

# Quarterly Industry Update

As of August 31, 2013

Industry: Text Analytics



## Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Text Analytics industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since August 31, 2012, the median 52-week share price return of the Text Analytics industry has increased by 16.5%. In the last quarter, the median price-to-earnings multiple decreased from 28.5x to 27.0x.

## Comparable Public Company Key Statistics

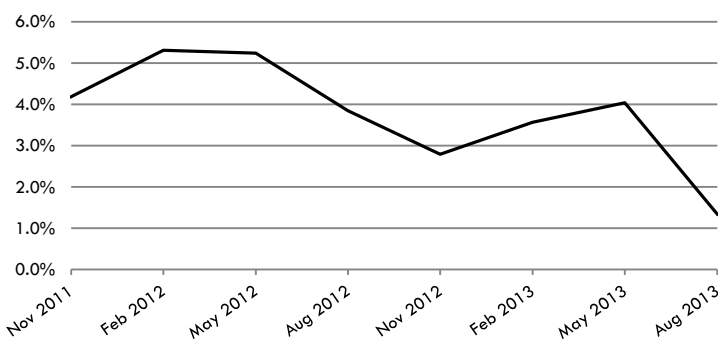
Median 52-Week Return	16.5%	Median EV/Revenue Multiple	2.6x	Median Price/Earnings Multiple	27.0x
Median 3-Year CAGR Return	18.9%	Median EV/EBITDA Multiple	13.5x	Median EV/Gross CF Multiple	21.9x

## Comparable Public Company Market Price Returns (As of August 31, 2013)

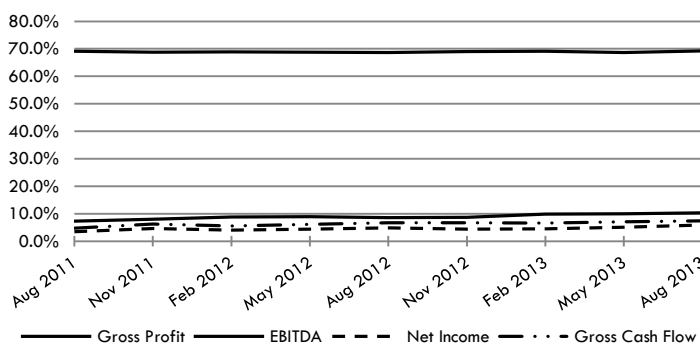
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
NICE Systems Ltd.	14.6%	2.7%	20.4%	9.4%	12.0%	4.4%	-2.9%	-3.8%	13.8%	41.2%	-36.2%
MicroStrategy Inc.	-1.7%	0.4%	-26.9%	-13.6%	5.6%	7.4%	-13.8%	26.7%	-9.1%	153.2%	-61.0%
Fair Isaac Corporation	19.2%	2.0%	17.3%	40.0%	30.8%	16.7%	17.3%	53.4%	9.7%	26.4%	-47.6%
Open Text Corporation	22.9%	1.1%	27.7%	7.9%	16.0%	14.4%	9.3%	11.0%	13.3%	34.9%	-4.2%
Guidance Software, Inc.	-29.1%	-8.7%	-19.7%	15.6%	19.5%	5.7%	83.2%	-9.9%	37.2%	28.4%	-70.8%
PROS Holdings, Inc.	79.3%	13.4%	89.8%	43.8%	60.9%	27.7%	22.9%	30.6%	10.0%	80.0%	-70.7%
Pegasystems Inc.	62.5%	14.0%	36.3%	-4.5%	18.9%	20.2%	-22.9%	-19.7%	7.7%	175.1%	3.6%
Teradata Corporation	-5.4%	5.0%	-23.3%	5.8%	21.4%	19.0%	27.6%	17.9%	31.0%	111.9%	-45.9%
Verint Systems Inc.	12.9%	-1.3%	15.8%	7.7%	12.0%	8.4%	6.6%	-13.1%	64.7%	175.0%	-64.2%
Splunk, Inc.	90.2%	18.1%	60.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Millennial Media Inc.	-47.7%	-17.0%	-43.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bazaarvoice, Inc.	14.4%	42.9%	-27.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Median of Industry Public Companies</b>	<b>14.5%</b>	<b>2.4%</b>	<b>16.5%</b>	<b>7.9%</b>	<b>18.9%</b>	<b>14.4%</b>	<b>9.3%</b>	<b>11.0%</b>	<b>13.3%</b>	<b>80.0%</b>	<b>-47.6%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Text Analytics Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Text Analytics Industry

Date:	8/31/2011	11/30/2011	2/29/2012	5/31/2012	8/31/2012	11/30/2012	2/28/2013	5/31/2013	8/31/2013
EV/Revenues Multiple	2.2x	2.5x	2.4x	2.6x	2.6x	2.8x	2.7x	2.5x	2.6x
EV/EBITDA Multiple	14.3x	16.6x	18.1x	19.3x	20.2x	15.1x	13.9x	14.1x	13.5x
Price/Earnings Multiple	27.2x	33.3x	31.5x	29.6x	33.2x	30.2x	25.8x	28.5x	27.0x
EV/Gross Cash Flows Multiple	23.6x	27.8x	38.0x	31.8x	29.5x	24.8x	24.3x	25.3x	21.9x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for additional information or questions in connection with this research report.

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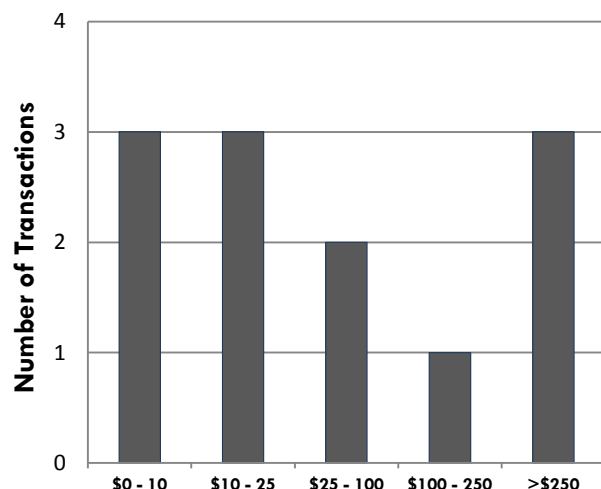
## Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
4/18/2012	Splunk, Inc.	\$17.00	13.5	\$229.5	\$82.2	\$2.3	\$121.0	(\$6.9)	(\$11.0)	(\$5.0)
6/17/2010	Voltari Corporation	\$10.00	5.9	\$60.0	\$161.5	\$0.0	\$119.5	\$8.9	(\$10.9)	\$15.4
6/27/2007	PROS Holdings, Inc.	\$11.00	6.8	\$75.1	\$25.7	\$20.0	\$49.9	\$9.5	\$8.3	\$10.7
5/15/2002	Verint Systems Inc.	\$16.00	4.5	\$72.0	\$119.7	\$45.9	\$133.0	\$10.4	(\$2.1)	\$14.9
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$73.5</b>	<b>\$101.0</b>	<b>\$11.1</b>	<b>\$120.2</b>	<b>\$9.2</b>	<b>(\$6.5)</b>	<b>\$12.8</b>

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
7/22/2013	Neolane SA	Adobe Systems Incorporated	\$616.5	100%
4/25/2013	Angoss Software Corp.	Peterson Partners LP	\$8.5	100%
3/1/2013	altosoft corporation	Kofax plc (nka:Kofax Limited)	\$13.5	100%
12/17/2012	OPNET Technologies, Inc.	Riverbed Technology, Inc.	\$993.8	100%
9/7/2012	Adepra Ltd. (nka:Fair Isaac)	Fair Isaac Software Holdings	\$115.0	100%
7/4/2012	Coalition Development Ltd	CRISIL Limited	\$44.5	100%
4/27/2012	March Networks Corporation	Shenzhen Infinova Limited	\$88.2	100%
3/19/2012	HumanConcepts, LLC	Saba Software, Inc.	\$23.6	100%
2/15/2012	SuccessFactors, Inc.	SAP America, Inc.	\$3,764.4	100%
1/18/2012	Purisma, Inc.	SAP AG (nka:SAP SE)	\$2.0	100%
11/15/2011	Twenty PLC, Substantially All	RBI38 Limited	\$3.2	100%
<b>Median of All Transaction Targets</b>			<b>\$44.5</b>	<b>100%</b>

## Size of Merger and Acquisition Transactions (dollars in millions)



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