

## 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 March 31, 2017, the median 52-week share price return of the Cloud Computing industry was 21.8%. Between March 31, 2016 and March 31, 2018, the median EV/EBITDA multiple increased from 8.0 to 11.7. Furthermore, the median price-to-earnings multiple increased from 16.2 to 29.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 3.5% and 7.5%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

21.8%

Median 3-Year CAGR  
Return

16.6%

Median EV/Revenue  
Multiple

3.3x

Median EV/EBITDA  
Multiple

11.7x

Median Price/Earnings  
Multiple

29.3x

Median EV/Gross CF  
Multiple

24.9x

## Comparable Public Company Market Price Returns as of March 31, 2018

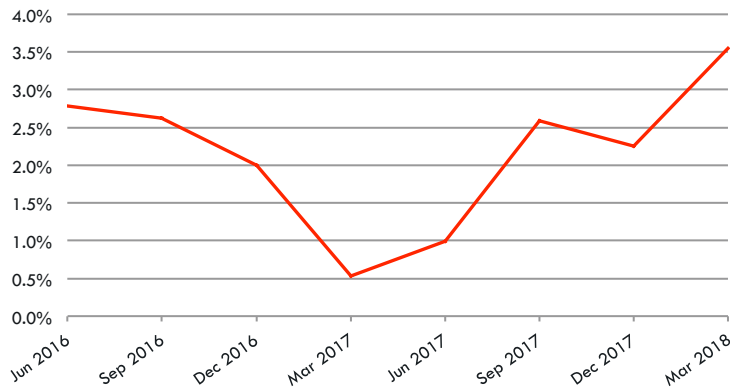
	YTD	3 Month	1 Year	2 Year	2017	2016	2015	2014
CA, Inc.	1.9%	1.9%	5.0%	8.5%	4.8%	11.2%	-6.2%	-9.5%
Carbonite, Inc.	14.7%	14.7%	124.0%	35.9%	53.0%	67.3%	-31.3%	20.6%
CDW Corporation	1.2%	1.2%	56.0%	35.1%	33.4%	23.9%	19.5%	50.6%
Fusion Telecommunications International, Inc.	N/A	N/A	-21.2%	-17.5%	N/A	-54.0%	3.5%	-49.6%
GigaMedia Limited	-6.9%	-6.9%	28.5%	-11.9%	4.1%	-3.6%	-35.4%	-6.0%
Imperva, Inc.	9.1%	9.1%	11.3%	-15.9%	3.4%	-39.3%	28.1%	2.7%
NetApp, Inc.	11.5%	11.5%	62.9%	12.7%	56.8%	32.9%	-36.0%	0.8%
Red Hat, Inc.	24.5%	24.5%	31.9%	12.3%	72.3%	-15.8%	19.8%	23.4%
Salesforce.com, inc.	13.8%	13.8%	9.1%	11.5%	49.3%	-12.7%	32.2%	7.5%
Unisys Corporation	31.9%	31.9%	75.8%	-20.0%	-45.5%	35.3%	-62.5%	-12.2%
Wayside Technology Group, Inc.	-22.0%	-22.0%	7.1%	-1.2%	-10.7%	2.0%	6.6%	27.2%
Xunlei Limited	-34.4%	-34.4%	-38.2%	-48.1%	298.7%	-48.9%	3.6%	N/A
<b>Median of Industry Public Companies</b>	<b>9.1%</b>	<b>9.1%</b>	<b>28.5%</b>	<b>8.5%</b>	<b>33.4%</b>	<b>-0.8%</b>	<b>3.6%</b>	<b>2.7%</b>

Multiple year periods are calculated as the average annual return.

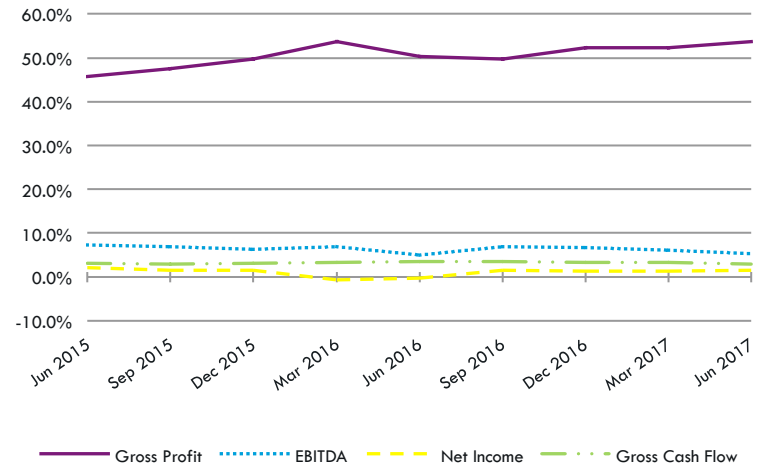
■ Highest Return   
 ■ Lowest Return   
 ■ Median Return

# 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

	3/31/18	12/31/17	9/30/17	6/30/17	12/31/16	9/30/16	6/30/16	3/31/16
<b>EV/Revenues Multiple</b>	3.3x	3.2x	3.4x	2.7x	1.9x	2.6x	2.2x	2.1x
<b>EV/EBITDA Multiple</b>	11.7x	12.2x	10.6x	8.6x	9.6x	10.2x	9.9x	9.5x
<b>Price/Earnings Multiple</b>	29.3x	30.9x	20.3x	21.2x	19.7x	17.9x	17.7x	16.2x
<b>EV/Gross Cash Flows Multiple</b>	24.9x	28.0x	17.6x	14.6x	14.6x	16.5x	11.8x	14.2x

 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
3/6/18	Zutec Holding AB (publ)	\$2.92	2.1	\$6.1	\$97.1	\$68.4	\$3.0	(\$91.7)	(\$105.7)	\$3.4
2/5/18	ReadCloud Limited	\$0.16	30.0	\$4.8	\$22.6	\$13.7	\$1.0	\$3.9	\$1.0	(\$0.1)
1/22/18	intelliHR Holdings Limited	\$0.24	15.0	\$3.6	\$11.3	\$0.0	\$0.1	\$0.0	\$1.2	\$14.9
12/18/17	Ayo Technology Solutions Limited	\$3.40	99.8	\$339.7	\$86.5	\$5.0	\$39.3	(\$39.0)	(\$43.2)	\$22.9
11/15/17	5G Networks Limited	\$0.19	16.1	\$3.1	\$843.0	\$171.5	\$0.0	\$150.6	\$76.6	(\$0.8)
11/14/17	SendGrid, Inc.	\$16.00	8.2	\$131.2	\$843.0	\$171.5	\$103.2	\$150.6	\$76.6	(\$1.4)
11/9/17	Bandwidth Inc.	\$20.00	4.0	\$80.0	\$843.0	\$171.5	\$159.3	\$150.6	\$76.6	\$2.9
10/27/17	Registry Direct Limited	\$0.15	10.2	\$1.6	\$843.0	\$171.5	\$0.5	\$150.6	\$76.6	(\$6.5)
6/29/17	Median of all IPOs	nm	nm	\$5.4	\$470.1	\$120.0	\$2.0	\$77.3	\$38.9	\$1.4

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
3/29/18	<b>Aconex Limited</b>	Vantive Australia Pty Ltd	\$1,258.9	100%	\$127.4	N/A
3/5/18	<b>Clarizen, Inc.</b>	K1 Investment Management	\$110.0	100%	N/A	N/A
3/2/18	<b>Science Warehouse Limited</b>	Advanced Business Software and Solutions Limited	\$23.3	100%	N/A	N/A
2/28/18	<b>Twine Health, Inc.</b>	Fitbit, Inc.	\$17.5	100%	N/A	0.8x
2/28/18	<b>EdgePower Inc.</b>	Just Energy Group Inc.	\$18.7	100%	N/A	N/A
2/2/18	<b>e-Builder, Inc.</b>	Trimble Inc.	\$500.0	100%	\$53.0	2.6x
2/2/18	<b>Oncall Systems Limited</b>	Alcidion Group Limited	\$2.1	100%	\$0.2	N/A
2/1/18	<b>BroadSoft, Inc.</b>	Cisco Systems, Inc.	\$2,288.0	100%	\$361.9	0.1x
1/30/18	<b>Angoss Software Corp.</b>	Datawatch Corporation	\$32.7	100%	\$10.2	N/A
1/24/18	<b>IQMax, Inc.</b>	Network Billing Systems, L.L.C.	\$1.1	100%	N/A	1.1x
1/23/18	<b>Vincit Services Oy</b>	DataCenter Finland Oy	\$10.4	100%	N/A	2.8x
1/16/18	<b>N2W Software Inc.</b>	Veeam Software AG	\$42.5	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)

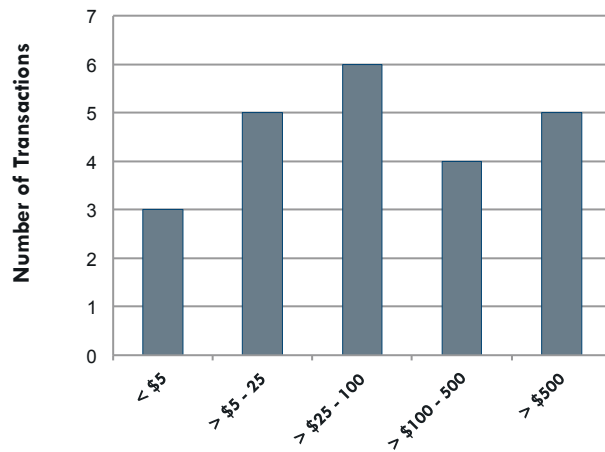
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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
8/31/17	<b>DC74, LLC</b>	Lumos Networks Corp.	\$29.5	100%	N/A	N/A
9/26/17	<b>Applied Micro Circuits</b>	MACOM Technology	\$772.3	100%	\$165.0	4.2x
1/25/17	<b>CannaBuild , 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>

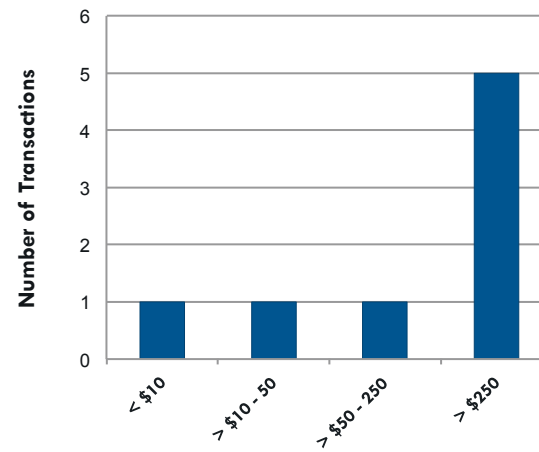
USA
  International
  Highest
  Lowest
  Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of March 31, 2018

**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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