



Signal Hill

Joel Strauch
 Managing Director
 jstrauch@signalhill.com

Frank Cordek
 Associate
 fcordek@signalhill.com

Andrew Dunfee
 Analyst
 adunfee@signalhill.com

Infrastructure Software: Q2 2012 M&A Review

The Infrastructure Software sector has seen the number of deals increase significantly from Q1 2012, up to 43 from 27 (increase of 59.3 percent) but Median Announced Deal Size and Median EV/TTM Revenue Multiple are both down significantly. This is due to a lack of large transactions occurring in the quarter. We believe this data reflects the continued trend of strategic buyers focusing on more manageable transactions, combined with more activity by mid-sized buyers which tend to undertake smaller transactions. Application monitoring and mobility are two themes that continue to drive deals, as reflected in several of the notable transactions highlighted below. In the coming quarters, we expect to see continued momentum in transactions related to enterprise mobility management from both device and application perspectives as well as increased levels of M&A activity involving strategic buyers that are mid-sized or private-equity backed.

Figure 1: Quarterly Infrastructure Software M&A Deal Analysis, Q2 2011 – Q2 2012

Source: Signal Hill

	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Number of Deals	28	33	40	27	43
% change from prior quarter	-	17.9%	21.2%	-32.5%	59.3%
Total Enterprise Value (\$M)	\$1,306.4	\$2,147.2	\$1,100.3	\$2,651.1	\$1,082.3
% change from prior quarter	-	64.4%	-48.8%	140.9%	-59.2%
Median Announced Deal Size (\$M)	\$110.0	\$95.0	\$54.2	\$80.0	\$54.1
% change from prior quarter	-	-13.6%	-42.9%	47.6%	-32.4%
Median EV/TTM Revenue Multiple	3.5x	6.5x	4.1x	8.0x	3.8x
% change from prior quarter	-	46.2%	-58.5%	48.8%	-110.5%

Figure 2: Infrastructure Software Public Company Valuation Metrics, Q2 2012

Infrastructure Software	Financial Data					Enterprise Value /						Equity Multiples		
	% of 52 Week Hi	Q/Q Rev Growth YoY	Seq.	LTM Margins		Revenues			EBITDA			Price/Earnings		
Pricing Date 06/30/12				Gross	EBITDA	LTM	CY12E	CY13E	LTM	CY12E	CY13E	LTM	CY12E	CY13E
Median Metrics														
Storage Software Trading Comps	58%	12%	-2%	73%	16%	2.4x	1.9x	1.4x	10.2x	8.4x	7.3x	22.1x	15.9x	14.1x
Application Infrastructure Trading Comps	86%	6%	-8%	72%	24%	2.9x	2.7x	2.6x	14.0x	9.8x	10.7x	38.9x	18.9x	15.6x
IT Operations & Management Trading Comps	83%	17%	-2%	80%	24%	3.0x	2.8x	2.6x	13.8x	9.2x	8.2x	33.2x	17.7x	15.5x
Median	83%	12%	-2%	73%	24%	2.9x	2.7x	2.6x	13.8x	9.2x	8.2x	33.2x	17.7x	15.5x



Figure 3: Infrastructure Software 1-Year Relative Stock Price Performance Q2 2012

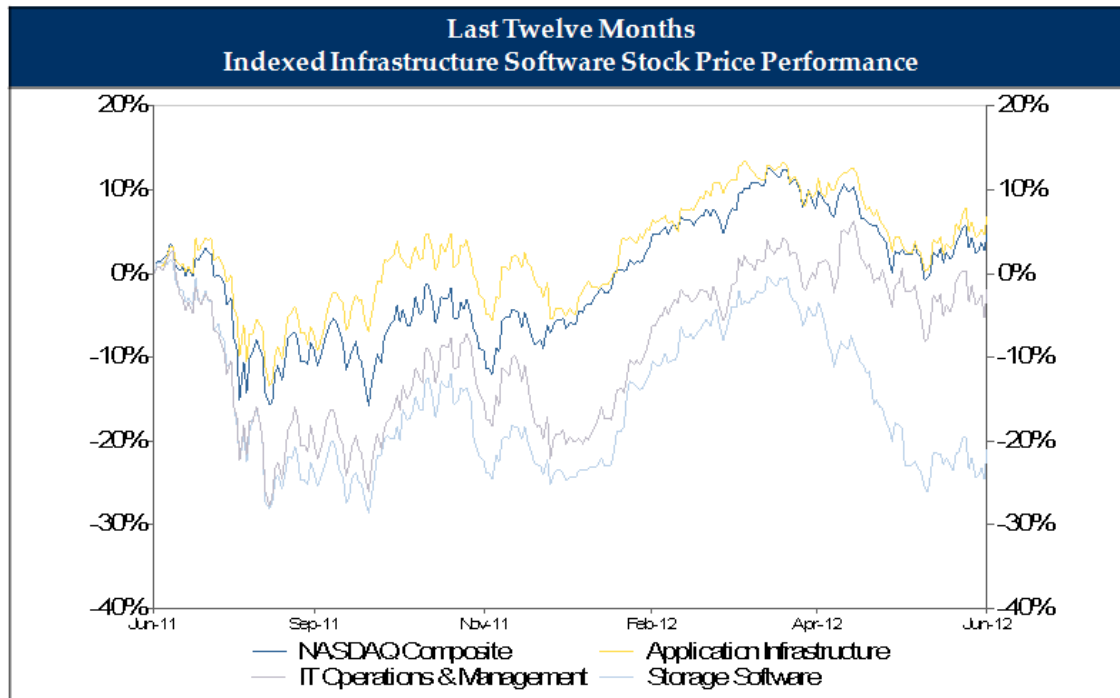


Figure 4: Largest Infrastructure Software Revenue Multiples Q2 2012

Seller	Buyer	Revenue Multiple
Bytemobile, Inc.	Citrix Systems Inc.	7.2x
My-Channels	Software AG	5.0x
WaveLink Corporation	LANDesk Software	4.5x
Anue Systems, Inc.	Ixia	3.0x



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Selected Infrastructure Software Transactions Q2 2012

Bytemobile, Inc. acquired by Citrix Systems Inc. EV: \$430.0M Revenue Multiple: 7.2x	ByteMobile, a mobile traffic optimization company, offers two core products that use content cacheing, deep packet inspection (DPI), policy management, analytics and video/web traffic optimization technology to shape mobile data traffic. The acquisition by desktop virtualization and cloud computing vendor, Citrix, will move the company into the mobile data and video market.
WaveLink Corporation acquired by LANDesk Software EV: \$90.0M Revenue Multiple: 4.5x	WaveLink, a provider of mission critical mobility management solutions, was acquired by LANDesk Software. LANDesk software is a global leader of systems lifecycle management, endpoint security and IT service management. LANDesk hopes that the acquisition of WaveLink will strengthen its management solutions and enable the company to provide comprehensive end-to-end mobile management.
Network Engines, Inc. (NEI) acquired by UNICOM Systems Inc. EV: \$55.4M Revenue Multiple: 0.2x	Network Engines, Inc. (NEI) provides server-based application platforms and services for software developers and original equipment manufacturers. UNICOM Systems, the flagship company of UNICOM Global, delivers CICS automation and z/OS software solutions to IBM System z customers globally. The acquisition will transition NEI from a public company to a private one.