

# DECISIONPOINT

## QUARTERLY VIEWPOINT:

For the Quarter Ended September 30, 2014 and the Latest Twelve Months

Q3 | 14

# 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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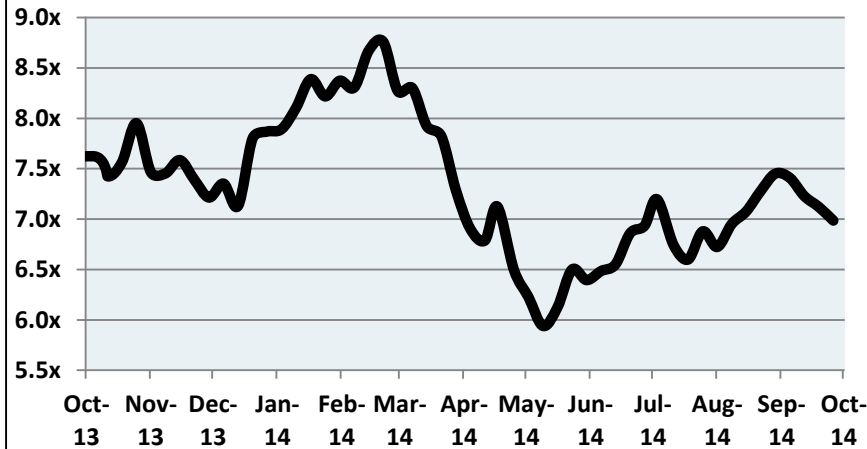
# Software: Software as a Service (SaaS)

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

### MARKET PERFORMANCE

#### DP SaaS Index EV/Revenue Multiple

Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/14	Market Cap.	Enterprise Value (EV)	EV / LTM Revenue	EV / LTM EBITDA
Salesforce.com, Inc	\$56.56	\$35,010.6	\$36,513.3	7.7x	NM
Red Hat, Inc.	\$55.44	\$10,483.5	\$9,680.4	5.8x	31.0x
Concur Technologies, Inc.	\$126.78	\$7,235.6	\$7,093.7	10.6x	NM
NetSuite Inc.	\$89.14	\$6,812.0	\$6,602.6	13.9x	NM
athenahealth, Inc.	\$129.55	\$4,918.2	\$5,025.6	7.5x	82.0x
The Ultimate Software	\$142.73	\$4,033.7	\$3,952.7	8.6x	59.5x
Medidata Solutions, Inc.	\$44.41	\$2,399.6	\$2,416.6	7.9x	96.0x
Dealertrack Technologies,	\$44.39	\$2,392.3	\$2,985.0	4.7x	36.0x
Cornerstone OnDemand,	\$35.37	\$1,888.3	\$1,869.3	8.4x	NM
Demandware, Inc.	\$51.68	\$1,867.1	\$1,611.4	12.6x	NM
RealPage, Inc.	\$15.44	\$1,223.0	\$1,208.8	3.1x	28.8x
Evertz Technologies Ltd.	\$14.96	\$1,111.7	\$1,023.3	3.2x	11.2x
Ellie Mae, Inc.	\$33.79	\$957.0	\$879.9	6.5x	38.9x
Constant Contact, Inc.	\$28.52	\$904.4	\$764.3	2.5x	22.6x
LivePerson Inc.	\$12.64	\$679.8	\$608.5	3.2x	73.9x
Ebix Inc.	\$14.17	\$543.2	\$545.5	2.7x	7.0x
<b>Median:</b>	<b>\$44.40</b>	<b>\$2,140.3</b>	<b>\$2,143.0</b>	<b>7.0x</b>	<b>36.0x</b>

### SECTOR HIGHLIGHTS

- The median SaaS index was trading at 7.0x revenue (based on Enterprise Value) at the closing of Q3.
- On-demand versions of Enterprise Resource Planning and Supply Chain Management software products are likely to witness faster cloud adoption rates going forward. Given the market leadership position of SAP in both these software verticals, analysts believe the company should benefit from an industry migration towards on-demand software subscriptions.
- According to a new report by Ovum, there is increasing demand for cloud technology among retail banks and insurance companies. SaaS solutions are now being considered in almost all new IT investment projects. Banks and insurers face increasing pressure from new competitors, tighter regulatory requirements, and highly sophisticated customers. These companies now realize that the cloud can create efficiencies and protect their competitive position.
- With the new Oracle Cloud Applications Release 9 it is possible to move any database from the data center to the cloud at the touch of a button. From a SaaS perspective, Oracle now has 161 SaaS applications which is the largest portfolio of SaaS apps available.
- SAP recently acquired travel & expense SaaS company Concur for \$8.3 billion. SAP paid 28% more than Concur's stock price in the deal. SAP is moving swiftly to acquire market share in the cloud software market.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

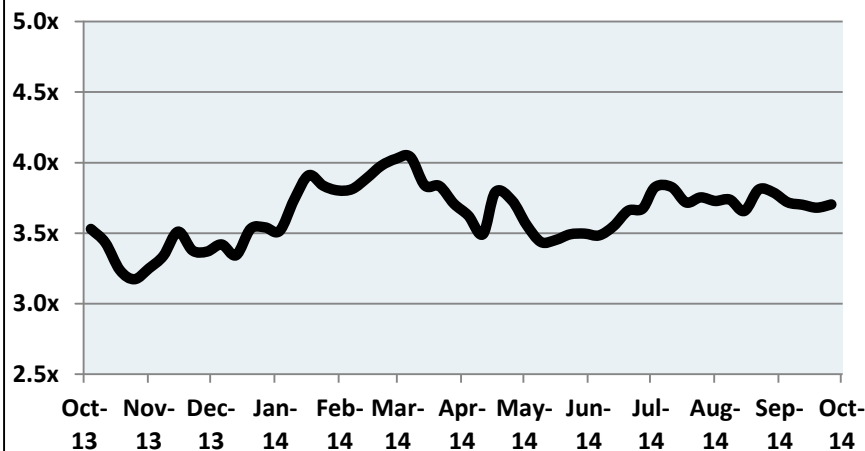
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-09-18	SAP AG	Concur Technologies Inc.	8,300.0
2014-09-17	Callidus Software Inc.	Clicktools	14.8
2014-09-02	Omnicracs LLC	XRS Corporation	165.0
2014-08-15	SMTP Inc.	InterInBox S.A.	5.2
2014-08-15	SMTP Inc.	SharpSpring LLC	5.0
2014-08-05	Comverse Inc.	Solaiemes	4.2
2014-07-30	Heartland Payment Systems Inc.	TouchNet Information Systems Inc.	375.0
2014-07-22	LinkedIn Corporation	Bizo	175.0
2014-07-21	Sage Group Plc, The	Exact Software Deutschland GmbH	22.0
2014-07-17	NetSuite Inc.	Venda Inc.	50.5
2014-07-10	salesforce.com	RelateIQ	352.0
2014-07-01	Investnet Inc.	Placemark Holdings	66.0

# 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Google Inc.	\$587.90	\$397,650.9	\$344,010.2	5.3x	17.7x
Facebook, Inc.	\$78.79	\$204,858.1	\$191,228.1	19.1x	35.2x
Amazon.com Inc.	\$323.21	\$149,334.7	\$144,467.7	1.8x	35.8x
eBay Inc.	\$52.93	\$65,697.4	\$63,649.4	3.7x	12.8x
The Priceline Group Inc.	\$1,174.44	\$61,597.0	\$56,239.3	7.4x	19.5x
Yahoo! Inc.	\$40.66	\$40,440.6	\$38,912.8	8.4x	NM
Netflix, Inc.	\$448.75	\$26,965.8	\$26,151.5	5.3x	NM
LinkedIn Corporation	\$212.72	\$26,145.4	\$23,783.7	12.9x	NM
IAC/InterActiveCorp	\$65.98	\$5,501.8	\$5,538.9	1.9x	11.1x
Pandora Media, Inc.	\$24.59	\$5,077.5	\$4,753.3	5.9x	NM
Groupon, Inc.	\$6.66	\$4,457.8	\$3,587.5	1.2x	38.3x
AOL Inc.	\$44.55	\$3,504.7	\$3,616.7	1.5x	8.2x
Conversant, Inc.	\$34.34	\$2,200.4	\$2,181.9	3.7x	11.0x
Vistaprint N.V.	\$53.07	\$1,720.5	\$2,121.4	1.7x	13.0x
WebMD Health Corp.	\$42.86	\$1,571.2	\$1,742.2	3.2x	17.6x
RealNetworks Inc.	\$7.05	\$253.8	\$58.7	0.3x	NM
<b>Median:</b>	<b>\$53.00</b>	<b>\$15,823.6</b>	<b>\$14,661.3</b>	<b>3.7x</b>	<b>17.6x</b>

### SECTOR HIGHLIGHTS

- The median Internet Software & Services index was trading at 3.7x revenue (based on Enterprise Value) at the closing of Q3.
- Yahoo's big investment in Alibaba, the Chinese e-commerce company, effectively turned Yahoo into a tracking stock—people invested in Yahoo to bet on Alibaba. Now with Alibaba public, that function, and protection, are removed and Yahoo's core business—its mix of services, news and entertainment will now again drive its value. Yahoo is now in talks to sink \$20 million into Snapchat, the photo messaging startup in a deal that would value Snapchat at \$10 billion.
- Amazon is opening its first significant retail store in New York. Amazon.com has not made a significant profit for several years, and shareholders are growing impatient. Stores could help Amazon become more profitable in a sustainable way without disrupting its marketplace or various technology businesses.
- eBay recently announced that it would part ways with PayPal, Inc., and both the companies would operate as a separate entity from 2015. The Street's assumption is that PayPal will be valued somewhere around 15 times EBITDA.
- Groupon recently revised its full-year guidance and one of the primary reasons for the weak guidance was Groupon's shift from daily-deal email offers toward becoming an e-commerce retailer. The company plans to become a mobile marketplace, reducing its dependence on a deal-based model. The shift has recently added to the company's marketing costs, resulting in the downgraded outlook and weak results.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

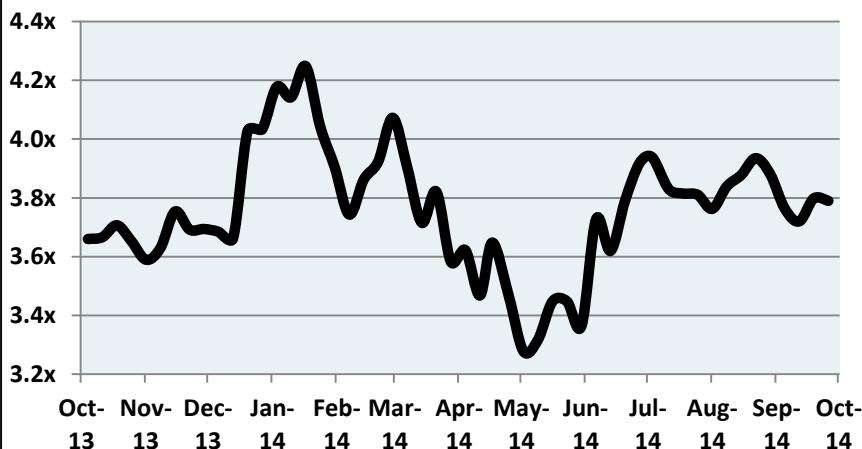
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-09-30	News Corporation	Move Inc.	950.0
2014-09-29	Capmark Financial Group Inc.	Bluestem Brands Inc.	565.0
2014-09-22	Symphony Technology Group LLC	McGraw Hill Construction	320.0
2014-09-11	Alliance Data Systems Inc.	Conversant Inc.	2,216.4
2014-09-09	Rakuten Inc.	Ebates Inc.	1,000.0
2014-08-25	Amazon.com Inc.	Twitch Interactive, Inc.	970.0
2014-08-05	Gannett Co. Inc.	Cars.com	1,800.0
2014-07-28	Zillow	Trulia, Inc.	3,509.4
2014-07-06	Expedia Inc.	Wotif.com Holdings Ltd.	556.3
2014-07-02	Facebook	LiveRail	382.0
2014-07-02	Kroger Co., The	Vitacost.com Inc.	250.9

# 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft Corporation	\$46.41	\$382,411.4	\$320,685.4	3.7x	10.0x
IBM	\$190.06	\$189,602.3	\$226,483.3	2.3x	9.0x
Oracle Corporation	\$38.95	\$172,599.3	\$154,130.3	4.0x	9.2x
SAP SE	\$72.76	\$86,910.4	\$88,309.7	4.1x	11.9x
Dassault Systemes SA	\$65.32	\$16,459.1	\$15,257.1	5.7x	19.9x
Autodesk, Inc.	\$54.28	\$12,334.4	\$11,174.8	4.7x	30.8x
Amdocs Limited	\$46.27	\$7,336.0	\$6,161.4	1.8x	9.6x
Ansys, Inc.	\$75.80	\$6,974.3	\$6,190.8	6.9x	14.9x
Stratasys Ltd.	\$122.13	\$6,037.6	\$5,459.7	8.9x	NM
Constellation Software	\$250.36	\$5,305.5	\$5,629.0	4.0x	40.3x
PTC Inc.	\$36.57	\$4,290.0	\$4,300.8	3.2x	13.6x
Informatica Corporation	\$31.94	\$3,513.5	\$2,827.3	2.8x	15.3x
TIBCO Software Inc.	\$19.51	\$3,232.4	\$3,252.2	3.0x	19.4x
Tyler Technologies, Inc.	\$87.96	\$2,889.4	\$2,800.5	6.2x	30.0x
Manhattan Associates, Inc.	\$33.66	\$2,527.7	\$2,426.3	5.4x	19.6x
Verint Systems Inc.	\$40.54	\$2,455.5	\$3,843.8	3.8x	26.2x
NICE Systems Ltd.	\$40.65	\$2,440.6	\$2,206.9	2.4x	14.5x
Blackbaud Inc.	\$38.43	\$1,735.6	\$1,883.5	3.6x	18.2x
QAD Inc.	\$18.99	\$304.8	\$236.4	0.8x	14.8x
<b>Median:</b>	<b>\$46.27</b>	<b>\$5,305.5</b>	<b>\$5,459.7</b>	<b>3.8x</b>	<b>15.1x</b>

### SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 3.8x revenue (based on Enterprise Value) at the closing of Q3.
- Just a few months after announcing a new strategic partnership, Salesforce.com and Microsoft have unveiled plans to integrate their CRM and BI offerings to help sales professionals boost productivity. The new integrated offerings are aimed at helping sales reps do more from the cloud with their mobile devices.
- Taking advantage of the spotlight afforded by its OpenWorld event, Oracle announced the launch of 14 mobile applications for Oracle E-Business Suite as well as new services for its Oracle Product Value Chain Cloud portfolio, a new design system for developers.
- The Indian enterprise software market is expected to grow 13% to \$4.2 billion in 2014 and touch \$4.7 billion in 2015, said Gartner. Demand for better customer services and drive for IT cost savings will drive the Indian enterprise software market. Emerging technologies such as mobility, social, cloud and business process management are also driving growth.
- Enterprise software companies are investing in bettering their user experiences, because a generation of users now expect all software to work with the same simplicity as their smartphone operating systems.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced	Date	Acquirer Name	Target Name	Enterprise Value (\$m)
	2014-09-29	Dillistone Group Plc	ISV Software Ltd	1.6
	2014-09-15	Cognizant Technology Solutions	TriZetto Group, Inc.	2,700.0
	2014-09-02	Tyler Technologies, Inc.	SoftCode Inc.	4.7
	2014-09-01	PDMS UK Ltd.	Maxima Information Group Limited (assets)	1.0
	2014-08-05	Rocket Fuel Inc.	X Plus Two Solutions Inc.	230.0
	2014-08-05	Premier Inc.	TheraDoc Inc.	117.0
	2014-08-05	Varian Medical Systems Inc.	Transpire Inc. (certain software assets)	16.0
	2014-07-30	GFI Group management/ investment consortium	GFI Group Inc. (wholesale brokerage business assets)	228.0
	2014-07-22	KBC Advanced Technologies plc	FEESA Ltd.	19.1
	2014-07-17	Q-Free ASA	Open Roads Consulting Inc.	6.2
	2014-07-08	ATS Automation Tooling Systems Inc.	M+W Process Automation GmbH	337.1



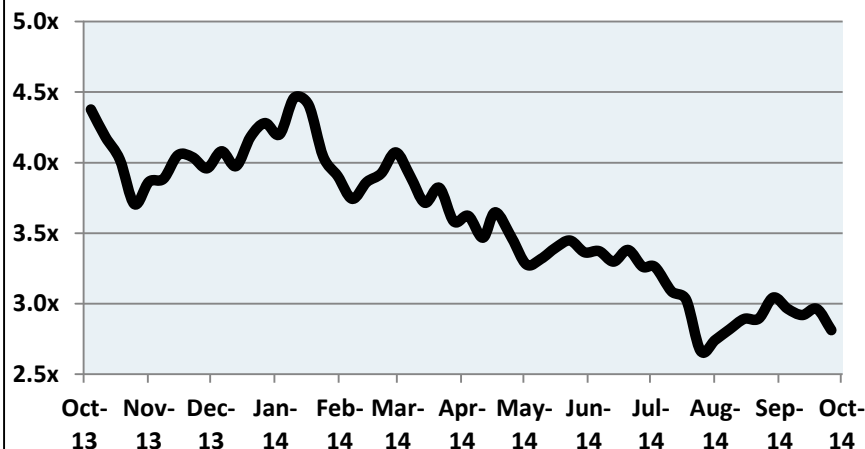
# Software: Business Intelligence Software

## 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tableau Software, Inc.	\$71.76	\$4,929.9	\$4,302.6	14.0x	NM
Informatica Corporation	\$31.94	\$3,513.5	\$2,827.3	2.8x	15.3x
Qlik Technologies, Inc.	\$26.91	\$2,419.9	\$2,164.8	4.3x	NM
Pegasystems Inc.	\$19.93	\$1,520.8	\$1,304.6	2.3x	16.2x
MicroStrategy Inc.	\$131.22	\$1,482.9	\$1,115.4	1.9x	37.3x
PROS Holdings, Inc.	\$24.99	\$724.3	\$696.4	4.3x	NM
Actuate Corporation	\$3.98	\$184.5	\$125.5	1.1x	NM
<b>Median:</b>	<b>\$26.91</b>	<b>\$1,520.8</b>	<b>\$1,304.6</b>	<b>2.8x</b>	<b>16.2x</b>

### SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 2.8x revenue (based on Enterprise Value) at the closing of Q3.
- A report by MarketsandMarkets claims that the global Cloud Analytics market is expected to grow from \$5.25 billion in 2013 to \$16.52 billion by 2018, at an estimated CAGR of 25.8% during this forecast period.
- Salesforce just announced Wave, a cloud analytics platform designed for every business user, making it easier than ever for anyone to explore data, uncover new insights and take action instantly from any device. The general consensus is that this is something that Salesforce had to do, even though the market is crowded with competitors and they are very late to the game.
- A majority of BI users (55%) now claim to be engaging in self-service tasks, with another 24% planning to do so in the future, according to a new report from BARC. There is a growing trend among enterprises to enable end-users to build or design their own dashboards and reports without the need for IT support.
- SAP AG and Birst Inc., which has raised about \$64 million from investors, have joined forces, announcing a partnership that will provide analytics software from Birst on the fast in-memory database called SAP HANA.
- Traditional business intelligence vendors are tweaking their software to facilitate easier data discovery. Both user demand and upstart competitors are driving the shift. Though data discovery tools have been around for a while, it seems as if more flexible approaches to data analysis are finally poised to go mainstream and make business intelligence more accessible to the masses.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

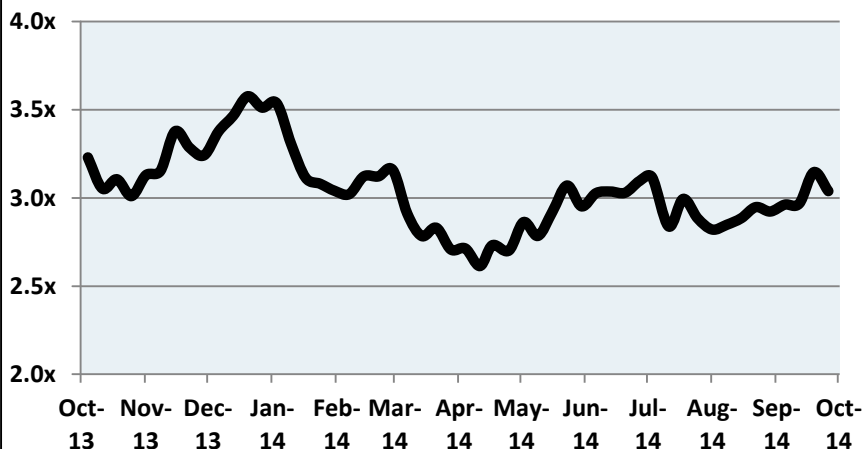
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-09-18	Nielsen Holdings N.V.	Indicus Analytics Pvt. Ltd.	-
2014-09-05	IntercontinentalExchange Inc.	SuperDerivatives Inc.	350.0
2014-08-25	Premier Inc.	Aperek Inc.	48.5
2014-08-13	MedAssets Inc.	Sg2 LLC	142.0
2014-08-12	iQU BV	HoneyTracks GmbH	-
2014-08-08	MSDSonline Inc	Knowledge Management Innovations	10.0
2014-07-29	Innodata Inc.	MediaMiser Ltd.	5.4
2014-07-08	Vista Equity Partners	Social Solutions Inc.	125.0

# 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
EMC Corporation	\$29.04	\$58,912.2	\$58,292.2	2.5x	11.4x
Symantec Corporation	\$23.58	\$16,277.5	\$14,323.5	2.1x	7.4x
Check Point Software	\$69.76	\$13,309.5	\$12,076.0	8.4x	15.4x
Citrix Systems, Inc.	\$70.51	\$11,596.8	\$12,053.7	4.0x	16.6x
Red Hat, Inc.	\$55.44	\$10,483.5	\$9,680.4	5.8x	31.0x
F5 Networks, Inc.	\$121.04	\$8,967.1	\$8,355.8	5.0x	16.3x
Trend Micro Inc.	\$33.23	\$4,455.5	\$3,404.5	3.4x	9.6x
SolarWinds, Inc.	\$42.60	\$3,211.7	\$3,049.6	8.0x	22.7x
CommVault Systems, Inc.	\$49.94	\$2,262.8	\$1,864.3	3.1x	18.0x
Progress Software	\$24.10	\$1,220.9	\$959.6	2.9x	9.5x
Radware Ltd.	\$17.50	\$788.0	\$623.2	3.0x	22.5x
VASCO Data Security	\$18.90	\$741.7	\$618.4	3.7x	27.5x
Allot Communications	\$11.24	\$373.7	\$250.1	2.3x	NM
Magic Software	\$6.68	\$294.8	\$209.5	1.3x	6.9x
Guidance Software, Inc.	\$6.94	\$203.0	\$184.3	1.7x	NM
Geeknet, Inc.	\$9.75	\$65.5	\$20.2	0.1x	NM
BSQUARE Corp.	\$3.93	\$45.7	\$21.6	0.2x	NM
<b>Median:</b>	<b>\$24.10</b>	<b>\$2,262.8</b>	<b>\$1,864.3</b>	<b>3.0x</b>	<b>16.3x</b>

### SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.0x revenue (based on Enterprise Value) at the closing of Q3.
- A decision by Hewlett-Packard to split the company into two separate publicly held companies most likely signals that it has ended talks to merge with the data storage provider EMC. People briefed on the matter have said HP had been in talks to merge with EMC for months, which would have led to the creation of a big new technology titan. Still, the negotiations were difficult and halted several times over a number of issues, including price.
- Cisco is adding more muscle and money to its Intercloud skeleton, signing over 30 new partners to its worldwide network of interconnected clouds. Cisco's new alliances add 250 data centers in 50 countries to its infrastructure for Intercloud. By aligning with these companies, Cisco takes a quantum leap toward its plans to address customer demands for a globally distributed, highly secure cloud platform that can meet the needs of the Internet of everything.
- Video infrastructure software revenues in the last four quarters totaled \$5.6bn, a 7% increase from the previous four quarters. Trends in OTT, cloud and service delivery models are all driving an increased focus on video infrastructure software. Some segments, such as TV everywhere, cloud DVR and search and recommendation are expected to grow very rapidly.
- Deal volume in the infrastructure software segment jumped 9%, making it the segment with the largest rise in deal activity. One associated trend has been strong demand in the identity and access management space. Examples in the third quarter included Gemalto's acquisition of SafeNet for \$890 million as well as Micro Focus' \$2.3 billion acquisition of Attachmate Group.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-09-29	Vista Equity Partners	TIBCO Software Inc.	4,200.0
2014-09-15	Micro Focus International plc	Attachmate Group	2,349.8
2014-09-12	Atea A/S	Datatech AS	4.7
2014-09-11	Hewlett-Packard Company	Eucalyptus Systems Inc.	-
2014-09-10	TA Associates	Idera Inc.	200.0
2014-09-02	Thoma Bravo LLC	Compuware Corporation	2,224.5
2014-08-08	Gemalto NV	SafeNet, Inc	890.0
2014-07-09	ServiceNow, Inc.	Neebula Systems	100.0

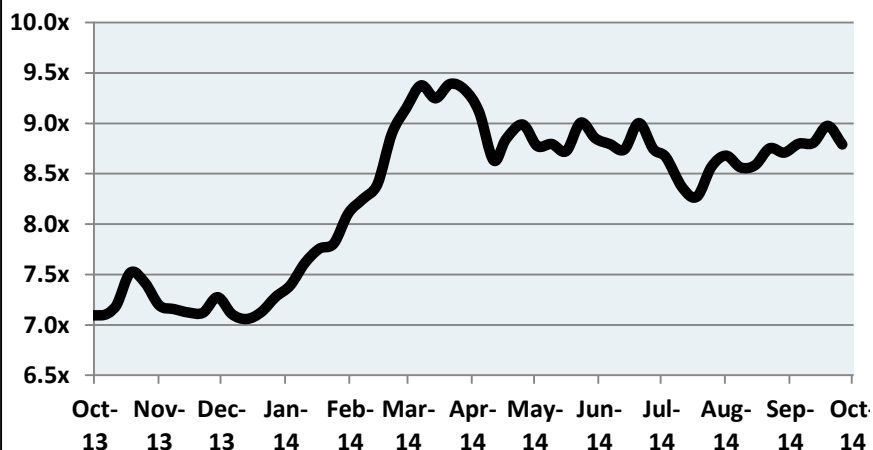


# Services: IT Services

## 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture plc	\$79.29	\$49,794.1	\$45,450.2	1.5x	9.3x
Cap Gemini S.A.	\$71.21	\$11,266.3	\$11,135.5	0.9x	8.8x
NTT Data Corporation	\$35.80	\$10,041.2	\$11,946.6	0.9x	6.5x
Atos SE	\$72.26	\$8,292.2	\$8,247.9	0.8x	7.1x
Booz Allen Hamilton	\$23.37	\$3,413.9	\$4,749.6	0.9x	8.9x
Sopra Group	\$90.70	\$1,762.2	\$2,012.7	1.1x	11.8x
CACI International Inc.	\$71.21	\$1,674.5	\$2,900.4	0.8x	8.7x
ManTech International	\$27.65	\$1,030.4	\$1,054.7	0.5x	7.5x
ICF International Inc.	\$32.37	\$630.2	\$755.0	0.8x	8.6x
Perficient Inc.	\$15.19	\$522.9	\$587.3	1.5x	11.2x
Ciber, Inc.	\$3.45	\$269.2	\$256.8	0.3x	12.4x
The Hackett Group, Inc.	\$6.08	\$179.9	\$198.8	1.0x	11.3x
NCI, Inc.	\$10.42	\$135.0	\$122.3	0.4x	6.5x
Edgewater Technology	\$6.78	\$77.1	\$55.4	0.5x	5.9x
<b>Median:</b>	<b>\$30.01</b>	<b>\$1,352.4</b>	<b>\$1,533.7</b>	<b>0.8x</b>	<b>8.8x</b>

### SECTOR HIGHLIGHTS

- The median IT Services index was trading at 8.8x EBITDA (based on Enterprise Value) at the closing of Q3.
- According to a Research and Markets report, the Global IT Services market for 2014-2018 is expected to grow at a CAGR of 5.4% over the period. Cloud-based services are expected to play an increased role, led by increasing awareness among customers about the advantages of these services.
- Although federal agencies continue to increase the percentage of their IT budgets allocated to cloud services, only 2% of government agency IT budgets go to cloud spending, resulting in agencies capturing only a fraction of potential cost savings.
- Accenture and Salesforce.com announced a joint effort to help the healthcare industry improve customer and patient outcomes. Accenture has created its first solution to help life sciences companies improve customer and patient engagement leveraging cloud, social and mobile technologies. This solution builds on Accenture's portfolio of Salesforce industry-based solutions, which includes offerings for the communications and consumer goods and services industries.
- The "next generation" of the T4NG Program - the Department of Veterans Affairs' contract to manage its IT systems - will almost double in scope from the current contract, with the projected value rising from \$12 billion to \$22.3 billion. The T4NG contract is focused mainly on management of the VA's IT systems, health IT and telecoms. However, the chosen vendors will also have some discretion to purchase new software/hardware to modernize the department's systems.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

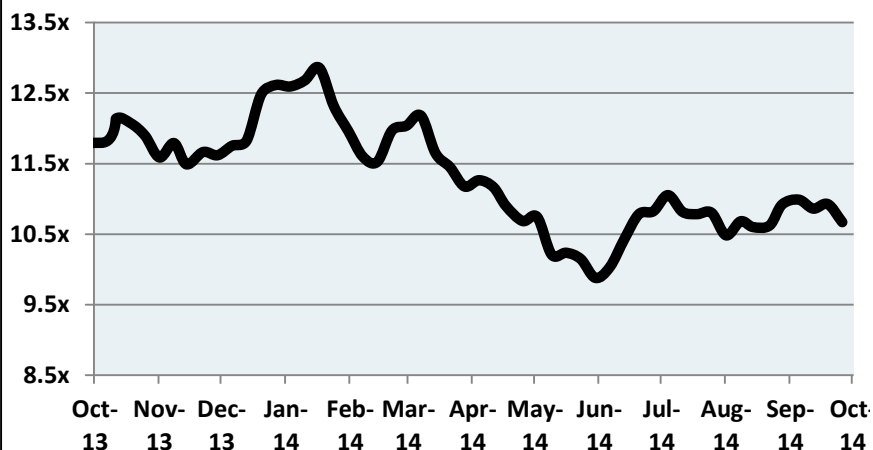
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-09-29	Huron Consulting Group Inc.	Threshold Consulting Inc. (assets)	-
2014-09-04	PFSweb Inc.	REV Solutions Inc.	2.6
2014-09-04	Westcon Group Inc.	Verecloud Inc.	10.2
2014-08-26	Cable & Wireless Panama S.A.	Grupo Sonitel S.A.	36.0
2014-08-13	Ridgmont Equity Partners	Cross River Fiber	-
2014-08-12	Dimension Data Holdings plc	Oakton Ltd.	158.6
2014-08-11	Anixter International Inc.	Tri-Ed Distribution	420.0
2014-08-07	TIVIT SA	Synapsis Soluciones y Servicios IT Ltda.	145.4
2014-07-01	Tolt Solutions	iPass Inc. (Unity managed network services division)	28.2

# 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy Services	\$43.86	\$85,914.7	\$82,641.3	5.9x	19.2x
Automatic Data Processing, Inc.	\$82.59	\$39,813.8	\$40,182.1	3.3x	15.7x
Infosys Ltd.	\$60.18	\$34,389.7	\$29,744.4	3.6x	13.0x
Cognizant Technology	\$44.75	\$27,204.6	\$23,075.4	2.4x	11.4x
Wipro Ltd.	\$9.58	\$23,484.7	\$20,925.2	2.9x	12.5x
CGI Group, Inc.	\$33.92	\$10,536.7	\$12,715.2	1.4x	8.7x
Computer Sciences Corporation	\$56.63	\$8,215.0	\$8,682.0	0.7x	4.4x
Syntel, Inc.	\$87.12	\$3,642.2	\$3,014.8	3.4x	10.3x
DST Systems Inc.	\$84.78	\$3,368.6	\$3,957.1	1.5x	8.9x
iGATE Corporation	\$36.58	\$2,154.9	\$3,045.0	2.5x	11.1x
Unisys Corporation	\$22.68	\$1,148.4	\$831.6	0.2x	3.7x
CSG Systems International	\$26.67	\$925.1	\$995.9	1.3x	8.3x
<b>Median:</b>	<b>\$44.31</b>	<b>\$9,375.8</b>	<b>\$10,698.6</b>	<b>2.5x</b>	<b>10.7x</b>

### SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 10.7x EBITDA (based on Enterprise Value) at the closing of Q3.
- German airline Lufthansa says it may shortly sell its IT infrastructure division to IBM, while also outsourcing its IT infrastructure services to IBM for seven years. The IBM deal could save the airline group about \$90 million per year.
- Indian IT company Wipro Ltd is upbeat on growth prospects as demand environment remains steady for IT services worldwide. In north America, Wipro sees discretionary spending return and in continental Europe the company sees opportunities for growth given lower levels of outsourcing penetration.
- The global healthcare IT outsourcing market is growing at a compound annual growth rate of 12% and may reach a value of \$68 billion in 2020, according to the latest study by Everest Group. Changing regulatory laws, consumerization and convergence of care financing and delivery are the factors driving the market.
- In a reversal of trend, some large firms are now looking to move back their IT functions in-house or what is termed as in-sourcing. Firms such as GM, Target, Zynga, Nordea and AstraZeneca have looked to build their own IT teams. There has been a shift towards in-sourcing by U.S. firms over the past three years in the manufacturing sector and also in specific areas of high IP value in companies. The desire has been to keep vital IP and know-how within the company.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

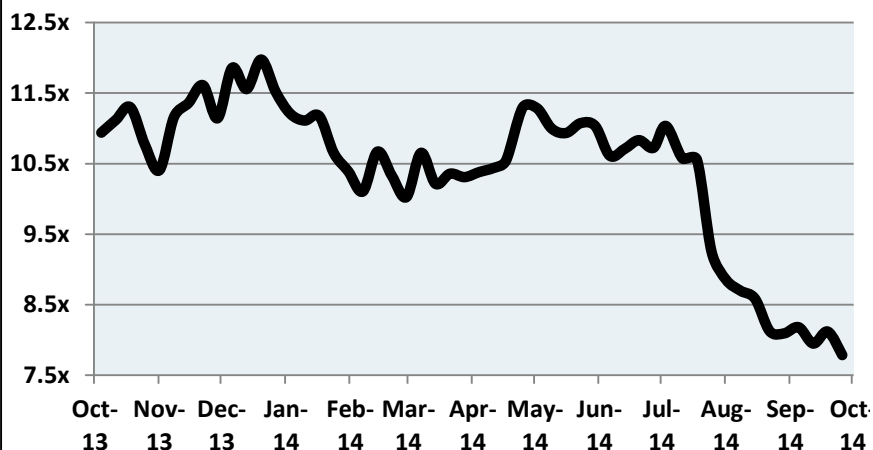
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-09-23	China Information Technology Inc.	Shenzhen Biznest Internet Software Co. Ltd.	15.0
2014-09-22	TTM Technologies Inc.	Viasystems Group Inc.	926.8
2014-09-05	Yandex	Any Void	-
2014-09-03	Teradata Coporation	Think Big Analytics Inc.	-
2014-08-26	Facebook	WaveGroup Sound	-
2014-08-22	Google Inc.	Gecko Design Inc.	-
2014-08-13	3D Systems Inc.	American Precision Prototyping LLC	-
2014-07-10	Sparton Corporation	Electronic Manufacturing Technology LLC	18.5
2014-07-09	Teleperformance SA	Aegis USA Inc.	610.0
2014-07-08	Blackboard Inc.	Perceptis	-
2014-07-07	ExlService Holdings Inc.	Blue Slate Solutions	6.2

# 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International Inc.	\$49.35	\$6,765.9	\$6,459.5	1.5x	13.4x
ManpowerGroup Inc.	\$71.97	\$5,737.6	\$5,628.0	0.3x	7.1x
On Assignment Inc.	\$26.99	\$1,470.3	\$1,816.3	1.0x	10.7x
Kforce Inc.	\$19.70	\$645.0	\$726.4	0.6x	11.2x
CDI Corp.	\$14.98	\$293.8	\$263.9	0.2x	7.7x
Computer Task Group Inc.	\$11.22	\$206.8	\$175.1	0.4x	7.0x
Hudson Global, Inc	\$3.78	\$124.8	\$109.6	0.2x	NM
RCM Technologies Inc.	\$7.44	\$93.3	\$81.7	0.4x	7.9x
Mastech Holdings, Inc.	\$10.72	\$46.2	\$44.9	0.4x	7.3x
<b>Median:</b>	<b>\$14.98</b>	<b>\$293.8</b>	<b>\$263.9</b>	<b>0.4x</b>	<b>7.8x</b>

### SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 7.8x EBITDA (based on Enterprise Value) at the closing of Q3.
- A Staffing Industry Analysis report projects 2015 to be another solid year for the IT temporary staffing market, with 7% revenue growth to a market size of \$27.8 billion (24% of the overall temporary staffing market). Nevertheless, it is estimated that in 2015 the IT temporary staffing market will remain below its peak in 2000, when adjusted for inflation.
- Human resources professionals and hiring managers in the information technology sectors expect the pace of business growth to accelerate in the year ahead and plan to increase their hiring of IT professionals as a result.
- Robert Half International Inc. reported revenue in Robert Half Technology, its IT staffing division, rose 11% percent in the third quarter to \$150.2 million. Its CEO remain bullish on the technology staffing market and believes it is still a candidate-driven market for which you need more recruiters.
- Curate Partners, a Boston-based IT consulting and staffing firm, was launched in September by Daniel Foley and Ron Fuccillo, two former Randstad executives. Curate targets the data management sector with four primary offerings: big data, cloud based data, security, and mobility.
- IKYA Group, the fourth-largest staffing firm in India, struck a deal to acquire Canadian IT and engineering staffing firm Brainhunter, subject to statutory and regulatory approvals. The purpose of the acquisition is to help IKYA position itself as a global IT staffing and technology solutions group, with a strong footprint in the North American market.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

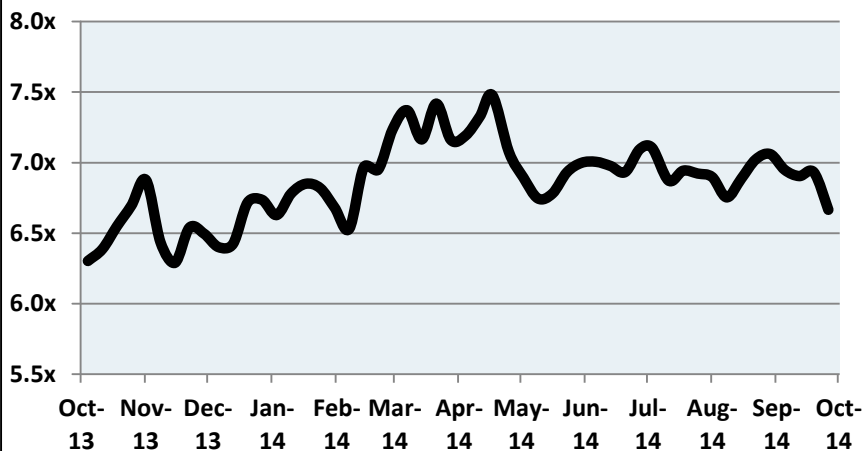
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-09-29	Outsource UK Limited	Creativesrus Ltd	-
2014-09-18	IKYA Group	Brainhunter Inc.	-
2014-09-16	Seven Step RPO	Blue Glue Ltd.	-
2014-08-08	Compunnel Software Group Inc.	MindTrust Consulting Services Inc.	-
2014-07-02	Davidson Recruitment	ITCOM Australia Pty. Ltd.	-
2014-07-01	Advantage One Group	MakeMyJob.com	-

# 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 09/30/14	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Avnet, Inc.	\$42.13	\$5,824.2	\$6,974.2	0.3x	6.9x
Ingram Micro Inc.	\$25.96	\$4,039.5	\$4,673.5	0.1x	6.7x
Insight Enterprises Inc.	\$22.34	\$915.3	\$792.9	0.2x	4.4x
ALSO Holding AG	\$55.96	\$717.4	\$1,000.3	0.1x	6.5x
PC Connection, Inc.	\$22.20	\$582.2	\$521.9	0.2x	7.2x
ePlus inc.	\$55.13	\$413.6	\$509.4	0.5x	6.6x
PCM, Inc.	\$10.40	\$128.7	\$204.3	0.1x	6.5x
Emtec, Inc.	\$0.90	\$15.3	\$40.0	0.2x	8.7x
<b>Median:</b>	<b>\$24.15</b>	<b>\$649.8</b>	<b>\$657.4</b>	<b>0.2x</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 Q3.
- HP recently announced plans to split the company into two publicly held firms. HP Inc. would be focused on personal computing / printing while HP Enterprise will focus on corporate computing, software, infrastructure and services. It is too early to tell what this means for HP VARs but channel partners in general seem to have a positive reaction and believe this move could mean additional opportunities.
- Avnet in September announced that it is rolling out across the United States and Canada a Cisco SAP HANA offering with the latest generation of Intel Core Processors. The solution is being sold exclusively through Avnet and harnesses the power of in-memory computing to provide server, networking and storage capabilities.
- Ingram Micro experienced rapid growth in the handset distribution business in Latin America according to CFO William Humes. The CFO also said that Ingram Micro experienced strong revenue growth in both the Brazilian and Mexican operations. In Latin America, the company generated revenues of US\$ 525 million in the third quarter, increasing 17% in US dollars and 19% in local currency.
- PC Connection saw record breaking quarterly results and much of the growth in sales for were driven by strong activity in state and education markets. However, research firm IDC predicts a 7% decline in the education market in 2015.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2014-08-14	Zensar Technologies Inc.	Professional Access Incorporated	-
2014-08-13	Crayon Group	Kryptos Networks Pvt Ltd.	-
2014-08-01	Exclusive Networks Group	WhiteGold Solutions Pty Ltd.	-
2014-07-28	K3 Business Technology Group plc	Retail Technology Ltd.	1.0
2014-07-18	ENABIL Solutions	Tarshan LLC	-
2014-07-17	Ricoh Korea	Future Tech Co. Ltd.	-
2014-07-14	Divvy LLC	Value Recovery Services (Online and Direct Sales Divisions)	-
2014-07-11	Vodafone Netherlands	Nexct Group BV	-
2014-07-01	BlueMetal Architects	Jornata LLC	-

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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