

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended June 30, 2017 and the Latest Twelve Months

Q2 | 17

1. Market Leader for Mid-Market Technology M&A	3
2. Software	
I. Software as a Service (SaaS)	4
II. Internet Software & Services	5
III. Enterprise Software	6
IV. Business Intelligence Software	7
V. Infrastructure Software	8
3. Services	
I. IT Services	9
II. IT Outsourcing	10
III. IT Staffing	11
IV. Value Added Resellers	12

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.



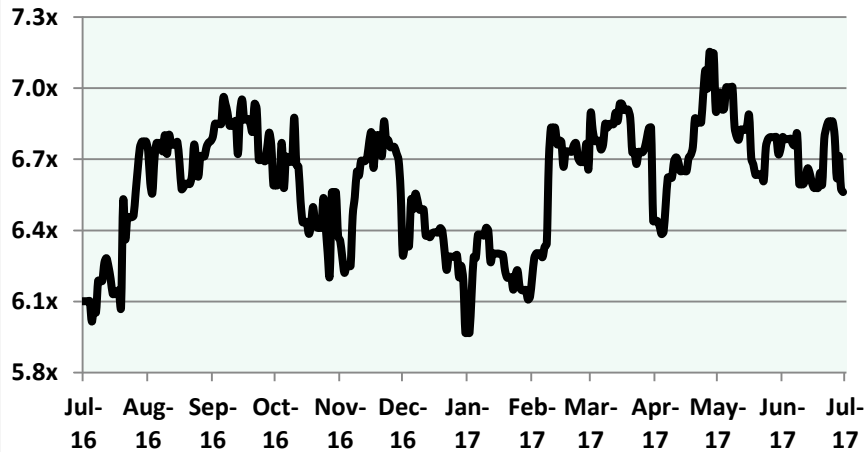
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Software: Software as a Service (SaaS)

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/17	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$86.60	\$60,721.9	\$59,541.6	6.7x	80.6x
Workday	\$97.00	\$19,450.9	\$17,876.5	10.5x	NM
ServiceNow	\$106.00	\$17,617.0	\$17,158.2	11.4x	NM
Red Hat	\$95.75	\$17,458.2	\$16,570.9	6.6x	37.4x
Ultimate Software	\$210.06	\$6,377.5	\$6,302.2	7.7x	96.7x
Athenahealth	\$140.55	\$5,593.9	\$5,779.6	5.2x	33.1x
Medidata Solutions	\$78.20	\$4,488.8	\$4,390.8	9.0x	57.0x
Ellie Mae	\$109.91	\$3,719.4	\$3,326.3	8.8x	38.9x
LogMeIn	\$104.50	\$3,172.3	\$2,906.2	6.5x	NM
RealPage	\$35.95	\$2,835.3	\$2,896.6	4.9x	31.4x
Cornerstone OnDemand	\$35.75	\$2,003.7	\$1,954.0	4.5x	NM
Ebix	\$53.90	\$1,753.3	\$1,951.7	6.4x	16.3x
Evertz Technologies	\$13.08	\$986.2	\$949.5	3.3x	12.2x
LivePerson	\$11.00	\$615.6	\$567.8	2.6x	NM
Median:	\$91.18	\$4,104.1	\$3,858.5	6.6x	37.4x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.6x revenue (based on Enterprise Value) at the closing of Q2.
- BetterCloud reported that 73% of organizations have said that more than 80% of their apps will be SaaS by 2020. This shift is driven by the recurring revenue potential in the SaaS industry, which is projected to generate more than \$112.8 billion in revenue by 2019, according to IDC. As of 2017, over 38% of companies have already moved most of their apps to a SaaS model.
- Microsoft added IoT Central to its IoT offerings, which is a fully managed SaaS built on the Azure cloud. It will lower the barrier of entry for smaller firms entering the IoT space, enabling mid-sized companies to better compete with market leaders.
- Software M&A is experiencing tough times, with purchase value made in 2017 down to less than half the amount in comparable quarters over the past three years. The biggest SaaS acquirers from 2016 have become inactive. Following 12 deals in 2016, Salesforce has made only one deal in 2017 and Oracle's biggest deal in 2017 is only a tenth the size of their NetSuite acquisition in 2016.
- Oracle has continued to develop its CX Cloud Suite, creating applications for the Suite that focus on the customer demanded synthesis of sales, marketing and customer support. The development aligns with Oracle's shifted focus on the SaaS market, as Oracle now has 13,000 SaaS customers, 65% of which never had a relationship with Oracle prior to using the SaaS model.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$M)
2017-06-21	True Wind Capital Management	ARI Network Services	140.0
2017-06-12	ORBCOMM	inthinc Technology Solutions	60.0
2017-05-30	Vista Equity Partners	Xactly	564.0
2017-05-16	Oakley Capital	Technights	49.9
2017-05-04	WILAN	VIZIYA	40.5
2017-04-18	Oracle	Moat	850.0
2017-04-18	SeatGeek	TopTix	56.0
2017-04-07	Coupa Software	Trade Extensions	45.0
2017-04-04	TeleTech	Connexions	80.0
2017-04-03	Blackbaud	AcademicWorks	50.0
2017-04-03	Vector Capital	Experian Information Solutions (cross-channel marketing business)	300.0

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 06/30/17	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$929.68	\$670,055.7	\$581,553.7	6.1x	18.0x
Amazon.com	\$968.00	\$470,690.0	\$456,850.0	3.2x	35.1x
Facebook	\$150.98	\$443,768.0	\$411,462.0	13.6x	25.4x
The Priceline Group	\$1,870.52	\$93,604.1	\$96,494.6	8.8x	29.1x
Netflix	\$149.41	\$65,817.7	\$67,841.9	7.1x	NM
eBay	\$34.92	\$39,346.1	\$41,558.1	4.6x	14.2x
Expedia	\$148.95	\$22,840.4	\$24,226.5	2.7x	18.8x
Snap	\$17.77	\$17,518.7	\$14,276.1	27.7x	NM
Twitter	\$17.87	\$12,683.1	\$10,457.7	4.2x	NM
IAC	\$103.24	\$8,330.3	\$8,646.9	2.8x	NM
Cimpress	\$94.53	\$3,031.8	\$4,040.6	2.0x	30.8x
Groupon	\$3.84	\$2,193.5	\$1,727.4	0.6x	NM
Pandora Radio	\$8.92	\$2,081.9	\$2,226.1	1.6x	NM
Median:	\$103.24	\$22,840.4	\$24,226.5	4.2x	25.4x

SECTOR HIGHLIGHTS

- The median Internet Software & Services index was trading at 4.2x revenue (based on Enterprise Value) at the closing of Q2.
- Amazon continued their efforts to enter the brick and mortar space with their agreement to acquire Whole Foods for \$13.7 billion. Following the announcement, Walmart, in an ongoing effort to compete with Amazon in the e-commerce space, announced plans to acquire online apparel company, Bonobos, for \$310 million.
- The TV industry lost 762,000 subscribers in the first quarter of 2017. In an attempt to gain market share as masses of cable TV users are making the transition to internet TV, Hulu launched their live streaming TV which features 50+ channels. Netflix has reached 100 million subscribers and is experiencing strong growth in the international market.
- Just 8 months after their release, Instagram stories have become more popular than Snapchat stories. Snapchat's stock is now trading below its IPO price, which reflects Snapchat's troubles monetizing its application as well as competing with Instagram.
- With music streaming services such as Spotify and Apple Music continuing to grow, the music industry has undergone a revival after being crippled by an era of illegal downloads. According to RIAA, the streaming music industry claims 51% of the music industry revenue. However, Spotify continues to climb further into debt, hoping to reach profitability through a recent deal with Universal Music Group in time for their quickly approaching IPO date.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2017-06-26	Blackbaud	Giving.com	120.3
2017-06-20	LendingTree	MagnifyMoney.com	39.5
2017-06-19	Apollo Global Management	CareerBuilder.com	483.0
2017-06-19	Teladoc	Best Doctors	440.0
2017-06-16	Wal-Mart	Bonobos	310.0
2017-06-09	Eventbrite	Ticketfly	200.0
2017-05-15	Moodys	Bureau van Dijk	2,450.0
2017-05-10	Eurazeo / Goldman Sachs	Dominion Enterprises	680.0
2017-05-01	HomeAdvisor	Angie's List	505.2
2017-04-18	PetSmart	Chewy	3,350.0
2017-04-17	DoubleU Games	Double Down Interactive	825.0
2017-04-10	Harland Clarke Holdings	RetailMeNot	630.0
2017-04-07	Samsonite International	eBags	105.0

Software: Enterprise Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Enterprise Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/17	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$68.93	\$541,927.7	\$499,917.7	5.7x	16.0x
Oracle	\$50.14	\$211,440.4	\$203,657.4	5.4x	12.9x
IBM	\$153.83	\$146,844.4	\$179,051.4	2.3x	10.1x
SAP	\$101.00	\$121,100.4	\$113,136.4	4.6x	16.4x
Autodesk	\$100.82	\$22,339.2	\$22,019.4	11.0x	NM
Dassault Systemes	\$86.69	\$22,315.5	\$20,360.6	6.0x	27.6x
Ansys	\$121.68	\$10,738.7	\$9,872.2	9.7x	22.0x
Constellation Software	\$498.68	\$10,568.1	\$10,443.1	4.8x	18.8x
Amdocs	\$64.46	\$9,584.2	\$8,634.8	2.3x	12.1x
Tyler Technologies	\$175.67	\$6,853.2	\$6,769.4	8.7x	35.5x
PTC	\$55.12	\$6,361.5	\$6,806.6	6.0x	NM
Blackbaud	\$85.75	\$4,057.4	\$4,399.9	5.9x	33.0x
Manhattan Associates	\$48.06	\$3,429.5	\$3,328.3	5.6x	16.5x
Verint Systems	\$40.70	\$2,550.0	\$2,963.1	2.7x	24.0x
Stratasys Ltd.	\$23.31	\$1,231.1	\$948.1	1.4x	NM
Median:	\$85.75	\$10,568.1	\$9,872.2	5.6x	17.6x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 5.6x revenue (based on Enterprise Value) at the closing of Q2.
- With the potential to be the biggest leveraged buyout since Dell's \$24.4 billion take-private transaction in 2013, BMC Software is bidding on a price to purchase CA, formerly known as Computer Associates. This deal would combine two of the largest providers of information technology management software in the U.S.
- Facebook has disrupted the enterprise software industry with its Facebook Workplace, which launched last Fall and is already being used by companies including Starbucks and the World Wildlife Foundation. Due to the cost of alternative options and millennials rapidly entering the workforce, a familiar interface is quickly attracting many companies to convert to Facebook Workplace.
- Following its \$26 billion acquisition of LinkedIn in 2016, Microsoft has announced major integrations of the professional network into its ERP and CRM suite, embedding these platforms with artificial intelligence insights. Microsoft hopes to leverage the integrations to better compete against Salesforce by addressing the recent demands from enterprise consumers for CRM driven value-added insights.
- The CRM marketplace continues to trend towards cloud deployed solutions. Stemming from the demand for mobile applications in CRM, connected devices continue to play a vital role in the changing industry. Due to the ability of CRM suites to carry out business with ease, demand for CRM systems will continue, with Research and Markets projecting the market to reach \$81.9 billion by 2025.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2017-06-29	SimCorp	APL Italiana	39.4
2017-06-21	Adobe Systems	Mettle (Skybox technology)	
2017-06-20	GANTNER Electronic Austria	Syx Automations NV	
2017-06-05	Solera Holdings	Colimbra Holding	
2017-05-26	Asure Software	iSystems	55.0
2017-05-19	Descartes Systems Group	Z-Firm	14.0
2017-05-19	Emerson Electric	MYNAH Technologies	
2017-05-15	Battery Ventures	Concurrent Real-Time	35.0
2017-04-28	Siemens AG	HaCon Ingenieurgesellschaft	
2017-04-25	TCC Software	Vertex Solutions Group	
2017-04-24	Upland Software	RightAnswers	19.7
2017-04-19	Siemens Healthineers	Medicalis Corp.	
2017-04-13	j2 Global	Script Inc.	

Software: Business Intelligence Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP BI Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/17	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Pegasystems	\$58.35	\$4,696.1	\$4,548.3	5.7x	NM
Tableau Software	\$61.27	\$4,660.2	\$3,705.5	4.3x	NM
MicroStrategy	\$191.67	\$2,213.4	\$1,594.9	3.1x	12.9x
Pros Holdings	\$27.39	\$838.5	\$844.6	5.4x	NM
Datawatch	\$9.30	\$110.8	\$83.0	2.5x	NM
Median:	\$58.35	\$2,213.4	\$1,594.9	4.3x	12.9x

SECTOR HIGHLIGHTS

- The median Business Intelligence index was trading at 4.3x revenue (based on Enterprise Value) at the closing of Q2.
- The evolving capabilities and usability of IoT is leading towards real-time data visualization and analysis, providing more accurate and timely business insights. As IoT capabilities have become machine driven, advanced analytics are no longer solely the responsibility of data scientists, with finance, HR, and marketing professionals now able to rely on BI as well.
- According to PRNewswire, the IoT market is expected to grow from \$170.57 Billion in 2017 to \$561.04 Billion by 2022, owing to the advent of advanced analytics and data processing techniques. In order to capitalize on this growth, tech giants are increasingly entering the IoT space, including Amazon’s QuickSight, IBM’s Watson Analytics Service, and Microsoft’s Cortana-integrated BI suite.
- In 2017, BI is projected to become a top priority for all business organizations as non-technical organizational members draw insights from UX designed BI platforms. Increasingly, businesses are turning to data scientists, who can use machine learning techniques to discover new product trends and patterns of customer behavior and provide predictions for real, data-driven decisions.
- According to Forbes, as software “eats the world”, BI is starting to “eat” software. With Microsoft leading the way, more BI and data analytics tools are making their way into industry/role specific software through APIs, which have enabled workers to get BI insights at any time during daily business operations.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

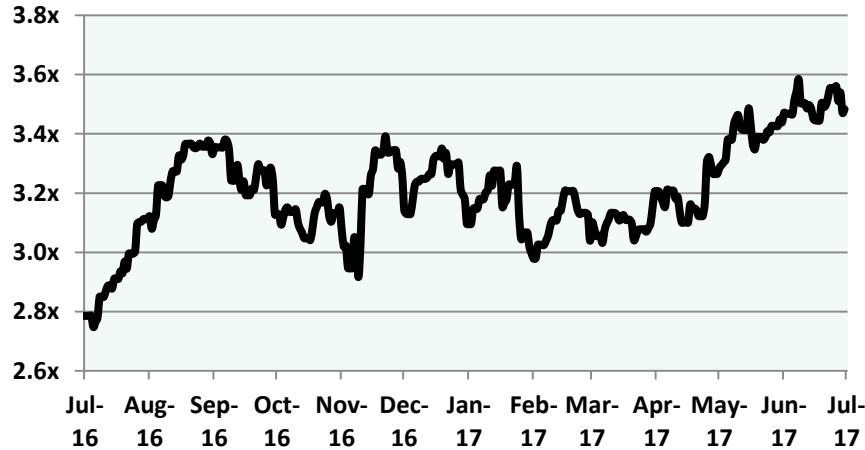
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2017-06-27	Singular	Apsalar	
2017-06-22	Meltwater Group	Infomart	38.3
2017-06-09	Longview Solutions	Tidemark Systems	
2017-06-06	Relias Learning	WhiteCloud Analytics	
2017-05-31	Fractal Analytics	4i	
2017-05-17	Coupa Software	Riskopy	
2017-05-14	Apple	Lattice Data	200.0
2017-05-10	Cinnober Financial Technology	Ancoa Software	
2017-04-28	Thales Group	Guavus	215.0
2017-04-27	Exiger	Outside Intelligence	22.2
2017-04-25	Infor Global Solutions	Birst	75.0
2017-04-03	Sartorius	Umetrics	72.5

Software: Infrastructure Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Infrastructure Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/17	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV/ LTM EBITDA
Check Point Software	\$109.08	\$18,673.8	\$17,205.9	9.7x	19.6x
Symantec	\$28.25	\$17,458.5	\$21,397.5	5.3x	45.0x
Red Hat	\$95.75	\$17,458.2	\$16,570.9	6.6x	37.4x
Citrix Systems	\$79.58	\$12,550.0	\$12,593.5	3.9x	13.6x
F5 Networks	\$127.06	\$8,403.7	\$7,389.0	3.6x	11.6x
Trend Micro	\$51.59	\$7,114.7	\$6,017.2	4.8x	14.1x
CommVault Systems	\$56.45	\$2,631.8	\$2,181.6	3.4x	NM
Progress Software	\$30.89	\$1,505.8	\$1,387.3	3.4x	NM
Radware	\$17.54	\$764.0	\$696.0	3.5x	NM
Vasco Data Security	\$14.35	\$570.9	\$424.9	2.3x	24.2x
Magic Software	\$7.95	\$354.0	\$297.9	1.4x	11.7x
Guidance Software	\$6.61	\$193.4	\$176.8	1.6x	NM
Allot Communications	\$5.11	\$169.2	\$86.8	1.0x	NM
Bsquare	\$5.60	\$69.7	\$38.7	0.4x	NM
Median:	\$29.57	\$2,068.8	\$1,784.4	3.5x	16.9x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.5x revenue (based on Enterprise Value) at the closing of Q2.
- According to O'Reilly, open source software development, infrastructure disruption and re-assembly, machine learning, and customer-first design are part of a perfect storm shaping the next massive digital transformation. As startups continue to up-end leading enterprise players, companies such as IBM and Microsoft have been forced to reinvent themselves in order to stay competitive.
- Business leaders are realizing that the only way to stay competitive with startups is through automation. Infrastructure software has gone through a reinvention, where the main focus has shifted towards automation of repetitive tasks and the bolstering of efficiencies in cybersecurity and internet connectivity.
- Following a massive outage at AWS affecting 54 of the top 100 internet retailers, Amazon has made significant changes to its server outage procedures, creating new safeguards for employee access and altering its service health dashboard to quickly identify outages. To mitigate infrastructure risk, enterprise companies are recognizing the need for multi-cloud solutions, utilizing several solutions together to help eliminate the risks associated with an outage from one IaaS provider.
- Synergy Research Group estimates that the quarterly cloud infrastructure service revenue has now reached almost \$10 billion with growth expected to continue at more than 40% per year. Despite continued market share of 33%, AWS growth has slowed down, rising YoY 43% compared to Microsoft Azure YoY growth of 93%. Google Cloud has also expressed plans to accelerate revenue in the IaaS sector, hoping to leverage artificial intelligence as a competitive advantage.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

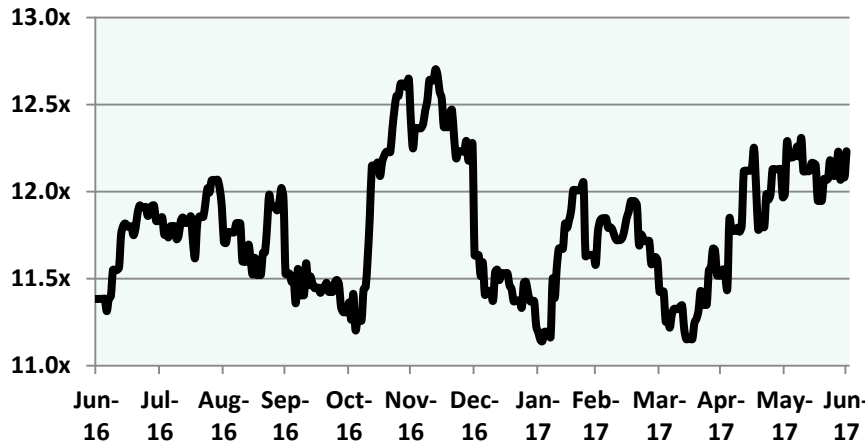
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2017-06-29	Microsoft	Cloudyn	60.0
2017-06-27	Jfrog	CloudMunch	
2017-06-06	Alteryx	Yhat	
2017-06-06	Deloitte	innoWake GmbH	
2017-05-31	HGGC	IDERA	1,125.0
2017-05-25	Red Hat	Codenvy	
2017-05-24	NetApp Inc.	Immersive Partner Solutions	
2017-05-16	Vmware	Apteligent	
2017-05-02	Oakley Capital	Plesk	105.0
2017-05-01	Cisco Systems	Viptela	610.0
2017-04-17	Oracle	Wercker	

Services: IT Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Services Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/17	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$123.68	\$81,910.4	\$79,262.5	2.2x	14.3x
Capgemini	\$99.93	\$17,895.5	\$19,525.3	1.5x	13.0x
NTT Data	\$11.14	\$15,621.1	\$19,197.6	1.3x	8.2x
Atos	\$135.74	\$14,153.5	\$14,069.1	1.1x	10.6x
CDW	\$62.53	\$10,281.5	\$13,310.3	0.9x	12.3x
Booz Allen Hamilton	\$32.54	\$4,889.9	\$6,335.8	1.1x	11.9x
CACI International	\$125.05	\$3,126.4	\$4,353.1	1.0x	11.7x
Sopra Steria Group	\$154.35	\$3,101.3	\$3,668.9	0.9x	11.2x
ManTech International	\$41.38	\$1,598.9	\$1,507.3	0.9x	12.2x
ICF International	\$47.10	\$914.6	\$1,182.2	1.0x	10.6x
Perficient	\$18.64	\$648.6	\$676.2	1.4x	14.3x
The Hackett Group	\$15.50	\$504.5	\$496.5	1.7x	12.7x
NCI	\$21.10	\$288.7	\$288.9	0.9x	15.8x
Edgewater Technology	\$6.80	\$91.8	\$79.1	0.6x	21.3x
Median:	\$44.24	\$3,113.8	\$4,011.0	1.0x	12.2x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 12.2x EBITDA (based on Enterprise Value) at the closing of Q2.
- CompTIA projects global IT industry growth of 4.1 percent in 2017. If this growth materializes, it will push the global IT industry past the \$3.5 trillion mark by EOY.
- 78% of CIOs interviewed in the global Deloitte CIO survey see alignment of IT to business strategy and performance goals as the top IT capability essential to success. The survey found that as businesses shift their focus towards the customer, it has become increasingly critical for CIOs to spend time examining the business expectations around digital transformations.
- Virtualization Review forecasts the future of IT services to revolve around bundling software and hardware from different vendors into one centralized solution. Although SaaS has aimed to eliminate the bundling approach, it has become impractical for small businesses to purchase and manage SaaS subscriptions from a plethora of different channels at existing prices. In order to create cloud multi-channel solutions that are feasible for small businesses, system integrators will likely focus on negotiating bulk discounts with SaaS providers, enabling these providers to cost-effectively penetrate the small business market.
- According to a 2016 SANS Institute survey of about 500 organizations, 52% of respondents claim to have identified a measurable reduction in risk thanks to threat hunting and 62% plan to increase spending on threat-hunting programs in 2017. After acquiring threat hunting software company i2 in 2011, IBM's prominence in the public sector (80% of national security agencies use it) and now private sector is steadily increasing.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2017-06-26	GTT Communications	Global Capacity Group	160.2
2017-06-08	HTC Global Services	Ciber Inc. (North American and India operations)	93.0
2017-06-07	Accenture	Phase One Consulting Group	
2017-06-07	EQT	DGC One	221.1
2017-06-07	NexusTek	CyberTrails	
2017-05-25	Rackspace US	TriCore Solutions	
2017-05-23	Clayton Dubilier & Rice	Capco	477.0
2017-05-18	Orange	Business & Decision	46.2
2017-05-16	GP Investments Acquisition Corp.	Rimini Street	638.0
2017-05-02	H.I.G. Capital	CONET Technologies	
2017-04-28	CGI Group	Computer Technology 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 6/30/2017	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$36.21	\$71,357.3	\$64,258.1	3.6x	11.6x
Automatic Data	\$102.46	\$46,347.8	\$45,354.8	3.7x	15.4x
Cognizant Technology	\$66.40	\$40,424.3	\$37,359.3	2.7x	13.2x
Infosys	\$15.02	\$34,341.7	\$29,396.9	2.9x	10.8x
Wipro	\$4.02	\$19,601.3	\$16,568.6	2.0x	8.1x
CGI Group	\$48.71	\$15,005.9	\$16,113.5	2.0x	11.1x
DST Systems	\$61.70	\$4,041.4	\$4,511.7	2.9x	7.5x
Syntel	\$16.96	\$1,426.8	\$1,799.4	1.9x	6.7x
CSG Systems	\$40.58	\$1,328.8	\$1,430.3	1.9x	9.6x
Unisys	\$12.80	\$711.1	\$697.3	0.2x	3.1x
Capital Stage	\$6.95	\$710.8	\$2,168.0	12.3x	12.5x
Median:	\$ 36.21	\$ 15,005.88	\$16,113.53	2.7x	10.8x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 10.8x EBITDA (based on Enterprise Value) at the closing of Q2.
- DXC Technology officially opened for business on April 3rd with 170,000 employees and \$26 billion of annual sales after CSC closed its merger with HPE Services. Since the merger, DXC has been active in the M&A market, announcing the acquisition of Microsoft Dynamics 365 integrator Tribridge in early July.
- The health care administration sector contributed US\$12.5B of revenue in 2014 and is projected to rise up to US\$21.5B by 2024. In connection, the demand for healthcare IT outsourcing is also expected to experience robust growth in the care management segment in the coming years.
- According to TMR, the global healthcare IT outsourcing market has registered a significant rise over the last decade. The cost-efficiency these outsourcing solutions offer to healthcare providers, as well as payers, has increased their adoption across the world in the recent times. As companies continue to require a higher level of IT convergence with reduced costs, improved productivity, and a higher level of patient satisfaction, demand will increase substantially over the coming years to meet this need.
- Nasscom projects the India IT Outsourcing market to grow 8% in 2017, driven by demand from global financial services companies and increasing adoption of digital solutions. The sector continues to face uncertainty regarding the issuance of H-1B visas, forcing companies such as Infosys to announce plans to hire Americans at local innovation centers.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2017-06-13	Cognizant	TMG Health	
2017-06-06	Advent International	GMD	37.3
2017-06-01	Deloitte	Market Gravity	
2017-06-01	Globant	PointSource	15.5
2017-05-22	Partners Group	SPI Global	330.0
2017-05-15	Accenture	Media Hive	
2017-05-09	Apollo Global Management	West Corporation	5,100.0
2017-05-09	Hackett Group	Aecus Limited	4.1
2017-05-04	Cisco Systems	Saggezza	
2017-04-18	Microsoft Corporation	Intentional Software Corp	
2017-04-05	Dover Corporation	Caldera Graphics SAS	37.3

Services: IT Staffing

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Staffing Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/17	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
ManpowerGroup	\$111.65	\$7,762.5	\$7,958.4	0.4x	9.7x
Robert Half International	\$47.93	\$6,127.3	\$5,868.1	1.1x	9.6x
On Assignment	\$54.15	\$2,904.5	\$3,497.6	1.4x	13.6x
Kforce	\$19.60	\$508.5	\$641.4	0.5x	9.4x
CDI	\$5.85	\$109.9	\$117.4	0.1x	NM
Computer Task Group	\$5.59	\$87.3	\$77.2	0.2x	NM
RCM Technologies	\$5.05	\$62.1	\$74.5	0.4x	15.2x
Hudson Global	\$1.34	\$43.3	\$39.9	0.1x	NM
Mastech Digital	\$6.48	\$29.2	\$41.6	0.3x	7.2x
Median:	\$6.48	\$109.9	\$117.4	0.4x	9.7x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 9.7x EBITDA (based on Enterprise Value) at the closing of Q2.
- IT Staffing levels have experienced “slow-to-no growth” as spending on IT departments has remained flat, despite modest growth in operational budgets. As companies continue to grow, expenditures are going towards cloud computing with capital expenditures remaining stagnant.
- According to a study by Data Center Journal, less than half of IT organizations are planning to add additional staff this year. Increased automation is reducing the need for entry level workers, although higher level positions are continuing to grow at a steady pace.
- The number of respondents reporting that their budgets are inadequate dropped from 60 percent to only 52 percent. Computer Economics said this is most likely due to the new technologies giving CIOs the ability to roll out new IT capabilities more quickly and cheaply.
- After announcing its intent to buy SMS Management & Technology for \$102.8M, DWS has faced a last minute counter-bid from leading market player ASG. If DWS is able to complete the acquisition, they hope that it will enable them to compete at a larger scale to enhance stockholder value as both companies have faced mixed business performance in recent years.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2017-06-27	Triton Partners	univativ GmbH & Co. KG	
2017-06-19	CVC Capital Partners	QA Limited	
2017-04-06	BG Staffing	Zycron	20.0
2017-04-04	Sixred	Navigant	
2017-04-03	Yoh Services	Embedded Resource Group	

Services: Value Added Resellers

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP VAR Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/17	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Arrow Electronics	\$78.42	\$7,172.4	\$9,623.1	0.4x	9.4x
Tech Data	\$101.00	\$3,631.7	\$5,055.9	0.2x	13.0x
ePlus	\$74.10	\$2,078.9	\$2,006.6	1.5x	20.2x
Also Holding	\$124.74	\$1,599.3	\$1,766.4	0.2x	11.7x
Insight Enterprises	\$39.99	\$1,445.1	\$1,637.2	0.3x	8.3x
PC Connection	\$27.06	\$724.3	\$658.6	0.2x	7.5x
PCM	\$18.75	\$239.5	\$388.7	0.2x	7.3x
Median:	\$74.10	\$1,599.3	\$1,766.4	0.2x	9.4x

SECTOR HIGHLIGHTS

- The median Value Added Reseller index was trading at 9.4x EBITDA (based on Enterprise Value) at the closing of Q2.
- Following months of speculation, Synnex agreed to buy Westcon-Comstor's Americas business for \$800M as well as a 10% stake in Westcon's international business for an additional \$30M. Westcon has faced financial hardship over the last few years, due to a failed SAP implementation. Synnex hopes that the deal will create synergies for the combined entity, helping to increase Synnex margins.
- With so much fanfare inviting every new entrant into the IT market, VARs face the difficult task of choosing the right technologies to sell while drowning out the background noise. In addition, VARs must constantly evaluate existing solutions, determining upcoming market disrupters in order to stay ahead of the curve.
- According to Infoworld, one area many VARs have latched onto as a high-growth, high-potential market is hyperconverged infrastructure. Hyperconvergence has become an increasingly popular alternative to traditional IT infrastructure because it combines the core components and data services of a legacy IT stack into a single solution. The advantages of this type of solution include ease of management, improved operational efficiency, and reduced cost of ownership.
- Many VARs, such as Fishtech, are making a switch to cloud security offerings, forming a new branch of VARs that are focused solely on cloud offerings. It has been difficult for traditional VARs to enter this arena, as salespeople at these companies have been focused on the legacy model.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
06/30/2017	Apogee Corporation	Clarke Office Solutions	
06/29/2017	ScanSource	POS Portal	158.1
06/26/2017	Sopra Steria Group	Kentor IT	
06/20/2017	Infotheek Groep	Central Point	
06/16/2017	Red River	Natoma Technologies	
06/05/2017	SYNNEX Corporation	WestconGroup [Westcon-Comstor] (Americas business)	600.0
06/01/2017	Accenture	Digital Consulting & Software Services	
05/17/2017	ePlus	OneCloud Consulting	
05/04/2017	KPMG Canada	ToMont Solutions	
04/03/2017	Accenture	Genfour	

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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