

Quarterly Industry Update

As of December 31, 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 December 31, 2015, the median 52-week share price return of the Cloud Computing industry was 2.0%. Between December 31, 2014 and December 31, 2016, the median EV/EBITDA multiple decreased from 8.7 to 8.5. Furthermore, the median price-to-earnings multiple decreased from 18.4 to 18.3 over the same period.

Comparable Public Company Key Statistics

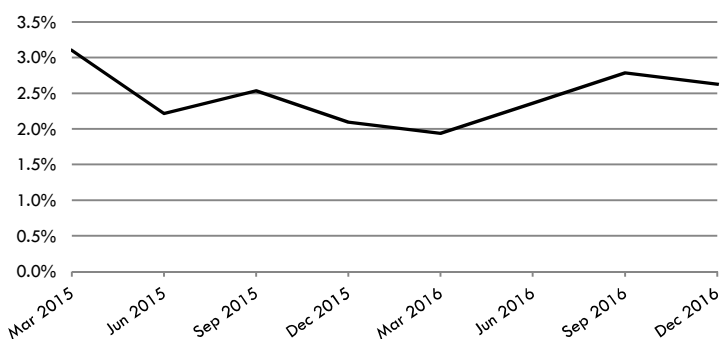
Median 52-Week Return	2.0%	Median EV/Revenue Multiple	1.7x	Median Price/Earnings Multiple	18.3x
Median 3-Year CAGR Return	2.8%	Median EV/EBITDA Multiple	8.5x	Median EV/Gross CF Multiple	13.9x

Comparable Public Company Market Price Returns As of December 31, 2016

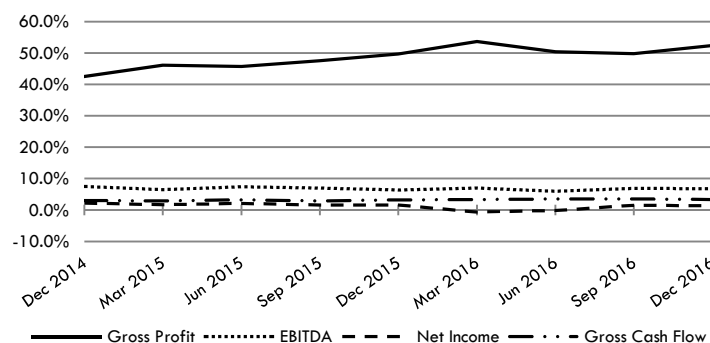
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
CA, Inc.	11.2%	-4.0%	11.2%	2.1%	-1.9%	9.5%	-6.2%	-9.5%	53.1%	8.7%	-17.3%
Carbonite, Inc.	67.3%	6.8%	67.3%	7.2%	11.5%	8.1%	-31.3%	20.6%	27.9%	-16.7%	N/A
CDW Corporation	23.9%	13.9%	23.9%	21.7%	30.6%	N/A	19.5%	50.6%	N/A	N/A	N/A
Fusion Telecommunications International, Inc.	-54.0%	-9.1%	-54.0%	-31.0%	-37.8%	-18.3%	3.5%	-49.6%	60.1%	-5.5%	3.1%
GigaMedia Limited	-3.6%	18.1%	-3.6%	-21.1%	-16.3%	-6.8%	-35.4%	-6.0%	3.9%	15.7%	-43.9%
Imperva, Inc.	-39.3%	-28.5%	-39.3%	-11.9%	-7.3%	2.0%	28.1%	2.7%	52.6%	-9.4%	N/A
NCI, Inc.	2.2%	20.6%	2.2%	16.9%	28.2%	3.7%	33.7%	54.2%	41.2%	-59.7%	-49.3%
NetApp, Inc.	32.9%	-1.5%	32.9%	-7.8%	-5.0%	-0.6%	-36.0%	0.8%	22.6%	-7.5%	-34.0%
Red Hat, Inc.	-15.8%	-13.8%	-15.8%	0.4%	7.5%	11.0%	19.8%	23.4%	5.8%	28.3%	-9.6%
salesforce.com, inc.	-12.7%	-4.0%	-12.7%	7.4%	7.4%	22.0%	32.2%	7.5%	31.3%	65.7%	-23.1%
Unisys Corporation	35.3%	53.5%	35.3%	-28.8%	-23.6%	-5.4%	-62.5%	-12.2%	94.0%	-12.2%	-23.9%
Wayside Technology Group, Inc.	2.0%	5.4%	2.0%	4.2%	11.4%	8.9%	6.6%	27.2%	22.0%	-9.1%	8.3%
Xunlei Limited	-48.9%	-28.4%	-48.9%	-27.3%	N/A	N/A	3.6%	N/A	N/A	N/A	N/A
Median of Industry Public Companies	2.0%	-1.5%	2.0%	0.4%	2.8%	3.7%	3.6%	5.1%	31.3%	-7.5%	-23.1%

(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:	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
EV/Revenues Multiple	1.4x	1.2x	2.0x	1.4x	1.2x	1.1x	1.5x	2.2x	1.7x
EV/EBITDA Multiple	8.7x	7.4x	7.9x	7.8x	8.2x	10.1x	8.5x	10.1x	8.5x
Price/Earnings Multiple	18.4x	21.3x	16.2x	18.4x	16.3x	17.0x	16.4x	17.5x	18.3x
EV/Gross Cash Flows Multiple	11.1x	9.6x	12.4x	11.6x	13.6x	13.7x	12.7x	15.7x	13.9x

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

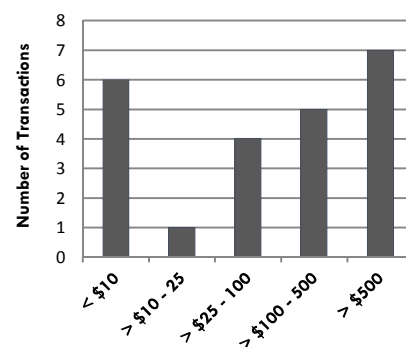
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/1/2016	GDS Holdings Limited	\$10.00	19.3	\$192.5	\$952.9	\$521.3	\$127.3	\$17.7	(\$30.9)	\$42.4
10/19/2016	iRhythm Technologies, Inc.	\$17.00	6.3	\$107.0	\$787.6	\$142.0	\$884.5	\$158.0	\$86.4	\$178.2
10/5/2016	Coupa Software Incorporated	\$18.00	7.4	\$133.2	\$787.6	\$142.0	\$884.5	\$158.0	\$86.4	\$178.2
7/27/2016	Vettrya 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
Median of All IPOs		nm	nm	\$57.2	\$787.6	\$142.0	\$127.3	\$17.7	\$1.9	\$42.4

nm: not meaningful, N/A: not applicable

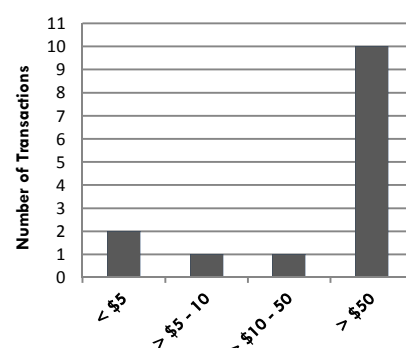
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
1/6/2017	Datalink Corporation	Insight Enterprises, Inc.	\$309.4	100%	\$756.5	0.3x
12/29/2016	Stratiform, Inc.	PCM, Inc.	\$2.9	100%	\$4.1	0.7x
12/23/2016	Alternative Networks Plc	Daisy Intermediate	\$235.3	100%	\$169.3	1.4x
12/19/2016	Opera TV AS	Moore Frères & Company	\$114.3	100%	\$31.4	3.6x
12/19/2016	TubeMogul, Inc.	Adobe Systems Inc.	\$626.3	100%	\$212.0	2.6x
12/9/2016	BigAir Group Limited	Superloop Limited	\$132.5	100%	\$59.7	2.2x
12/1/2016	Interactive Intelligence	Genesys Telecom	\$1,567.6	100%	\$413.1	3.4x
11/29/2016	Cvent, Inc.	Lanyon Solutions, Inc.	\$1,590.8	100%	\$198.9	7.1x
11/23/2016	Appirio Inc.	Wipro Limited	\$500.0	100%	\$196.0	2.6x
11/22/2016	Acclivis Technologies	CITIC Telecom	\$54.2	100%	N/A	N/A
11/14/2016	Apptix, Inc.	Fusion NBS Acquisition	\$26.6	100%	N/A	N/A
11/14/2016	inContact, Inc.	NICE Systems Ltd.	\$967.5	100%	\$233.0	3.8x
11/11/2016	4Solutions Pty Ltd.	Descartes Systems	\$2.6	100%	N/A	N/A
11/4/2016	NetSuite Inc.	Oracle Corporation	\$7,083.0	77%	\$897.5	9.7x
11/3/2016	Rackspace Hosting, Inc.	Inception Parent, Inc.	\$4,949.0	100%	\$2,073.4	2.1x
11/1/2016	Krux Digital Inc.	salesforce.com, inc.	\$768.0	100%	N/A	N/A
11/1/2016	RBP Healthcare Tech	Inspira Financial Inc.	\$2.3	100%	N/A	N/A
10/31/2016	Lavante, Inc.	PRGX USA, Inc.	\$4.3	100%	N/A	N/A
10/12/2016	Appterra, Inc.	Descartes Systems	\$7.4	100%	N/A	N/A
10/12/2016	M247 Limited	Metronet (UK) Ltd	\$57.9	100%	N/A	N/A
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
Median of the 23 M&A Transaction Targets			\$114.3	100%	\$197.5	2.4x

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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