infrastructure software deal valued at more \$1bn. MuleSoft bolsters Salesforce's ability to create a single source of truth for customer data. The goal is to improve the orchestration and execution of contextual experiences that focus on ensuring a positive ongoing relationship with customers.
- According to 451 Research's Voice of the Enterprise: Cloud Transformation, Workloads and Key Projects 2017 survey, 33% of respondents stated that within two years they would be sharing workloads and business functions across multiple clouds. While the underlying IT infrastructure is becoming interchangeable, the tools for managing it all are becoming indispensable.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

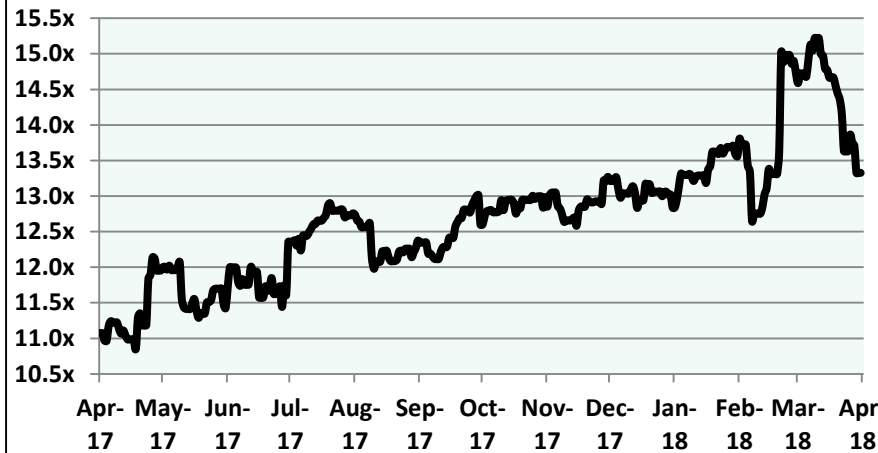
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-27	Veritas Technologies Corporation	fluid Operations AG	
2018-03-24	Snap Inc. [NYSE: SNAP]	PlayCanvas Ltd.	
2018-03-20	salesforce.com Inc.	MuleSoft Inc. [NYSE: MULE]	6,579.6
2018-03-12	Nutanix Inc. [NASDAQ: NTNX]	Netsil Inc.	70.0
2018-03-07	Inovalon Holdings Inc.	ABILITY Network Inc.	1,200.0
2018-03-01	Nutanix Inc. [NASDAQ: NTNX]	Minjar Cloud Solutions Pvt Ltd	25.0
2018-02-12	Citrix Systems Inc.	Cedexis Inc.	85.0
2018-02-09	Thoma Bravo LLC	Nintex Group Pty Ltd.	540.0
2018-02-09	Visa Inc.	Fraedrom UK Limited	197.3
2018-01-29	Microsoft Corporation	PlayFab Inc.	
2018-01-04	Rubicon Technology Partners LP	AppNeta Inc. [fka Apparent Networks]	60.0

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 03/31/18	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$153.50	\$100,915.6	\$100,494.3	2.6x	17.4x
Capgemini	\$124.49	\$21,423.2	\$19,967.2	177.1x	NM
NTT Data	\$10.63	\$14,904.4	\$18,577.3	1.0x	20.0x
Atos	\$136.67	\$14,413.2	\$14,530.8	1.0x	9.4x
CDW	\$70.31	\$11,123.0	\$13,774.7	0.9x	12.9x
Booz Allen	\$38.72	\$5,769.4	\$7,159.6	1.2x	12.5x
Sopra Steria Group	\$203.84	\$4,115.6	\$4,850.0	1.2x	15.4x
CACI International	\$151.35	\$3,811.6	\$4,823.0	1.1x	12.9x
ManTech International	\$55.47	\$2,172.4	\$2,197.6	1.3x	16.6x
ICF	\$58.45	\$1,124.8	\$1,282.8	1.0x	11.5x
Perficient	\$22.92	\$780.8	\$849.9	1.8x	17.4x
The Hackett Group	\$16.06	\$517.1	\$471.2	1.6x	13.3x
Edgewater Technology	\$5.55	\$75.6	\$69.2	0.6x	NM
Median:	\$58.45	\$4,115.6	\$4,850.0	1.2x	13.3x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 13.3x EBITDA (based on Enterprise Value) at the closing of Q1.
- BBC Research projects the IT Services sector to grow at a CAGR of 11.1% to \$256.5 billion by 2021. Digitization, improving economic growth, and demand for cloud offerings are projected to be growth drivers. The IT services market has become very concentrated with the top 3 providers now controlling 50% of the market.
- A Kasaya MSP survey found that 65% of MSPs have seen their security revenues rise in the last year. Some issues forecasted to affect MSPs in 2018 include the increasing adoption of cloud services, the rise of value-based pricing rather than a break-fix model, and the importance of compliance due to the impact of GDPR.
- The federal IT services industry has continued to consolidate after General Dynamics closed its acquisition of CSRA for \$6.9b in early April. The purchase followed a bidding war with CACI, which reportedly offered \$7.2b in a mix of cash and stock. General Dynamics expects the acquisition to help expand its next generation IT services which include cloud computing and cybersecurity.
- In recent years, Cisco has bolstered its managed services capabilities by building out an advanced services portfolio. Since 2014, Cisco has invested significant resources into expanding the business, which now accounts for \$1b in business across 27 different services. As Cisco continues to expand its advanced services solutions, it is likely to focus on predictive and security services.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-28	Windstream	MASS Communications	37.5
2018-03-08	Pinnacle	MSA (Sage software & IT services business)	
2018-03-02	ADT	Aronson Security Group	
2018-02-28	Securitas	Kratos Public Safety and Security	67.5
2018-02-23	KBR	SGT	355.0
2018-02-22	Konica Minolta	VioPoint (assets)	
2018-02-15	ConvergeOne	Arrow Electronics (systems integration business)	
2018-02-12	General Dynamics	CSRA	6,900.0
2018-01-29	Internap	SingleHop	132.0
2018-01-24	Cisco	Skyport Systems	
2018-01-16	Harris Computer Systems	ACCEO Solutions	200.5
2018-01-02	Atrio	NuSoft Solutions	

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 3/31/2018	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$43.82	\$84,956.9	\$83,888.4	4.5x	15.3x
Automatic Data	\$113.48	\$50,629.1	\$50,531.2	4.0x	18.8x
Cognizant Technology	\$80.50	\$47,897.5	\$43,155.1	2.9x	14.4x
Infosys	\$17.41	\$39,776.1	\$34,216.0	3.2x	11.0x
Wipro	\$4.33	\$20,959.7	\$20,299.2	NM	11.2x
CGI Group	\$57.64	\$17,481.2	\$17,857.1	2.1x	13.1x
DST Systems	\$83.65	\$5,194.7	\$5,502.3	2.5x	8.0x
Syntel	\$25.53	\$2,134.8	\$2,372.0	2.6x	9.4x
CSG International	\$45.29	\$1,488.5	\$1,595.4	2.0x	11.1x
Encavis	\$7.89	\$1,006.2	\$995.8	4.0x	4.7x
Unisys	\$10.75	\$541.9	\$483.4	0.2x	3.5x
Median:	\$ 43.82	\$ 17,481.25	\$17,857.09	2.7x	11.1x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 11.1x EBITDA (based on Enterprise Value) at the closing of Q1.
- In 2017, the global outsourcing market amounted to \$88.9 billion, according to Statista, and is set to hold steady in 2018, particularly for business services, energy, and healthcare.
- UiPath, a robotic process automation (RPA) maker, has raised \$153m in a series B led by previous investor Accel, with new investors CapitalG (one of Google's investment ventures) and Kleiner Perkins Caufield & Byers contributing. The \$153m values UiPath at some \$1.1bn. It's gone from being a seed to a unicorn in 36 months – a meteoric rise for a B2B company. The big guns in IT services see RPA as a new professional services sell, enterprise software vendors see it as a route to new markets, and ML and AI vendors see it as a market that can qualify their approaches.
- According to Srinivasa Vemula, global product management leader at IT outsourcing company SenecaGlobal, although most businesses outsource IT talent due to costs, they are increasingly focusing on the value of services provided by these firms. "Today's customers are highly educated and fully aware of any failures associated with outsourcing," he said. "This, combined with the need to deliver IT solutions in time, will increase the need to provide better value to the clients, with transparency." Businesses will have to pay more for high-quality service providers, Vemula added, but will see the value in doing so.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-20	Aspire Systems Pvt. Ltd.	Goyello	
2018-03-14	Corporate Catalyst Acquisition Inc.	Globalive Technology Partners Inc.	109.2
2018-03-12	Art Gun Technologies LLC	TeeShirt Ink Inc. (assets)	16.4
2018-03-02	NewSpring Holdings LLC	Pillar Technology Group LLC	
2018-02-15	TT Electronics plc	Stadium Group plc	63.5
2018-02-07	Fulcrum IT Services LLC	PTR Group Inc.	
2018-01-31	ASGN	ECS Federal Inc.	775.0
2018-01-11	Northern Trust Corporation	Citadel (Omnium software development assets)	
2018-01-09	NEC Corporation	Northgate Public Services [Cinven]	644.2
2018-01-05	Vela Software International Inc.	IN2 Ltd.	
2018-01-02	Arrow Electronics Inc.	eInfochips Inc.	318.0

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 03/31/18	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
ManpowerGroup	\$115.10	\$7,815.3	\$7,955.4	0.4x	9.3x
Robert Half International	\$57.89	\$7,230.0	\$6,899.6	1.3x	11.9x
ASGN	\$81.88	\$4,356.4	\$4,810.7	1.8x	17.0x
Kforce	\$27.05	\$692.1	\$829.1	0.6x	11.4x
Computer Task Group	\$8.19	\$125.5	\$118.5	0.4x	20.0x
RCM Technologies	\$5.77	\$69.9	\$95.1	0.5x	45.2x
Hudson Global	\$1.94	\$62.3	\$46.5	0.1x	18.5x
Mastech Digital	\$12.34	\$61.7	\$103.1	0.7x	17.1x
Median:	\$19.70	\$408.8	\$473.8	0.6x	17.0x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 17.0x EBITDA (based on Enterprise Value) at the closing of Q1.
- 44% of CIOs say they miss out on top talent because candidates are seeking higher salaries than they are able to offer.
- According to Forbes, one definitive MarTech hiring trend for 2018 is the projected increase in demand CMOs that also double as great technologists. Companies that don't explicitly have a chief marketing technologist will be reevaluating their CMO's skill set to ensure that he or she has the technological skills MarTech demands. Due to this, CMO job turnover is expected to continue at 25% through the rest of 2018 according to the International Data Corporation, as companies replace talent that hasn't evolved with MarTech.
- The vast majority of workers (87 percent), spanning five generations and both genders, are open to NextGen Work for their next or future position, but their motives vary. In the U.S., temporary work increased by 56% between 2005-2015 and continues to grow.
 - Men are just as likely as women to look for flexibility to spend time with family (both 29 percent) and to seek a less stressful environment (21 percent vs 22 percent).
 - Younger Millennials (age 18-24) prize pay, learning and career advancement. By their late 20s, over 60% of Millennials have had the same number of jobs as the majority of their parents.
 - Boomers (age 50-65) are choosing encore careers that provide meaningful work and balance. Pay is a lower priority for them than other generations, while the desire for employer appreciation increases with age.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

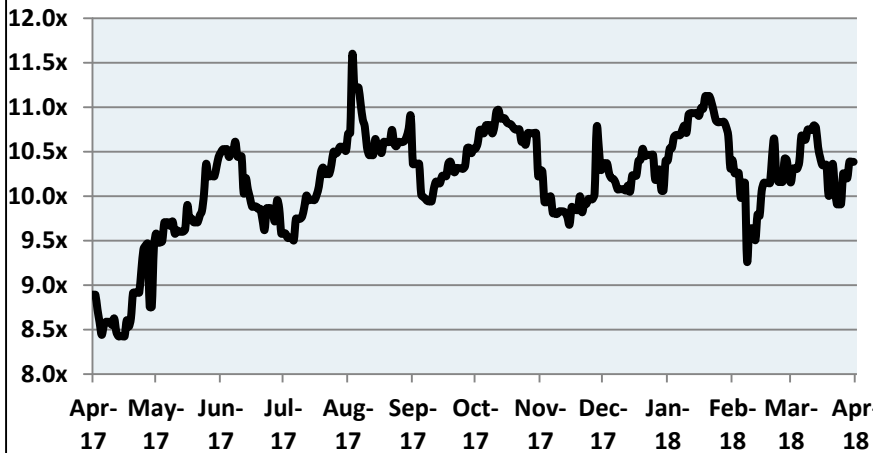
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-06	Yoh Services LLC	GECO Deutschland GmbH	
2018-02-28	Yoh Services LLC	Maxsys Solutions LLC	
2018-02-09	TS2 Holdings LLC	RockIT Recruiting	
2018-02-06	Exponent Private Equity LLP	CEB Inc.	400.0
2018-02-05	Resource1	Carnegie Affiliates	
2018-02-02	TS2 Holdings LLC	Neohire South	
2018-01-29	Driven Inc.	Update Inc.	

Services: Value Added Resellers

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP VAR Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 03/31/18	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Arrow Electronics	\$77.02	\$6,913.8	\$9,358.0	0.3x	11.0x
Tech Data	\$85.13	\$3,253.3	\$3,931.2	0.1x	7.0x
Also Holding	\$131.52	\$1,686.4	\$1,835.1	0.2x	10.5x
Insight Enterprises	\$34.93	\$1,264.7	\$1,467.2	0.2x	6.7x
ePlus	\$77.70	\$1,089.7	\$1,039.2	0.7x	10.4x
PC Connection	\$25.00	\$672.3	\$621.3	0.2x	6.9x
PCM	\$8.30	\$108.7	\$338.8	0.2x	13.0x
Median:	\$77.02	\$1,264.7	\$1,467.2	0.2x	10.4x

SECTOR HIGHLIGHTS

- The median VAR index was trading at 10.4x EBITDA (based on Enterprise Value) at the closing of Q1.
- TechAisle forecasts that the rise of digital transformation will enable VARs to adjust their business models to capitalize on digital transformation demands. As VARs provide the necessary “trusted advisor” relationship and generally have a deep understanding of client needs and objectives, they will be well-positioned to support digital transformation initiatives, assisting with technology planning, deployment, and integration.
- According to PartnerPath, 73% of vendors expect partner-driven revenues to increase in 2018 as vendors continue to grow revenue driven by partner relationships. On average, partner driven revenue now accounts for 26-50% of total revenue, exemplifying the importance of partners for vendor revenue generation.
- As product and service delivery models change, mid-market enterprises are positioning themselves as the next big buyers of technology. As this transition occurs, VARs are well-positioned to provide integration support and process knowledge, layering services on top of the white labeled solutions that large enterprise vendors generally provide.
- Ingram Micro has recently implemented a cybersecurity strategy, focusing on building partner relationships in the channel after acquiring Cloud Harmonics in December 2017. Since February, Ingram Micro has built partnerships with Lookout, Kaspersky Lab, and BitDefender with the goal to build a full solution suite for Ingram’s 200,000 customers.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2018-03-29	Thundersoft	MM Solutions	
2018-03-22	Arrow Business Communications	Reeves Lund	
2018-03-19	EET	Pro-Vision Distribution	
2018-03-14	D3 Technologies	JVH Engineering (Autodesk VAR division)	
2018-03-14	Marco	Governor Business Solutions	
2018-03-07	Vitec Group	Adeal	3.9
2018-01-18	Martin Instrument	Western Data Systems	
2018-01-05	Vela Software Group	IN2	
2018-01-04	PCM UK	Provista UK	5.5

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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