

# Q4: Quarterly Industry Update

AS OF December 31, 2019

**cogent** valuation  
FINANCIAL OPINIONS

## 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, 2018, the median 52-week share price return of the Cloud Computing industry was 48.4%. Between December 31, 2017 and December 31, 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 December 31, 2019

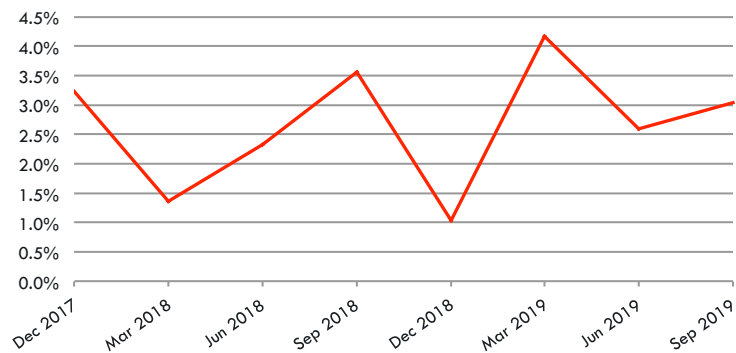
	2019	3 Month	1 Year	2 Year	2018	2017	2016	2015
<b>Carbonite, Inc.</b>	42.0%	2.1%	5.0%	8.5%	0.6%	53.0%	67.3%	-31.3%
<b>CDW Corporation</b>	28.0%	10.1%	124.0%	35.9%	16.6%	33.4%	23.9%	19.5%
<b>GigaMedia Limited</b>	-3.6%	-1.4%	56.0%	35.1%	-1.3%	4.1%	-3.6%	-35.4%
<b>NetApp, Inc.</b>	17.0%	9.4%	28.5%	-11.9%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

Multiple year periods are calculated as the average annual return.

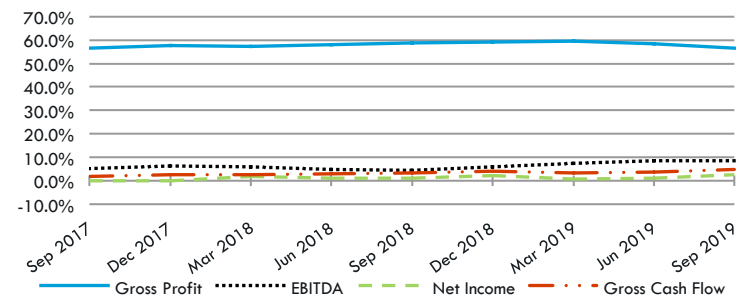
■ Highest Return
 ■ Lowest Return
 ■ Median Return

## 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

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
<b>EV/Revenues Multiple</b>	3.5x	3.3x	3.4x	3.1x	2.6x	2.1x	2.6x	1.9x
<b>EV/EBITDA Multiple</b>	14.9x	16.1x	12.2x	12.6x	8.4x	8.3x	9.4x	8.6x
<b>Price/Earnings Multiple</b>	19.8x	20.2x	24.8x	27.0x	21.9x	21.9x	36.5x	25.1x
<b>EV/Gross Cash Flows Multiple</b>	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
11/25/19	<b>SVMK Inc.</b>	\$12.00	2.1	\$6.1	\$97.1	\$68.4	\$233.5	(\$91.7)	(\$105.7)	\$3.4
11/19/19	<b>archTIS Limited</b>	\$0.15	30.0	\$4.8	\$22.6	\$13.7	\$0.4	\$3.9	\$1.0	(\$0.1)
10/12/19	<b>111, Inc.</b>	\$14.00	15.0	\$3.6	\$11.3	\$0.0	\$189.6	\$0.0	\$1.2	\$14.9
9/28/19	<b>Domo, Inc.</b>	\$21.00	99.8	\$339.7	\$86.5	\$5.0	\$116.2	(\$39.0)	(\$43.2)	\$22.9
6/26/19	<b>Property Data Bank, Inc.</b>	\$16.19	16.1	\$3.1	\$843.0	\$171.5	\$11.7	\$150.6	\$76.6	(\$0.8)
6/20/19	<b>i-nexus Global plc</b>	\$1.04	8.2	\$131.2	\$843.0	\$171.5	\$0.0	\$150.6	\$76.6	(\$1.4)
6/14/19	<b>Avalara, Inc.</b>	\$24.00	4.0	\$80.0	\$843.0	\$171.5	\$225.6	\$150.6	\$76.6	\$2.9
5/30/19	<b>Maestrano Group Plc</b>	\$0.20	10.2	\$1.6	\$843.0	\$171.5	\$1.4	\$150.6	\$76.6	(\$6.5)
11/20/18	<b>Median of all IPOs</b>	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	<b>FusionStorm, Inc.</b>	Global Payments Inc.	\$90.0	100%	\$595.5	N/A
9/5/19	<b>AdvancedMD, Inc.</b>	DocuSign, Inc.	\$700.0	100%	N/A	N/A
9/4/19	<b>SpringCM Inc.</b>	Veritone, Inc.	\$220.0	100%	N/A	N/A
8/31/19	<b>Wazee Digital, Inc.</b>	DataDirect Networks, Inc.	\$15.0	100%	\$19.0	0.8x
8/31/19	<b>All Assets of Tintri, Inc.</b>	Imperva, Inc.	\$60.0	100%	N/A	N/A
8/9/19	<b>Prevoty, Inc.</b>	IZEA, Inc. (nka:IZEA Worldwide, Inc.)	\$140.6	100%	N/A	2.6x
7/26/19	<b>TapInfluence, Inc.</b>	Brightree LLC	\$7.1	100%	\$5.9	N/A
7/6/19	<b>HEALTHCAREfirst Inc.</b>	Trimble Inc.	\$126.3	100%	N/A	0.1x
7/2/19	<b>Viewpoint, Inc.</b>	Overstock.com, Inc.	\$1,200.0	100%	\$155.2	N/A
6/28/19	<b>SiteHelix Inc.</b>	Ensono, LP	\$4.2	100%	N/A	1.1x
6/27/19	<b>Wipro Data Centre and Cloud Services, Inc.</b>	Zivaro, Inc.	\$405.0	100%	N/A	2.8x
6/26/19	<b>Network Professionals Group, LLC</b>	Adobe Systems Incorporated (nka:Adobe Inc.)	\$0.5	100%	N/A	N/A

■ USA   ■ International

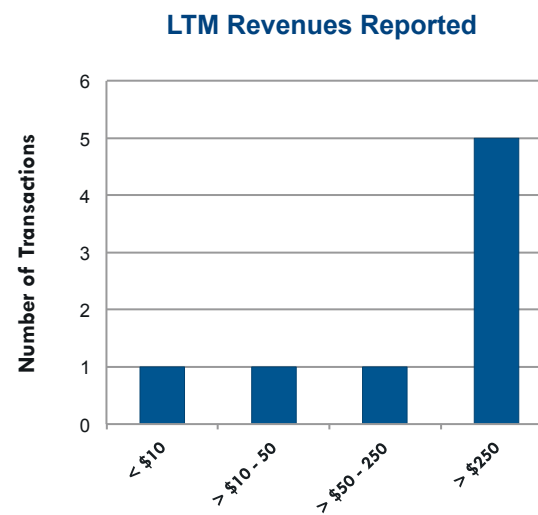
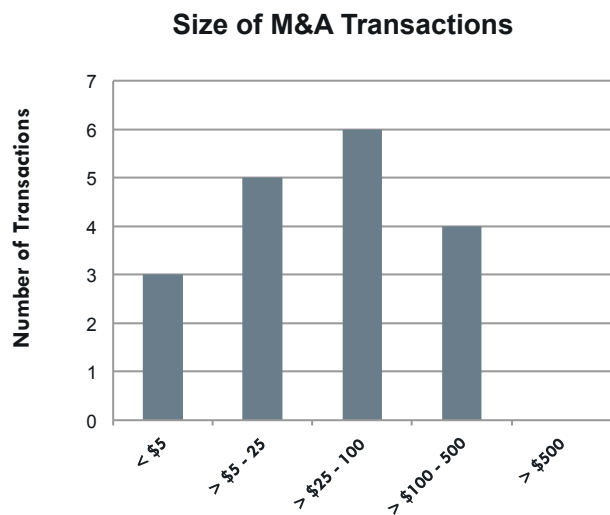
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## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
8/31/17	<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 19 M&amp;A Transaction Targets</b>		<b>\$65.5</b>	<b>100%</b>	<b>\$67</b>	<b>1.1x</b>

## 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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