

## 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, 2016, the median 52-week share price return of the Cloud Computing industry was 26.2%. Between September 30, 2015 and September 30, 2017, the median EV/EBITDA multiple increased from 8.2 to 10.3. Furthermore, the median price-to-earnings multiple increased from 19.9 to 20.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 3.1% and 4.9%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

26.2%

Median 3-Year CAGR  
Return

3.4%

Median EV/Revenue  
Multiple

3.0x

Median EV/EBITDA  
Multiple

10.3x

Median Price/Earnings  
Multiple

20.3x

Median EV/Gross CF  
Multiple

14.5x

## Comparable Public Company Market Price Returns as of September 30, 2017

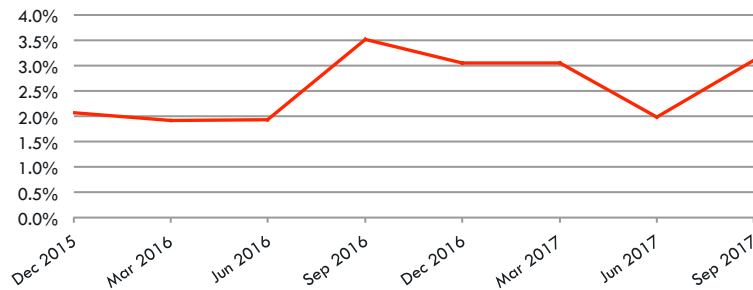
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
CA, Inc.	8.5%	8.7%	5.0%	8.5%	6.2%	11.2%	-6.2%	-9.5%
Carbonite, Inc.	32.9%	7.4%	124.0%	35.9%	22.1%	67.3%	-31.3%	20.6%
CDW Corporation	20.0%	8.4%	56.0%	35.1%	25.2%	23.9%	19.5%	50.6%
Fusion Telecommunications International, Inc.	-3.3%	-8.2%	-21.2%	-17.5%	-35.1%	-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
<b>Median of Industry Public Companies</b>	<b>13.6%</b>	<b>5.0%</b>	<b>28.5%</b>	<b>8.5%</b>	<b>26.8%</b>	<b>2.0%</b>	<b>3.6%</b>	<b>5.1%</b>

Multiple year periods are calculated as the average annual return.

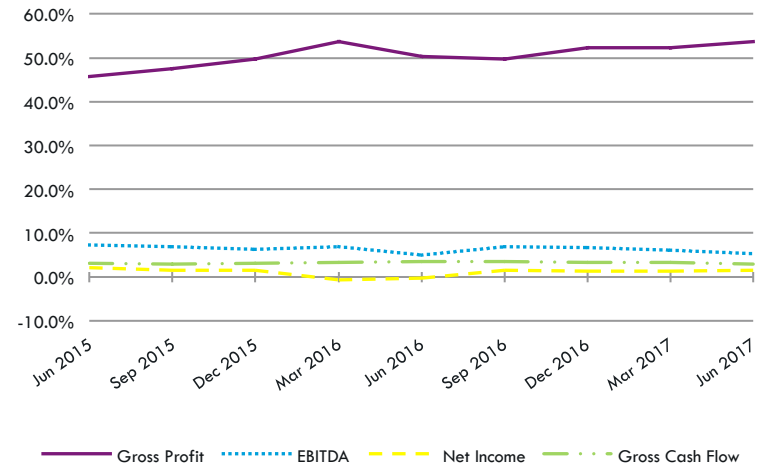
■ Highest Return   
 ■ Lowest Return   
 ■ Median Return

# 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



## Public Company Median Multiples by Quarter

	9/30/17	6/30/17	9/30/16	12/31/16	9/30/16	6/30/16	9/30/15	12/31/15
<b>EV/Revenues Multiple</b>	2.1x	2.0x	1.7x	2.2x	1.5x	1.1x	1.2x	1.4x
<b>EV/EBITDA Multiple</b>	9.5x	9.6x	8.5x	10.1x	8.5x	10.1x	8.2x	7.8x
<b>Price/Earnings Multiple</b>	24.4x	21.7x	18.3x	17.5x	16.4x	17.0x	16.3x	18.4x
<b>EV/Gross Cash Flows Multiple</b>	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
9/30/17	<b>Tintri, Inc.</b>	\$7.00	8.6	\$60.0	\$97.1	\$68.4	\$132.6	(\$91.7)	(\$105.7)	(\$82.8)
6/1/17	<b>WIIT S.p.A.</b>	\$50.48	0.6	\$31.2	\$22.6	\$13.7	<b>\$15.4</b>	\$3.9	\$1.0	\$5.9
4/24/17	<b>Ascentech K.K.</b>	\$18.21	0.4	\$7.5	\$11.3	\$0.0	\$29.0	\$0.0	\$1.2	\$0.0
4/12/17	<b>Yext, Inc.</b>	\$11.00	10.5	\$115.5	\$86.5	\$5.0	\$124.3	(\$39.0)	(\$43.2)	(\$36.1)
6/23/17	<b>oRo Co., Ltd.</b>	\$18.61	1.0	\$18.6	\$843.0	\$171.5	\$917.6	\$150.6	\$76.6	\$175.7
3/22/17	<b>CloudRepublic AB (publ)</b>	\$3.07	0.6	\$1.7	\$843.0	\$171.5	<b>\$921</b>	\$150.6	\$76.6	\$175.7
3/9/17	<b>Presidio, Inc.</b>	\$14.00	16.7	\$233.3	\$843.0	\$171.5	\$917.6	\$150.6	\$76.6	\$175.7
3/7/17	<b>Microware Group Limited</b>	\$0.19	60.0	\$11.3	\$843.0	\$171.5	\$816	\$150.6	\$76.6	\$175.7
6/29/17	<b>Median of all IPOs</b>	<b>nm</b>	<b>8.6</b>	<b>\$24.9</b>	<b>\$470.1</b>	<b>\$120.0</b>	<b>\$525.1</b>	<b>\$77.3</b>	<b>\$38.9</b>	<b>\$90.8</b>

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
9/28/17	<b>Kinvey, Inc.</b>	<b>Progress Software Corporation</b>	\$49.0	100%	N/A	N/A
5/17/17	<b>Dediserve Ltd.</b>	<b>iomart Group plc</b>	\$8.6	100%	N/A	N/A
9/17/17	<b>OneCloud Consulting Inc.</b>	<b>ePlus Technology, inc.</b>	\$13.3	100%	N/A	N/A
7/11/17	<b>Fudemame Co.,Ltd.</b>	<b>SourceNext Corporation</b>	\$7.1	100%	\$9.2	0.8x
4/20/17	<b>CSC Italia s.r.l.</b>	<b>PAX Technology Ltd.</b>	\$3.1	100%	N/A	N/A
4/13/17	<b>Nimble Storage, Inc.</b>	<b>Hewlett Packard Enterprise Company</b>	\$1,249.9	100%	\$402.6	2.6x
8/4/17	<b>Net Logistics Pty. Ltd.</b>	<b>Dreamscape Networks Limited</b>	\$2.0	100%	N/A	N/A
4/1/17	<b>NIFTY Corporation</b>	<b>Nojima Corporation</b>	\$222.8	100%	\$592.5	0.1x
3/15/17	<b>Greenview Data, Inc.</b>	<b>Zix Corporation</b>	\$8.1	100%	N/A	N/A
2/27/17	<b>EarthLink Holdings Corp.</b>	<b>Windstream Holdings, Inc.</b>	\$1,119.6	100%	\$990.0	1.1x
2/17/17	<b>LUZ, Inc.</b>	<b>RWS Holdings plc</b>	\$82.5	100%	\$29.2	2.8x
2/1/17	<b>XO Communications, LLC</b>	<b>Verizon Communications</b>	\$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)

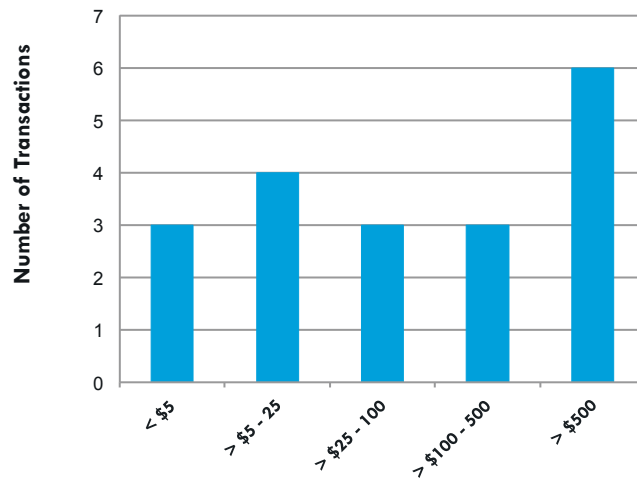
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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
8/31/17	<b>DC74, LLC</b>	Lumos Networks Corp.	\$29.5	100%	N/A	N/A
9/26/17	<b>Applied Micro Circuits</b>	MACOM Technology	\$772.3	100%	\$165.0	4.2x
1/25/17	<b>CannaBuild , LLC</b>	MassRoots, Inc.	\$2.5	100%	N/A	N/A
8/24/17	<b>eGov Holdings, Inc.</b>	Booz Allen Hamilton Inc.	\$250.0	100%	N/A	N/A
1/19/17	<b>IntraLinks Holdings, Inc.</b>	Synchronoss Technologies	\$903.4	100%	\$290.4	2.9x
7/10/17	<b>ServiceMax, Inc.</b>	GE Digital LLC	\$915.0	100%	N/A	N/A
1/6/17	<b>Datalink Corporation</b>	Insight Enterprises, Inc.	\$297.9	100%	\$756.5	0.3x
<b>Median of the 20 M&amp;A Transaction Targets</b>			<b>\$152.6</b>	<b>100%</b>	<b>\$402.6</b>	<b>1.1x</b>

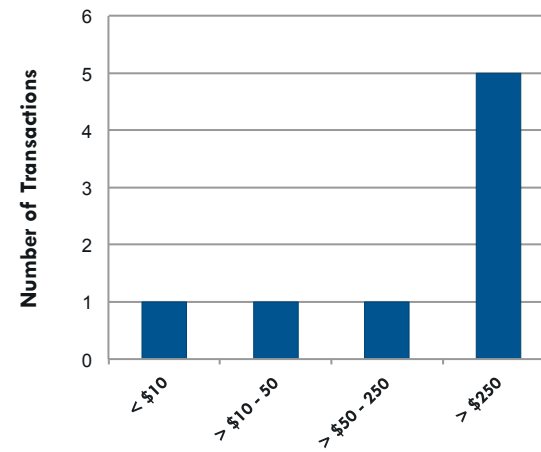
USA
  International
  Highest
  Lowest
  Median

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

Size of M&A Transactions



LTM Revenues Reported





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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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