

Q3: Quarterly Industry Update

AS OF September 30, 2019



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, 2018, the median 52-week share price return of the Cloud Computing industry was 48.4%. Between September 30, 2017 and September 30, 2019, the median EV/EBITDA multiple increased from 9.7 to 14.9. However, the median price-to-earnings multiple decreased from 24.4 to 19.8 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 3.0% and 8.5%, respectively.

Public Company Key Statistics

Median 52-Week
Return

48.4%

Median 3-Year CAGR
Return

21.7%

Median EV/Revenue
Multiple

3.5x

Median EV/EBITDA
Multiple

14.9x

Median Price/Earnings
Multiple

19.8x

Median EV/Gross CF
Multiple

23.3x

Comparable Public Company Market Price Returns as of September 30, 2019

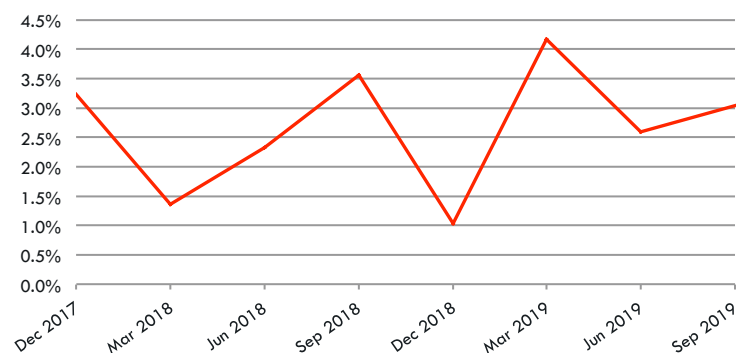
	2019	3 Month	1 Year	2 Year	2018	2017	2016	2015
Carbonite, Inc.	42.0%	2.1%	5.0%	8.5%	0.6%	53.0%	67.3%	-31.3%
CDW Corporation	28.0%	10.1%	124.0%	35.9%	16.6%	33.4%	23.9%	19.5%
GigaMedia Limited	-3.6%	-1.4%	56.0%	35.1%	-1.3%	4.1%	-3.6%	-35.4%
NetApp, Inc.	17.0%	9.4%	28.5%	-11.9%	7.9%	56.8%	32.9%	-36.0%
Red Hat, Inc.	55.3%	1.4%	11.3%	-15.9%	46.2%	72.3%	-15.8%	19.8%
salesforce.com, inc.	13.5%	16.6%	62.9%	12.7%	34.0%	49.3%	-12.7%	32.2%
Unisys Corporation	55.6%	58.1%	31.9%	12.3%	42.7%	-45.5%	35.3%	-62.5%
Wayside Technology Group, Inc.	150.3%	-8.2%	9.1%	11.5%	-40.1%	-10.7%	2.0%	6.6%
Xunlei Limited	-22.8%	-32.1%	75.8%	-20.0%	-77.9%	298.7%	-48.9%	3.6%
Median of Industry Public Companies	1.8%	1.8%	28.5%	8.5%	7.9%	-0.8%	2.0%	3.6%

Multiple year periods are calculated as the average annual return.

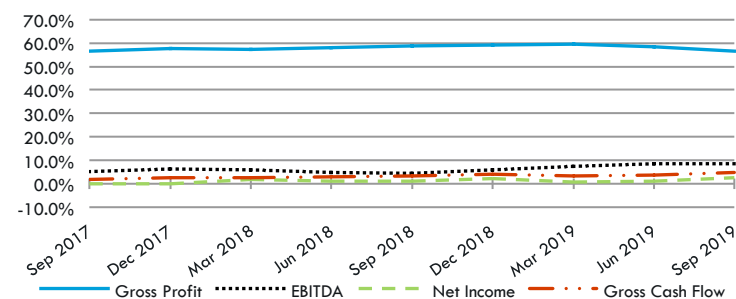
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
EV/Revenues Multiple	3.5x	3.3x	3.4x	3.1x	2.6x	2.1x	2.6x	1.9x
EV/EBITDA Multiple	14.9x	16.1x	12.2x	12.6x	8.4x	8.3x	9.4x	8.6x
Price/Earnings Multiple	19.8x	20.2x	24.8x	27.0x	21.9x	21.9x	36.5x	25.1x
EV/Gross Cash Flows Multiple	23.3x	41.9x	50.2x	27.5x	20.8x	11.6x	17.4x	19.5x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings — 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
9/25/19	SVMK Inc.	\$12.00	2.1	\$6.1	\$97.1	\$68.4	\$233.5	(\$91.7)	(\$105.7)	\$3.4
9/19/19	archTIS Limited	\$0.15	30.0	\$4.8	\$22.6	\$13.7	\$0.4	\$3.9	\$1.0	(\$0.1)
9/12/19	111, Inc.	\$14.00	15.0	\$3.6	\$11.3	\$0.0	\$189.6	\$0.0	\$1.2	\$14.9
6/28/19	Domo, Inc.	\$21.00	99.8	\$339.7	\$86.5	\$5.0	\$116.2	(\$39.0)	(\$43.2)	\$22.9
6/26/19	Property Data Bank, Inc.	\$16.19	16.1	\$3.1	\$843.0	\$171.5	\$11.7	\$150.6	\$76.6	(\$0.8)
6/20/19	i-nexus Global plc	\$1.04	8.2	\$131.2	\$843.0	\$171.5	\$0.0	\$150.6	\$76.6	(\$1.4)
6/14/19	Avalara, Inc.	\$24.00	4.0	\$80.0	\$843.0	\$171.5	\$225.6	\$150.6	\$76.6	\$2.9
5/30/19	Maestrano Group Plc	\$0.20	10.2	\$1.6	\$843.0	\$171.5	\$1.4	\$150.6	\$76.6	(\$6.5)
11/20/18	Median of all IPOs	nm	nm	\$5.4	\$470.1	\$120.0	\$63.9	\$77.3	\$38.9	\$1.4

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
9/30/19	FusionStorm, Inc.	Global Payments Inc.	\$90.0	100%	\$595.5	N/A
9/5/19	AdvancedMD, Inc.	DocuSign, Inc.	\$700.0	100%	N/A	N/A
9/4/19	SpringCM Inc.	Veritone, Inc.	\$220.0	100%	N/A	N/A
8/31/19	Wazee Digital, Inc.	DataDirect Networks, Inc.	\$15.0	100%	\$19.0	0.8x
8/31/19	All Assets of Tintri, Inc.	Imperva, Inc.	\$60.0	100%	N/A	N/A
8/9/19	Prevoty, Inc.	IZEA, Inc. (nka:IZEA Worldwide, Inc.)	\$140.6	100%	N/A	2.6x
7/26/19	TapInfluence, Inc.	Brightree LLC	\$7.1	100%	\$5.9	N/A
7/6/19	HEALTHCAREfirst Inc.	Trimble Inc.	\$126.3	100%	N/A	0.1x
7/2/19	Viewpoint, Inc.	Overstock.com, Inc.	\$1,200.0	100%	\$155.2	N/A
6/28/19	SiteHelix Inc.	Ensono, LP	\$4.2	100%	N/A	1.1x
6/27/19	Wipro Data Centre and Cloud Services, Inc.	Zivaro, Inc.	\$405.0	100%	N/A	2.8x
6/26/19	Network Professionals Group, LLC	Adobe Systems Incorporated (nka:Adobe Inc.)	\$0.5	100%	N/A	N/A

■ USA
 ■ International

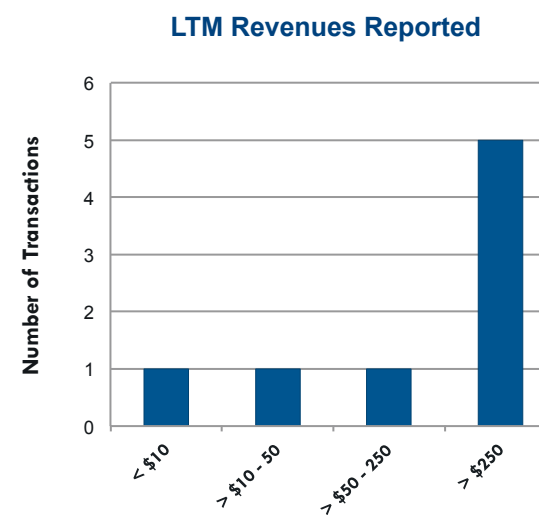
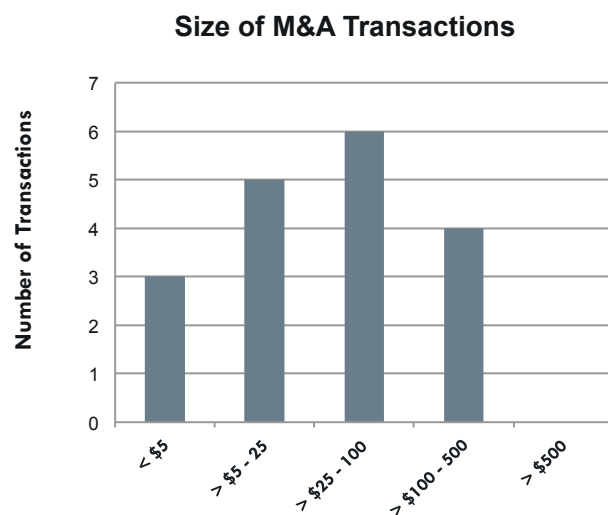
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Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
8/31/17	DC74, LLC	Lumos Networks Corp.	\$29.5	100%	N/A	N/A
9/26/17	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
8/24/17	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
7/10/17	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 19 M&A Transaction Targets			\$65.5	100%	\$67	1.1x

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



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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