

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended September 30, 2016 and the Latest Twelve Months

Q3 | 16

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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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
salesforce.com, inc.	\$71.33	\$48,326.1	\$49,666.8	6.6x	88.8x
Workday, Inc.	\$91.69	\$18,338.0	\$16,790.9	12.4x	NM
Red Hat, Inc.	\$80.83	\$14,638.0	\$14,037.0	6.3x	36.7x
NetSuite Inc.	\$110.69	\$8,985.5	\$8,863.8	10.5x	NM
The Ultimate Software	\$204.39	\$5,914.6	\$5,826.3	8.3x	87.8x
athenahealth, Inc.	\$126.12	\$4,962.0	\$5,122.3	5.1x	60.0x
Ellie Mae, Inc.	\$105.30	\$3,512.9	\$3,423.9	11.5x	63.7x
Medidata Solutions, Inc.	\$55.76	\$3,200.6	\$3,138.6	7.5x	61.3x
Cornerstone OnDemand,	\$45.95	\$2,570.1	\$2,537.2	6.5x	NM
RealPage, Inc.	\$25.70	\$2,062.8	\$2,140.3	4.2x	31.3x
Ebix Inc.	\$56.85	\$1,846.6	\$2,009.3	7.2x	19.2x
Evertz Technologies	\$12.78	\$948.0	\$856.0	2.9x	10.7x
LivePerson Inc.	\$8.41	\$485.9	\$433.6	1.9x	28.0x
Trakm8 Holdings PLC	\$2.60	\$84.5	\$86.0	2.6x	16.0x
Median:	\$64.09	\$3,356.7	\$3,281.2	6.6x	36.7x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.6x revenue (based on Enterprise Value) at the closing of Q3.
- Oracle's announcement of its acquisition of Netsuite will be the largest SaaS transaction in history. Buying NetSuite not only strengthens Oracle's cloud position in ERP and e-commerce, but also helps immediately with its midmarket strategy. The companies' product sets can easily coexist in the market for at least the next decade.
- While expensive, Oracle's purchase of NetSuite promises to be a worthwhile move. Oracle gobbles up a clear leader in SaaS among midmarket firms. On the other side, NetSuite needed to bolster its competitive stance against Microsoft, and it can now tap into Oracle's global scale and reach to accelerate the availability of new verticals and partner options. However, the acquisition does not give Oracle any CRM depth to vie with market leader Salesforce.
- Google's acquisition of Speaktot, a speech recognition API SaaS, could have a significant impact on the emerging bots, personal assistant (PA) and Internet of Things (IoT) ecosystems according to 451 research.
- BetterBuys projects the SaaS Industry to grow from \$12 billion of yearly SaaS expenditures in 2016 to \$55 billion by 2026. The industry is expected to continue its trend towards vertical-specific SaaS solutions, micro-targeting business needs and development tools.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced	Date	Acquirer Name	Target Name	Enterprise Value (\$m)
	2016-09-26	Vista Equity Partners Management LLC	GovDelivery Inc. [Actua Corporation]	153.0
	2016-09-07	HMS Holdings Corp	Essette	20.0
	2016-09-01	Ve Interactive Ltd.	Optomaton	5.7
	2016-09-01	Paysafe Group Plc.	Ecom Access (digital marketing assets)	30.0
	2016-08-09	Echo Inc. [HealthStream Inc.]	Morrisey Associates Inc.	48.0
	2016-08-09	EQT AB	Press Ganey Associates Inc.	2,350.0
	2016-08-08	Ideagen plc	Covalent Software Limited	4.8
	2016-08-04	Guidewire Software Inc.	FirstBest Systems Inc.	34.0
	2016-08-01	Planview Inc. [Insight Venture Partners]	Innotas Inc.	80.0
	2016-07-28	Oracle Corporation	NetSuite Inc.	9,173.0
	2016-07-21	Monotype Imaging	Olapic Inc.	130.0
	2016-07-11	eBay Inc.	SalesPredict	40.0

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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet Inc.	\$804.06	\$552,602.7	\$472,733.5	5.8x	17.6x
Amazon.com, Inc.	\$837.31	\$396,946.5	\$398,266.5	3.3x	39.0x
Facebook, Inc.	\$128.27	\$368,348.4	\$345,055.4	15.6x	31.2x
The Priceline Group Inc.	\$1,471.49	\$72,731.3	\$75,618.0	7.7x	20.4x
Netflix, Inc.	\$98.55	\$42,251.3	\$42,790.2	5.6x	NM
Yahoo! Inc.	\$43.10	\$41,021.8	\$35,939.4	7.3x	NM
eBay Inc.	\$32.90	\$37,144.7	\$38,112.7	4.3x	12.4x
LinkedIn Corporation	\$191.12	\$25,749.4	\$23,615.9	6.9x	NM
IAC/InterActiveCorp	\$62.47	\$4,971.3	\$5,474.3	1.7x	14.3x
Pandora Media, Inc.	\$14.33	\$3,310.8	\$3,261.1	2.5x	NM
Cimpress N.V.	\$101.18	\$3,200.2	\$4,011.2	2.2x	17.4x
Groupon, Inc.	\$5.15	\$2,959.1	\$2,407.1	0.8x	NM
WebMD Health Corp.	\$49.70	\$1,843.0	\$1,867.2	2.8x	11.4x
RealNetworks Inc.	\$4.46	\$164.1	\$85.3	0.7x	NM
Median:	\$80.51	\$31,447.1	\$29,777.7	3.8x	17.5x

SECTOR HIGHLIGHTS

- The median Internet Software & Services index was trading at 3.8x revenue (based on Enterprise Value) at the closing of Q3.
- After recording its biggest sales day in history at its 2nd “Prime Day”, Amazon has begun experimenting with new delivery methods to meet demand. Amazon unveiled its first branded cargo plane in August and has partnered with the UK government to test drones for delivery across Britain's rural and suburban areas.
- Yahoo released news on a data breach of 500 million user accounts shortly after Verizon announced it’s \$5 billion acquisition of Yahoo in July. The breach is one of the largest cybersecurity breaches ever, with Yahoo now under investigation for knowledge concealment. The acquisition’s closing status is now uncertain, with Verizon reportedly contemplating either abandoning the deal or seeking a renegotiation of deal terms.
- According to Machina Research, the IoT industry is expected to grow from \$750 billion in revenue in 2016 to \$3 trillion in revenue by 2025. The chief concern regarding IoT growth remains security, with novelty, complexity, and reliance on third parties driving this concern.
- Facing a saturated home market in the US, coupled with slow expansion internationally, Netflix has faced disappointing numbers in 2016, with net new streaming members in Q2 2016 down from Q2 2015. Recently, Netflix has been rumored to be on the market, with Disney and Apple as potential suitors.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

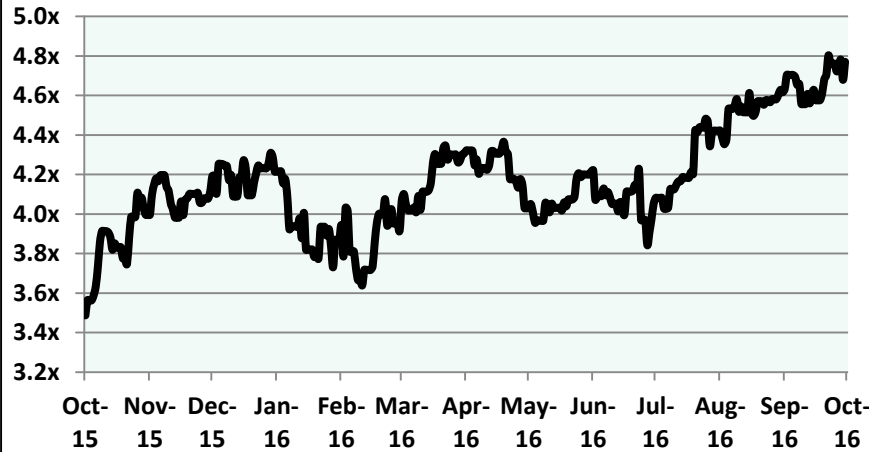
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-09-30	Huafon Microfibre	SwiftPass	269.4
2016-09-08	Google Inc.	Apigee Corporation	561.8
2016-08-29	Engage:BDR Inc.	Tiveo, LLC	7.4
2016-08-25	Ascential plc	Onedickretail.com	225.0
2016-08-18	John Wiley & Sons	Atypion Systems Incorporated	120.0
2016-08-08	Wal-Mart	Jet.com	3,300.0
2016-08-02	Takeaway.com	JUST EAT plc, Benelux Businesses	25.3
2016-07-30	Besttone Holding Co	E-surfing Media Co	292.2
2016-07-25	Verizon Communications Inc.	Yahoo! Inc., Operating Business	4,825.8
2016-07-21	Nuance Communications, Inc.	TouchCommerce, Inc.	215.1
2016-07-18	Beijing Kunlun Tech Co., Ltd.	Opera Software ASA, Certain Parts of Consumer Business	575.0
2016-07-01	Thoma Bravo, LLC	TRADER Corporation	1,220.0

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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft Corporation	\$57.60	\$448,848.9	\$389,793.9	4.6x	14.3x
Oracle Corporation	\$39.28	\$161,269.5	\$147,326.5	4.0x	10.1x
IBM	\$158.85	\$151,835.9	\$185,899.9	2.3x	10.3x
SAP SE	\$91.41	\$109,531.6	\$114,164.9	4.8x	16.9x
Dassault Systèmes SE	\$86.81	\$22,079.9	\$20,261.3	6.2x	23.8x
Autodesk, Inc.	\$72.33	\$16,049.5	\$15,473.8	6.7x	NM
Constellation Software Inc.	\$450.60	\$9,548.8	\$9,659.1	4.9x	20.9x
Amdocs Limited	\$57.85	\$8,553.2	\$7,428.3	2.0x	10.6x
Ansys, Inc.	\$92.61	\$8,077.4	\$7,233.7	7.5x	16.4x
Tyler Technologies, Inc.	\$171.23	\$6,222.6	\$6,293.6	9.3x	45.5x
PTC Inc.	\$44.31	\$5,093.7	\$5,565.8	4.8x	33.4x
Manhattan Associates, Inc.	\$57.62	\$4,125.9	\$4,030.7	6.8x	21.5x
NICE Ltd.	\$66.84	\$4,038.1	\$3,637.7	3.7x	15.5x
Blackbaud Inc.	\$66.34	\$3,079.7	\$3,466.4	5.1x	30.5x
Verint Systems Inc.	\$37.63	\$2,376.0	\$2,765.4	2.6x	23.7x
Stratasys Ltd.	\$24.09	\$1,257.9	\$1,006.4	1.5x	40.4x
QAD Inc.	\$22.38	\$424.6	\$296.0	1.1x	34.5x
Median:	\$66.34	\$8,077.4	\$7,233.7	4.8x	21.2x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 4.8x revenue (based on Enterprise Value) at the closing of Q3.
- Transparent Market Research projects the Enterprise Mobility Market to grow at a CAGR of 24.7% by 2022, with a projected US\$510m market valuation by 2022.
- According to Synergy Research Group, Microsoft has become the world’s largest provider of enterprise software as a service, surpassing Salesforce with 15% of worldwide enterprise SaaS revenue.
- BlackBerry has ended all internal hardware development, shifting its focus to Enterprise Mobility Management. After acquiring Good Technology in 2015, BlackBerry became the 2nd largest player in the industry, trailing only VMWare.
- After strengthening its Enterprise Services segment in May via a joint merger with CSC, HPE has sold off its software sector to Micro Focus for \$8.8 billion, including a 50.1% ownership of the combined company by HPE shareholders.
- Apple has partnered with Deloitte to collaborate on a new product called “EnterpriseNext”, designed to make it easier for businesses to build custom apps for their employees.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

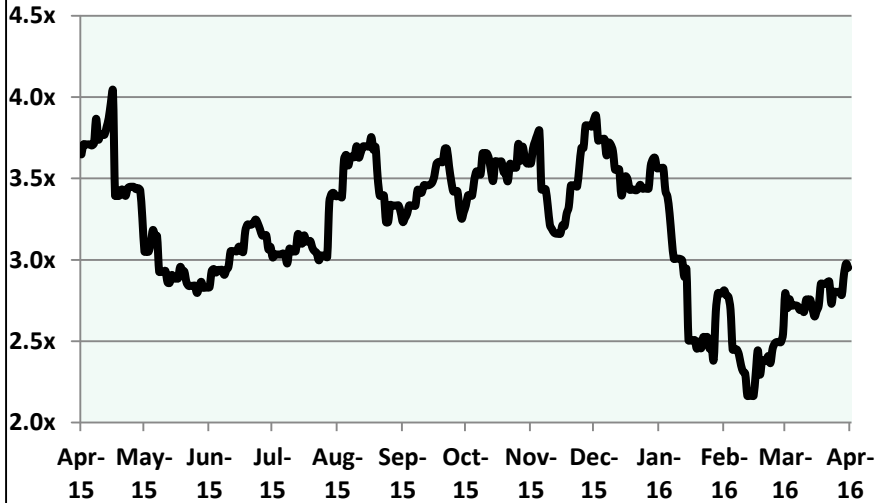
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-09-12	Atos SE	Anthelio Healthcare Solutions Inc. [Actis]	275.0
2016-09-12	OpenText Corporation	EMC Corporation [Dell] (Enterprise Content Division)	1,620.0
2016-08-31	Blackhawk Network Holdings Inc.	Grass Roots Group Holdings Ltd.	118.0
2016-08-31	Genesys Telecommunications Laboratories	Interactive Intelligence Inc.	1,355.5
2016-08-29	Nutanix Inc.	PernixData Inc.	25.3
2016-08-22	Loblaw Companies Limited	QHR Technologies Inc.	132.7
2016-08-09	EQT AB	Press Ganey Associates Inc.	2,350.0
2016-08-05	Zeta Interactive Corp.	Axiom Corporation	22.0
2016-08-03	Vector Capital	Sizmek Inc. [fka MediaMind Technologies]	85.2
2016-08-01	Salesforce	Quip Inc.	410.0
2016-07-21	Monotype Imaging	Olapic Inc.	130.0
2016-07-21	Nuance Communications Inc.	TouchCommerce Inc.	215.0
2016-07-01	Honeywell International	Intelligrated Inc.	1,500.0

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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tableau Software, Inc.	\$55.27	\$4,111.9	\$3,277.1	4.4x	NM
Pegasystems Inc.	\$29.49	\$2,249.8	\$2,112.3	2.9x	22.4x
MicroStrategy Inc.	\$167.44	\$1,914.0	\$1,363.9	2.6x	10.6x
PROS Holdings, Inc.	\$22.61	\$687.1	\$661.0	4.2x	NM
Datawatch Corporation	\$7.41	\$88.0	\$59.2	2.0x	NM
Median:	\$29.49	\$1,914.0	\$1,363.9	2.9x	16.5x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 2.9x revenue (based on Enterprise Value) at the closing of Q3.
- Gartner predicts the worldwide Business Intelligence and Analytics Market to Reach \$16.9 Billion in 2016. These changes are fueled by the final stages of a multiyear shift from IT-led reporting to business-led, self-service analytics.
- There is a continued demand in the BI market place for visualization tools that allow organizations to manipulate and visualize data easily across all business functions. Tableau and TIBCO have emerged as leaders in this market.
- Salesforce strengthened its Salesforce Analytics Cloud, acquiring BeyondCore for \$110 million. BeyondCore offers advanced analytic capabilities and extensive smart data discovery for Salesforce, continuing their investment in the BI space.
- IBM has unveiled Project DataWorks, a Watson-based supercomputing cloud service that integrates various data types and applies artificial intelligence to decision making. The project, part of IBM’s cloud platform Bluemix, classifies data into one universal format, making the enterprise data preparation stage significantly faster.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-09-22	Unmanned Innovation Inc. [dba Airware]	Redbird SAS	
2016-09-20	Greenwave Systems	Predixion Software	
2016-09-14	IRESS Ltd.	INET BFA [Media24 [Naspers]]	10.4
2016-09-07	McKinsey & Company Inc.	PriceMetrix Inc.	
2016-09-06	Vista Equity Partners Management LLC	Regulatory DataCorp Inc.	
2016-08-25	Ascential PLC	One Click Retail	44.0
2016-08-17	SAI Global Limited	Modulo International LLC	
2016-08-15	salesforce.com Inc.	BeyondCore Inc.	110.0
2016-08-10	Palantir Technologies Inc.	Silk	
2016-08-01	X.commerce Inc.	RJMetrics Inc.	
2016-07-21	Nuance Communications Inc.	TouchCommerce Inc.	215.0

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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Symantec Corporation	\$25.10	\$15,622.7	\$12,708.7	3.6x	13.6x
Red Hat, Inc.	\$80.83	\$14,638.0	\$14,037.0	6.3x	36.7x
Check Point Software	\$77.61	\$13,308.3	\$11,981.5	7.1x	13.9x
Citrix Systems, Inc.	\$85.22	\$13,271.0	\$13,249.7	3.9x	13.7x
F5 Networks, Inc.	\$124.64	\$8,251.2	\$7,440.5	3.8x	12.7x
Trend Micro Inc.	\$34.66	\$4,757.7	\$3,530.3	2.9x	9.2x
CommVault Systems, Inc.	\$53.13	\$2,360.2	\$1,950.0	3.2x	NM
Progress Software	\$27.20	\$1,318.6	\$1,222.8	3.1x	11.9x
VASCO Data Security	\$17.61	\$700.1	\$564.3	2.7x	20.6x
Radware Ltd.	\$13.74	\$601.2	\$379.5	1.9x	38.6x
Magic Software	\$7.13	\$316.3	\$247.6	1.3x	7.8x
Guidance Software, Inc.	\$5.96	\$192.5	\$179.4	1.7x	NM
Allot Communications Ltd.	\$5.27	\$173.9	\$57.5	0.6x	NM
BSQUARE Corp.	\$4.92	\$60.3	\$33.4	0.3x	8.7x
Median:	\$26.15	\$1,839.4	\$1,586.4	3.0x	13.6x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.0x revenue (based on Enterprise Value) at the closing of Q3.
- The market for Cloud Infrastructure as a service has consolidated significantly around Amazon Web Services and Microsoft Azure. Market concentration is not expected to change significantly through 2018, with price differentiation acting as the main driver determining market share.
- The Cloud Infrastructure as a Service market is becoming increasingly entangled with the Platform as a Service market, with IaaS providers offering middleware and other software infrastructure capabilities as a service, as well as services that provision and orchestrate application containers.
- Oracle unveiled its second generation of cloud infrastructure at its OpenWorld conference in San Francisco. Oracle's Dence IO Shape, a VM type, offers 10x the input-output capacity of Amazon Web Services. Oracle hopes to leverage the infrastructure capabilities to further penetrate the cloud infrastructure market.
- Grand View Research projects the HCI market to reach \$14 billion by 2024. The industry is expected to undergo tremendous growth, with increased demand for IT operational efficiency, reduced IT costs, and improved data protection driving this growth.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-09-28	SourceHOV LLC	TransCentra Inc.	
2016-09-27	QUADROtech Solutions	Cogmotive Ltd	
2016-09-20	CA Technologies	BlazeMeter	60.0
2016-09-14	Citrix Systems Inc.	Norskale France SAS	
2016-09-02	ALA Services LLC	Adaptive Computing Enterprises Inc.	
2016-09-01	SolarWinds Inc.	AppNeta	
2016-08-29	Nutanix Inc.	Calm.io	9.0
2016-07-28	Riverbed Technology Inc. [Thoma Bravo]	Aternity [fka Gelion Networks]	55.0
2016-07-26	A10 Networks Inc.	Appcito	6.5
2016-07-25	HyperGrid	DCHQ Inc.	
2016-07-21	salesforce.com	Coolan Inc.	
2016-07-14	Amazon Web Services Inc.	Cloud9 IDE Inc.	

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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture plc	\$122.17	\$76,056.0	\$71,808.8	2.2x	13.0x
Cap Gemini S.A.	\$97.99	\$16,592.4	\$19,304.7	1.4x	11.1x
NTT Data Corporation	\$49.67	\$13,931.5	\$14,724.5	0.9x	5.9x
Atos SE	\$107.82	\$11,300.6	\$11,335.6	0.9x	6.9x
Booz Allen Hamilton	\$31.61	\$4,695.7	\$6,124.1	1.1x	12.0x
CACI International Inc.	\$100.90	\$2,454.2	\$3,882.9	1.0x	11.6x
Sopra Steria Group	\$117.41	\$2,330.2	\$3,177.3	0.8x	9.7x
ManTech International	\$37.69	\$1,441.1	\$1,401.0	0.9x	11.5x
ICF International Inc.	\$44.32	\$840.9	\$1,147.9	1.0x	10.5x
Perficient Inc.	\$20.15	\$727.5	\$754.0	1.6x	12.7x
The Hackett Group, Inc.	\$16.52	\$471.8	\$477.7	1.9x	14.7x
NCI, Inc.	\$11.57	\$156.2	\$163.2	0.5x	5.6x
Edgewater Technology	\$8.50	\$104.7	\$98.9	0.8x	12.4x
Ciber, Inc.	\$1.15	\$93.4	\$123.0	0.2x	NM
Median:	\$41.01	\$1,885.7	\$2,289.1	0.9x	11.5x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 11.5x EBITDA (based on Enterprise Value) at the closing of Q3.
- The global information technology (IT) services market is forecasted to grow at a CAGR of 5.6% during the period 2016-2020. The need to focus on core competencies and improve efficiency fuels this growth, with firms outsourcing IT functions to improve operational efficiencies.
- Recent transitions from packaged-solution implementations towards as-a-service solutions have disrupted the IT Services industry. Gartner predicts that \$1 trillion in IT Spending will be affected due to the transition to the cloud by 2020, resulting in a necessity for IT Services companies to adapt with this change.
- After acquiring Presidio, the \$3 billion-plus solution provider powerhouse in 2015, Apollo is eyeing a potential initial public offering for the company. If listed, the listing could value Presidio at \$2 billion, fueled primarily by its rapid growth over the past 4 years.
- Atos has bought Dallas-based Anthelio Healthcare Solutions, an IT services company for hospitals, in a \$275 million deal. Atos hopes for the deal to broaden its reach in the healthcare IT realm, with the acquisition doubling their healthcare services revenue in North America.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-09-30	Converged Communication Solutions	Century Business Systems	0.7
2016-09-29	NCC Group Plc	Payment Software Company Inc.	15.0
2016-09-23	Beijing Shiji Information Technology	eFuture Information Technology	33.7
2016-09-09	Accenture Ltd.	New Energy Group	
2016-09-09	Midwich Limited	Holdan Limited	10.6
2016-08-29	H.I.G. Capital LLC	TERACAI Corporation	
2016-08-25	Nintendo Co.	JESNET Ltd.	46.5
2016-08-24	ManpowerGroup Inc.	CIBER Inc.	7.0
2016-08-22	ABC Data SA	S4E S.A.	5.2
2016-08-22	ZetaDisplay AB	Pronto TV	9.2
2016-07-28	Avnet Inc.	Premier Farnell plc	906.5
2016-07-06	Columbus A/S	Client Strategy Group	5.1

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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy Services	\$36.49	\$71,901.5	\$67,894.1	4.0x	14.5x
Automatic Data	\$88.20	\$40,075.9	\$38,869.0	3.3x	15.3x
Infosys Limited	\$15.55	\$35,548.0	\$30,801.7	3.1x	11.3x
Cognizant Technology	\$47.71	\$28,957.1	\$25,384.7	2.0x	9.8x
Wipro Ltd.	\$7.17	\$17,610.0	\$14,741.0	1.9x	9.0x
CGI Group Inc.	\$47.61	\$14,362.5	\$15,637.2	1.9x	11.3x
Computer Sciences Corporation	\$52.21	\$7,331.7	\$9,835.7	1.4x	10.6x
DST Systems Inc.	\$117.92	\$3,846.6	\$4,506.6	1.6x	10.0x
Syntel, Inc.	\$41.91	\$3,520.6	\$2,519.8	2.5x	8.6x
CSG Systems International	\$41.33	\$1,337.0	\$1,470.0	1.9x	8.9x
Unisys Corporation	\$9.74	\$487.8	\$459.5	0.2x	2.3x
Median:	\$41.91	\$14,362.5	\$14,741.0	1.9x	10.0x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 10x EBITDA (based on Enterprise Value) at the closing of Q3.
- Bloomberg projects that slowing growth in the west, increasing engineering salaries in India, and a gradual shift towards cloud computing are expected to cause an operational shift in business models for IT outsourcing firms. Companies such as Infosys have started preparing for this shift, training their employees in strategies such as “design thinking”.
- Cognizant has revealed an internal investigation into possible violations of U.S. anti-corrupt practices laws related to payments in India, resulting in the resignation of Cognizant president Gordon Coburn.
- A research study by Deloitte has revealed that IT Outsourcing is transitioning towards more than just a cost-cutting tool for top business executives. Businesses are viewing service providers as key business enablers, where they are being perceived as a source of innovation that facilitates transformation.
- MRRSE forecasts the Healthcare IT Outsourcing market to reach \$61.2 billion by 2023. The infrastructural development of the global medical healthcare industry, increasing demand for cost-efficient IT administrative services, and the rising number of government initiatives are drivers for this growth.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-09-15	PwC	Selera Labs	
2016-09-12	Moschip Semiconductor Technology	Maven Systems Pvt.	
2016-08-29	Corporate Psychology Resources Inc.	Purpleframe Technologies	
2016-08-17	lksula	Blistering Solutions	
2016-08-04	Penn National Gaming Inc.	Rocket Games Inc.	60.0
2016-08-02	William Hill PLC	Grand Parade Limited	18.0
2016-07-29	Keywords Studios Plc	Volta Creation	4.0
2016-07-20	Altran Technologies SA	Lohika	
2016-07-19	Predictive Inc.	2338 Technologies Inc.	
2016-07-11	SYNNEX Corporation	Minacs	420.0
2016-07-11	Resonant Inc.	GVR Trade SA	1.1
2016-07-08	Sparkhound LLC	Bloom Consulting Group	
2016-07-06	Convergys Corporation	buw Group	137.0

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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
ManpowerGroup Inc.	\$72.26	\$4,952.1	\$5,331.0	0.3x	6.5x
Robert Half International	\$37.86	\$4,849.7	\$4,612.1	0.9x	7.2x
On Assignment Inc.	\$36.29	\$1,936.0	\$2,593.2	1.1x	10.1x
Kforce Inc.	\$20.49	\$536.7	\$635.4	0.5x	7.9x
CDI Corp.	\$5.67	\$105.5	\$126.7	0.1x	NM
RCM Technologies Inc.	\$6.63	\$81.5	\$96.2	0.5x	10.4x
Computer Task Group Inc.	\$4.70	\$76.9	\$70.7	0.2x	6.0x
Hudson Global, Inc	\$1.54	\$51.8	\$34.2	0.1x	NM
Mastech Digital, Inc.	\$8.12	\$35.7	\$48.7	0.4x	6.6x
Median:	\$8.12	\$105.5	\$126.7	0.4x	7.2x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 7.2x EBITDA (based on Enterprise Value) at the closing of Q3.
- In today’s candidate-focused market, one-third of tech employers, 32%, would offer a 10% to 15% salary increase in order to attract top talent, according to a new report, "Tech Trends: IT Leaders and the Employment Market," released by Modis, an information technology staffing division of Adecco SA.
- “With the tech sector unemployment rate at 2.6%, the pool of available and skilled talent is smaller than ever,” said Modis President Jack Cullen. “Nearly two-thirds of tech employers are open to offering currently employed candidates a 6-15% increase to their current salary to attract the cream of the crop. Today’s employers need to be open to negotiation and today’s candidates need to be prepared to negotiate.”
- Backed by industry giants Pfizer and GE, HourlyNerd is fusing the on-demand economy with the staffing industry. As a result, it is beginning to eat up some of the short-term opportunities normally snapped up by the staffing industry.
- Almost two-thirds of organizations are facing a shortage of information security skills, according to a recent 451 Research Voice of the Enterprise survey, and security integrators have an opportunity to fill that skills gap with third-party services.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced	Date	Acquirer Name	Target Name	Enterprise Value (\$m)
	2016-09-12	Marlin Equity Partners	QualiTest	
	2016-08-09	Randstad	Monster	429.0
	2016-08-01	AMERI Holdings, Inc.	DC&M Partners LLC	24.2
	2016-08-01	Mitchell Martin, Inc.	Spring Lake Consulting Inc.	
	2016-07-21	Diamond State Ventures	Verrex LLC	
	2016-07-04	TeamLease Staffing Services	ASAP Info Systems Pvt. Ltd.	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 09/30/16	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Ingram Micro Inc.	\$35.66	\$5,336.9	\$5,725.1	0.1x	7.5x
Tech Data Corp.	\$84.71	\$2,983.0	\$2,647.9	0.1x	7.4x
Insight Enterprises Inc.	\$32.55	\$1,154.6	\$1,222.5	0.2x	6.8x
ALSO Holding AG	\$88.13	\$1,129.9	\$1,390.3	0.2x	8.8x
PC Connection, Inc.	\$26.42	\$701.0	\$653.7	0.3x	7.2x
ePlus inc.	\$94.41	\$670.3	\$792.9	0.6x	8.5x
PCM, Inc.	\$21.54	\$251.4	\$372.2	0.2x	12.4x
Median:	\$35.66	\$1,129.9	\$1,222.5	0.2x	7.5x

SECTOR HIGHLIGHTS

- The median VAR index was trading at 7.5x EBITDA (based on Enterprise Value) at the closing of Q3.
- The wireless industry is preparing for the arrival of 5G. Though the first standards for the new wireless technology are at least two years away, telcos, tech companies and governments are already preparing for its deployment.
- Ubiquiti expects to overtake Cisco as the number one provider of managed access points by the end of the year. Last quarter (Q3 FY16), Enterprise accounted for \$71.1 million of the \$167.3 million in total company revenue.
- Demand for hubs and switches are expected to decline in the coming years owing to low demand for wired home networking devices. However, the demand for routers and adapters is expected to increase due to an increase in demand for wireless home networking devices.
- Ingram Micro Inc. announced Vertical Expo Live, a dynamic, online virtual learning environment developed exclusively for channel partners specializing in vertical markets across the United States.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2016-09-26	Accenture Ltd.	DayNine Consulting	
2016-09-22	WestView Capital Partners	Collaborative Solutions	
2016-09-19	Tech Data Corp.	Avnet Inc.	2,600.0
2016-09-15	Accenture Ltd.	OCTO Technology	129.3
2016-09-13	D3 Technologies	PacificAD Inc.	
2016-09-06	Ideagen plc	Logen Ltd.	0.1
2016-08-24	Carolina Wholesale Office Machine Co.	Digitek Computer Products	
2016-08-17	Tiversa	Carmor Holdings Corp.	
2016-08-08	ScanSource Inc.	Intelisis Communications Inc.	83.6
2016-08-02	Ernst & Young LLP	Society Consulting LLC	
2016-07-27	Cornerstone Performance Mgt.	Pmsquare	
2016-07-26	Huron Consulting Group Inc.	Healthcare Services Management Inc.	
2016-07-25	The Marketing Group plc	Ulysses	20.4
2016-07-20	SharkReach Inc.	Mastermind Involvement Marketing	10.4
2016-07-18	Goodway Integrated Industries	S5 Systems	228.1

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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