

Q4 2014 Infrastructure Software Market Snapshot

Joel Strauch

Managing Director

jstrauch@signalhill.com

www.signalhill.com

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Signal Hill at a Glance

Signal Hill, named *2014 Boutique Investment Bank of the Year* by the Global M&A Network, is a leading independent advisory boutique serving the M&A and private capital raising needs of growth companies. Signal Hill's experienced bankers provide deep domain expertise and an unyielding commitment to clients in our sectors: Internet & Digital Media, Internet Infrastructure, Services and Software. With more than 600 completed transactions and offices in Baltimore, Bangalore, Boston, Mumbai, Nashville, New York, Reston and San Francisco, Signal Hill leverages deep strategic industry and financial sponsor relationships to help our clients achieve Greater Outcomes®.

Recent Mergers & Acquisitions, Strategic Advisory Transactions

- Mergers & Acquisitions
- Equity Private Placements
- Restructurings
- Strategic Advisory
- Special Committee Advisory
- Fairness Opinions

 HAS ACQUIRED JANUARY 2015	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM DECEMBER 2014	 RECEIVED A SIGNIFICANT GROWTH EQUITY INVESTMENT DECEMBER 2014	 HAS SOLD GANNETT HEALTHCARE GROUP TO DECEMBER 2014	 THE LEADER IN GAMIFICATION HAS RECEIVED GROWTH EQUITY INVESTMENT FROM NOVEMBER 2014	 HAS ACQUIRED NOVEMBER 2014	 HAS ACQUIRED NOVEMBER 2014	 HAS MADE A STRATEGIC INVESTMENT IN OCTOBER 2014
 HAS BEEN ACQUIRED BY OCTOBER 2014	 HAS BEEN ACQUIRED BY SEPTEMBER 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM AUGUST 2014	 HAS SOLD R I SOFT TO AUGUST 2014	 HAS BEEN ACQUIRED BY JULY 2014	 HAS RECEIVED A SIGNIFICANT INVESTMENT FROM JULY 2014	 DIVESTITURE OF KNOWLES ASSISTED LIVING & ADULT DAY SERVICES JULY 2014	 HAS MERGED WITH JUNE 2014
 HAS SOLD CERTAIN ASSETS TO JUNE 2014	 HAS BEEN ACQUIRED BY JUNE 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM JUNE 2014	 COMPLETES SALE OF SELECT BUSINESSES TO Safanad Education Ventures Limited JUNE 2014	 RECEIVED MAJORITY INVESTMENT FROM JUNE 2014	 HAS BEEN ACQUIRED BY JUNE 2014	 HAS BEEN ACQUIRED BY MAY 2014	 HAS BEEN ACQUIRED BY MAY 2014
 HAS MERGED WITH APRIL 2014	 HAS RECEIVED AN EQUITY INVESTMENT FROM MARCH 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED AN INVESTMENT FROM FEBRUARY 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM JANUARY 2014	 HAS BEEN ACQUIRED BY JANUARY 2014	 HAS RECEIVED AN INVESTMENT FROM DECEMBER 2013

Signal Hill's Infrastructure Software Practice

 HAS ACQUIRED  NOVEMBER 2014	 HAS BEEN ACQUIRED BY  OCTOBER 2014	 HAS SOLD R IS/O TO  AUGUST 2014	 HAS SOLD CERTAIN ASSETS TO  JUNE 2014	 HAS BEEN ACQUIRED BY  MAY 2014	 HAS BEEN ACQUIRED BY  MARCH 2013
 CERTAIN ASSETS HAVE BEEN ACQUIRED BY  MAY 2013	 HAS BEEN ACQUIRED BY  SEPTEMBER 2012	 HAS BEEN ACQUIRED BY  MAY 2012	 HAS BEEN ACQUIRED BY  MAY 2012	 HAS BEEN ACQUIRED BY  MAY 2012	 HAS BEEN ACQUIRED BY  SEPTEMBER 2011
 HAS BEEN ACQUIRED BY  JUNE 2011	 HAS BEEN ACQUIRED BY  MARCH 2011	 HAS BEEN ACQUIRED BY  OCTOBER 2010	 HAS ACQUIRED  OCTOBER 2009	 HAS BEEN ACQUIRED BY  JULY 2009	 HAS SOLD ASSETS TO  MAY 2009
 HAS BEEN ACQUIRED BY  JANUARY 2009	 HAS BEEN ACQUIRED BY  OCTOBER 2008	 HAS BEEN ACQUIRED BY  JUNE 2008	 HAS ACQUIRED  MAY 2008	 HAS ACQUIRED  MARCH 2008	 HAS BEEN ACQUIRED BY  FEBRUARY 2008

Q4 2014 Infrastructure Software M&A Overview

The Infrastructure Software sector did not experience a pattern of growth from Q3 2014 to Q4 2014. Total number of announced deals fell from 83 to 50, however, the number is not concerning as it is in line with previous quarters. The same is true for total announced enterprise value (EV) – while it fell more than 51 percent, it is still the second highest value of the last twelve months (LTM). Median announced deal size followed suit with a 40 percent decrease, while median revenue multiple increased significantly, more than 83 percent to reach 3.8x.

Source: Signal Hill	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Number of Announced Deals	37	40	67	83	50
<i>% change from prior quarter</i>	-	8.1%	67.5%	23.9%	-39.8%
Total Announced Enterprise Value (\$M)	\$1,907.9	\$3,786.4	\$2,119.4	\$10,332.6	\$5,032.0
<i>% change from prior quarter</i>	-	98.5%	-44.0%	387.5%	-51.3%
Median Announced Deal Size (\$M)	\$103.0	\$23.0	\$84.9	\$50.0	\$30.0
<i>% change from prior quarter</i>	-	-77.7%	269.2%	-41.1%	-40.0%
Median EV/TTM Revenue Multiple	4.5x	2.4x	5.2x	2.1x	3.8x
<i>% change from prior quarter</i>	-	-45.9%	117.2%	-59.1%	83.2%

Notable Q4 2014 Infrastructure Software M&A Transactions

Select Infrastructure Software Transactions, Q4 2014



Idera Acquired Uptime Software

Signal Hill advised Idera. Idera, a leading provider of application and server management solutions, has acquired Uptime Software, a leading provider of IT systems monitoring solutions. The acquisition of Uptime will accelerate Idera's expansion into Application Performance Monitoring (APM) and IT Operations Management.



Sentilla Acquired by Ericsson

Signal Hill advised Sentilla. Sentilla, a provider of continuous IT infrastructure intelligence software for IT organizations who want to dynamically optimize their workloads across their physical, virtual and cloud infrastructure, has been acquired by Ericsson, a world-leading provider of telecommunications equipment and related services to mobile and fixed network operators globally.



Riverbed Technology to be Acquired by Thoma Bravo

EV: \$3,716.0M

Revenue Multiple: 3.4x

Riverbed Technology, the leader in application performance infrastructure, has entered into a definitive agreement to be acquired by leading private equity investment firm Thoma Bravo and Teachers' Private Capital, the private investor department of Ontario Teachers' Pension Plan. By going private, Riverbed will be able to focus on reaching its next level of growth, benefiting employees, customers and partners.

THOMA BRAVO



Telerik to be Acquired by Progress Software

EV: \$625.0M

Revenue Multiple: 10.4x

Telerik, a leading provider of application development tools, has agreed to be acquired by Progress Software (Nasdaq: PRGS), a global software company that simplifies the development, deployment and management of business applications. The combination of Telerik and Progress will create a comprehensive cloud and on-premise platform offering that enables developers to rapidly create beautiful applications driven by data for any device or cloud.



Metalogix Software to be Acquired by Permira Funds

EV: \$250.0

Revenue Multiple: 3.8x

Metalogix Software, a leading provider of trusted management tools for mission-critical collaboration platforms including Microsoft SharePoint, Exchange and Office 365, has agreed to be acquired by a company owned by the Permira funds. Permira is an international private equity firm. The investment by Permira funds is the firm's latest example of backing platform software companies in secular growth markets.



Q4 2014 Infrastructure Software M&A Transactions

Date Announced	Seller	Buyer	Enterprise Value	Revenues	EBITDA	Enterprise Value	
						Revenue	EBITDA
23-Dec-14	Ncompass Solutions Inc.	AlphaPoint Technology Inc.	\$4.8	NA	NA	NA	NA
22-Dec-14	Wireless Maingate AB	Sierra Wireless Inc.	\$90.0	NA	NA	NA	NA
19-Dec-14	EnterpriseDB	Peak Equity Partners / Milestone / NewSpring	NA	NA	NA	NA	NA
17-Dec-14	RainStor Inc.	Teradata Corporation	NA	NA	NA	NA	NA
16-Dec-14	WiredTiger Inc.	MongoDB Inc.	NA	NA	NA	NA	NA
15-Dec-14	Riverbed Technology Inc.	Thoma Bravo LLC	\$3,716.0	\$1,089.1	\$183.9	3.4x	20.2x
15-Dec-14	MailStore Software GmbH	Carbonite Inc.	\$19.8	NA	NA	NA	NA
15-Dec-14	Skyera	HGST	NA	NA	NA	NA	NA
11-Dec-14	Bit Stadium GmbH (HockeyApp)	Microsoft Corporation	NA	NA	NA	NA	NA
11-Dec-14	Xopie	Oxatis Group	NA	NA	NA	NA	NA
09-Dec-14	Madiva Soluciones	Banco Bilbao Vizcaya Argentaria, S.A.	NA	NA	NA	NA	NA
08-Dec-14	AppArchitect	AppGyver Oy	NA	NA	NA	NA	NA
08-Dec-14	DataGardens Inc.	CenturyLink	NA	NA	NA	NA	NA
05-Dec-14	Ektron Inc.	Accel-KKR Company	\$75.0	\$38.0	NA	2.0x	NA
02-Dec-14	BIReady	Attunity Ltd.	\$1.0	NA	NA	NA	NA
24-Nov-14	Ongame Network Ltd. / Assets	NYX Gaming Group	NA	NA	NA	NA	NA
19-Nov-14	RelativeWave	Google Inc.	NA	NA	NA	NA	NA
18-Nov-14	DataMorph Services Sdn Bhd	iSentric Limited	\$0.1	NA	NA	NA	NA
18-Nov-14	Raw Material Software Ltd. (JUCE)	ROLI Ltd.	NA	NA	NA	NA	NA
12-Nov-14	uptime software inc.	Idera Inc.	NA	NA	NA	NA	NA
06-Nov-14	Silverback MDM	Matrix42	NA	NA	NA	NA	NA
06-Nov-14	Appifier	AppMakr	NA	NA	NA	NA	NA
05-Nov-14	Dashbox	FilmTrack Inc.	NA	NA	NA	NA	NA
05-Nov-14	BlueSpace Federal	Sterling Computers Corporation	NA	NA	NA	NA	NA
04-Nov-14	Corona Labs Inc.	Fuse Powered Inc.	NA	NA	NA	NA	NA

Q4 2014 Infrastructure Software M&A Transactions

Date Announced	Seller	Buyer	Enterprise Value	Revenues	EBITDA	Enterprise Value	
						Revenue	EBITDA
03-Nov-14	Proximal Data	Samsung Electronics Co.	NA	NA	NA	NA	NA
30-Oct-14	Metalogix Software Corporation	Permira Funds (LIS)	\$250.0	\$65.0	NA	3.8x	NA
29-Oct-14	Continuent Inc. / Assets	VMware Inc.	NA	NA	NA	NA	NA
28-Oct-14	Maginatics	EMC Corporation	NA	NA	NA	NA	NA
28-Oct-14	Spanning Cloud Apps Inc.	EMC Corporation	NA	NA	NA	NA	NA
27-Oct-14	Riverbed Technology Inc. / SteelStore assets	NetApp	\$80.0	NA	NA	NA	NA
23-Oct-14	Dark Blue Labs Ltd. / Assets	DeepMind Technologies Ltd.	NA	NA	NA	NA	NA
23-Oct-14	Vision Factory AI Ltd / Assets	DeepMind Technologies Ltd.	NA	NA	NA	NA	NA
22-Oct-14	Telerik AD	Progress Software Corporation	\$625.0	\$60.0	NA	10.4x	NA
22-Oct-14	Allegro Networks Limited	International Internet Exchange (IIX Inc.)	NA	NA	NA	NA	NA
21-Oct-14	Macheen Inc.	Good Technology, Inc.	\$8.3	NA	NA	NA	NA
21-Oct-14	NetPlus	StoneCalibre LLC	NA	NA	NA	NA	NA
21-Oct-14	Firebase	Google Inc.	NA	NA	NA	NA	NA
16-Oct-14	Kx Systems Inc. / 46% Stake	First Derivatives plc	\$124.6	\$13.6	NA	9.2x	NA
13-Oct-14	Approxy Inc.	Numecent Holdings Ltd.	NA	NA	NA	NA	NA
13-Oct-14	Infrastructure Management Software Provider	Telecom Infrastructure Provider	\$7.2	\$0.3	NA	23.6x	NA
13-Oct-14	Cloudscaling	EMC Corporation	NA	NA	NA	NA	NA
09-Oct-14	Sentilla	Ericsson	NA	NA	NA	NA	NA
07-Oct-14	Rounded Labs Limited / Cortana platform	MoPowered Group plc	\$0.1	NA	NA	NA	NA
07-Oct-14	Less Than Three Labs Inc. (Koality)	Docker Inc.	NA	NA	NA	NA	NA
07-Oct-14	Infinithread Corp. / Assets	Mi9 Retail	NA	NA	NA	NA	NA
07-Oct-14	FathomDB Inc.	Meteor Development Group	NA	NA	NA	NA	NA
03-Oct-14	Xceed Technologies Inc.	Anite PLC	\$30.0	\$11.8	\$1.6	2.5x	18.8x
02-Oct-14	HWW Pty Ltd. / Assets	Gracenote	NA	NA	NA	NA	NA
01-Oct-14	Naurtech Corporation	LANDesk Software	NA	NA	NA	NA	NA
01-Oct-14	DataPad / Assets	Cloudera	NA	NA	NA	NA	NA

Q4 2014 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	15E-16E	Gross	EBITDA	LTM	CY15E	CY16E	LTM	CY15E	CY16E
Application Infrastructure Trading Comps	83.6%	2.2%	12.8%	9.7%	81.8%	18.4%	3.4x	3.0x	2.8x	18.3x	11.8x	10.3x
IT Operations & Management Trading Comps	84.1%	5.7%	28.5%	16.9%	81.9%	9.4%	5.1x	4.4x	3.7x	20.5x	15.3x	14.1x
Storage Software Trading Comps	91.8%	2.9%	6.1%	6.6%	71.5%	15.4%	2.5x	2.4x	2.3x	14.7x	8.3x	8.1x
Mean	86.5%	3.6%	15.8%	11.1%	78.4%	14.4%	3.7x	3.3x	2.9x	17.8x	11.8x	10.8x
Median	84.1%	2.9%	12.8%	9.7%	81.8%	15.4%	3.4x	3.0x	2.8x	18.3x	11.8x	10.3x

Q4 2014 Infrastructure Software Public Company Valuation Metrics

Storage Software Trading Comps

(\$ in millions, except per share and per employee data)

Company	Market Data				Financial Data						Enterprise Value /					
	Price 12/31/14	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	15E-16E	Gross	EBITDA	LTM	CY15E	CY16E	LTM	CY15E	CY16E
EMC Corporation	\$29.74	96.2%	\$60,518	\$59,487	\$24,073	2.6%	8.9%	6.6%	62.2%	23.0%	2.5x	2.3x	2.1x	11.5x	7.4x	6.8x
Symantec Corporation	25.66	96.1%	17,706	16,008	6,682	-6.8%	-1.2%	3.8%	83.5%	29.2%	2.4x	2.4x	2.3x	8.2x	7.0x	6.6x
NetApp, Inc.	41.45	90.2%	12,920	9,145	6,291	3.6%	-0.5%	4.9%	63.0%	16.4%	1.5x	1.4x	1.4x	8.9x	6.1x	5.6x
Riverbed Technology, Inc.	20.41	89.7%	3,210	3,326	1,089	4.7%	5.6%	5.2%	74.2%	17.0%	3.1x	2.9x	2.8x	17.9x	9.1x	9.3x
CommVault Systems, Inc.	51.69	66.7%	2,366	1,951	614	-1.0%	6.5%	9.1%	87.0%	14.4%	3.2x	3.0x	2.7x	22.1x	14.5x	11.9x
Hortonworks, Inc.	27.00	93.3%	1,124	1,012	44	5.6%	107.2%	52.2%	34.3%	-220.8%	22.9x	12.5x	8.2x	NM	NM	NM
Carbonite, Inc.	14.27	95.8%	385	313	119	3.2%	13.0%	12.5%	68.8%	7.5%	2.6x	2.3x	2.0x	35.1x	16.4x	13.6x
Falconstor Software Inc.	1.34	74.4%	61	42	49	-1.1%	-24.1%	NA	77.1%	-11.3%	0.9x	NA	NA	NM	NA	NA
Mean		87.8%				1.3%	14.4%	13.5%	68.8%	-15.6%	4.9x	3.8x	3.1x	17.3x	10.1x	9.0x
Median		91.8%				2.9%	6.1%	6.6%	71.5%	15.4%	2.5x	2.4x	2.3x	14.7x	8.3x	8.1x

Application Infrastructure Trading Comps

Company	Market Data				Financial Data						Enterprise Value /					
	Price 12/31/14	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	15E-16E	Gross	EBITDA	LTM	CY15E	CY16E	LTM	CY15E	CY16E
Red Hat, Inc.	\$69.14	96.3%	\$12,986	\$12,581	\$1,726	2.2%	15.0%	14.3%	84.7%	18.4%	7.3x	6.4x	5.6x	39.6x	24.0x	20.1x
Informatica Corporation	38.14	87.1%	4,144	3,490	1,020	-0.1%	6.4%	9.7%	82.6%	18.7%	3.4x	3.0x	2.8x	18.3x	11.8x	10.3x
Software AG	24.45	69.0%	1,930	2,054	1,113	4.9%	-13.8%	3.0%	71.1%	24.2%	1.9x	1.9x	1.9x	8.0x	7.1x	6.8x
Pegasystems Inc.	20.77	83.6%	1,586	1,357	574	-3.7%	12.8%	7.9%	68.2%	12.6%	2.4x	2.0x	1.9x	18.8x	12.0x	10.6x
Progress Software Corporation	27.02	97.2%	1,356	1,095	326	-1.9%	2.2%	-2.5%	91.2%	30.9%	3.4x	3.1x	3.2x	10.9x	8.7x	8.1x
MobileIron, Inc.	9.96	76.9%	757	609	123	11.0%	38.8%	30.3%	81.8%	-43.4%	5.0x	3.6x	2.8x	NM	NM	NM
Rally Software Development Corp.	11.37	47.4%	287	216	83	2.3%	16.6%	28.1%	74.1%	-31.8%	2.6x	2.1x	1.6x	NM	NM	NM
Mean		79.6%				2.1%	11.1%	13.0%	79.1%	4.2%	3.7x	3.2x	2.8x	19.1x	12.7x	11.2x
Median		83.6%				2.2%	12.8%	9.7%	81.8%	18.4%	3.4x	3.0x	2.8x	18.3x	11.8x	10.3x

Q4 2014 Infrastructure Software Public Company Valuation Metrics

IT Operations & Management Trading Comps

(\$ in millions, except per share and per employee data)

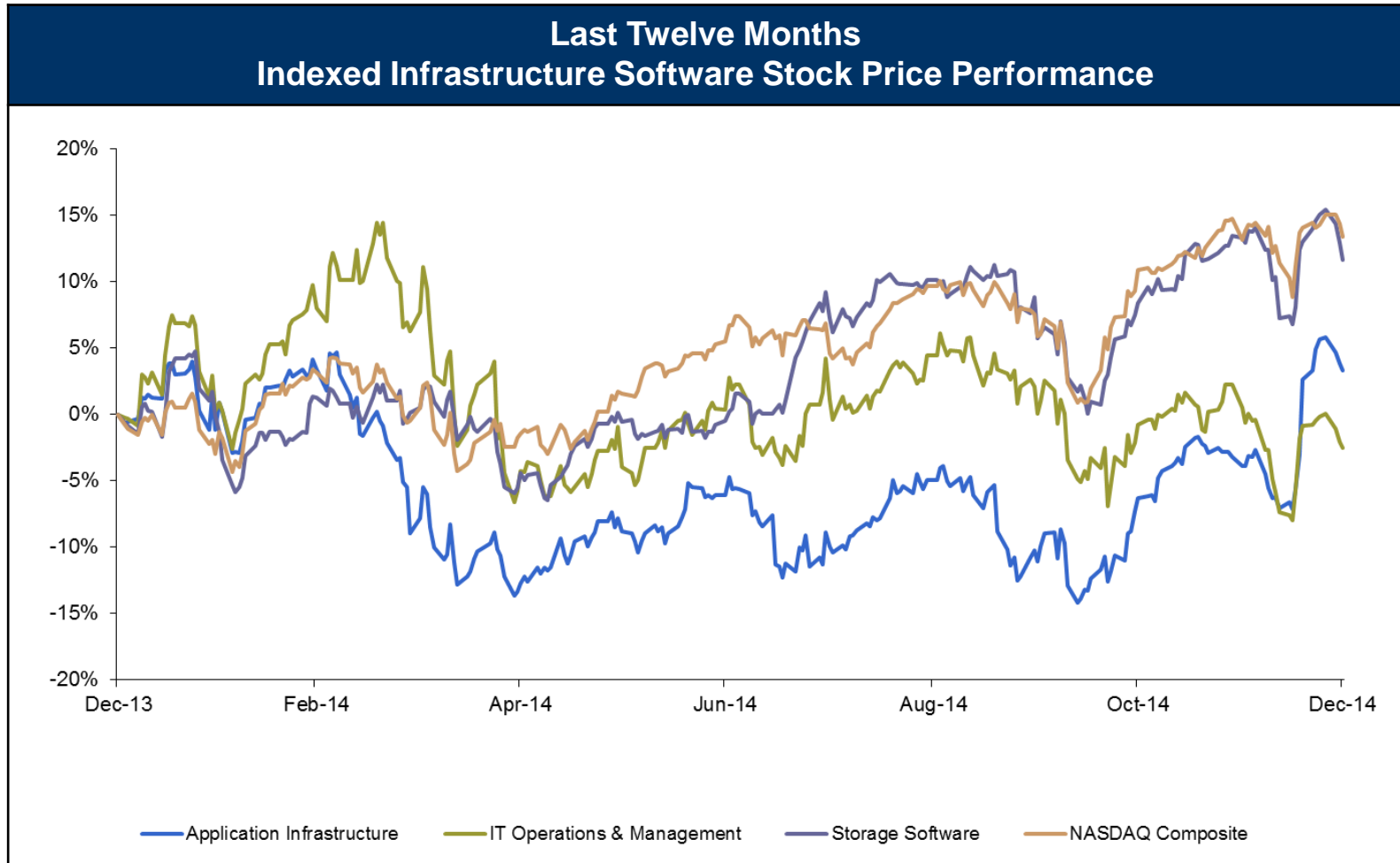
Company	Market Data				Financial Data						Enterprise Value /					
	Price 12/31/14	% of 52 Week Hi	Market Cap	Enterprise Value	LTM Revenue	QoQ Rev. Δ	YoY Rev Growth		LTM Margin		Revenues			EBITDA		
							MRQ	15E-16E	Gross	EBITDA	LTM	CY15E	CY16E	LTM	CY15E	CY16E
VMware, Inc.	\$82.52	73.1%	\$35,524	\$29,936	\$5,816	4.0%	17.5%	13.3%	85.3%	25.2%	5.1x	4.4x	3.8x	20.5x	12.1x	10.6x
CA Technologies, Inc.	30.45	84.1%	13,547	12,254	4,463	0.9%	-2.4%	0.3%	85.4%	31.3%	2.7x	2.9x	2.8x	8.8x	7.3x	7.0x
Citrix Systems, Inc.	63.80	87.5%	10,270	10,808	3,094	-2.9%	6.5%	8.2%	85.3%	22.3%	3.5x	3.2x	3.0x	15.7x	10.9x	9.7x
ServiceNow, Inc.	67.85	94.5%	10,062	9,852	610	7.2%	60.6%	31.2%	63.3%	-16.2%	16.2x	10.4x	7.9x	NM	NM	60.6x
Splunk, Inc.	58.95	55.5%	7,148	6,352	403	14.3%	47.6%	30.8%	85.6%	-44.9%	15.7x	10.9x	8.4x	NM	NM	NM
SolarWinds, Inc.	49.83	93.2%	3,769	3,559	407	11.2%	28.5%	17.8%	89.8%	33.3%	8.7x	6.8x	5.8x	26.2x	15.3x	13.8x
Arista Networks, Inc.	60.76	64.1%	3,914	3,549	525	12.7%	53.0%	26.9%	67.2%	22.6%	6.8x	4.6x	3.7x	29.8x	20.4x	16.3x
Zendesk, Inc.	24.37	86.4%	1,775	1,672	111	14.9%	106.8%	35.1%	63.9%	-44.1%	15.1x	9.2x	6.8x	NM	NM	NM
New Relic, Inc.	34.84	94.2%	1,604	1,512	85	5.7%	77.5%	33.5%	81.9%	-44.0%	17.8x	11.4x	8.5x	NM	NM	NM
NetScout Systems, Inc.	36.54	75.9%	1,506	1,336	434	-3.9%	12.5%	16.9%	78.8%	24.9%	3.1x	2.7x	2.3x	12.4x	8.6x	7.1x
LogMeIn, Inc.	49.34	92.4%	1,203	1,007	207	5.6%	35.1%	16.4%	87.6%	9.4%	4.9x	3.9x	3.4x	51.6x	17.6x	14.5x
Infoblox Inc.	20.21	51.7%	1,128	846	254	2.8%	5.0%	15.4%	77.5%	-8.5%	3.3x	2.8x	2.4x	NM	25.7x	16.0x
Gigamon Inc.	17.73	48.2%	577	443	149	12.7%	0.7%	14.6%	77.0%	-11.4%	3.0x	2.6x	2.3x	NM	24.8x	23.9x
Mean		77.0%				6.5%	34.5%	20.0%	79.1%	0.0%	8.1x	5.8x	4.7x	23.6x	15.9x	17.9x
Median		84.1%				5.7%	28.5%	16.9%	81.9%	9.4%	5.1x	4.4x	3.7x	20.5x	15.3x	14.1x

Source: All figures, estimates and prices per CapIQ as of December 31, 2014.

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





Baltimore | Bangalore | Boston | Mumbai | Nashville | New York | Reston | San Francisco