

Q4 2015 Infrastructure Software Market Snapshot

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Q4 2015 Infrastructure Software M&A Overview

- Deal velocity increased in the sector from Q3 to reach 54 announced deals, close to its last twelve month (LTM) high of 55 in Q2.
- Total announced enterprise value (EV) rose significantly due to a select number of very large, high profile acquisitions, particularly the Dell-EMC merger.
- Median announced deal size increased more than 100 percent to reach \$80.0M and the median revenue multiple mirrored that growth with a 211.6 percent increase, reaching 7.1x, the LTM record high.

<i>Source: Signal Hill</i>	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Number of Announced Deals	50	50	55	51	54
<i>% change from prior quarter</i>	-39.8%	0.0%	10.0%	-7.3%	5.9%
Total Announced Enterprise Value (\$M)	\$5,032.0	\$2,921.0	\$7,774.7	\$8,928.8	\$68,197.7
<i>% change from prior quarter</i>	-51.3%	-42.0%	166.2%	14.8%	663.8%
Median Announced Deal Size (\$M)	\$30.0	\$40.0	\$137.5	\$38.5	\$80.0
<i>% change from prior quarter</i>	-40.0%	33.3%	243.8%	-72.0%	107.9%
Median EV/TTM Revenue Multiple	3.8x	4.2x	4.4x	3.3x	7.1x
<i>% change from prior quarter</i>	83.2%	11.6%	4.8%	-24.3%	211.6%

Notable Q4 2015 Infrastructure M&A Transactions



Kepware Acquired by PTC

EV: \$100M
Revenue Multiple: 5x
Dec. 23, 2015

- The acquisition combines Kepware's machine data with PTC's ThingWorx platform, giving customers better insight and process optimization opportunities.



IBM Acquires Gravitant to Boost Hybrid Cloud Enterprise Services

EV: \$95M
Revenue Multiple: 4.7x
Nov. 3, 2015

- Gravitant's decision engine allows IBM to transition its GTS group to the cloud and broker across cloud supply chains.



Silver Lake Partners and Thoma Bravo take SolarWinds Inc. Private

EV: \$4,253.6M
Revenue Multiple: 9.1x
Oct. 21, 2015

- SilverLake Partners and Thoma Bravo's acquisition of SolarWinds represents a significant investment in a network, application, server, storage systems, and virtual environment monitoring and management software provider.



Dell Inc. to Buy EMC Corp.

EV: \$62,778M
Revenue Multiple: 2.5x
Oct. 12, 2015

- The combination boosts advancement in strategic areas of next generation IT including digital transformation, software-defined data center, converged infrastructure, hybrid cloud, mobile and security.

Q4 2015 Infrastructure Software M&A Transactions

\$ in millions

Date Announced	Seller	Buyer	Enterprise Value	Revenues	EBITDA	Enterprise Value	
						Revenue	EBITDA
31-Dec-15	IBM Corporation / Assets	UNICOM Systems Inc.	NA	NA	NA	NA	NA
30-Dec-15	Carrier IQ / Assets	AT&T Corporation	NA	NA	NA	NA	NA
23-Dec-15	Keeware Inc.	PTC Inc.	\$100.00	\$20.00	NA	5.0x	NA
23-Dec-15	Reflective Solutions Ltd.	SPO Global Inc.	NA	NA	NA	NA	NA
23-Dec-15	CoSwitched / Assets	Truphone Ltd.	NA	NA	NA	NA	NA
21-Dec-15	SolidFire Inc.	NetApp Inc.	\$870.00	NA	NA	NA	NA
16-Dec-15	EVault Inc. / Assets	Carbonite Inc.	\$14.00	NA	NA	NA	NA
02-Dec-15	Parallels IP Holdings GmbH / Assets	Ingram Micro Inc.	NA	NA	NA	NA	NA
18-Dec-15	Metanautix Inc.	Microsoft Corporation	NA	NA	NA	NA	NA
18-Dec-15	StackEngine Inc.	Oracle Corporation	NA	NA	NA	NA	NA
08-Dec-15	Pertino Inc.	Cradlepoint Inc.	NA	NA	NA	NA	NA
08-Dec-15	Epitiro Ltd.	Spirent Communications plc	NA	NA	NA	NA	NA
30-Nov-15	Corona Labs Inc.	Perk.com Inc.	\$2.30	NA	NA	NA	NA
30-Nov-15	AuriQ Systems Co. Ltd.	Antuit Inc.	NA	NA	NA	NA	NA
25-Nov-15	Polarion Software Inc.	Siemens AG	NA	NA	NA	NA	NA
19-Nov-15	Bebop Technologies Inc.	Google Inc.	NA	NA	NA	NA	NA
18-Nov-15	UShareSoft SAS	Fujitsu Ltd.	NA	NA	NA	NA	NA
12-Nov-15	App Enlight	RhodeCode GmbH	NA	NA	NA	NA	NA
06-Nov-15	KidoZen	Mad Mobile Inc.	NA	NA	NA	NA	NA
05-Nov-15	Opsmatic Inc.	New Relic Inc.	\$12.30	NA	NA	NA	NA
03-Nov-15	Gravitant Inc.	IBM Corporation	\$95.00	\$2.00	NA	47.5x	NA
03-Nov-15	Event Enrichment HQ LLC	PagerDuty Inc.	NA	NA	NA	NA	NA
03-Nov-15	Distributor Data Solutions Inc.	ValueCentric LLC	NA	NA	NA	NA	NA
29-Oct-15	Blockstack Inc.	Digital Asset Holdings	NA	NA	NA	NA	NA
28-Oct-15	GLN-Data.com GmbH	SpecPage AG	NA	NA	NA	NA	NA

Q4 2015 Infrastructure Software M&A Transactions

\$ in millions

Date Announced	Seller	Buyer	Enterprise Value	Revenues	EBITDA	Enterprise Value	
						Revenue	EBITDA
28-Oct-15	GLN-Data.com GmbH	SpecPage AG	NA	NA	NA	NA	NA
28-Oct-15	Mobile Roadie Inc.	Intellectsoft Inc.					NA
27-Oct-15	Adaptris Group Ltd.	Reed Business Information Ltd.	NA	NA	NA	NA	NA
26-Oct-15	ParStream GmbH	Cisco Systems Inc.	NA	\$1.00	NA	NA	NA
22-Oct-15	Gelato Ltd. [Gelato.io]	Mashape Inc.	NA	NA	NA	NA	NA
21-Oct-15	Tutum Inc.	Docker Inc.	NA	NA	NA	NA	NA
21-Oct-15	RoboVM AB	Xamarin	NA	NA	NA	NA	NA
21-Oct-15	SolarWinds Inc.	Silver Lake Partners / Thoma Bravo	\$4,253.60	\$467.17	\$153.17	9.1x	27.8x
19-Oct-15	Apptive Inc.	Unbound Commerce Inc.	NA	NA	NA	NA	NA
17-Oct-15	Digisfera Ltda.	Google Inc.	NA	NA	NA	NA	NA
16-Oct-15	Ansible Inc.	Red Hat Inc.	NA	NA	NA	NA	NA
16-Oct-15	Matrix42 AG	EMERAM Capital / Matrix42 AG management	NA	NA	NA	NA	NA
15-Oct-15	ClearCode Labs	VersionOne Inc.	NA	NA	NA	NA	NA
14-Oct-15	Connected Data Inc.	Imation Corp.	\$7.50	NA	NA	NA	NA
13-Oct-15	Divshot	Google Inc.	NA	NA	NA	NA	NA
12-Oct-15	Syncsort Inc.	Clearlake Capital Group L.P.	NA	NA	NA	NA	NA
12-Oct-15	Qualcomm Inc. / Assets	PTC Inc.	\$65.00	NA	NA	NA	NA
12-Oct-15	Zoompf Inc.	Rigor Inc.	NA	NA	NA	NA	NA
12-Oct-15	Plexi	MarvelApp Prototyping Ltd.	NA	NA	NA	NA	NA
12-Oct-15	EMC Corporation	Dell Inc.	\$62,778.00	\$24,691.00	\$5,480.00	2.5x	11.5x
07-Oct-15	Embarcadero Technologies	Idera Inc.	NA	NA	NA	NA	NA
07-Oct-15	YaData Solutions Inc.	Atigeo Corporation	NA	NA	NA	NA	NA
05-Oct-15	Perceptio	Apple Inc.	NA	NA	NA	NA	NA
06-Oct-15	Zend Technologies Ltd.	Rogue Wave Software Inc.	NA	NA	NA	NA	NA

Q4 2015 Infrastructure Software M&A Transactions

\$ in millions

Date Announced	Seller	Buyer	Enterprise Value	Revenues	EBITDA	Enterprise Value	
						Revenue	EBITDA
05-Oct-15	ComTech AS	j2 Global Inc.	NA	NA	NA	NA	NA
05-Oct-15	OnlineBackupVault.com LLC	j2 Global Inc.	NA	NA	NA	NA	NA
05-Oct-15	LiveVault Corporation	j2 Global Inc.	NA	NA	NA	NA	NA
05-Oct-15	amando software GmbH	COMPAREX AG	NA	NA	NA	NA	NA
05-Oct-15	Cleversafe Inc.	IBM Corporation	NA	\$25.00	NA	NA	NA
02-Oct-15	Havok	Microsoft Corporation	NA	NA	NA	NA	NA

Q4 2015 Infrastructure Software Public Company Valuation Metrics

(\$ in millions, except per share data)

Company							Enterprise Value /					
	% of 52 Week Hi	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
			MRQ	16E-17E	Gross	EBITDA	LTM	CY16E	CY17E	LTM	CY16E	CY17E
Application Infrastructure Trading Comps	91.0%	5.2%	14.8%	13.4%	81.2%	18.6%	2.9x	2.5x	2.3x	19.3x	8.1x	11.3x
IT Operations & Management Trading Comps	87.9%	10.1%	40.9%	15.3%	79.4%	11.8%	5.6x	4.5x	3.8x	27.5x	13.3x	12.9x
Storage Software Trading Comps	68.6%	1.5%	-2.8%	9.3%	71.6%	1.2%	2.1x	2.2x	2.1x	7.2x	7.6x	7.4x
Mean	82.5%	5.6%	17.7%	12.7%	77.4%	10.5%	3.5x	3.1x	2.7x	18.0x	9.7x	10.5x
Median	87.9%	5.2%	14.8%	13.4%	79.4%	11.8%	2.9x	2.5x	2.3x	19.3x	8.1x	11.3x

Latest stock price update as of December 31, 2015.

Q4 2015 Infrastructure Software Public Company Valuation Metrics

Storage Software Trading Comps

(\$ in millions, except per share data)

Company	Market Data				Financial Data						Enterprise Value /					
	Price 12/31/15	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	16E-17E	Gross	EBITDA	LTM	CY16E	CY17E	LTM	CY16E	CY17E
EMC Corporation	\$25.68	85.5%	\$49,789	\$51,102	\$24,738	1.4%	0.8%	4.6%	61.2%	21.0%	2.1x	2.0x	1.9x	10.0x	7.6x	7.4x
Symantec Corporation	21.00	76.9%	14,186	12,569	6,153	-0.1%	-7.4%	2.3%	83.2%	28.2%	2.0x	3.5x	3.4x	7.2x	9.6x	8.9x
NetApp, Inc.	26.53	63.5%	7,756	4,431	5,871	8.2%	-6.4%	-1.6%	61.7%	11.3%	0.8x	0.8x	0.8x	6.7x	3.7x	3.6x
Box, Inc.	13.96	56.4%	1,653	1,486	280	7.1%	37.9%	25.2%	72.9%	-57.7%	5.3x	3.8x	3.0x	NM	NM	NM
CommVault Systems, Inc.	39.35	75.1%	1,783	1,383	584	1.2%	-6.9%	9.3%	85.9%	2.3%	2.4x	2.2x	2.1x	NM	15.3x	10.9x
Hortonworks, Inc.	21.90	73.4%	1,012	899	99	7.7%	158.9%	46.0%	0.8%	-217.2%	9.1x	4.8x	3.3x	NM	NM	NM
Carbonite, Inc.	9.80	63.5%	267	204	133	1.7%	10.5%	10.2%	70.3%	-4.9%	1.5x	1.4x	1.2x	NM	6.8x	0.0x
Falconstor Software Inc.	1.88	63.7%	77	69	51	1.4%	-13.4%	NA	80.1%	0.0%	1.4x	NA	NA	NM	NA	NA
Mean		69.8%				3.6%	21.8%	13.7%	64.5%	-27.1%	3.1x	2.6x	2.2x	8.0x	8.6x	6.2x
Median		68.6%				1.5%	-2.8%	9.3%	71.6%	1.2%	2.1x	2.2x	2.1x	7.2x	7.6x	7.4x

Application Infrastructure Trading Comps

(\$ in millions, except per share data)

Company	Market Data				Financial Data						Enterprise Value /					
	Price 12/31/15	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	16E-17E	Gross	EBITDA	LTM	CY16E	CY17E	LTM	CY16E	CY17E
Red Hat, Inc.	\$82.81	98.1%	\$15,138	\$14,731	\$1,973	3.9%	14.8%	13.8%	84.9%	18.6%	7.5x	6.5x	5.7x	40.5x	0.0x	24.3x
Software Aktiengesellschaft	28.69	94.2%	2,247	2,249	963	5.2%	-7.2%	3.1%	75.4%	28.6%	2.4x	2.3x	2.3x	8.4x	8.1x	8.2x
Pegasystems Inc.	27.50	91.0%	2,102	1,878	647	0.2%	18.0%	13.5%	68.1%	12.6%	2.9x	2.5x	2.2x	23.1x	16.8x	14.4x
Progress Software Corporation	24.00	78.5%	1,205	1,131	363	6.6%	19.4%	5.5%	87.4%	20.1%	3.1x	2.6x	2.5x	15.5x	8.2x	8.2x
MobileIron, Inc.	3.61	27.9%	290	192	144	9.3%	8.8%	13.4%	81.2%	-56.1%	1.3x	1.1x	1.0x	NM	NM	NM
Mean		77.9%				5.0%	10.8%	9.9%	79.4%	4.8%	3.4x	3.0x	2.7x	21.9x	8.3x	13.8x
Median		91.0%				5.2%	14.8%	13.4%	81.2%	18.6%	2.9x	2.5x	2.3x	19.3x	8.1x	11.3x

Q4 2015 Infrastructure Software Public Company Valuation Metrics

IT Operations & Management Trading Comps

(\$ in millions, except per share data)

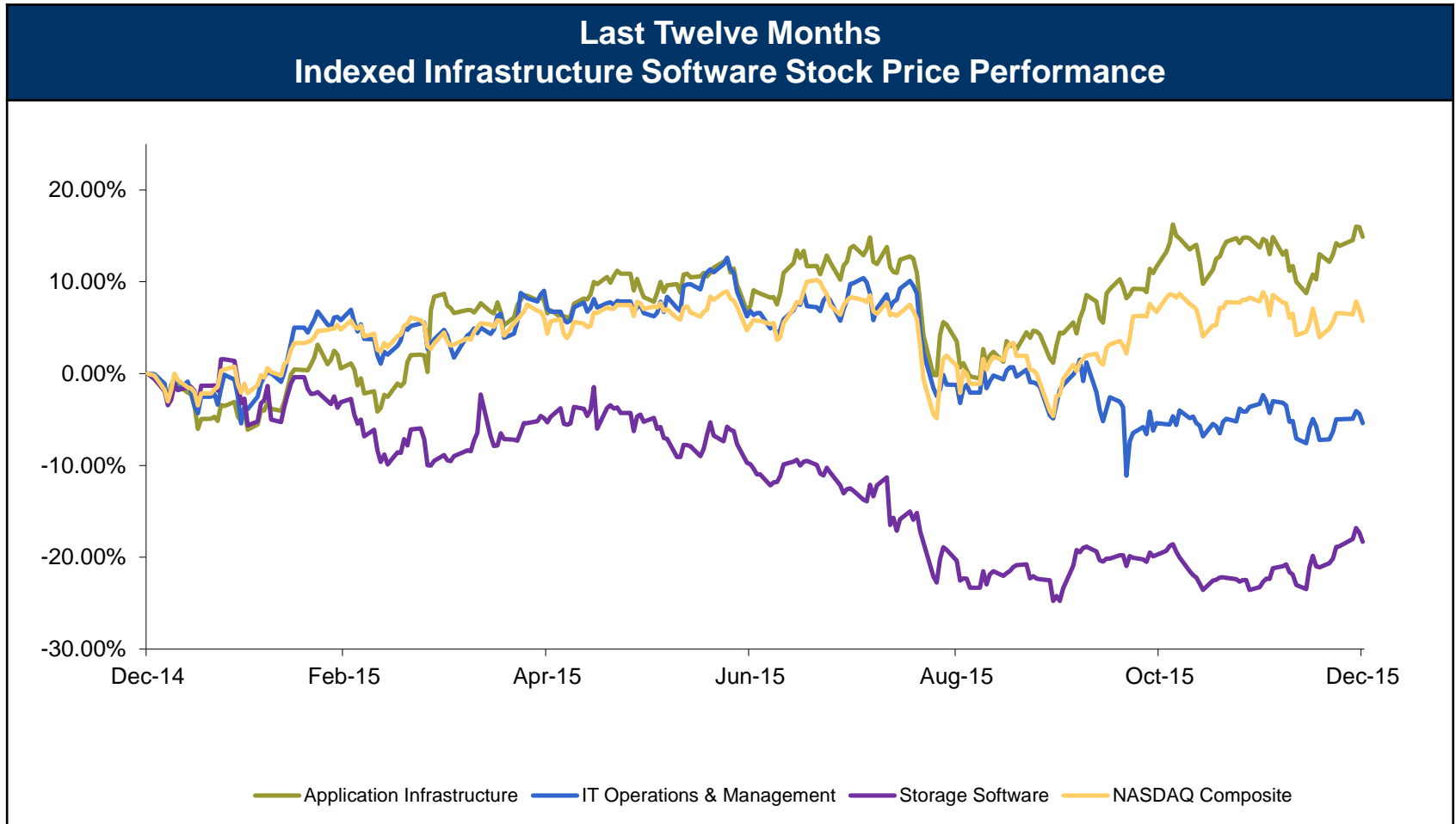
Company	Market Data				Financial Data						Enterprise Value /					
	Price 12/31/15	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	16E-17E	Gross	EBITDA	LTM	CY16E	CY17E	LTM	CY16E	CY17E
VMware, Inc.	\$56.57	60.5%	\$23,817	\$18,100	\$6,481	4.7%	10.4%	8.3%	84.5%	26.2%	2.8x	2.5x	2.3x	10.7x	7.7x	7.1x
Citrix Systems, Inc.	75.65	89.9%	11,637	11,881	3,222	2.1%	7.2%	4.3%	85.0%	24.7%	3.7x	3.6x	3.4x	14.9x	11.6x	10.6x
CA, Inc.	28.56	85.5%	11,901	11,239	4,096	2.9%	-6.9%	0.7%	85.4%	31.4%	2.7x	2.8x	2.7x	8.7x	6.8x	0.0x
ServiceNow, Inc.	86.56	94.8%	13,763	13,501	918	5.9%	46.1%	32.1%	66.3%	-12.5%	14.7x	9.9x	7.5x	NM	54.3x	35.0x
Splunk, Inc.	58.81	76.5%	7,628	6,679	596	17.6%	50.3%	29.8%	83.2%	-41.5%	11.2x	7.8x	6.0x	NM	NM	65.8x
Arista Networks, Inc.	77.84	87.9%	5,274	4,748	766	11.2%	39.9%	17.4%	65.8%	19.8%	6.2x	4.5x	3.8x	31.4x	16.5x	14.9x
NetScout Systems, Inc.	30.70	67.4%	3,043	2,975	604	159.2%	152.0%	8.9%	71.6%	18.0%	4.9x	2.2x	2.1x	27.4x	8.1x	0.0x
SolarWinds, Inc.	58.90	99.3%	4,234	4,130	486	10.5%	16.6%	13.5%	89.2%	30.9%	8.5x	6.9x	6.1x	27.5x	15.2x	15.4x
New Relic, Inc.	36.43	90.8%	1,774	1,585	143	12.5%	69.3%	28.3%	79.4%	-36.2%	11.0x	7.3x	5.7x	NM	NM	NM
LogMeIn, Inc.	67.10	89.0%	1,682	1,436	255	7.3%	19.8%	14.7%	87.1%	11.8%	5.6x	4.5x	3.9x	47.8x	18.5x	14.7x
Zendesk, Inc.	26.44	93.8%	2,345	2,065	185	15.4%	64.1%	33.6%	66.9%	-35.3%	11.2x	7.1x	5.3x	NM	NM	87.7x
Infoblox Inc.	18.39	65.6%	1,101	750	333	8.1%	40.9%	20.2%	78.6%	-2.4%	2.3x	1.9x	1.6x	NM	14.6x	10.2x
Gigamon Inc.	26.57	76.4%	904	718	206	10.1%	44.3%	15.3%	77.7%	6.1%	3.5x	2.8x	2.4x	57.3x	12.0x	11.1x
Mean		82.9%				20.6%	42.6%	17.5%	78.5%	3.1%	6.8x	4.9x	4.1x	28.2x	16.5x	22.7x
Median		87.9%				10.1%	40.9%	15.3%	79.4%	11.8%	5.6x	4.5x	3.8x	27.5x	13.3x	12.9x

Source: All figures, estimates and prices per CapIQ as of December 31, 2015.

























Notes:

- (1)Market value is calculated as diluted shares outstanding times current stock price per share.
- (2)Enterprise value is equal to market capitalization plus debt and preferred stock less cash and cash equivalents.
- (3)EBITDA excludes one-time charges, extraordinary and non-recurring income and expenses per CapIQ.

LTM Relative Infrastructure Software Stock Price Performance



Signal Hill's Infrastructure Software Practice at a Glance

Signal Hill's Recent Infrastructure Software Transactions					
 HAS BEEN ACQUIRED BY  <small>APRIL 2015</small>	 HAS ACQUIRED  <small>NOVEMBER 2014</small>	 HAS BEEN ACQUIRED BY  <small>OCTOBER 2014</small>	 HAS SOLD RISOFT TO  <small>AUGUST 2014</small>	 HAS SOLD CERTAIN ASSETS TO  <small>JUNE 2014</small>	 HAS BEEN ACQUIRED BY  <small>MAY 2014</small>
 HAS BEEN ACQUIRED BY  <small>MARCH 2013</small>	 CERTAIN ASSETS HAVE BEEN ACQUIRED BY  <small>MAY 2013</small>	 HAS BEEN ACQUIRED BY  <small>SEPTEMBER 2012</small>	 HAS BEEN ACQUIRED BY  <small>MAY 2012</small>	 HAS BEEN ACQUIRED BY  <small>MAY 2012</small>	 HAS BEEN ACQUIRED BY  <small>MAY 2012</small>

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