

Quarterly Industry Update

As of December 31, 2015

Industry: Text Analytics



Industry Summary

Cogent Valuation identified Text Analytics 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. Over the last year since December 31, 2014, the median 52-week share price return of the Text Analytics industry was -13.1%. Between December 31, 2013 and December 31, 2015, the median EV/EBITDA multiple decreased from 11.7 to 11.5. Furthermore, the median price-to-earnings multiple decreased from 29.7 to 25.1 over the same period.

Comparable Public Company Key Statistics

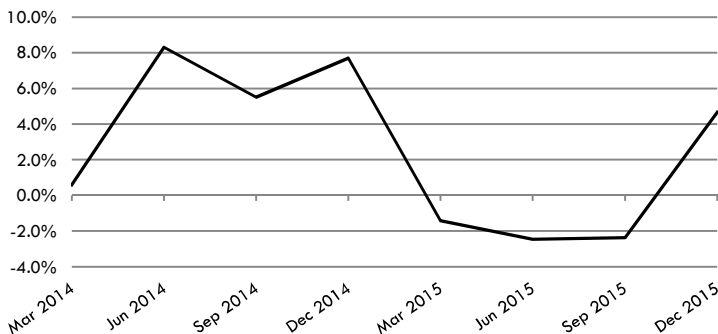
Median 52-Week Return	-13.1%	Median EV/Revenue Multiple	1.8x	Median Price/Earnings Multiple	25.1x
Median 3-Year CAGR Return	1.6%	Median EV/EBITDA Multiple	11.5x	Median EV/Gross CF Multiple	1.9x

Comparable Public Company Market Price Returns As of December 31, 2015

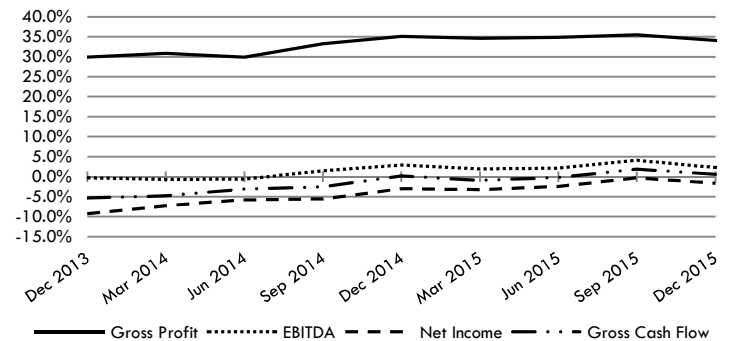
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Epiq Systems, Inc.	-23.5%	1.2%	-23.5%	-10.1%	0.8%	-1.0%	-23.5%	5.6%	26.8%	6.1%	-12.5%
FTI Consulting, Inc.	-10.3%	-16.5%	-10.3%	-8.2%	1.6%	-1.4%	-10.3%	-6.1%	24.7%	-22.2%	13.8%
Guidance Software, Inc.	-17.0%	0.0%	-17.0%	-22.8%	-20.3%	-3.5%	-17.0%	-28.2%	-14.9%	83.2%	-9.9%
Huron Consulting Group Inc.	-13.1%	-5.0%	-13.1%	-2.6%	20.8%	17.6%	-13.1%	9.1%	86.0%	-13.0%	46.5%
Innodata Inc.	-2.4%	22.3%	-2.4%	7.9%	-9.0%	-0.1%	-2.4%	19.2%	-35.2%	-4.1%	37.8%
Iron Mountain Incorporated	-30.1%	-12.9%	-30.1%	-5.7%	-4.5%	1.6%	-30.1%	27.4%	-2.3%	0.8%	23.2%
MAXIMUS, Inc.	2.6%	-5.6%	2.6%	13.1%	21.2%	28.0%	2.6%	24.7%	39.2%	52.9%	26.1%
Navigant Consulting Inc.	4.5%	0.9%	4.5%	-8.5%	12.9%	11.8%	4.5%	-19.9%	72.0%	-2.2%	24.0%
NeuStar, Inc.	-13.8%	-11.9%	-13.8%	-30.7%	-17.0%	-1.7%	-13.8%	-44.2%	18.9%	22.7%	31.2%
Open Text Corporation	-17.7%	7.1%	-17.7%	2.1%	19.7%	15.8%	-17.7%	26.7%	64.5%	9.3%	11.0%
Tyler Technologies, Inc.	59.3%	16.8%	59.3%	30.6%	53.2%	53.0%	59.3%	7.2%	110.8%	60.9%	45.0%
Median of Industry Public Companies	-13.1%	0.0%	-13.1%	-5.7%	1.6%	1.6%	-13.1%	7.2%	26.8%	6.1%	24.0%

(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:	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
EV/Revenues Multiple	2.2x	2.0x	2.0x	1.9x	2.0x	2.1x	2.1x	1.9x	1.8x
EV/EBITDA Multiple	11.7x	10.8x	11.2x	10.5x	13.0x	13.1x	12.0x	12.3x	11.5x
Price/Earnings Multiple	29.7x	30.2x	21.0x	18.0x	25.1x	23.6x	25.9x	24.7x	25.1x
EV/Gross Cash Flows Multiple	21.7x	20.5x	21.7x	15.9x	10.6x	22.5x	23.0x	23.0x	1.9x

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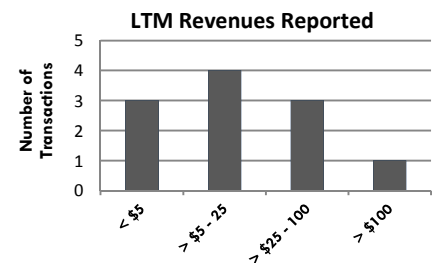
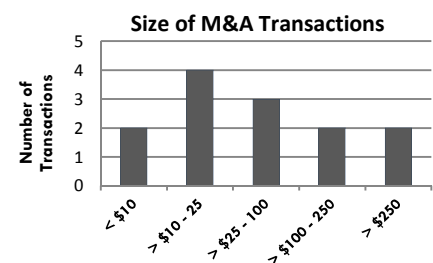
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
6/25/2015	AppFolio, Inc.	\$12.00	6.2	\$74.4	\$36.0	\$9.6	\$53.7	(\$8.2)	(\$11.0)	(\$7.2)
12/12/2011	Jive Software, Inc.	\$12.00	13.4	\$161.3	\$143.9	\$32.9	\$69.4	(\$34.0)	(\$44.9)	(\$31.0)
11/8/2011	Imperva Inc.	\$18.00	5.0	\$90.0	\$42.5	\$3.0	\$72.0	(\$10.1)	(\$11.8)	(\$8.6)
8/1/2007	The Dolan Company	\$14.50	13.5	\$195.1	\$211.1	\$233.3	\$124.6	\$31.5	(\$47.0)	\$34.3
12/12/2006	Guidance Software, Inc.	\$11.50	5.0	\$57.5	\$26.6	\$2.0	\$51.7	(\$0.3)	(\$1.8)	\$1.4
Median of All IPOs		nm	nm	\$90.0	\$42.5	\$9.6	\$69.4	(\$8.2)	(\$11.8)	(\$7.2)

nm: not meaningful, N/A: not applicable

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
11/23/2015	Daegis Inc.	Open Text Corporation	\$23.3	100%	\$23.7	0.9x
5/29/2015	Quindell Plc	Slater and Gordon	\$1,002.1	100%	\$954.8	1.0x
3/25/2015	Agilex Technologies, Inc.	Accenture Federal Services LLC	\$263.8	100%	N/A	N/A
2/26/2015	Prelytix, LLC	Market Resource Partners	\$20.0	100%	\$2.0	10.0x
4/7/2014	Third Coast Holdings Inc	Wolters Kluwer	\$180.0	62%	\$57.0	5.1x
9/13/2013	ISD Corporation	Daily Journal Corp.	\$16.0	100%	N/A	N/A
9/12/2013	Molecular Profiles Ltd.	Columbia Laboratories	\$25.4	100%	\$9.0	2.8x
9/5/2013	KnowledgeCenter Ltd.	Charles Taylor plc	\$11.1	100%	\$4.2	2.6x
8/28/2013	Panopticon Software AB	Datawatch Corporation	\$27.5	100%	\$5.0	5.5x
4/25/2013	Angoss Software Corp.	Peterson Partners LP	\$8.5	100%	\$7.0	1.1x
5/28/2012	UBIC, Inc.	Nomura Securities Co.	\$26.6	9%	\$65.0	4.0x
5/8/2012	BPA Technologies, Inc.	ICRA Techno Analytics	\$8.0	51%	\$10.0	1.6x
12/28/2011	De Novo Legal LLC	Epiq Systems Holdings	\$119.0	100%	\$58.4	2.0x
Median of the 13 M&A Transaction Targets			\$25.4	100%	\$10.0	2.6x



Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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