

Q2: Quarterly Industry Update

AS OF JUNE 30, 2017

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 June 30, 2016, the median 52-week share price return of the Cloud Computing industry was 28.5%. Between June 30, 2015 and June 30, 2017, the median EV/EBITDA multiple increased from 7.9 to 9.5. Furthermore, the median price-to-earnings multiple increased from 16.2 to 24.4 over the same period.

Public Company Key Statistics

Median 52-Week Return	Median 3-Year CAGR Return	Median EV/Revenue Multiple
28.5%	8.0%	2.1x
Median EV/EBITDA Multiple	Median Price/Earnings Multiple	Median EV/Gross CF Multiple
17.3x	24.4x	17.3x

Comparable Public Company Market Price Returns as of June 30, 2017

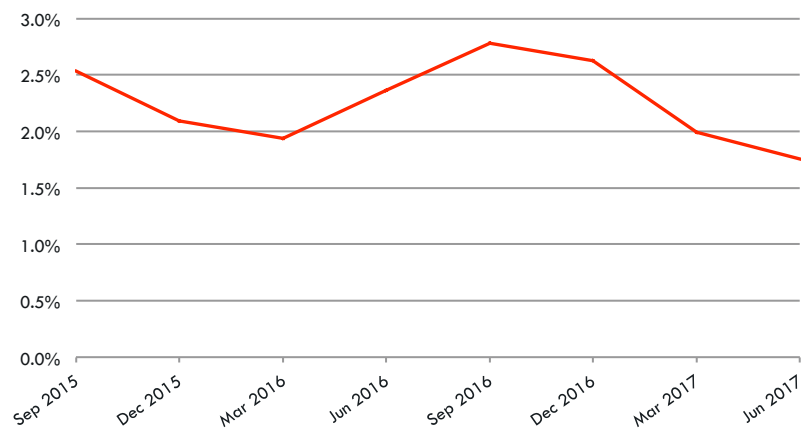
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
CA, Inc.	8.5%	8.7%	5.0%	8.5%	6.2%	11.2%	-6.2%	-9.5%
Carbonite, Inc.	32.9%	7.4%	124.0%	35.9%	22.1%	67.3%	-31.3%	20.6%
CDW Corporation	20.0%	8.4%	56.0%	35.1%	25.2%	23.9%	19.5%	50.6%
Fusion Telecommunications International, Inc.	-3.3%	-8.2%	-21.2%	-17.5%	-35.1%	-54.0%	3.5%	-49.6%
GigaMedia Limited	7.9%	2.6%	28.5%	-11.9%	-15.9%	-3.6%	-35.4%	-6.0%
Imperva, Inc.	24.6%	16.6%	11.3%	-15.9%	22.3%	-39.3%	28.1%	2.7%
NCI, Inc.	51.3%	40.2%	50.2%	42.9%	33.4%	2.2%	33.7%	54.2%
NetApp, Inc.	13.6%	-4.3%	62.9%	12.7%	3.1%	32.9%	-36.0%	0.8%
Red Hat, Inc.	37.4%	10.7%	31.9%	12.3%	20.1%	-15.8%	19.8%	23.4%
Salesforce.com, inc.	26.5%	5.0%	9.1%	11.5%	14.2%	-12.7%	32.2%	7.5%
Unisys Corporation	-14.4%	-8.2%	75.8%	-20.0%	-19.7%	35.3%	-62.5%	-12.2%
Wayside Technology Group, Inc.	3.5%	2.9%	7.1%	-1.2%	8.0%	2.0%	6.6%	27.2%
Xunlei Limited	-16.1%	-20.0%	-38.2%	-48.1%	-40.0%	-48.9%	3.6%	N/A
Median of Industry Public Companies	13.6%	5.0%	28.5%	8.5%	26.8%	2.0%	3.6%	5.1%

Multiple year periods are calculated as the average annual return.

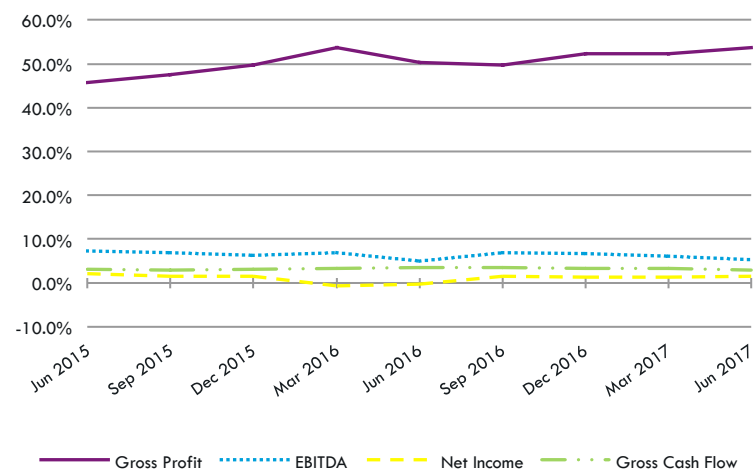
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Cloud Computing Companies



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



Median Public Companies

The chart below illustrates Public Company Multiples.

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
EV/Revenues Multiple	2.1x	2.0x	1.7x	2.2x	1.5x	1.1x	1.2x	1.4x
EV/EBITDA Multiple	9.5x	9.6x	8.5x	10.1x	8.5x	10.1x	8.2x	7.8x
Price/Earnings Multiple	24.4x	21.7x	18.3x	17.5x	16.4x	17.0x	16.3x	18.4x
EV/Gross Cash Flows Multiple	17.3x	15.8x	13.9x	15.7x	12.7x	13.7x	13.6x	11.6x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Cloud Computing (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
6/29/17	Tintri, Inc.	\$7.00	8.6	\$60.0	\$97.1	\$68.4	\$132.6	(\$91.7)	(\$105.7)	(\$82.8)
6/1/17	WIIT S.p.A.	\$50.48	0.6	\$31.2	\$22.6	\$13.7	\$15.4	\$3.9	\$1.0	\$5.9
4/24/17	Ascentech K.K.	\$18.21	0.4	\$7.5	\$11.3	\$0.0	\$29.0	\$0.0	\$1.2	\$0.0
4/12/17	Yext, Inc.	\$11.00	10.5	\$115.5	\$86.5	\$5.0	\$124.3	(\$39.0)	(\$43.2)	(\$36.1)
3/23/17	oRo Co., Ltd.	\$18.61	1.0	\$18.6	\$843.0	\$171.5	\$917.6	\$150.6	\$76.6	\$175.7
3/22/17	CloudRepublic AB (publ)	\$3.07	0.6	\$1.7	\$843.0	\$171.5	\$917.6	\$150.6	\$76.6	\$175.7
3/9/17	Presidio, Inc.	\$14.00	16.7	\$233.3	\$843.0	\$171.5	\$917.6	\$150.6	\$76.6	\$175.7
3/7/17	Microware Group Limited	\$0.19	60.0	\$11.3	\$843.0	\$171.5	\$917.6	\$150.6	\$76.6	\$175.7
6/29/17	Median of all IPOs	nm	8.6	\$24.9	\$470.1	\$120.0	\$525.1	\$77.3	\$38.9	\$90.8

Multiple year periods are calculated as the average annual return.

■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
6/28/17	Kinvey, Inc.	Progress Software Corporation	\$49.0	100%	N/A	N/A
5/17/17	Dediserve Ltd.	iomart Group plc	\$8.6	100%	N/A	N/A
5/17/17	OneCloud Consulting Inc.	ePlus Technology, inc.	\$13.3	100%	N/A	N/A
5/11/17	Fudemame Co.,Ltd.	SourceNext Corporation	\$7.1	100%	\$9.2	0.8x
4/20/17	CSC Italia s.r.l.	PAX Technology Ltd.	\$3.1	100%	N/A	N/A
4/13/17	Nimble Storage, Inc.	Hewlett Packard Enterprise Company	\$1,249.9	100%	\$402.6	2.6x
4/4/17	Net Logistics Pty. Ltd.	Dreamscape Networks Limited	\$2.0	100%	N/A	N/A
4/1/17	NIFTY Corporation	Nojima Corporation	\$222.8	100%	\$592.5	0.1x
3/15/17	Greenview Data, Inc.	Zix Corporation	\$8.1	100%	N/A	N/A
2/27/17	EarthLink Holdings Corp.	Windstream Holdings, Inc.	\$1,119.6	100%	\$990.0	1.1x
2/17/17	LUZ, Inc.	RWS Holdings plc	\$82.5	100%	\$29.2	2.8x
2/1/17	XO Communications, LLC	Verizon Communications	\$1,800.0	100%	N/A	N/A

 USA

 International

 Highest

 Lowest

 Median

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

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
1/31/17	DC74, LLC	Lumos Networks Corp.	\$29.5	100%	N/A	N/A
1/26/17	Applied Micro Circuits	MACOM Technology	\$772.3	100%	\$165.0	4.2x
1/25/17	CannaBuild , LLC	MassRoots, Inc.	\$2.5	100%	N/A	N/A
1/24/17	eGov Holdings, Inc.	Booz Allen Hamilton Inc.	\$250.0	100%	N/A	N/A
1/19/17	IntraLinks Holdings, Inc.	Synchronoss Technologies	\$903.4	100%	\$290.4	2.9x
1/10/17	ServiceMax, Inc.	GE Digital LLC	\$915.0	100%	N/A	N/A
1/6/17	Datalink Corporation	Insight Enterprises, Inc.	\$297.9	100%	\$756.5	0.3x
Median of the 20 M&A Transaction Targets			\$152.6	100%	\$402.6	1.1x

■ USA

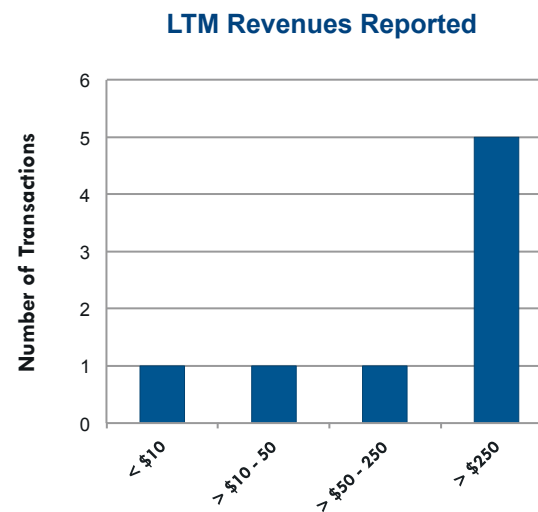
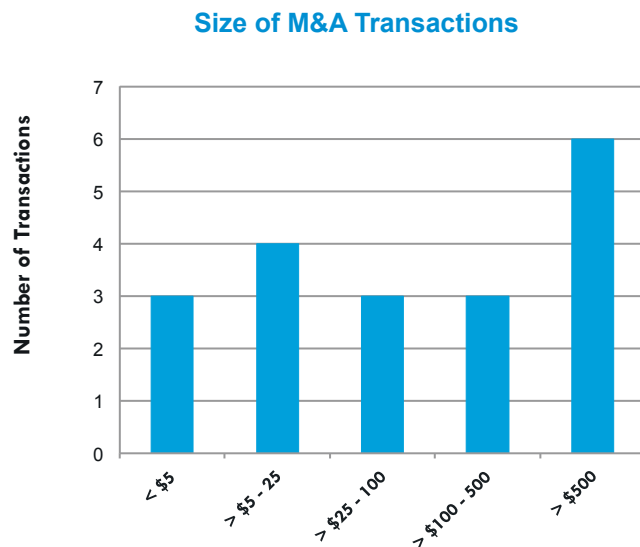
■ International

■ Highest

■ Lowest

■ Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of June 30, 2017



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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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