

Quarterly Industry Update

As of September 30, 2016

Industry: Cloud Computing



Industry Summary

Cogent Valuation identified Cloud Computing publicly traded companies, IPOs, and recent M&A transactions within the Cloud Computing 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 September 30, 2015, the median 52-week share price return of the Cloud Computing industry was 3.5%. Between September 30, 2014 and September 30, 2016, the median EV/EBITDA multiple increased from 8.4 to 9.7. However, the median price-to-earnings multiple decreased from 21.7 to 17.8 over the same period.

Comparable Public Company Key Statistics

| | | | | | |
|---------------------------|------|----------------------------|------|--------------------------------|-------|
| Median 52-Week Return | 3.5% | Median EV/Revenue Multiple | 1.7x | Median Price/Earnings Multiple | 17.8x |
| Median 3-Year CAGR Return | 3.7% | Median EV/EBITDA Multiple | 9.7x | Median EV/Gross CF Multiple | 16.0x |

Comparable Public Company Market Price Returns As of September 30, 2016

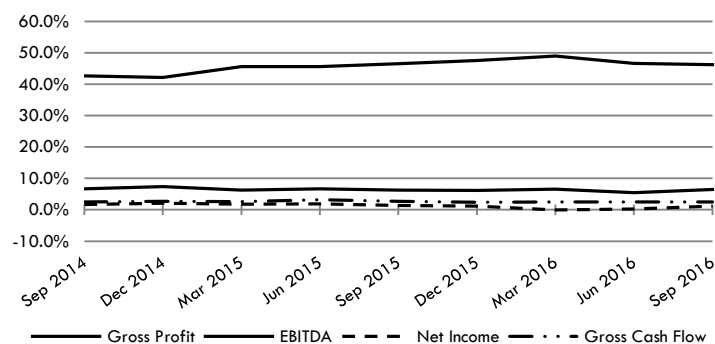
| | YTD | 3 Month | 1 Year | 2 Year | 3 Year | 5 Year | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|---------------|
| CA, Inc. | 15.8% | 0.8% | 21.2% | 8.8% | 3.7% | 11.3% | -6.2% | -9.5% | 53.1% | 8.7% | -17.3% |
| Carbonite, Inc. | 56.7% | 57.9% | 38.0% | 22.5% | 0.8% | 5.0% | -31.3% | 20.6% | 27.9% | -16.7% | N/A |
| CDW Corporation | 8.8% | 14.1% | 11.9% | 21.4% | 26.1% | N/A | 19.5% | 50.6% | N/A | N/A | N/A |
| Datalink Corporation | 56.0% | 41.5% | 77.7% | -0.1% | -7.8% | 9.3% | -47.3% | 18.3% | 27.5% | 3.5% | 76.9% |
| Fusion Telecommunications International, Inc. | -49.4% | -10.3% | -12.2% | -32.8% | -37.5% | -15.1% | 3.5% | -49.6% | 60.1% | -5.5% | 3.1% |
| GigaMedia Ltd. | -18.4% | 0.9% | 0.9% | -23.7% | -20.3% | -10.7% | -35.4% | -6.0% | 3.9% | 15.7% | -43.9% |
| Imperva, Inc. | -15.2% | 24.9% | -18.0% | 36.7% | 8.5% | N/A | 28.1% | 2.7% | 52.6% | -9.4% | N/A |
| NCI, Inc. | -15.2% | -17.7% | -12.8% | 10.3% | 27.1% | -0.6% | 33.7% | 54.2% | 41.2% | -59.7% | -49.3% |
| NetApp, Inc. | 35.0% | 45.7% | 21.0% | -8.7% | -5.6% | 1.1% | -36.0% | 0.8% | 22.6% | -7.5% | -34.0% |
| Red Hat, Inc. | -2.4% | 11.3% | 12.5% | 20.0% | 20.5% | 13.8% | 19.8% | 23.4% | 5.8% | 28.3% | -9.6% |
| salesforce.com, inc. | -9.0% | -10.2% | 2.7% | 11.3% | 11.2% | 20.1% | 32.2% | 7.5% | 31.3% | 65.7% | -23.1% |
| Unisys Corporation | -11.9% | 33.8% | -18.2% | -35.5% | -27.1% | -9.1% | -62.5% | -12.2% | 94.0% | -12.2% | -23.9% |
| Wayside Technology Group, Inc. | -3.3% | -1.8% | 4.4% | 5.9% | 11.1% | 12.1% | 6.6% | 27.2% | 22.0% | -9.1% | 8.3% |
| Xunlei Limited | -28.7% | 2.9% | -26.2% | -29.2% | N/A | N/A | 3.6% | N/A | N/A | N/A | N/A |
| Median of Industry Public Companies | -6.1% | 7.1% | 3.5% | 7.4% | 3.7% | 5.0% | 3.5% | 7.5% | 29.6% | -6.5% | -20.2% |

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

Median Quarterly Revenue Growth of All Cloud Computing Companies



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



Median Public Company Multiples of the Cloud Computing Industry

| Date: | 9/30/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 |
|------------------------------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| EV/Revenues Multiple | 1.2x | 1.4x | 1.0x | 1.5x | 1.4x | 1.2x | 1.0x | 1.5x | 1.7x |
| EV/EBITDA Multiple | 8.4x | 8.5x | 7.6x | 7.6x | 7.7x | 7.1x | 9.4x | 7.9x | 9.7x |
| Price/Earnings Multiple | 21.7x | 20.4x | 24.7x | 17.3x | 17.8x | 17.9x | 17.3x | 17.3x | 17.8x |
| EV/Gross Cash Flows Multiple | 12.5x | 12.4x | 10.1x | 13.2x | 11.6x | 14.2x | 14.4x | 14.0x | 16.0x |

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Quarterly Industry Update

As of September 30, 2016

Industry: Cloud Computing

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

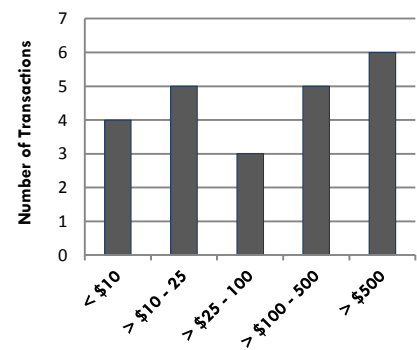
| Offer Date | Company Name | Offer Price | Shares Offered | Amount Raised | Total Assets | Debt | LTM Revenues | LTM EBITDA | LTM Net Income | LTM Cash Flows |
|---------------------------|---------------------------|-------------|----------------|---------------|---------------|--------------|---------------|--------------|----------------|----------------|
| 7/27/2016 | Vetrya S.p.A. | \$6.60 | 0.6 | \$4.2 | \$33.4 | \$11.9 | \$40.5 | \$4.1 | \$1.9 | \$4.3 |
| 7/6/2016 | Future Data Group Limited | \$0.07 | 100.0 | \$7.5 | \$28.7 | \$2.4 | \$66.5 | \$2.6 | \$1.0 | \$3.1 |
| 10/26/2015 | Gigas Hosting, S.A. | \$3.59 | 1.3 | \$4.6 | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/28/2014 | Mailup SPA | \$3.36 | 1.2 | \$4.0 | \$6.4 | \$0.1 | \$8.7 | \$0.8 | \$0.1 | \$0.8 |
| 6/26/2013 | CDW Corporation | \$17.00 | 23.3 | \$395.3 | \$5,822.7 | \$3,933.7 | \$10,220.7 | \$736.8 | \$136.4 | \$768.3 |
| 12/6/2012 | Tecnos Japan Incorporated | \$18.72 | 0.6 | \$10.3 | \$39.0 | \$0.0 | \$41.3 | \$0.0 | \$2.9 | \$0.0 |
| 11/8/2011 | Imperva, Inc. | \$18.00 | 5.0 | \$90.0 | \$42.5 | \$3.0 | \$72.0 | (\$10.1) | (\$11.8) | (\$8.6) |
| 8/10/2011 | Carbonite, Inc. | \$10.00 | 6.3 | \$62.5 | \$42.4 | \$0.0 | \$49.1 | (\$15.3) | (\$21.6) | (\$9.0) |
| Median of All IPOs | | nm | nm | \$8.9 | \$39.0 | \$2.4 | \$49.1 | \$0.8 | \$1.0 | \$0.8 |

nm: not meaningful, N/A: not applicable

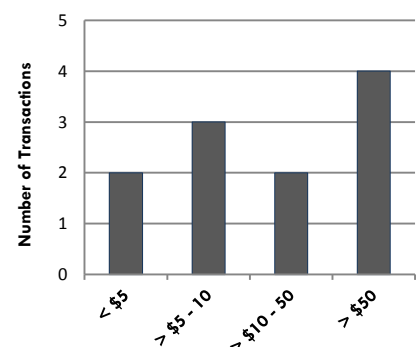
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

| Transaction Date | Target | Acquirer | Transaction Size | % Bought | LTM Revenues | EV/Revenues |
|---|----------------------------|--------------------------------|------------------|-------------|---------------|-------------|
| 5/27/2016 | adept4 Limited | Pinnacle Technology Group | \$10.2 | 100% | \$7.3 | 1.4x |
| 2/29/2016 | Fidelity Telecom | Fusion NBS Acquisition | \$30.0 | 100% | N/A | N/A |
| 2/16/2016 | Ancarb Technologies | Pinnacle Cloud Solutions | \$7.2 | 100% | \$3.2 | 1.6x |
| 2/1/2016 | L-3 National Security | CACI Inc. - Federal | \$561.0 | 100% | N/A | N/A |
| 12/18/2015 | TierPoint Hosted Solutions | TierPoint, LLC | \$575.0 | 100% | N/A | N/A |
| 12/1/2015 | Thomas Duryea Consulting | Logicalis Group Limited | \$12.6 | 100% | \$49.7 | 0.3x |
| 11/3/2015 | Orchestra Service GmbH | Avnet Technology | \$112.4 | 100% | \$95.0 | 1.2x |
| 10/23/2015 | Etherios, Inc. | West Monroe Partners | \$9.0 | 100% | N/A | N/A |
| 9/9/2015 | Seat Pagine Gialle SpA | Italiaonline S.p.A. | \$170.3 | 54% | \$439.9 | 0.4x |
| 9/7/2015 | iiNet Limited | TPG Telecom Limited | \$1,028.2 | 94% | \$824.4 | 1.3x |
| 9/3/2015 | CodeBlue Limited | CSG Limited | \$9.9 | 100% | N/A | N/A |
| 8/25/2015 | Kerensen Consulting SAS | salesforce.com, inc. | \$24.2 | 100% | \$17.0 | 1.4x |
| 7/9/2015 | Virtustream Inc. | EMC Corporation | \$1,219.0 | 100% | N/A | N/A |
| 7/1/2015 | Elektrobit Automotive | Continental Aktiengesellschaft | \$668.2 | 100% | \$190.9 | 3.5x |
| 6/16/2015 | Carpattia Hosting, Inc. | Quality Technology Serv. | \$326.0 | 100% | N/A | N/A |
| 5/4/2015 | COM 2002, S.L. | Digital Dimension SAS | \$17.8 | 100% | \$9.6 | 1.9x |
| 4/29/2015 | Clusterk, Inc. | Amazon.com, Inc. | \$50.0 | 100% | N/A | N/A |
| 4/10/2015 | Cloudeeva, Inc. | First Tek Inc. | \$7.6 | 100% | N/A | N/A |
| 3/31/2015 | immixGroup, Inc. | Arrow Electronics, Inc. | \$280.5 | 100% | N/A | N/A |
| 3/27/2015 | RackForce Networks | TeraGo Networks Inc. | \$25.9 | 100% | \$8.5 | 3.0x |
| 3/25/2015 | Agilex Technologies | Accenture Federal Services | \$263.8 | 100% | N/A | N/A |
| 2/26/2015 | TASC, Inc. | Engility Holdings, Inc. | \$1,100.0 | 100% | N/A | N/A |
| 1/28/2015 | OSINet Communications | DeClout Limited | \$10.9 | 100% | \$4.1 | 2.6x |
| Median of the 23 M&A Transaction Targets | | | \$50.0 | 100% | \$17.0 | 1.4x |

Size of M&A Transactions



LTM Revenues Reported



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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