



TECHNOLOGY REPORT

Q2 2016

Explore M&A Activity, Capital Market
Conditions and Current Trends for the
Tech Industry

SDR*Ventures*

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TECHNOLOGY REPORT

Q2 INDUSTRY UPDATE

BREXIT'S EFFECT ON TECHNOLOGY

Although the Technology sector performed well this quarter with many top stocks setting new highs, the effect of the Brexit decision in the U.K. was felt noticeably at the end of the quarter. Technology companies saw the brunt of the decline in the days after Brexit, with many stocks falling over 3% in one day. Many of our technology clients have inquired about the short-term effects of Brexit after seeing the impact on technology stocks, but there remains uncertainty about the long-term effects of the decision as well. Although not always obvious from the onset, we have seen historically that cooler heads usually prevail in the world of technology (at least eventually). Plus, most middle-market technology companies do not have a large exposure to the United Kingdom. The only apparent effect of Brexit so far is that it may make it even harder for technology companies to find talent, which has already been a tough endeavor without the recent Brexit decision.

EVER-CHANGING WORLD OF ENTERPRISE TECH

The enterprise technology arena changed significantly this quarter with Microsoft acquiring LinkedIn for \$26 billion, one of the largest tech deals announced in 2016. As reported by Re/Code, LinkedIn had a total of five suitors including Google, Salesforce and Facebook. So what was so valuable that five of the most influential technology companies would compete to acquire LinkedIn? According to Satya Nadella, Microsoft's CEO, the deal is intended to combine the tools that workers use to get jobs done (i.e., Microsoft Office) with the professional network that connects workers. With over 433 million members, LinkedIn is one of the largest professional networks and provides key social data on Microsoft users. Integrating the Microsoft Office suite and the LinkedIn Professional network will pose an initial challenge, but if done successfully, Microsoft could achieve its dream of once again dominating the enterprise tech space.

Middle-market enterprise technology companies that have been challenging Microsoft for business IT spend will need to look toward additional ways to stand out with proprietary data and information solutions. Many have tackled this through integrating with key sources of information like a company's CRM or ERP system.



CONTENTS

[Transaction Activity](#)

[Active Buyers](#)

[Public Basket](#)

[M&A Market Activity](#)

[About SDR Ventures](#)

ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

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TECHNOLOGY REPORT

VERTICAL ENTERPRISE SOFTWARE & TECHNOLOGY – THE NEXT FRONTIER FOR MIDDLE-MARKET INVESTMENT

As the market for consumer technology matures, one of the largest opportunities for technology is in vertical-specific software and technology solutions. Horizontal software solutions that offer solutions across verticals have the benefit of very large addressable markets and a wide number of use cases, but oftentimes they struggle in the middle market where old systems and processes prevail. Vertical solutions, however, oftentimes take old processes and solutions, and modernize the software to make it easier to use and provide more value to the customer. Due to the understanding of the customer in terms of adoption and implementation, vertical-specific software has been a highly prioritized acquisition and investment ground for larger strategic companies and private equity groups. Most recently in Q2 2016, there were M&A transactions involving larger software consolidators adding vertical solutions and private equity interest in middle-market vertical solutions.

Date	Target	Buyer/Investor	Vertical Focus	Transaction Value	EV/Revenue
5/28/16	Buildium, LLC	Sumeru Equity Partners	Multifamily - Property Management	\$65MM (Growth Capital)	Undisclosed
5/16/16	Elynx	Black Knight Financial Services	Financial Services	Undisclosed	Undisclosed
5/02/2016	OPower	Oracle	Energy & Utility	\$532MM	7.21x
4/28/16	Textura Corporation	Oracle	Construction	\$663MM	3.57x

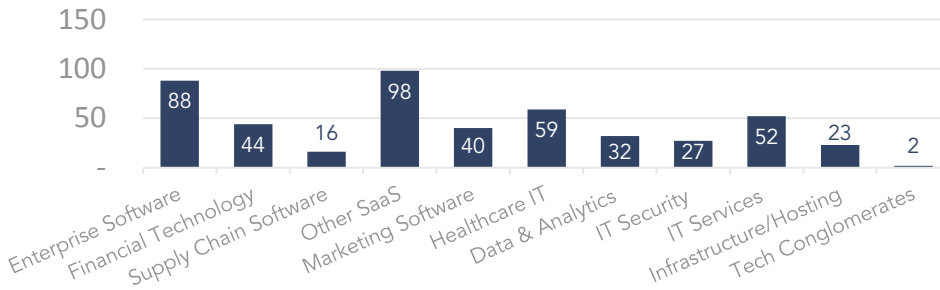
Source: S&P Capital IQ

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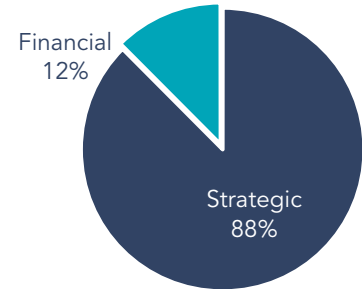


TECHNOLOGY REPORT

M&A TRANSACTIONS BY SEGMENT

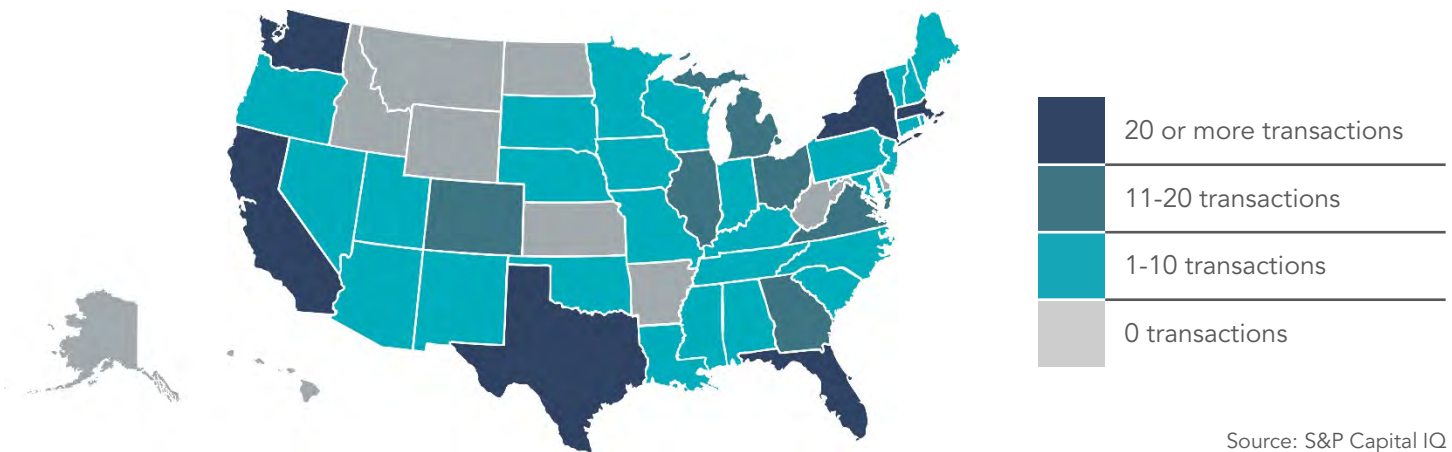


TRANSACTIONS BY TYPE



Source: S&P Capital IQ

TRANSACTIONS BY LOCATION



Source: S&P Capital IQ

M&A TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/Rev	TEV/EBITDA
06/21/2016	Dematic Group S.à r.l.	KION GROUP AG	Supply Chain Software	3,250	1.81x	16.17x
06/13/2016	LinkedIn Corporation	Microsoft Corporation	Tech Conglomerates	29,351	8.15x	98.41x
06/12/2016	Blue Coat, Inc.	Symantec Corporation	IT Security	4,859	7.89x	-
06/02/2016	Qlik Technologies, Inc.	Thoma Bravo, LLC	Data & Analytics	2,985	4.15x	-
06/01/2016	Demandware, Inc.	salesforce.com, inc.	Enterprise Software	2,858	10.48x	-
05/31/2016	Marketo, Inc.	Vista Equity Partners	Marketing Software	1,795	7.52x	-
05/18/2016	inContact, Inc.	NICE Ltd.	Other SaaS	968	3.78x	-
05/03/2016	IMS Health Holdings, Inc.	Quintiles Transnational Holdings Inc.	Healthcare IT	13,549	4.30x	17.73x
05/02/2016	OPOWER, Inc.	Oracle Corporation	Enterprise Software	552	3.23x	-
04/29/2016	TiVo Inc.	Rovi Corporation	Tech Conglomerates	1,881	2.52x	14.46x
04/28/2016	Textura Corporation	Oracle Corporation	Supply Chain Software	683	6.51x	-
04/18/2016	Cvent, Inc.	Vista Equity Partners	Marketing Software	1,591	7.11x	225.25x
04/15/2016	J.D. Power and Associates, Inc.	XIO Group	IT Services	1,100	3.14x	-
04/15/2016	Ancestry.com LLC	Silver Lake; GIC Pte. Ltd.	Other SaaS	-	3.64x	9.93x

ACCESS FULL LIST

Source: S&P Capital IQ

Note: These data represent recorded transactions only, and are not all-inclusive. Nevertheless, they are typically representative of the industry.



ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

Strategic Buyer	Inv. Date	Select Corporate Acquisitions
j2 Global, Inc.	6/30/2016	• Overvault, LLC
	6/30/2016	• 24sevenbackup
	4/1/2016	• Certain assets of Publicaster
	4/6/2016	• Certain assets of Electronic Vaulting Services
	3/31/2016	• Global Data Vault, LLC, Server Backup Asset
Microsoft Corporation	6/16/2016	• Wand Labs, Inc.
	6/13/2016	• LinkedIn
	5/3/2016	• Solair Srl
	3/18/2016	• Xamarin Inc.
	2/3/2016	• TouchType Limited
	1/19/2016	• TeacherGaming LLC, MinecraftEdu
	2/8/2016	• YOUR SL GmbH
	5/12/2016	• Implit Insights Ltd.
	4/4/2016	• MetaMind Inc.
	2/29/2016	• TappingStone Inc.
You & Mr Jones Inc.	6/11/2016	• Automat
	5/26/2016	• Jivox Corporation
	4/29/2016	• Reach Labs, Inc.
	1/29/2016	• Beeswax, Inc. and GfyCat, Inc.
	1/29/2016	• 55 SAS
Oracle Corporation	6/14/2016	• OPOWER, Inc.
	6/10/2016	• Textura Corporation
	4/21/2016	• Crosswise, Ltd.
	3/11/2016	• Ravello Systems Inc.
	12/18/2015	• StackEngine, Inc.

Source: S&P Capital IQ

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

Financial Buyer	Inv. Date	Select Holdings
Vista Equity Partners	6/30/2016	• Ping Identity Corporation
	6/30/2016	• Vetafore, Inc.
	1/14/2016	• Fiverun Inc.
	1/14/2016	• Telarix, Inc.
Thoma Bravo, LLC	6/23/2016	• Bomgasr Corporation
	2/5/2016	• SolarWinds, Inc.
	1/5/2016	• Infogix, Inc.
	12/18/2015	• MarketLive, Inc.
	10/30/2015	• MedeAnalytics, Inc.
ScaleWorks	6/9/2016	• FollowUp.cc
	5/19/2016	• Assembla
Cloud Equity Group	5/31/2016	• Beachcomber Creations and Jiffynet and ServerRhino and Webolocity and NetLink
	5/4/2016	• CloudAccess.net, LLC
	10/14/2015	• Virus Networks, Inc.
	3/4/2015	• Fresh Raoster Hosting LLC
	10/11/2014	• Just199 Hosting, LLC
Genstar Capital, LLC	6/30/2016	• Ping Identity Corporation
	6/1/2016	• HIS Inc. Operational Excellence and Risk Management Business
	5/18/2016	• Accruent, LLC
	6/30/2015	• All Web Leads., Inc.
	1/15/2015	• Telestream, Inc.

Source: S&P Capital IQ

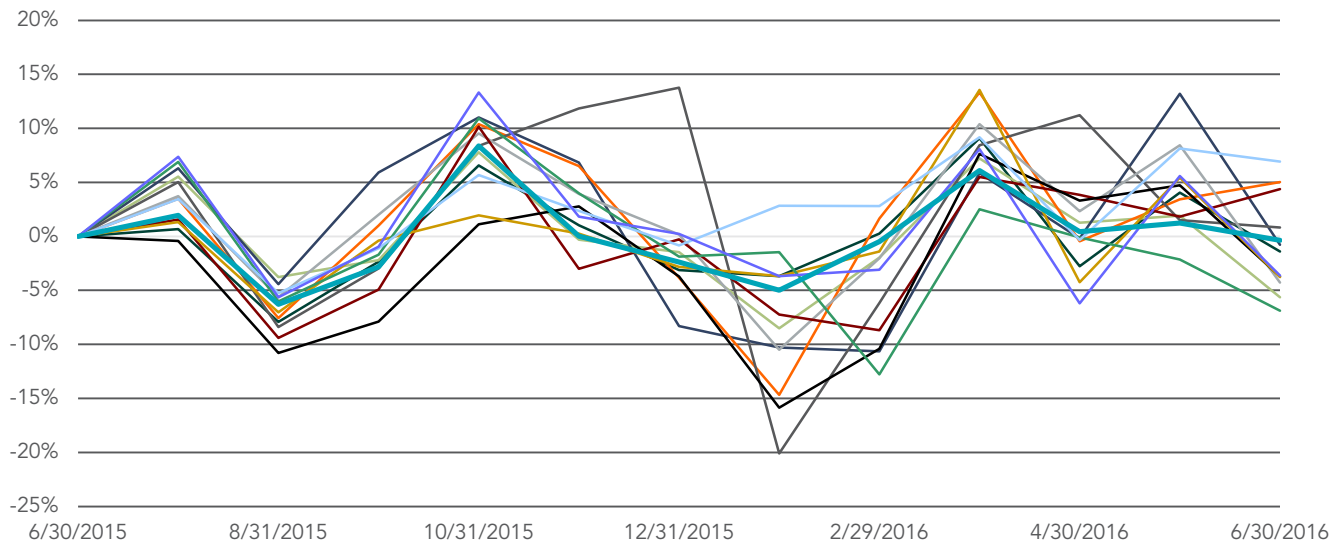
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PUBLIC BASKET

TECHNOLOGY SEGMENTS VS. S&P 500

Running 12 Months



Source: S&P Capital IQ

ENTERPRISE SOFTWARE

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Oracle Corporation	NYSE: ORCL	\$168,743	\$41	1.8%	12.0%	2.5%	39.8%	4.2x	10.6x	23.6x	4.1x	9.2x
International Business Machines Corporation	NYSE: IBM	\$145,703	\$152	(1.3%)	10.3%	(2.6%)	22.4%	2.2x	9.3x	15.5x	2.2x	8.4x
SAP SE	NYSE: SAP	\$81,077	\$75	(7.5%)	(5.2%)	5.1%	28.2%	4.0x	14.4x	NM	NM	11.3x
Adobe Systems Incorporated	NASDAQ: ADBE	\$47,731	\$96	(3.7%)	2.0%	21.1%	28.8%	8.5x	29.7x	68.6x	7.1x	18.6x
Intuit Inc.	NASDAQ: INTU	\$28,558	\$112	4.6%	15.7%	11.5%	30.5%	6.0x	19.8x	41.6x	5.6x	14.2x
Sage Group plc	LSE: SGE	\$6,968	\$6	5.3%	7.0%	7.6%	26.7%	4.9x	18.5x	32.7x	4.6x	15.6x
Constellation Software Inc.	TSX:CSU	\$10,596	\$500	(6.2%)	(13.3%)	13.3%	23.2%	4.3x	18.7x	54.3x	3.9x	15.1x
Open Text Corporation	NASDAQ: OTEX	\$7,175	\$59	0.8%	23.4%	(1.4%)	30.5%	4.3x	14.1x	36.5x	3.9x	10.9x
TOTVS S.A.	BOVESPA:TOTS3	\$4,991	\$31	3.1%	(1.6%)	20.3%	17.2%	2.7x	15.8x	28.8x	2.3x	11.3x
Segment Average		\$55,727		-0.3%	5.6%	8.6%	0.3x	4.6x	16.8x	33.5x	3.7x	12.7x
Segment Median		\$43,170		-0.6%	7.0%	7.6%	0.3x	4.3x	15.8x	32.7x	4.0x	11.3x

Source: S&P Capital IQ

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TECHNOLOGY REPORT

FINANCIAL TECHNOLOGY

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Fiserv, Inc.	NASDAQ: FISV	\$24,174	\$109	3.2%	18.9%	5.8%	30.8%	5.3x	15.6x	30.1x	5.0x	14.5x
MSCI Inc.	NYSE: MSCI	\$7,442	\$77	(3.3%)	6.9%	7.0%	46.5%	7.9x	16.9x	36.9x	7.3x	15.4x
Jack Henry & Associates Inc.	NASDAQ: JKHY	\$6,884	\$87	3.4%	11.8%	6.9%	34.8%	5.2x	15.1x	33.6x	4.9x	14.2x
SS&C Technologies Holdings, Inc.	NASDAQ: SSNC	\$5,566	\$28	(8.8%)	(17.7%)	50.1%	32.7%	7.3x	22.4x	106.3x	5.2x	12.9x
Fidelity National Information Services, Inc.	NYSE: FIS	\$24,053	\$74	(0.8%)	21.6%	42.0%	24.3%	4.8x	19.9x	36.3x	3.6x	11.8x
Black Knight Financial Services, Inc.	NYSE: BKFS	\$2,598	\$38	7.4%	13.7%	9.4%	36.1%	5.4x	15.7x	205.7x	4.9x	11x
Bottomline Technologies (de), Inc.	NASDAQ: EPAY	\$881	\$22	(14.1%)	(27.6%)	3.2%	13.3%	2.6x	19.9x	NM	2.6x	13.2x
Envestnet, Inc.	NYSE: ENV	\$1,422	\$33	(1.4%)	11.6%	38.4%	9.8%	3.7x	37.8x	NM	2.7x	14.8x
Q2 Holdings, Inc.	NYSE: QTWO	\$1,099	\$28	12.2%	6.3%	35.7%	(15.7%)	8.4x	NM	NM	6.3x	NM
The Western Union Company	NYSE: WU	\$9,420	\$19	(1.4%)	7.1%	(0.4%)	25.2%	2.1x	8.3x	16.7x	2.1x	8.5x
American Express Company	NYSE: AXP	\$57,785	\$61	(7.6%)	(12.6%)	(3.0%)	27.8%	1.9x	6.9x	11.5x	1.8x	N/A
Visa Inc.	NYSE: V	\$176,889	\$74	(6.0%)	(4.4%)	8.4%	68.2%	12.1x	18.0x	30.1x	10.8x	15.6x
MasterCard Incorporated	NYSE: MA	\$96,752	\$88	(8.2%)	(9.6%)	8.6%	56.6%	9.5x	16.8x	31.2x	8.7x	15.1x
Segment Average		\$31,920		-2.0%	2.0%	16.3%	30.0%	5.9x	17.8x	53.8x	5.1x	13.4x
Segment Median		\$7,442		-2.4%	6.9%	8.4%	30.8%	5.3x	16.9x	32.4x	4.9x	14.2x

Source: S&P Capital IQ

SUPPLY CHAIN SOFTWARE

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Manhattan Associates, Inc.	NASDAQ:MANH	\$4,626	\$64	(2.7%)	(3.1%)	10.7%	31.8%	7.9x	25.7x	44.6x	7.2x	20.8x
Fleetmatics Group PLC	NYSE: FLTX	\$1,696	\$43	5.9%	(14.7%)	20.8%	22.8%	5.2x	22.6x	87.0x	4.3x	12.6x
The Descartes Systems Group Inc	NASDAQ: DSGX	\$1,872	\$19	(8.8%)	(4.9%)	10.6%	32.5%	7.6x	23.5x	NM	NM	19.6x
Kinaxis Inc.	TSX: KXS	\$1,278	\$52	0.2%	10.6%	21.5%	26.9%	8.9x	33.1x	66.5x	7.6x	27.7x
SPS Commerce, Inc.	NASDAQ: SPSC	\$1,023	\$61	11.2%	(13.7%)	21.7%	10.5%	5.4x	51.6x	195.4x	4.5x	32.4x
SciQuest, Inc.	NASDAQ: SQI	\$491	\$18	0.1%	36.2%	4.4%	8.9%	3.3x	37.6x	172.1x	3.2x	15.0x
American Software, Inc.	NASDAQ: AMSW.A	\$302	\$10	8.7%	2.9%	3.6%	13.4%	2.0x	12.1x	33.1x	2.0x	11.4x
Segment Average		\$1,613		2.1%	1.9%	13.3%	0.2x	5.8x	29.5x	85.5x	4.1x	19.9x
Segment Median		\$1,278		0.2%	-3.1%	10.7%	0.2x	5.4x	25.7x	66.5x	4.3x	19.6x

Source: S&P Capital IQ

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TECHNOLOGY REPORT

HUMAN CAPITAL MANAGEMENT

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Paychex, Inc.	NASDAQ: PAYX	\$21,427	\$60	9.7%	12.5%	7.6%	42.7%	7.1x	16.7x	30.0x	6.6x	15.5x
Workday, Inc.	NYSE: WDAY	\$14,710	\$75	(1.5%)	(6.3%)	33.7%	(15.5%)	10.5x	NM	NM	7.9x	85.2x
The Ultimate Software Group, Inc.	NASDAQ: ULTI	\$6,072	\$210	2.8%	7.6%	26.1%	9.7%	9.1x	93.0x	235.1x	7.3x	29.5x
Paycom Software, Inc.	NYSE: PAYC	\$2,589	\$43	6.8%	14.8%	43.3%	23.5%	9.8x	41.7x	78.0x	7.4x	32.7x
Cornerstone OnDemand, Inc.	NASDAQ: CSOD	\$2,096	\$38	(4.9%)	10.2%	26.6%	(16.1%)	5.6x	NM	NM	4.5x	48.4x
Paylocity Holding Corporation	NASDAQ: PCTY	\$2,204	\$43	17.7%	6.5%	49.6%	2.3%	10.0x	NM	NM	7.7x	64.2x
Benefitfocus, Inc.	NASDAQ: BNFT	\$1,120	\$38	3.8%	4.8%	26.9%	(22.3%)	5.7x	NM	NM	4.5x	NM
Xactly Corporation	NYSE: XTLY	\$386	\$13	29.9%	50.2%	27.1%	(21.0%)	4.4x	NM	NM	3.5x	NM
Halogen Software Inc.	TSX: HGN	\$183	\$9	(7.6%)	18.9%	11.5%	(4.4%)	1.6x	NM	NM	1.4x	51.8x
Segment Average		\$5,643		6.3%	13.2%	28.1%	0.0x	7.1x	50.5x	114.4x	5.6x	46.7x
Segment Median		\$2,204		3.8%	10.2%	26.9%	0.0x	7.1x	41.7x	78.0x	6.6x	48.4x

Source: S&P Capital IQ

OTHER SAAS

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
ServiceNow, Inc.	NYSE: NOW	\$10,819	\$66	(7.3%)	(23.3%)	36.1%	(9.3%)	9.5x	NM	NM	7.1x	36.4x
NetSuite Inc.	NYSE: N	\$5,856	\$73	(8.2%)	(14.0%)	30.4%	(7.9%)	7.3x	NM	NM	5.6x	65.4x
Atlassian Corporation Plc	NASDAQ: TEAM	\$5,527	\$26	14.8%	(13.9%)	0.0%	3.3%	11.4x	NM	NM	NM	NM
Guidewire Software, Inc.	NYSE: GWRE	\$4,479	\$62	5.2%	2.7%	10.2%	5.5%	9.5x	171.8x	NM	8.7x	44.2x
Zendesk, Inc.	NYSE: ZEN	\$2,420	\$26	7.7%	(0.2%)	45.1%	(31.6%)	9.2x	NM	NM	6.6x	NM
RealPage, Inc.	NASDAQ: RP	\$1,787	\$22	2.7%	(0.5%)	22.1%	12.4%	3.8x	30.7x	190.8x	3.1x	14.74x
Xero Limited.	NZSE: XRO	\$2,472	\$18	1.2%	(8.1%)	50.7%	(40.6%)	11.0x	NM	NM	7.3x	NM
Ebix Inc.	NASDAQ: EBIX	\$1,569	\$48	5.9%	46.1%	9.4%	37.3%	6.3x	17.0x	29.9x	5.7x	14.6x
LogMeIn, Inc.	NASDAQ: LOGM	\$1,586	\$63	3.5%	(5.5%)	22.0%	11.6%	4.9x	42.0x	154.8x	4.1x	15.9x
RingCentral, Inc.	NYSE: RNG	\$1,426	\$20	(0.1%)	(16.4%)	23.0%	(4.0%)	4.1x	NM	NM	3.4x	62.4x
Alarm.Com Holdings, Inc.	NASDAQ: ALRM	\$1,168	\$26	20.9%	53.7%	15.6%	14.8%	4.7x	32.2x	52.4x	4.2x	24.2x
Cvent, Inc.	NYSE: CVT	\$1,510	\$36	(0.3%)	2.3%	23.1%	3.2%	6.7x	212.4x	NM	5.5x	43.1x
inContact, Inc.	NASDAQ: SAAS	\$865	\$14	(0.2%)	45.2%	18.2%	0.6%	3.7x	NM	NM	3.2x	39.9x
MINDBODY, Inc.	NASDAQ: MB	\$641	\$16	20.5%	6.7%	35.2%	(24.1%)	5.1x	NM	NM	3.9x	NM
IntraLinks Holdings, Inc.	NYSE: IL	\$375	\$7	(17.1%)	(28.3%)	7.9%	4.0%	1.5x	37.7x	NM	1.4x	8.7x
Workiva Inc.	NYSE: WK	\$560	\$14	(1.0%)	(22.3%)	24.3%	(28.8%)	3.4x	NM	NM	2.8x	NM
Instructure, Inc.	NYSE: INST	\$521	\$19	9.5%	(8.7%)	49.7%	(56.8%)	5.5x	NM	NM	NM	NM
Five9, Inc.	NASDAQ: FIVN	\$617	\$12	16.8%	36.8%	19.1%	(6.8%)	4.4x	NM	NM	3.8x	283.8x
AppFolio, Inc.	NASDAQ: APPF	\$486	\$14	3.3%	(1.0%)	36.9%	(14.4%)	5.6x	NM	NM	4.3x	NM
Castlight Health, Inc.	NYSE: CSLT	\$421	\$4	(5.9%)	(7.3%)	33.5%	(93.6%)	3.7x	NM	NM	2.8x	NM
Model N, Inc.	NYSE: MODN	\$367	\$13	8.5%	19.6%	14.4%	(22.2%)	3.0x	NM	NM	2.5x	NM
Segment Average		\$2,165		3.8%	3.0%	25.1%	-11.8%	5.9x	77.7x	107.0x	4.1x	46.7x
Segment Median		\$1,426		3.3%	-1.0%	23.0%	-6.8%	5.1x	37.7x	103.6x	3.9x	30.3x

Source: S&P Capital IQ

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TECHNOLOGY REPORT

MARKETING SOFTWARE

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
salesforce.com, inc.	NYSE:CRM	\$53,800	\$79	(5.1%)	1.3%	24.6%	7.4%	7.6x	103.1x	NM	6.2x	31.3x
Adobe Systems Incorporated	NasdaqGS:ADBE	\$47,731	\$96	(3.7%)	2.0%	21.1%	28.8%	8.5x	29.7x	68.6x	7.1x	18.6x
Criteo SA	NasdaqGS:CRTO	\$2,896	\$46	2.3%	16.0%	NM	9.0%	1.8x	19.6x	68.4x	3.4x	11.5x
HubSpot, Inc.	NYSE:HUBS	\$1,517	\$43	(9.1%)	(22.9%)	42.2%	(20.6%)	7.0x	NM	NM	5.1x	NM
Marketo, Inc.	NasdaqGS:MKT O	\$1,568	\$35	(1.2%)	21.3%	29.9%	(23.8%)	6.5x	NM	NM	5.1x	NM
Callidus Software Inc.	NasdaqGM:CAL D	\$1,135	\$20	7.7%	7.6%	20.5%	(0.0%)	5.7x	NM	NM	4.7x	38.4x
Bazaarvoice, Inc.	NasdaqGS:BV	\$329	\$4	7.8%	(8.4%)	1.1%	(7.5%)	1.4x	NM	NM	1.4x	40.5x
ChannelAdvisor Corporation	NYSE:ECOM	\$369	\$14	16.9%	4.6%	12.9%	(6.7%)	3.0x	NM	NM	2.7x	137.9x
Segment Average		\$13,668		1.9%	2.7%	19.0%	-1.7%	5.2x	50.8x	68.5x	4.5x	46.3x
Segment Median		\$1,543		0.6%	3.3%	20.8%	-3.3%	6.1x	29.7x	68.5x	4.9x	34.8x

Source: S&P Capital IQ

HEALTHCARE IT

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Cerner Corporation	NasdaqGS:CERN	\$19,812	\$59	5.4%	(2.6%)	11.5%	27.9%	4.4x	15.9x	36.2x	3.9x	11.6x
athenahealth, Inc.	NasdaqGS:ATH N	\$5,419	\$138	8.8%	(14.3%)	19.7%	8.4%	5.8x	70.9x	NM	4.8x	22.9x
Veeva Systems Inc.	NYSE:VEEV	\$4,598	\$34	3.6%	18.3%	26.5%	19.9%	9.4x	47.4x	96.9x	7.6x	26.8x
Inovalon Holdings, Inc.	NasdaqGS:INOV	\$2,745	\$18	(3.1%)	5.9%	17.8%	28.0%	5.1x	18.3x	43.5x	4.3x	12.7x
Allscripts Healthcare Solutions, Inc.	NasdaqGS:MDR X	\$2,376	\$13	(5.9%)	(17.4%)	12.9%	8.9%	2.1x	24.0x	271.6x	1.8x	9.5x
Medidata Solutions, Inc.	NasdaqGS:MDS O	\$2,682	\$47	2.0%	(4.9%)	17.8%	12.2%	6.5x	59.5x	222.2x	5.4x	23.3x
Press Ganey Holdings, Inc.	NYSE:PGND	\$2,080	\$39	15.6%	24.7%	13.9%	9.4%	6.7x	70.9x	NM	5.9x	15.5x
HMS Holdings Corp.	NasdaqGS:HMS Y	\$1,482	\$18	6.6%	42.7%	2.8%	18.7%	3.2x	17.0x	59.1x	3.1x	12.7x
Quality Systems Inc.	NasdaqGS:QSII	\$726	\$12	(6.3%)	(26.1%)	4.5%	11.6%	1.6x	13.9x	27.6x	1.6x	8.3x
Imprivata, Inc.	NYSE:IMPR	\$355	\$14	3.0%	23.9%	16.6%	(14.1%)	2.4x	NM	NM	2.1x	NM
Segment Average		\$4,227		3.0%	5.0%	14.4%	13.1%	4.7x	37.5x	108.1x	4.1x	15.9x
Segment Median		\$2,529		3.3%	1.7%	15.3%	11.9%	4.8x	24.0x	59.1x	4.1x	12.7x

Source: S&P Capital IQ

Note: These data represent recorded transactions only, and are not all-inclusive. Nevertheless, they are typically representative of the industry.



TECHNOLOGY REPORT

IT SERVICES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
International Business Machines Corporation	NYSE:IBM	\$145,703	\$152	(1.3%)	10.3%	(2.6%)	22.4%	2.2x	9.3x	15.5x	2.2x	8.4x
Accenture plc	NYSE:ACN	\$70,528	\$113	(4.8%)	8.4%	5.7%	16.8%	2.1x	12.5x	28.2x	1.9x	11.7x
Cognizant Technology Solutions Corporation	NasdaqGS:CTSH	\$34,680	\$57	(6.8%)	(4.6%)	10.9%	20.0%	2.5x	12.3x	25.0x	2.2x	10.6x
CGI Group Inc.	TSX:GIB.A	\$16,585	\$55	(10.0%)	(0.4%)	4.3%	17.1%	1.7x	10.2x	19.5x	1.7x	9.0x
Booz Allen Hamilton Holding Corporation	NYSE:BAH	\$4,392	\$30	1.3%	(3.9%)	3.9%	9.4%	1.1x	11.5x	18.7x	1.0x	10.5x
Leidos Holdings, Inc.	NYSE:LDOS	\$3,479	\$48	(3.1%)	(14.9%)	1.8%	8.6%	0.8x	8.8x	15.6x	0.7x	8.9x
Teradata Corporation	NYSE:TDC	\$3,259	\$25	(11.5%)	(5.1%)	(9.5%)	15.2%	1.2x	7.9x	19.2x	1.3x	5.1x
EPAM Systems, Inc.	NYSE:EPAM	\$3,258	\$64	(15.9%)	(18.2%)	27.3%	15.2%	3.1x	20.5x	39.9x	2.5x	13.9x
Interxion Holding NV	NYSE:INXN	\$2,598	\$37	(1.5%)	22.3%	9.3%	42.5%	7.0x	16.6x	64.4x	6.6x	14.5x
CACI International Inc.	NYSE:CACI	\$2,199	\$90	(10.3%)	(2.6%)	12.5%	9.3%	1.0x	11.3x	15.6x	0.9x	10.2x
ManTech International Corporation	NasdaqGS:MAN T	\$1,426	\$38	5.3%	25.1%	4.8%	7.6%	0.9x	11.5x	26.2x	0.8x	10.8x
Virtusa Corporation	NasdaqGS:VRTU	\$864	\$29	(18.0%)	(30.1%)	49.5%	10.3%	1.7x	16.3x	24.0x	1.1x	12.6x
The Hackett Group, Inc.	NasdaqGS:HCKT	\$398	\$14	(5.1%)	(13.7%)	8.6%	12.4%	1.6x	12.9x	29.0x	1.3x	8.8x
Unisys Corporation	NYSE:UIS	\$364	\$7	(13.7%)	(34.1%)	(6.7%)	5.0%	0.1x	2.2x	6.8x	0.1x	1.7x
ServiceSource International, Inc.	NasdaqGS:SREV	\$344	\$4	8.3%	(12.6%)	1.4%	(5.9%)	1.1x	NM	NM	1.1x	58.2x
Segment Average		\$24,081		-6.4%	-1.1%	9.8%	16.2%	2.1x	12.4x	26.0x	1.9x	10.5x
Segment Median		\$3,258		-5.1%	-4.6%	4.8%	12.4%	1.6x	11.5x	21.7x	1.3x	10.5x

Source: S&P Capital IQ

IT SECURITY

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Cisco Systems, Inc.	NasdaqGS:CSCO	\$144,302	\$29	(1.2%)	5.7%	0.0%	29.8%	2.2x	7.4x	17.9x	2.2x	7.5x
Palo Alto Networks, Inc.	NYSE:PANW	\$10,989	\$123	(6.0%)	(30.4%)	47.4%	(11.1%)	8.2x	NM	NM	6.1x	27.3x
Symantec Corporation	NasdaqGS:SYMC	\$12,642	\$21	18.3%	(2.2%)	10.8%	24.8%	2.5x	9.9x	41.7x	2.5x	6.9x
VeriSign, Inc.	NasdaqGS:VRSN	\$9,379	\$86	1.2%	(1.0%)	7.4%	63.6%	8.6x	13.6x	35.8x	8.1x	11.8x
Fortinet Inc.	NasdaqGS:FTNT	\$5,423	\$32	(7.7%)	1.3%	25.9%	5.0%	4.1x	83.2x	NM	3.4x	17.7x
FireEye, Inc.	NasdaqGS:FEYE	\$2,740	\$16	3.5%	(20.6%)	27.3%	(61.7%)	3.8x	NM	NM	3.0x	NM
Cheetah Mobile Inc.	NYSE:CMCM	\$1,353	\$10	(11.8%)	(40.7%)	17.7%	9.3%	1.8x	19.9x	61.9x	1.7x	16.2x
Check Point Software Technologies Ltd.	NasdaqGS:CHKP	\$13,663	\$80	(6.2%)	(2.1%)	7.2%	51.0%	7.4x	14.3x	26.2x	6.9x	12.5x
Gemalto NV	ENXTAM: GTO	\$4,876	\$55	(0.3%)	(0.9%)	2.6%	14.9%	1.7x	11.2x	28.4x	1.6x	8.6x
Trend Micro Inc.	TSE: 4704	\$499,543	\$3,645	(9.3%)	(26.1%)	9.1%	31.9%	3.0x	9.4x	24.5x	2.6x	9.1x
Proofpoint, Inc.	NasdaqGM:PFPT	\$2,618	\$63	7.6%	(3.0%)	36.8%	(23.4%)	8.9x	NM	NM	6.8x	126.7x
Imperva Inc.	NYSE:IMPV	\$1,388	\$43	12.7%	(32.1%)	19.0%	(19.1%)	4.5x	NM	NM	3.5x	56.4x
CyberArk Software, Ltd.	NasdaqGS:CYBR	\$1,631	\$49	7.0%	7.6%	31.1%	20.1%	7.9x	39.4x	84.2x	6.3x	29.3x
AVG Technologies N.V.	NYSE:AVG	\$965	\$19	(1.2%)	(5.3%)	2.9%	29.6%	2.5x	8.4x	25.0x	2.4x	6.7x
Qualys, Inc.	NasdaqGS:QLYS	\$1,041	\$30	(4.4%)	(9.9%)	20.4%	24.6%	4.8x	19.7x	64.1x	4.1x	12.71x
Rapid7, Inc.	NasdaqGM:RPD	\$528	\$13	(2.1%)	(16.9%)	37.8%	(39.3%)	3.6x	NM	NM	2.8x	NM
Mimecast Limited	NasdaqGS:MIME	\$543	\$10	19.3%	4.3%	21.3%	5.6%	3.1x	55.8x	NM	NM	NM
Varonis Systems, Inc.	NasdaqGS:VRNS	\$630	\$24	(1.2%)	27.8%	23.5%	(12.3%)	3.8x	NM	NM	3.2x	NM
Segment Average		\$39,681		1.0%	-8.0%	19.3%	8.0%	4.6x	24.3x	41.0x	3.7x	23.3x
Segment Median		\$2,679		-1.2%	-2.6%	19.7%	12.1%	3.8x	14.0x	32.1x	3.1x	12.5x

Source: S&P Capital IQ

Note: These data represent recorded transactions only, and are not all-inclusive. Nevertheless, they are typically representative of the industry.



HOSTING/DATA CENTERS

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Equinix, Inc.	NasdaqGS:EQIX	\$26,920	\$388	7.1%	28.2%	32.3%	41.3%	11.4x	27.7x	175.8x	9.0x	19.3x
Digital Realty Trust Inc.	NYSE:DLR	\$16,002	\$109	14.2%	44.1%	18.7%	50.0%	12.5x	25.0x	135.6x	11.0x	19.5x
Akamai Technologies, Inc.	NasdaqGS:AKAM	\$9,821	\$56	2.5%	6.3%	7.6%	31.2%	4.3x	13.8x	35.1x	4.0x	9.8x
DuPont Fabros Technology, Inc.	NYSE:DFT	\$3,521	\$48	12.4%	49.5%	14.5%	59.6%	12.0x	20.1x	37.6x	10.2x	16.3x
CoreSite Realty Corporation	NYSE:COR	\$2,706	\$89	16.9%	56.4%	19.2%	49.0%	9.9x	20.2x	130.0x	8.5x	16.2x
QTS Realty Trust, Inc.	NYSE:QTS	\$2,673	\$56	8.3%	24.1%	29.0%	36.2%	10.8x	29.8x	211.2x	8.9x	19.4x
Rackspace Hosting, Inc.	NYSE:RAX	\$2,621	\$21	(16.6%)	(17.6%)	5.5%	27.7%	1.3x	4.8x	22.9x	1.3x	3.8x
GoDaddy Inc.	NYSE:GDDY	\$2,557	\$31	(4.1%)	(2.7%)	14.3%	9.3%	2.0x	22.0x	169.1x	1.8x	7.9x
Extreme Networks Inc.	NasdaqGS:EXTR	\$355	\$3	(8.1%)	(16.9%)	(4.3%)	4.3%	0.6x	14.0x	NM	0.6x	5.8x
Segment Average		\$7,464		3.6%	19.0%	15.2%	34.3%	7.2x	19.7x	114.7x	6.1x	13.1x
Segment Median		\$2,706		7.1%	24.1%	14.5%	36.2%	9.9x	20.2x	132.8x	8.5x	16.2x

Source: S&P Capital IQ

TECH CONGLOMERATES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Alphabet Inc.	NASDAQ:GOOGL	\$479,090	\$704	(6.1%)	(9.6%)	16.3%	32.7%	5.3x	16.2x	37.6x	4.6x	11.3x
Microsoft Corporation	NasdaqGS:MSFT	\$402,220	\$51	(3.5%)	(7.8%)	2.2%	32.7%	4.0x	11.8x	29.0x	3.7x	10.0x
Oracle Corporation	NYSE:ORCL	\$168,743	\$41	1.8%	12.0%	2.5%	39.8%	4.2x	10.6x	23.6x	4.1x	9.2x
Cisco Systems, Inc.	NasdaqGS:CSCO	\$144,302	\$29	(1.2%)	5.7%	0.0%	29.8%	2.2x	7.4x	17.9x	2.2x	7.5x
International Business Machines Corporation	NYSE:IBM	\$145,703	\$152	(1.3%)	10.3%	(2.6%)	22.4%	2.2x	9.3x	15.5x	2.2x	8.4x
SAP SE	DB:SAP	\$81,077	\$68	(7.2%)	(8.4%)	5.1%	28.2%	4.0x	14.4x	26.8x	3.8x	11.3x
EMC Corporation	NYSE:EMC	\$53,108	\$27	(2.8%)	5.8%	(0.6%)	19.5%	2.1x	10.7x	27.7x	2.1x	7.3x
salesforce.com, inc.	NYSE:CRM	\$53,800	\$79	(5.1%)	1.3%	24.6%	7.4%	7.6x	103.1x	NM	6.2x	31.3x
Segment Average		\$191,006		-3.2%	1.2%	5.9%	26.6%	3.9x	22.9x	25.5x	3.6x	12.0x
Segment Median		\$145,003		-3.1%	3.5%	2.3%	29.0%	4.0x	11.3x	26.8x	3.7x	9.6x

Source: S&P Capital IQ

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DATA ANALYTICS

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiple			NTM Multiple	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Splunk, Inc.	NasdaqGS:SPLK	\$7,199	\$54	(5.7%)	(7.9%)	34.2%	(39.9%)	8.5x	NM	NM	6.5x	80.0x
Teradata Corporation	NYSE:TDC	\$3,259	\$25	(11.5%)	(5.1%)	(9.5%)	15.2%	1.2x	7.9x	19.2x	1.3x	5.1x
Tableau Software, Inc.	NYSE:DATA	\$3,639	\$49	(4.9%)	(48.1%)	29.7%	(8.4%)	4.1x	NM	NM	3.2x	25.4x
Inovalon Holdings, Inc.	NasdaqGS:INOV	\$2,745	\$18	(3.1%)	5.9%	17.8%	28.0%	5.1x	18.3x	43.5x	4.3x	12.7x
Qlik Technologies, Inc.	NasdaqGS:QLIK	\$2,806	\$30	3.1%	(6.6%)	15.8%	0.6%	3.9x	NM	NM	3.3x	30.3x
Verint Systems Inc.	NasdaqGS:VRNT	\$2,061	\$33	0.4%	(18.3%)	(1.1%)	10.9%	2.2x	20.2x	NM	2.1x	9.6x
MicroStrategy Inc.	NasdaqGS:MSTR	\$2,000	\$175	(6.2%)	(2.4%)	(0.6%)	27.4%	2.8x	10.2x	25.1x	2.7x	8.4x
Pegasystems Inc.	NasdaqGS:PEGA	\$2,057	\$27	2.2%	(2.0%)	17.0%	12.9%	2.6x	20.5x	51.7x	2.3x	16.3x
Hortonworks, Inc.	NasdaqGS:HDP	\$617	\$11	(8.5%)	(51.2%)	57.0%	(140.1%)	3.5x	NM	NM	2.4x	NM
PROS Holdings, Inc.	NYSE:PRO	\$528	\$17	24.6%	(24.3%)	(10.2%)	(29.8%)	3.0x	NM	NM	3.2x	NM
Segment Average		\$2,691		-1.0%	-16.0%	15.0%	-12.3%	3.7x	15.4x	34.9x	3.1x	23.5x
Segment Median		\$2,403		-4.0%	-7.2%	16.4%	5.8%	3.3x	18.3x	34.3x	2.9x	14.5x

Source: S&P Capital IQ

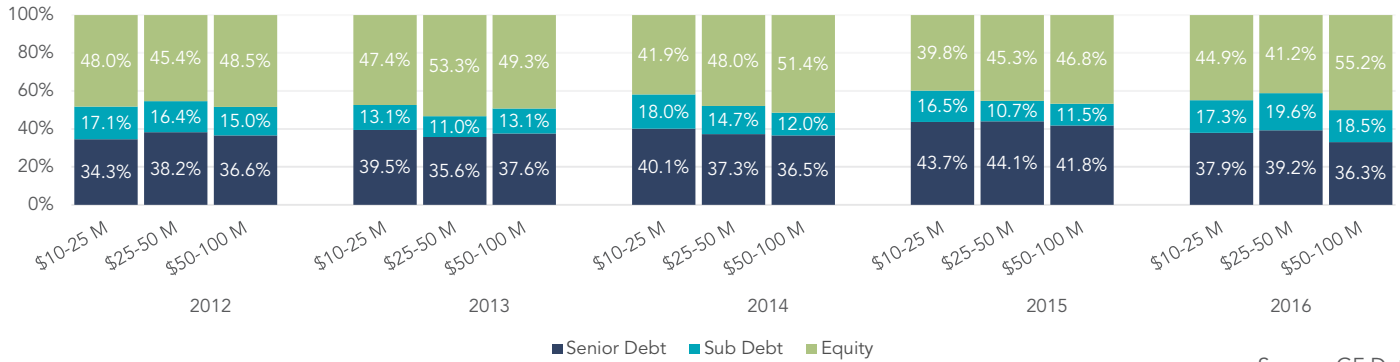
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TECHNOLOGY REPORT

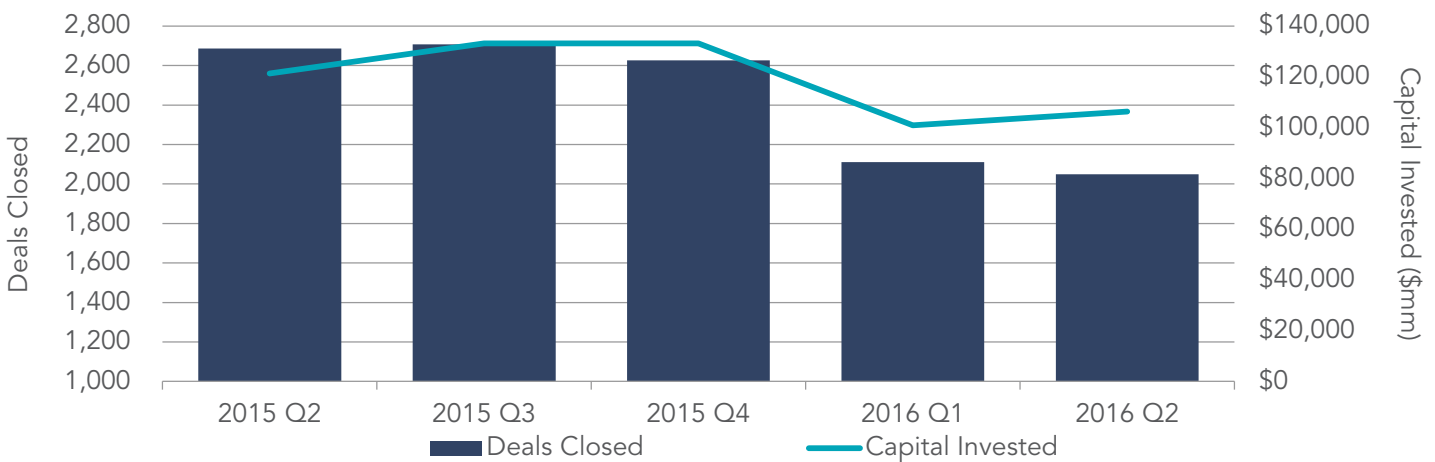
OVERALL U.S. LOWER MIDDLE MARKET M&A ACTIVITY

CAPITAL STACK



Source: GF Data*

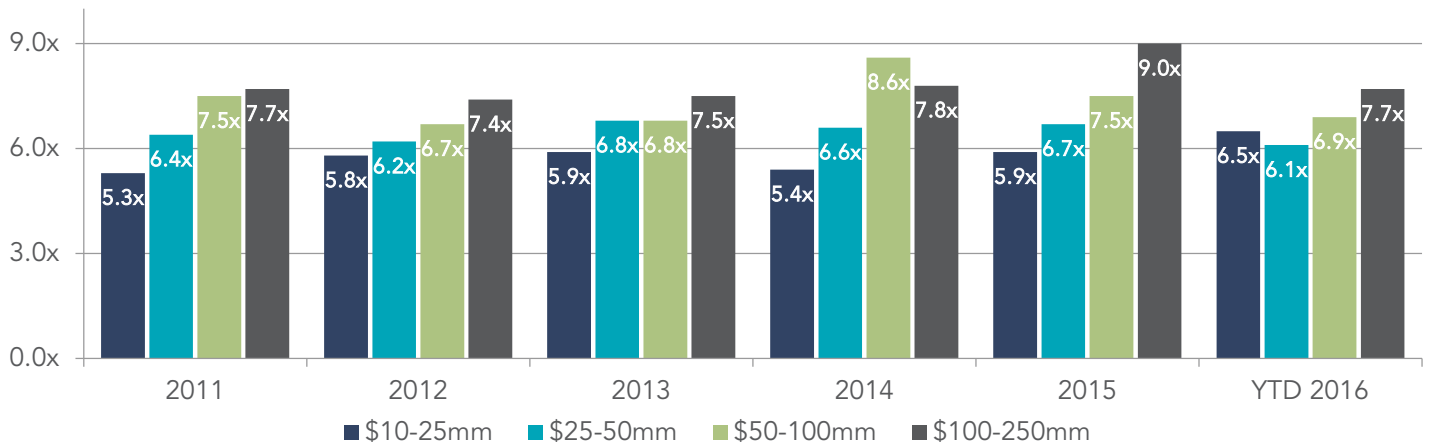
M&A ACTIVITY



Source: S&P Capital IQ

TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



Source: GF Data*

*The most current source of GF Data is as of March 31, 2016, and lags one quarter behind the current quarter.



TECHNOLOGY REPORT

COMPREHENSIVE TECHNOLOGY EXPERTISE

Hardware, software, and the tech service industry are the driving forces that not only support modern society, but help it to progress into the future. Let us guide you and your company through the technology industry's complex and competitive landscape. We know the ins and outs of the M&A market, understand the underlying issues and pitfalls, and maintain professional relationships with industry leaders, all of which can help you maximize your opportunities and avoid roadblocks while you focus on running a successful business.

We serve owners in all technology sectors including:

- Enterprise Software
- Financial Technology
- Supply Chain Software
- Human Capital Management
- Other SaaS
- Marketing Software
- Healthcare IT
- Data Analytics
- IT Services
- IT Security
- Hosting Data Center
- Tech Conglomerates

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SELECT TRANSACTION EXPERIENCE

SDR has completed numerous transactions types throughout the technology industry, including:

STRATEGIC SALES

Has been acquired by

A portfolio company of

SDR Ventures | SELL-SIDE TRANSACTION

Has been acquired by

Brownsters LLC

SDR Ventures | SELL-SIDE TRANSACTION

Has been acquired by

A portfolio company of

THOMA BRAVO

SDR Ventures | SELL-SIDE TRANSACTION

and

Have been acquired by

SDR Ventures | SELL-SIDE TRANSACTION

CAPITAL FORMATION

SDR Ventures | CAPITAL FORMATION

SDR SERVICE OFFERINGS



SELL-SIDE ADVISORY



PRIVATE CAPITAL FORMATION



BUY-SIDE ADVISORY



STRATEGIC CONSULTING