

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended December 31, 2015 and the Latest Twelve Months

Q4 | 15

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
salesforce.com, inc.	\$78.40	\$52,057.6	\$52,763.5	8.4x	NM
Red Hat, Inc.	\$82.81	\$15,137.9	\$14,731.2	7.5x	40.5x
NetSuite Inc.	\$84.62	\$6,726.3	\$6,636.2	9.6x	NM
athenahealth, Inc.	\$160.97	\$6,250.5	\$6,432.5	7.3x	94.2x
The Ultimate Software	\$195.51	\$5,602.5	\$5,481.8	9.4x	83.5x
Medidata Solutions, Inc.	\$49.29	\$2,729.1	\$2,691.6	7.0x	67.1x
Demandware, Inc.	\$53.97	\$2,033.9	\$1,851.1	8.6x	NM
Cornerstone OnDemand,	\$34.53	\$1,880.4	\$1,896.8	5.9x	NM
Ellie Mae, Inc.	\$60.23	\$1,796.2	\$1,690.8	7.2x	34.7x
RealPage, Inc.	\$22.45	\$1,759.8	\$1,785.2	4.0x	43.8x
Ebix Inc.	\$32.79	\$1,107.2	\$1,260.1	4.9x	14.0x
Constant Contact, Inc.	\$29.24	\$941.9	\$761.4	2.1x	16.7x
Evertz Technologies	\$12.61	\$936.4	\$869.3	3.3x	12.2x
LivePerson Inc.	\$6.75	\$386.8	\$346.0	1.5x	20.9x
Trakm8 Holdings PLC	\$5.25	\$157.1	\$160.4	5.2x	37.6x
Median:	\$49.29	\$1,880.4	\$1,851.1	7.0x	37.6x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 7.0x revenue (based on Enterprise Value) at the closing of Q4.
- According to Gartner, the worldwide public cloud services market is projected to grow 16.5% in 2016 to total \$204 billion.
- SaaS solutions are simple to purchase but many SaaS companies are still struggling to make sales as they are too focused on direct sales. Reseller programs can churn out revenue at amazingly low margins, making them an attractive channel initiative for SaaS vendors.
- According to Fujitsu, the role of the system integrator (SI) is changing and soon we will see a move to SIs becoming SaaS providers. For example, Fujitsu has acquired software solutions as it looks to better position itself in a hybrid world where SIs are also providing SaaS solutions.
- To help retailers deliver a consistent experience wherever their customers choose to shop, Oracle has introduced a suite of cloud and on-premise solutions embedded with analytics that retailers can use to personalize offers, streamline operations, and increase sales and margins.
- Lifesize, an Austin-based provider of video and web collaboration technology, has broken away from parent company Logitech (LOGI) as it works to make a new name for itself in the SaaS market.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

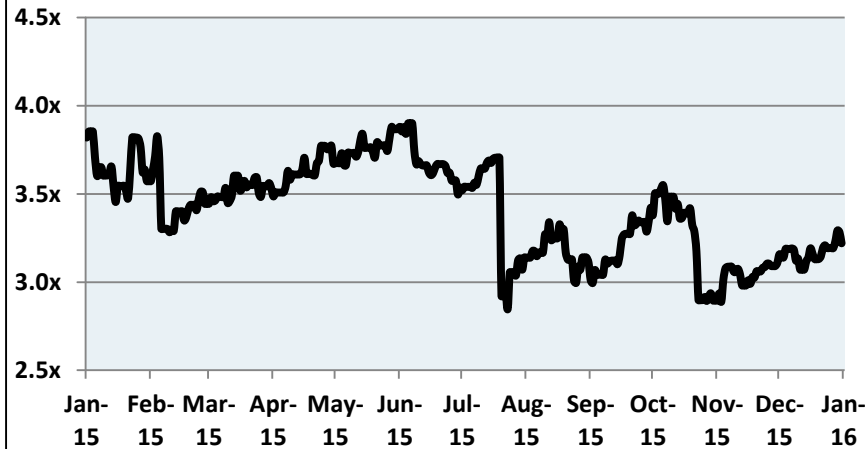
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-23	salesforce.com Inc.	SteelBrick Inc.	300.0
2015-12-16	CVC Capital Partners Limited	Kount Inc.	80.0
2015-12-16	Carbonite Inc.	EVault Inc. (assets)	14.0
2015-12-15	RPX Corporation	Inventus Solutions Inc.	232.0
2015-12-08	IBM Corporation	Clearleap Inc.	200.0
2015-11-16	Matomy Media Group	Optimatic Media Inc.	25.0
2015-11-05	ACI Worldwide Inc.	PAY.ON AG	200.0
2015-11-05	New Relic Inc.	Opsmatic Inc.	12.3
2015-11-03	IBM Corporation	Gravitant Inc.	95.0
2015-11-02	Endurance International Group	Constant Contact Inc.	919.3
2015-11-02	Akamai Technologies Inc.	Bloxx Ltd.	18.7
2015-10-19	Thales Group SA	Vormetric Inc.	400.0
2015-10-09	LogMeIn Inc.	Marvasol Inc.	110.0

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet Inc.	\$778.01	\$535,057.1	\$466,032.6	6.5x	20.0x
Amazon.com, Inc.	\$675.89	\$316,831.6	\$320,990.6	3.2x	46.0x
Facebook, Inc.	\$104.66	\$295,977.9	\$280,269.9	17.6x	42.1x
The Priceline Group Inc.	\$1,274.95	\$63,472.0	\$65,862.5	7.3x	19.2x
Netflix, Inc.	\$114.38	\$48,884.7	\$48,696.8	7.6x	NM
eBay Inc.	\$27.48	\$32,994.0	\$35,132.0	2.0x	7.2x
Yahoo! Inc.	\$33.26	\$31,409.2	\$26,777.7	5.4x	NM
LinkedIn Corporation	\$225.08	\$29,504.9	\$27,557.3	9.9x	NM
IAC/InterActiveCorp	\$60.05	\$5,331.0	\$5,535.8	1.7x	13.5x
Pandora Media, Inc.	\$13.41	\$2,861.9	\$2,498.3	2.3x	NM
Cimpress N.V.	\$81.14	\$2,548.0	\$3,324.4	2.2x	16.6x
Groupon, Inc.	\$3.07	\$1,885.9	\$1,178.7	0.4x	13.7x
WebMD Health Corp.	\$48.30	\$1,781.5	\$1,971.8	3.2x	15.3x
RealNetworks Inc.	\$4.25	\$154.1	\$41.8	0.3x	NM
Median:	\$70.60	\$30,457.1	\$27,167.5	3.2x	16.6x

SECTOR HIGHLIGHTS

- The median Internet Software & Services index was trading at 3.2x revenue (based on Enterprise Value) at the closing of Q4.
- After flopping with the Fire Phone, it seems Amazon is looking to dip its toes back into the mobile pool. Amazon is hoping to partner with smartphone OEMs to deeply integrate its services into handsets deeper than preloading apps.
- The Internet of Things (IoT) is at a tipping point. The phenomenon that was once expensive, proprietary and mostly embedded into large machines has today evolved into a consumer-driven trend, led by technologies such as digital wallets, wearable technology, and self-aware tracking gadgets. By 2020, as many as 30 billion “things” will connect to each other over the network, according to IDC.
- Google’s parent Alphabet (GOOGL) is closing in on Apple (AAPL) for the title of the world’s most valuable company. Apple still has a sizable lead, with a market capitalization of \$521 billion vs. Alphabet’s \$509 billion, but Apple’s valuation have fallen significantly in recent months.
- After seeing big and small competitors collapsing or withdrawing altogether from the race, Groupon still enjoys an undisputed leadership in the deal space. However, with slow growth in North America, and no growth at all in the international markets, the company is having a hard time meeting the growth expectations of public markets.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-28	IHS Inc.	CARPROOF Corporation	460.0
2015-12-18	Qihoo 360 investor consortium	Qihoo 360 Technology Company	9,300.0
2015-12-15	Cision US Inc.	PR Newswire Association LLC	841.0
2015-12-15	Yahoo! Japan Corporation	Ikyu Corporation	829.1
2015-11-22	Equifax Inc.	Veda Group Ltd.	1,800.0
2015-11-16	Pandora Media Inc.	Rdio Inc. (assets)	75.0
2015-11-06	Alibaba.com	Youku Tudou	3,700.0
2015-11-04	Expedia Inc.	HomeAway Inc.	2,980.4
2015-11-04	Bygghmax Group AB	Skanska Bygghvaror AB	87.0
2015-11-02	Activision Blizzard Inc.	King Digital Entertainment Plc	5,000.0
2015-10-26	Intercontinental Exchange Inc.	Interactive Data Corporation	5,200.0
2015-10-12	Cox & Kings Ltd.	LateRooms Ltd.	13.0
2015-10-07	Pandora Media Inc.	Ticketfly Inc.	450.0

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft Corporation	\$55.48	\$443,169.4	\$382,664.4	4.2x	11.8x
Oracle Corporation	\$36.53	\$153,470.6	\$143,483.6	3.8x	9.4x
IBM	\$137.62	\$133,506.6	\$163,755.6	2.0x	7.6x
SAP SE	\$80.25	\$95,928.8	\$102,107.5	4.7x	14.6x
Dassault Systemes SA	\$80.12	\$20,296.9	\$18,982.5	6.4x	24.3x
Autodesk, Inc.	\$60.93	\$13,728.9	\$12,931.5	5.1x	NM
Constellation Software	\$415.78	\$8,810.9	\$9,023.7	5.3x	29.6x
Ansys, Inc.	\$92.50	\$8,231.8	\$7,454.9	7.9x	17.3x
Amdocs Limited	\$54.57	\$8,204.7	\$7,071.3	1.9x	10.0x
Tyler Technologies, Inc.	\$174.32	\$5,916.2	\$5,668.5	10.1x	44.8x
Manhattan Associates, Inc.	\$66.17	\$4,834.7	\$4,715.5	8.6x	29.8x
PTC Inc.	\$34.63	\$3,966.2	\$4,360.9	3.5x	17.2x
NICE Systems Ltd.	\$57.62	\$3,493.1	\$3,058.9	2.9x	13.9x
Blackbaud Inc.	\$65.86	\$3,035.3	\$3,260.8	5.3x	33.4x
Verint Systems Inc.	\$40.56	\$2,525.0	\$2,912.1	2.5x	17.7x
Stratasys Ltd.	\$23.48	\$1,221.7	\$962.0	1.3x	38.5x
QAD Inc.	\$20.52	\$385.2	\$267.0	0.9x	13.4x
Median:	\$60.93	\$8,204.7	\$7,071.3	4.2x	17.2x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 4.2x revenue (based on Enterprise Value) at the closing of Q4.
- Gartner has called out 2016 as the year that on-premise ERP implementations are relegated to legacy status. Rather than rip and replace these systems, companies will seek to wring a few more years out of them by building out a cloud-based ecosystem around them in the areas of CRM, HR, and spend management, to name a few.
- Now that virtually all enterprise software is either cloud-based or has the option to be hosted in the cloud and delivered as a service, the conversation will shift away from how the software is delivered and refocus on the value the software is delivering — whether in the form of savings, lead generation, revenue improvement or operating efficiency.
- Companies that took to the cloud early have now accumulated large stores of data, and are well positioned to use Big Data technology to gain insights into new areas to optimize for efficiency, or even opportunities to create new revenue streams.
- A recent survey of businesses by Tech Pro Research found that businesses too small to be classified as enterprises are adopting “enterprise” software. A major factor driving the widespread use of enterprise apps has been the rise of the cloud. Cloud-based apps often come with user-based pricing, making adoption affordable to smaller companies.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

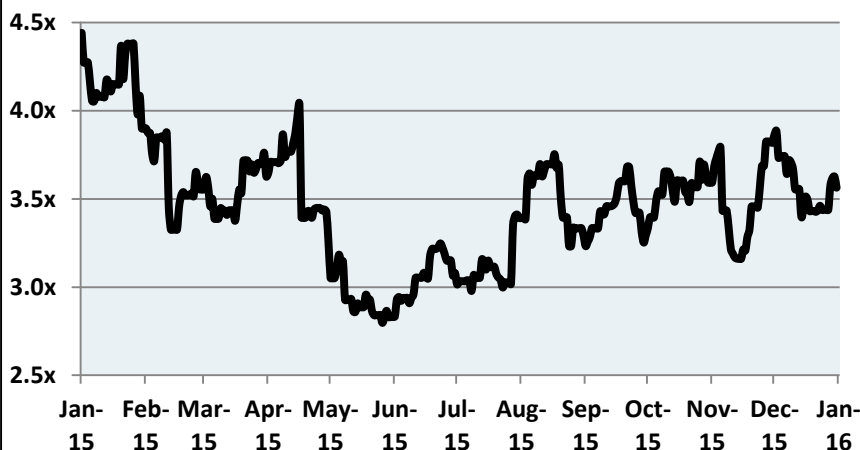
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-17	CoreLogic Inc.	FNC Inc.	475.0
2015-12-14	Kapsch TrafficCom AG	Telvent Trafico y Transporte	38.4
2015-11-30	EQT Partners AB	IFS AB	1,044.6
2015-11-19	Google Inc.	Bebop Technologies Inc.	380.2
2015-11-03	Zeta Interactive Corp.	eBay Enterprise (CRM division)	75.0
2015-11-02	Pamplona Capital Management LLP	MedAssets Inc.	2,711.4
2015-10-30	Quality Systems Inc.	HealthFusion Holdings Inc.	165.0
2015-10-27	Spectrum Equity Investors	Litmus Software Inc.	49.0
2015-10-13	Spectrum Equity Investors	Rain King Software Inc.	67.0
2015-10-01	Tyler Technologies Inc.	New World Systems Corporation	670.0

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tableau Software, Inc.	\$94.22	\$6,824.5	\$6,074.3	10.2x	NM
Qlik Technologies, Inc.	\$31.66	\$2,944.7	\$2,623.6	4.4x	NM
Pegasystems Inc.	\$27.50	\$2,101.6	\$1,877.6	2.9x	23.1x
MicroStrategy Inc.	\$179.29	\$2,037.6	\$1,580.7	3.0x	11.3x
PROS Holdings, Inc.	\$23.04	\$684.2	\$641.6	3.6x	NM
Median:	\$31.66	\$2,101.6	\$1,877.6	3.6x	17.2x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 3.6x revenue (based on Enterprise Value) at the closing of Q4.
- According to Research and Markets, the global Business Intelligence and Analytics software market is poised to grow at a CAGR of around 7.7% in the next 5 years to reach approximately \$24 billion by 2020.
- Oracle announced the next version of its cloud-based BI suite for retailers, adding new data-driven segmentation capabilities to help marketers and retailers identify why customers buy certain items so they can tailor and personalize offerings to each individual.
- Companies are increasingly turning to predictive analytics to compete and thrive. Rather than relying on intuition when pricing products, maintaining inventory or hiring talent, managers are using data, analysis, and systematic reasoning to improve efficiency, reduce risk, and increase profits.
- The growing application of video content analytics (VCA) in video surveillance systems plays an important role in ensuring public safety, infrastructure, transport, and improving business intelligence. The VCA market is anticipated to grow over \$4.4 billion in 2022, at a CAGR of 34% in the forecast period from 2016-2022.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-22	QPharma Inc.	Qforma Inc.	-
2015-12-22	Sentry Data Systems Inc.	Agilum Healthcare Intelligence	-
2015-12-22	Tyco Retail Solutions	ShopperTrak	175.0
2015-12-17	FullContact Inc.	nGame Inc.	-
2015-12-14	salesforce.com Inc.	MinHash	-
2015-11-30	Wingify	Navilytics	-
2015-11-18	CBRE Inc.	Forum Analytics	-
2015-11-05	Adobe Systems Inc.	comScore Inc. (Digital Analytix div.)	45.0
2015-11-05	NeuStar Inc.	MarketShare Partners LLC	450.0
2015-11-03	AdMaster Inc.	JinShuJu	-
2015-10-22	Rejlers AB	Embriq AS	9.6
2015-10-14	McKinsey & Company Inc.	VisualDoD LLC	-
2015-10-13	Zendesk Inc.	BIME Analytics	45.0
2015-10-05	Ziff Davis Media Inc.	Salesify Inc.	-
2015-10-01	Premier Inc.	InflowHealth LLC	6.0

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
EMC Corporation	\$25.68	\$49,789.3	\$51,102.3	2.1x	10.0x
Red Hat, Inc.	\$82.81	\$15,137.9	\$14,731.2	7.5x	40.5x
Check Point Software	\$81.38	\$14,717.9	\$13,418.8	8.4x	15.9x
Symantec Corporation	\$21.00	\$14,186.0	\$12,569.0	2.0x	7.2x
Citrix Systems, Inc.	\$75.65	\$11,636.8	\$11,880.9	3.7x	14.9x
F5 Networks, Inc.	\$96.96	\$6,823.9	\$6,049.6	3.2x	10.2x
Trend Micro Inc.	\$41.01	\$5,598.6	\$4,561.1	4.5x	13.2x
SolarWinds, Inc.	\$58.90	\$4,234.0	\$4,130.5	8.5x	27.5x
CommVault Systems, Inc.	\$39.35	\$1,782.9	\$1,382.9	2.4x	NM
Progress Software	\$24.00	\$1,205.2	\$1,131.3	3.1x	15.5x
Radware Ltd.	\$15.34	\$694.8	\$603.1	2.7x	15.1x
VASCO Data Security	\$16.73	\$662.3	\$478.3	1.9x	8.6x
Magic Software	\$5.53	\$244.7	\$177.2	1.0x	6.0x
Allot Communications	\$5.82	\$195.2	\$72.3	0.7x	NM
Guidance Software, Inc.	\$6.02	\$184.3	\$166.4	1.5x	NM
BSQUARE Corp.	\$6.09	\$73.3	\$44.0	0.4x	6.2x
Median:	\$24.84	\$3,008.4	\$2,756.7	2.5x	13.2x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 2.5x revenue (based on Enterprise Value) at the closing of Q4.
- According to Gartner, infrastructure as a service (IaaS), is projected to grow 38.4% in 2016. IaaS continues to be a strong-growing segment as enterprises move away from data center build-outs and move their infrastructure needs to the public cloud.
- Cisco is rumored to be in negotiations to purchase hyperconvergence infrastructure software vendor Springpath. Springpath is a relative youngster in the hyper-converged space, which refers to software that enables compute, storage and networking to run on industry-standard x86 server hardware.
- Traditional infrastructure software companies are challenged as cloud and open-source are providing competitive alternatives to traditional on-premise solutions, negatively affecting overall pricing.
- A recent report published by Gartner placed F5 Networks at the top of the Leaders Quadrant for Application Delivery Controllers (ADC) for the 9th consecutive year. The ADC is an important tool for managing data network traffic. Growing network traffic, a shift to cloud-based services and data center virtualization are some of the factors driving demand for ADCs.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

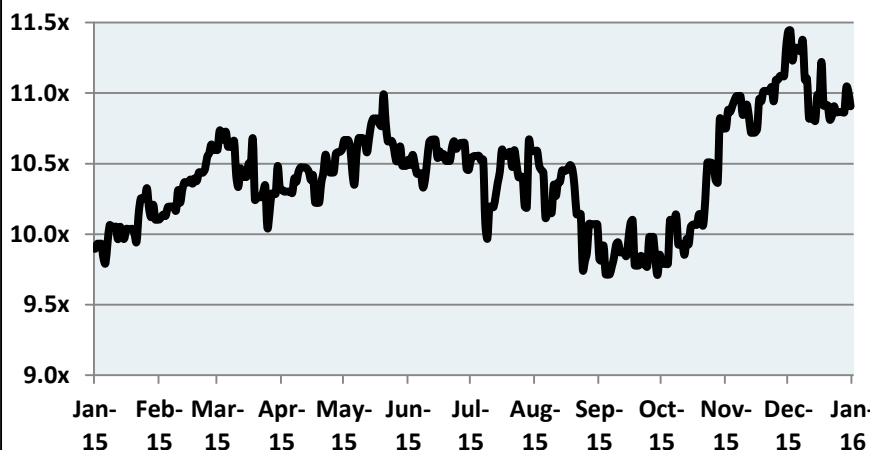
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-23	Scout24 AG	Classmarkets	-
2015-12-18	Oracle Corporation	StackEngine Inc.	-
2015-11-25	Siemens AG	Polarion Software Inc.	-
2015-11-19	Google Inc.	Bebop Technologies Inc.	380.2
2015-11-18	Fujitsu Ltd.	UShareSoft SAS	-
2015-11-16	Intercontinental Exchange Inc.	Trayport Limited	650.0
2015-11-05	New Relic Inc.	Opsmatic Inc.	12.3
2015-11-03	IBM Corporation	Gravitant Inc.	95.0
2015-10-21	Silver Lake Partners/Thoma Bravo	SolarWinds Inc.	4,253.6
2015-10-16	Red Hat Inc.	Ansible Inc.	-
2015-10-13	Google Inc.	Divshot	-
2015-10-12	PTC Inc.	Qualcomm (Vuforia business)	65.0
2015-10-02	Microsoft Corporation	Havok	-

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture plc	\$104.50	\$65,617.0	\$63,073.8	2.0x	12.1x
Cap Gemini S.A.	\$92.97	\$16,021.1	\$14,544.1	1.2x	11.1x
NTT Data Corporation	\$48.92	\$13,721.6	\$15,894.0	1.2x	8.0x
Atos SE	\$84.12	\$8,686.5	\$8,540.6	0.8x	7.0x
Booz Allen Hamilton	\$30.85	\$4,579.6	\$5,994.2	1.1x	12.1x
Sopra Steria Group	\$117.62	\$2,325.0	\$3,034.8	0.8x	9.7x
CACI International Inc.	\$92.78	\$2,249.3	\$3,231.0	1.0x	10.7x
ManTech International	\$30.24	\$1,135.7	\$1,094.5	0.7x	9.4x
ICF International Inc.	\$35.56	\$683.6	\$1,010.0	0.9x	9.1x
Perficient Inc.	\$17.12	\$604.7	\$657.0	1.5x	12.1x
The Hackett Group, Inc.	\$16.07	\$472.2	\$465.1	2.0x	17.6x
Ciber, Inc.	\$3.51	\$278.8	\$291.2	0.4x	11.4x
NCI, Inc.	\$13.65	\$182.3	\$193.6	0.6x	7.2x
Edgewater Technology	\$8.01	\$94.5	\$73.7	0.7x	12.6x
Median:	\$33.21	\$1,692.5	\$2,064.7	0.9x	10.9x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 10.9x EBITDA (based on Enterprise Value) at the closing of Q4.
- According to Gartner, spending in the IT services market is expected to return to growth in 2016, following a decline of 4.5% from 2014 to 2015. In 2016, IT services spending is projected to reach \$940 billion, up 3.1% from 2015.
- Dell appears to be on the verge of selling its Perot Systems IT outsourcing business to arrange cash for the merger with EMC. News has emerged that French IT services company, Atos SE, is in final talks with Dell to buy Perot Systems for a value slightly above \$4 billion.
- Lockheed Martin has agreed to separate its IT services division and combine it with Leidos Holdings in a \$5 billion deal. The combination will create a new leader in the government IT sector.
- French IT major Capgemini announced that the brand IGATE, which was acquired for USD \$4 billion in April 2014, will now cease to exist and all services will now be offered under the brand Capgemini.
- Small businesses are less than satisfied with their IT service providers, according to a new study conducted by Clutch, a leading B2B research firm.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-22	Edgewater Technology Inc.	M2 Dynamics Inc. (assets)	16.1
2015-12-02	Wipro Ltd.	cellent AG	77.7
2015-12-01	Decmil Group Limited	SC Holdings Pty. Ltd.	10.1
2015-11-25	Descartes Systems Group Inc.	Oz Development Inc.	29.5
2015-11-24	Computer Sciences Corporation	UXC Ltd.	307.9
2015-11-20	AMERI Holdings Inc.	Bellsoft Inc.	5.0
2015-11-18	Eckoh Technologies plc	Product Support Solutions Inc.	7.6
2015-11-18	Kordia Group Ltd.	Aura Information Security Ltd.	6.5
2015-11-05	Virtusa Corporation	Polaris Consulting & Services Ltd.	180.0
2015-10-28	PCM Inc.	Acrodex	12.5
2015-10-26	West Monroe Partners	Etherios Inc.	9.0
2015-10-25	Securitas AB	Diebold Inc. (NA electronic security business)	350.0
2015-10-19	Infosys Technologies Limited	Noah Consulting LLC	70.0
2015-10-08	Pocket Games Inc.	Viximo Inc.	3.5

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy Services	\$36.80	\$72,510.4	\$69,401.8	4.5x	17.8x
Automatic Data	\$84.72	\$39,073.4	\$37,856.7	3.4x	16.4x
Infosys Limited	\$16.69	\$38,153.5	\$33,543.8	3.8x	13.4x
Cognizant Technology	\$60.02	\$36,496.3	\$33,395.6	2.8x	14.1x
Wipro Ltd.	\$8.45	\$20,758.2	\$17,999.2	2.4x	11.1x
CGI Group Inc.	\$39.93	\$12,314.9	\$13,628.7	1.8x	10.8x
Computer Sciences Corporation	\$32.68	\$4,535.5	\$5,356.5	0.5x	5.6x
DST Systems Inc.	\$114.06	\$3,946.9	\$4,559.6	1.6x	9.9x
Syntel, Inc.	\$45.25	\$3,795.8	\$2,947.6	3.1x	11.1x
CSG Systems International	\$35.98	\$1,176.4	\$1,261.5	1.7x	9.6x
Unisys Corporation	\$11.05	\$551.8	\$587.9	0.2x	4.6x
Median:	\$36.80	\$12,314.9	\$13,628.7	2.4x	11.1x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 11.1x EBITDA (based on Enterprise Value) at the closing of Q4.
- India's leading IT outsourcing companies made a significant number of acquisitions in 2015 in order to help them manage costs, increase automation, and protect market share in an increasingly difficult environment. India's largest IT services company, Tata Consultancy Services (TCS), was the only one that refrained from major acquisitions, seemingly determined to develop its own capabilities.
- The US government's decision of increasing the fees for H1B and L1 visas, for skilled professionals searching for temporary work there, has come as a serious blow to Indian IT companies that are carrying out business in the US. To counter this, Indian tech firms are considering increasing client fees and processing more work from offshore locations.
- IT Outsourcing customers are becoming increasingly comfortable with best of breed suppliers and multi-provider environments. Driven by popularity of the cloud, standardization allows clients to "plug in" or "unplug" providers easily.
- Hewlett Packard is trying to sell off its 60.5% stake in the India-based IT services company Mphasis for roughly \$1 billion. Potential buyer are rumored to be NEC, Tech Mahindra, L&T Infotech and big private equity firms The Carlyle Group and Advent International.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-22	Wipro Ltd.	Viteos Group	130.0
2015-12-18	New Mountain Capital LLC	Equian	225.0
2015-12-15	Global Payments Inc.	Heartland Payment Systems Inc.	4,300.0
2015-12-10	TransUnion Inc.	Trustev Limited	21.0
2015-12-09	Computer Sciences Corporation	Xchanging Plc	720.0
2015-12-08	CACI International Inc.	L-3 National Security Solutions Inc.	550.0
2015-11-24	Laird PLC	LS Research	55.0
2015-11-23	Eurazeo	Fintrax Group Holdings	588.5
2015-11-02	RWS Holdings plc	Corporate Translations Inc.	70.0
2015-10-26	3D Medical Limited	Mach7 Technologies Inc.	2.0
2015-10-19	Adapt IT Group	CQS Technology Holdings	12.2
2015-10-14	Blucora Inc.	HD Vest Inc.	580.0
2015-10-13	Ingram Micro Inc.	DOCdata N.V. (assets)	175.0

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 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International Inc.	\$47.14	\$6,254.8	\$6,004.2	1.2x	9.7x
ManpowerGroup Inc.	\$84.29	\$6,205.1	\$6,496.3	0.3x	8.3x
On Assignment Inc.	\$44.95	\$2,373.3	\$3,129.2	1.5x	14.6x
Kforce Inc.	\$25.28	\$731.1	\$811.3	0.6x	10.7x
CDI Corp.	\$6.76	\$133.2	\$109.8	0.1x	6.9x
Computer Task Group Inc.	\$6.62	\$125.6	\$114.7	0.3x	7.5x
Hudson Global, Inc	\$2.92	\$100.9	\$64.9	0.1x	NM
RCM Technologies Inc.	\$5.50	\$67.5	\$78.0	0.4x	8.1x
Mastech Holdings, Inc.	\$7.31	\$31.8	\$47.5	0.4x	9.2x
Median:	\$7.31	\$133.2	\$114.7	0.4x	8.8x

*Spike seen beginning of Aug '15 is do to Manpower taking on roughly \$12m additional long term debt, increasing TEV significantly and almost doubling TEV/Rev multiple from previous month.

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 8.8x EBITDA (based on Enterprise Value) at the closing of Q4.
- For 2016, it is clear that the IT department will be navigating an altered landscape with different budgets and evolving responsibilities. Keys to success will include aligning the organization around essential IT operations and ensuring that business executives work hand in hand with IT leaders to support not only core functions but also independent initiatives across lines of business.
- Most IT leaders anticipate their budget will stay the same. Some of this is likely due to technology spending moving outside the IT department.
- A significant share of CIOs in cities throughout the United States said they expect to continue expanding their IT department staffing in 2016, according to a recent survey from Robert Half Technology.
- Hiring managers believe there is a talent shortage among professional and technical skills, but they remain choosy about hiring, according to a new survey released by Kelly Services.
- General Employment Enterprises acquired Dallas-based IT and professional staffing company Paladin Consulting. The acquisition expands General Employment's footprint in Texas and Washington, DC, and adds MSP, VMS and RPO service capability in the IT and professional staffing services sector.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-31	General Employment Enterprises	Paladin Consulting Inc.	-
2015-12-29	System One Holdings LLC	ALTA IT Services LLC	-
2015-12-22	Quess Corp. Ltd.	Styracorp Management Services	-
2015-12-15	Alhambra Eidos	Software Ingenieros SL	-
2015-12-09	Impellam Group plc	Bartech Holding Corp.	120.0
2015-11-05	Staffing 360 Solutions Inc.	JM Group, The	-
2015-11-03	Beka Management	Ifftner Solutions Limited	-
2015-11-02	ettain group Inc.	Timberhorn IT Solutions	-
2015-10-28	PCM Inc.	Acrodex	12.5
2015-10-06	CDI Corporation	EdgeRock Technologies LLC	31.0
2015-10-05	General Employment Enterprises	Access Data Consulting Corporation	-

Services: Value Added Resellers

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP VAR Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 12/31/15	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Avnet, Inc.	\$42.84	\$5,655.2	\$6,942.7	0.2x	6.6x
Ingram Micro Inc.	\$30.38	\$4,733.9	\$4,974.0	0.1x	6.3x
Insight Enterprises Inc.	\$25.12	\$931.8	\$1,046.7	0.2x	6.0x
ALSO Holding AG	\$68.72	\$881.0	\$1,132.4	0.1x	8.0x
ePlus inc.	\$93.26	\$697.8	\$804.6	0.7x	8.7x
PC Connection, Inc.	\$22.64	\$598.7	\$521.8	0.2x	6.2x
PCM, Inc.	\$9.93	\$118.1	\$227.5	0.1x	11.9x
Median:	\$30.38	\$881.0	\$1,046.7	0.2x	6.6x

SECTOR HIGHLIGHTS

- The median VAR index was trading at 6.6x EBITDA (based on Enterprise Value) at the closing of Q4.
- Verizon and other carriers are starting to sell off data center assets. There is an acceleration happening in cloud and the channel is selling a lot of cloud but ironically, it is not with the large carriers. Carriers have struggled to pivot their business models to support the cloud.
- Solution providers say the partnership between Cisco Systems and SimpliVity is paying off in significant hyper-converged sales growth in the data center market.
- Solution providers predict big cloud trends in 2016 as companies are moving almost everything they can to cloud infrastructure.
- Microsoft and its channel partners are looking to capitalize on the uncertainty surrounding VMware's public cloud strategy by targeting its customers with an Azure-centric sales pitch. Also, VMware's parent, EMC, is in the process of being acquired by Dell, and VMware customers are putting off purchasing decisions until the deal closes.
- Insight Enterprises took a big step into cloud, signing a deal with open-source software vendor Red Hat that allows Insight to act as a distributor to smaller service providers. Insight will utilize its large North American client base to recruit and sign up new managed service providers into the Red Hat Certified Cloud and Service Provider (CCSP) program.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2015-12-31	Alerion Capital Group LLC	Navigator Business Solutions Inc.	-
2015-12-02	Tracsis plc	Ontrac Limited	17.3
2015-11-25	Kerio Technologies Inc.	Inftek Inc.	-
2015-11-18	EFEX Group Pty. Ltd.	Panaquip	-
2015-11-17	RSM US LLP	Junction Solutions (assets)	-
2015-11-10	Autodata B.V.	SFTA	-
2015-10-20	SWK Technologies Inc.	Macabe Associates Inc., The	-
2015-10-20	SWK Technologies Inc.	Oates & Co. LLC	-
2015-10-06	Reliable IT	Turning Point Solutions Group	-
2015-10-05	Geotab Inc.	Strategic Telecom Solutions	-
2015-10-03	GRAITEC Group	Total CAD Systems Inc.	-

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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