

FOCUS Telecom
Technology and Services Group
Enterprise-Focused
Telecom Technology
Quarterly

Summer 2014 Report

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FOCUS

Investment Banking

Seasoned, Systematic, SuccessfulSM

Investment Banking and Advisory Services

FOCUS Investment Banking LLC is a leading investment bank with specialized telecom technology and services expertise, concentrating on providing four highly-tailored services to emerging middle market and larger organizations in this sector:

Sellside Assignments
Buyside Engagements
Capital Formation
Valuation and Fairness Options

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Enterprise-Focused Telecom Technology Quarterly

By Richard Pierce, Managing Director and Telecom Technology and Services Team Leader, FOCUS Investment Banking LLC

FOCUS believes that the Enterprise-Focused Telecom Technology sector is one of the most exciting in Telecom. Businesses today have an unprecedented opportunity to enhance operating efficiency and reduce costs by converging separate voice and data networks, empowering remote and mobile workers, extending communications to harsh outdoor and industrial environments, enhancing customer service, and moving applications to a hosted or “cloud” environment.

However, to achieve these benefits, organizations must overcome a host of non-trivial challenges including bandwidth management, quality of service prioritization and monitoring, device proliferation and network security. While many of the largest players in the communications equipment industry are indeed helping to meet these challenges, we believe there is significant innovation among middle market technology providers and ample opportunities for them to create meaningful value for their shareholders. FOCUS is proud of its commitment to the Enterprise-Focused Telecom Technology sector and we are excited about the prospects for middle market companies in this space.

The FOCUS Telecom Technology and Services group consists of four professionals with a mix of backgrounds that include both C-level operating expertise and experience at leading middle market investment banks. The FOCUS Telecom team is uniquely qualified to help middle market clients reach their strategic objectives because the group:

- Devotes significant senior level resources to executing transactions for lower middle market clients,
- Has a breadth of knowledge that covers most segments of the telecom industry,

- Has bankers with C-level operating experience in the telecom industry,
- Has a proven transaction methodology for delivering results,
- Is equally comfortable with buy side and sell side M&A,
- Leverages an experienced team of research professionals, and
- Has a national presence with coverage of both east and west coasts.

Sub Sector Definitions

Enterprise Networking: Enterprise-grade switches and routers (wireline and wireless), enterprise CPE, and application and bandwidth management tools such as WAN optimization and application acceleration.

Industrial Networking and M2M: Ruggedized equipment designed for communications in harsh environments as well as equipment utilized for machine-to-machine communications.

Network Management: Software used by enterprises to manage and monitor their voice communications and data networks.

Network Security: Software applications designed to identify and protect against a wide variety of network security-related threats.

Unified Communications and Contact Center: PBXs, videoconferencing-related products, and software products designed to enhance the efficiency of contact center networks.

Summary Comments

Public Markets

After lagging the broader indices in our Spring report, the FOCUS Enterprise-Focused Telecom Technology Index (EFTTI) outperformed the broader market indices with strong gains for our Summer reporting period. The EFTTI enjoyed a gain of 6.7% in this most recent three month period. This compares to gains of 2.5% in the S&P 500 and 6.2% in the NASDAQ. Even with this period's outperformance, the EFTTI still lags the market significantly over the past 12 months. The year-over-year gain for the EFTTI was 4.0%, while the S&P 500 gained 14.5% and the NASDAQ increased by 20.5%. Sector multiples continue to climb, both compared to the year ago period and our Spring report. The EFTTI revenue and EBITDA multiples now stand at 2.5x and 10.9x, respectively.

Enterprise Networking

The Enterprise Networking sub sector maintained the momentum from our most recent report and turned in a gain of 8.0% for this three month period. This was good enough to make it the second best performing sub sector over the past three months. Much of the gains were due to strong performances by Cisco and Citrix, the subsector's two largest companies. Cisco was up 9.2%, while Citrix was up 14.2%. However, the two top performers were Ruckus Wireless and Unizyx Holding (Zyxel) with gains of 23.5% and 48.9%, respectively. On the negative side, four stocks in the sub sector were down more than 15% for the period. Two of these, A10 Networks and Aerohive Networks, are recent IPOs that are having a bumpy transition to the public markets. Multiples for the sub sector remained exactly where they were in the year ago period at 2.2x revenue and 8.8x EBITDA.

Industrial and M2M

The industrial and M2M sub sector suffered a second straight period of losses, this time declining 7.2% in the past three months. This loss made it the worst performing sub sector for our Summer reporting period. Losses were broad-based with only Novatel Wireless managing to end the period in the black. Even with the losses in these last two reporting periods, the Industrial and M2M sub sector is still up more than 18% in the past year. Multiples for the sub sector are higher than they were 12 months ago. The revenue multiple increased from 1.4x to 1.6x, while the EBITDA multiple expanded slightly from 17.1x to 17.4x. The EBITDA multiple also is up from the 15.9x in our Spring report. This indicates the main reason for the recent declines in the sub sector has been deteriorating financial performance as opposed to multiple contraction.

Network Management

The Network Management sub sector was the other sub sector of the EFTTI that failed to show a gain for this reporting period and dropped 2.8%. In fact, this marked the third straight reporting period where the sub sector was in the red. However, the picture is not as bleak as it may sound as the losses were entirely due to a 4.2% drop in CA, the largest market cap stock in the sub sector. NetScout and Solar Winds had gains of 9.2% and 2.0%, respectively. In addition, the sub sector saw the IPO of mobile device management company MobileIron. Mobile device management has been a hot area of late, and MobileIron's revenue multiple of 4.5x (despite having negative EBITDA margins) certainly bears this out. Multiples for the sub sector are slightly higher than they were in the year-ago period. The sub sector revenue multiple increased from 3.0x to 3.1x, while the EBITDA multiple went from 8.8x to 10.2x.

Network Security

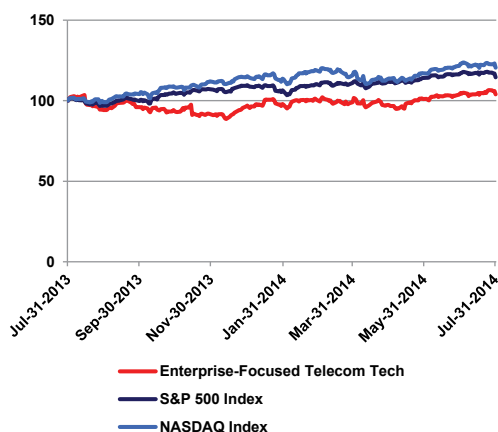
The Network Security sub sector was up 9.2% over the past three months. This made it the best performing sub sector for this reporting period. Gains were broad-based with every stock in the index showing increases but two. Four companies (Palo Alto Networks, Proofpoint, Qualys, and Vasco Data Security) posted gains of 15% or greater for the period. In addition, the sub sector enjoyed yet another IPO with the public debut of mobile device security company Cheetah Mobile. Cheetah Mobile received a strong valuation from the market and now trades at a revenue multiple of 16.4x. Overall, the sub sector revenue multiple is 6.9x and the sub sector EBITDA multiple is 32.7x. Both of these are up sharply from a year ago when the sub sector revenue multiple was 5.5x and the EBITDA multiple was 17.4x.

Unified Communications and the Contact Center

The Unified Communications and the Contact Center sub sector had a modest gain of 1.6% for the three month period. Performance was choppy, with gainers and losers split roughly equally and no clear trend between primarily Unified Communications vendors and primarily Contact Center vendors. The top performers for the period were Mitel (gain of 21.0%) and Liveperson (gain of 19.0%). Conversely, Mitel competitor Shoretel declined more than 18% while Interactive Intelligence had an even sharper decline of 27.5%. While the sub sector had only a mediocre three month period, we also note it is up 21.9% over the past year. This makes it the best performing sub sector in the EFTTI during this time frame. The sub sector revenue multiple is 2.3x, up sharply from 1.7x a year ago. Likewise, the sub sector EBITDA multiple also increased from 17.3x a year ago to 22.6x currently.

Enterprise-Focused Telecom Technology: Public Market Summary

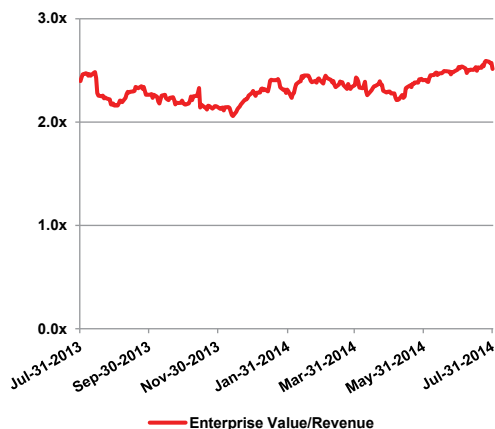
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Enterprise-Focused Telecom Tech	4.0%	6.7%
Enterprise Networking	0.3%	8.0%
Industrial and M2M	18.2%	-7.2%
Network Management	3.1%	-2.8%
Network Security	18.5%	9.2%
Unified Comms & Contact Center	21.9%	1.6%
S&P 500	14.5%	2.5%
NASDAQ	20.5%	6.2%

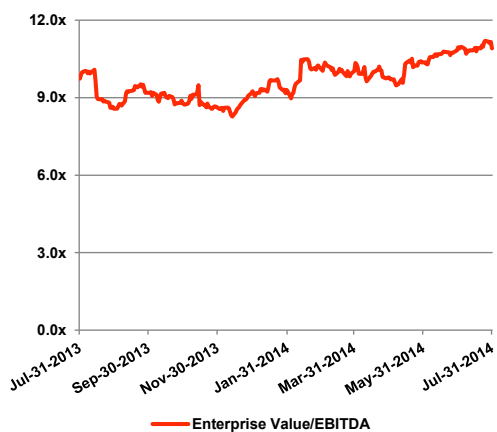
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	7/31/2014	7/31/2013
Enterprise-Focused Telecom Tech	2.5x	2.4x
Enterprise Networking	2.2x	2.2x
Industrial and M2M	1.6x	1.4x
Network Management	3.1x	3.0x
Network Security	6.9x	5.5x
Unified Comms & Contact Center	2.3x	1.7x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	7/31/2014	7/31/2013
Enterprise-Focused Telecom Tech	10.9x	9.7x
Enterprise Networking	8.8x	8.8x
Industrial and M2M	17.4x	17.1x
Network Management	10.2x	8.8x
Network Security	32.7x	17.4x
Unified Comms & Contact Center	22.6x	17.3x

Source: Capital IQ

Summary Comments

M&A

The level of M&A activity in the Enterprise-Focused Telecom Technology sector continued to increase in this current reporting period. We counted 47 transactions over the past three months, making this the most active period in recent memory in terms of the number of announced transactions. The total announced transaction dollar volume of these transactions was a solid (if not spectacular) \$1.3 billion. For the year, we now stand at 85 announced transactions with a total announced dollar volume of \$7.5 billion. This means we are on pace for the highest year in the last five in terms of transaction volume, and also are well positioned to have a strong year in terms of transaction dollar volume as well.

Enterprise Networking

Once again, activity in the Enterprise Networking space was light with only a single transaction for the reporting period. This was the acquisition of Wireless LAN vendor Firetide by UNICOM Systems. Firetide had carved out a presence in municipal and public safety networks but had not been successful penetrating the broader enterprise market.

Industrial and M2M

The Industrial and M2M sub sector was extremely active with five transactions for the reporting period. The largest of these was PTC's \$170 million acquisition of Axeda, a software vendor focused on managing M2M and Internet of Things applications. Belden also made a large acquisi-

tion in the period, acquiring industrial wireless vendor ProSoft Technology for \$105 million. The other three transactions were for Active Control Technology, connectblue, and Falcom Wireless Communications. All three companies focus on industrial wireless communications.

Network Management

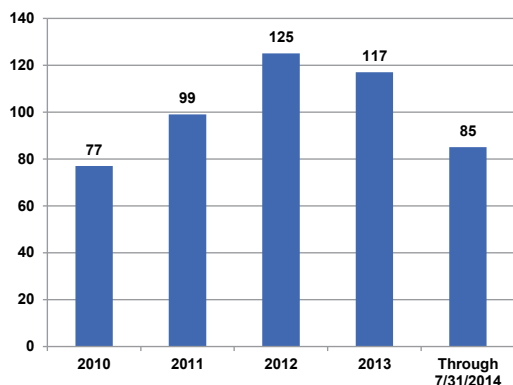
Network Management saw a sharp uptick in transaction volume with 10 transactions for the period. The transactions were in various areas of Network Management. Citrix acquired ScaleXtreme to help it manage cloud-based servers, while ServiceNow's acquisition of Neebula Systems enhanced its ability to monitor virtual environments. Also in the cloud area, Google acquired Amazon Web Services monitoring and performance management company Stackdriver. Finally, we noted that BridgeWays acquired Nubigenus to provide it with a cloud-based monitoring solution suitable for small and medium-sized businesses. Overall, we see increasing interest by "up market" companies in the small- and medium-sized business market as the dynamics of the cloud-based model significantly improve the economics of serving this market segment.

Security

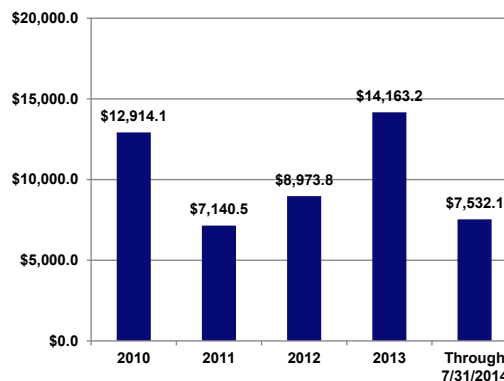
Transaction momentum in the Security sub sector continues to defy gravity with a whopping 22 transactions for the period. This included the largest transaction of the period, Bison Capital's acquisition of NQ Mobile for just under \$500 million. In the other two transactions with announced dollar volumes, FireEye acquired packet

Enterprise-Focused Telecom Technology: M&A Summary

M&A Activity: Number of Transactions



M&A Activity (\$ Value of Transactions in Millions)



capture vendor nPulse for \$70 million while Proofpoint acquired security orchestration company NetCitadel for \$24 million. Large companies in the security space that made acquisitions during the period included Cisco (acquired ThreatGrid), F5 Networks (acquired Defense.net), and Symantec (acquired NitroDesk). We also saw two large technology vendors from outside the security space make security-related acquisitions. Twitter acquired password management software vendor Mitro Labs, while Google acquired Divide, a company focused on the enterprise mobile security space.

Unified Communications and the Contact Center

Activity also was up in the Unified Communications and the Contact Center space with nine transactions for the period. Notable transactions included inContact's acquisition of contact center software vendor Uptivity for \$50 million and Dimension Data's acquisition of videoconferencing vendor Teliris. Genesys continued to be an active

acquirer with its purchase of OVM Solutions, as was Oracle with its acquisition of LiveLOOK. Finally, we noted that publicly-traded LivePerson acquired Synchronite for its co-browsing technology.

Transactions with Announced Multiples

This period had four transactions with announced multiples. The largest deal for the period, Bison Capital's acquisition of NQ Mobile, was done at 2.5x revenue. NQ Mobile had a very low EBITDA margin, so the transaction EBITDA multiple of more than 300x was not particularly meaningful. The highest multiple for the period belonged to Uptivity, which was valued at 2.6x revenue. During the period, the other contact center software transaction with an announced multiple, eGain's purchase of Exony, was done for 1.1x revenue. Finally, Industrial and M2M company ProSoft Technology received a valuation of 2.1x revenue in its acquisition by Belden.

Announced Transactions (5/1/14 – 7/31/14)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Twitter	Mitro Labs	Security	7/31/14	NA	Password management software to enable secure password saving and sharing for consumers, businesses and enterprises.
IBM Corporation	CrossIdeas	Security	7/31/14	NA	Identity and access governance solutions to manage people, applications and entitlements.
eGain	Exony	Unified Comms & Contact Center	7/30/14	\$15.9	Software for Avaya ACD migration, interaction optimization, analytics and voicemail/unified messaging applications.
Bison Capital	NQ Mobile	Security	7/30/14	\$489.6	Mobile Internet services in the areas of mobile security, privacy, productivity, personalized cloud and family protection.
Belden	ProSoft Technology	Industrial and M2M	7/30/14	\$105.0	Stand-alone gateways, industrial wireless products, network repeaters/ extenders and custom software solutions.
Research In Motion	Secusmart	Security	7/29/14	NA	Security hardware and software that provides anti-eavesdropping and voice encryption to secure calls, texts and data on mobile phones.
BridgeWays	Nubigenus	Network Management	7/29/14	NA	Cloud-based system center monitoring solution for small to medium-sized businesses, Managed Service Providers and enterprises.
Rohde & Schwarz	gateprotect	Security	7/28/14	NA	Next generation firewall products and managed security solutions as well as client encryption systems.
PTC	Axeda	Industrial and M2M	7/23/14	\$170.0	Cloud-based service software for managing connected products and machines and implementing M2M and Internet of things applications.
Siris Capital	Juniper Networks (Pulse Product Portfolio)	Security	7/22/14	\$250.0	Provides secure mobile and remote network access device, application access control, mobile security and collaboration.
Chef Software	Tower3	Network Management	7/15/14	NA	Backend IT systems workflow, change management and analytics tracking for enterprise network systems administrators.
ServiceNow	Neebula Systems	Network Management	7/9/14	\$100.0	Manages virtual environments and IT clouds by mapping services to their related applications, servers, network and storage devices.
EMC	Symplified	Security	7/9/14	NA	Provides single-sign-on identity management solutions.
Cisco Systems	Assemblage	Unified Comms & Contact Center	6/27/14	NA	Real-time collaboration applications for shared whiteboarding, presentation broadcasting and screensharing.
LogicTree	Gold Systems	Unified Comms & Contact Center	6/26/14	NA	Speech recognition and unified communications solutions including unified messaging, conference server and interactive voice response.
Oracle Corporation	LiveLOOK	Unified Comms & Contact Center	6/20/14	NA	Cloud-based customer collaboration tools that allow agents to view a customer's screen and enable peer-to-peer screen sharing.
SolarWinds	Pingdom	Network Management	6/18/14	NA	Website monitoring and performance management solutions for website owners.
CloudFlare	CryptoSeal	Security	6/13/14	NA	Virtual private network solutions to enable the security of web applications by restricting access to authorized users.

Announced Transactions (5/1/14 – 7/31/14) *continued*

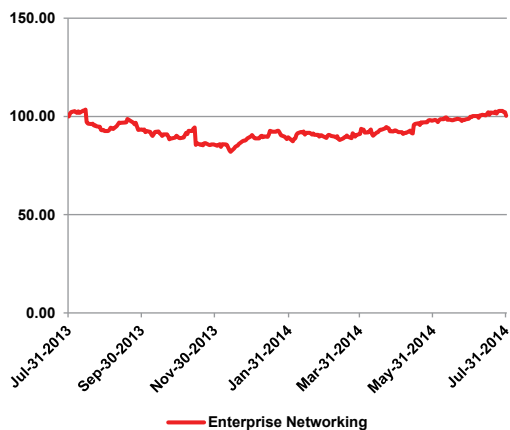
Acquiror	Target	Sector	Date Announced	Purchase Price	Description
CloudLock	Innovode	Security	6/12/14	NA	Provides anti data leakage and compliance software to enable businesses to securely store and share files in Google Drive.
Insight Venture Partners	FireMon	Security	6/11/14	NA	Security management, firewall management, risk analysis and disaster recovery software solutions for enterprises.
Auconet	ASDIS Solutions	Network Management	6/10/14	NA	Centralized management tool for ATMs/kiosk, servers and mobile devices with persistent monitoring and self-healing capabilities.
Maestro Wireless Solutions	Falcom Wireless Communications	Industrial and M2M	6/6/14	NA	Vehicle location products, asset-tracking devices, and GSM/GPRS and GPS modules, terminals, and hardware integrated solutions.
3CX	e-works	Unified Comms & Contact Center	6/4/14	NA	Video collaboration platform for Unified Communications including multipoint video, desktop sharing and instant messaging.
LivePerson	Synchronite	Unified Comms & Contact Center	6/3/14	NA	Co-browsing technology that works with complex web applications across all modern browsers on all devices.
Symantec Corporation	NitroDesk	Security	5/28/14	NA	Solution for securing corporate email on mobile devices.
VASCO Data Security International	Risk IDS	Security	5/27/14	NA	Provides online transaction risk management and intelligent authentication decision solutions.
Management	Impero Solutions	Network Management	5/25/14	\$25.3	Network management software solutions for education establishments and workplaces.
Management	Active Control Technology	Industrial and M2M	5/22/14	\$0.3	Wireless and fiber network solutions for mine communications and the commercial security and access control industries.
F5 Networks	Defense.net	Security	5/22/14	NA	Distributed denial of service mitigation services to defend businesses and organizations against a new generation of attacks.
LANDesk Software	LetMobile	Security	5/21/14	NA	Solutions for securing corporate collaboration on personal mobile devices.
Cisco Systems	ThreatGrid	Security	5/21/14	NA	Online malware threat intelligence platform that identifies and analyzes malicious software on an organization's infrastructure.
Dyn	Reneysys	Network Management	5/21/14	NA	Network monitoring software that provides Internet traffic and performance data, traffic monitoring and route selection statistics.
Proofpoint	NetCitadel	Security	5/20/14	\$24.0	Security orchestration platform that transforms static security devices into a software-defined security infrastructure.
u-blox	connectBlue	Industrial and M2M	5/19/14	\$28.1	Designs and manufactures industrial and medical wireless solutions using bluetooth, WLAN and Zigbee technologies.
Google	Divide	Security	5/19/14	NA	Enterprise mobile solutions that create a secure workspace on employee devices and a platform for managing mobile devices.
UNICOM Systems	Firetide	Enterprise Networking	5/19/14	NA	Wireless mesh and access networks for municipal, public safety and enterprise applications.
Automic Software	ORSYP	Network Management	5/19/14	NA	Operations management solutions that accelerate IT service delivery by automating and scheduling business application workload.
Hortonworks	XA Secure	Security	5/15/14	NA	Hadoop access management tool for protecting sensitive information and audit tracking and policy analytics.
Good Technology	Fixmo	Security	5/14/14	NA	Enterprise mobile risk management solutions that identify, mitigate and manage risks associated with mobile devices.
Dimension Data	Teliris	Unified Comms & Contact Center	5/12/14	NA	Develops, implements and manages telepresence and videoconferencing solutions.
General Electric	Wurldtech Security Technologies	Security	5/9/14	NA	Cyber attack vulnerability and anomaly testing software for industries such as oil and gas, chemical, manufacturing and medical.
Google	Stackdriver	Network Management	5/7/14	NA	System, cloud environment, infrastructure and Amazon Web Services monitoring and performance management.
FireEye	nPulse	Security	5/6/14	\$70.0	Provides flow and packet capture solutions for financial institutions, government agencies and telcos.
Citrix Systems	ScaleXtreme	Network Management	5/6/14	NA	Cloud-based monitoring and server management solutions for enterprise and public cloud servers.
inContact	Uptivity	Unified Comms & Contact Center	5/6/14	\$50.2	Contact center workforce optimization solutions including call recording, coaching, compliance, analytics and quality management.
Genesys	OVM Solutions	Unified Comms & Contact Center	5/2/14	NA	On-demand, automated messaging for proactive communications that improve sales and marketing campaign performance.
Clearlake Capital	Lumension	Security	5/1/14	NA	Endpoint security management software for businesses with features such as anti-malware, disk encryption and patch management.

Announced Transactions with Revenue Multiples (8/1/13 – 7/31/14)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
eGain	Exony	Unified Comms & Contact Center	7/30/14	\$15.9	1.1 x	NA	Software for Avaya ACD migration, interaction optimization, analytics and voicemail/unified messaging applications.
Bison Capital	NQ Mobile	Security	7/30/14	\$489.6	2.5 x	335.3 x	Mobile Internet services in the areas of mobile security, privacy, productivity, personalized cloud and family protection.
Belden	ProSoft Technology	Industrial and M2M	7/30/14	\$105.0	2.1 x	NA	Stand-alone gateways, industrial wireless products, network repeaters/extenders and custom software solutions.
inContact	Uptivity	Unified Comms & Contact Center	5/6/14	\$50.2	2.6 x	NA	Contact center workforce optimization solutions including call recording, coaching, compliance, analytics and quality management.
Zebra Technologies	Motorola Solutions (Enterprise Business)	Industrial and M2M	4/15/14	\$3,450.0	1.4 x	10.9 x	Enterprise-grade mobile computers and tablets, identification based data capture and wireless local area network solutions.
Mitel Networks	Computer Telephony Solutions (OASIS)	Unified Comms & Contact Center	3/4/14	\$7.9	1.0 x	NA	Call recording and contact center management solutions for small-to medium-sized businesses and large enterprises.
Medina Capital	Cryptzone	Security	2/21/14	\$13.4	3.6 x	NM	Solutions to protect information in Microsoft SharePoint, secure email and USB drives and protect network resources.
Sierra Wireless	In Motion Technology	Industrial and M2M	1/27/14	\$21.0	1.4 x	NA	Rugged in-vehicle mobile routers integrated with a mobile-optimized security system and a management and application platform.
Verint Systems	KANA Software	Unified Comms & Contact Center	1/6/14	\$514.0	3.5 x	12.1 x	On premises and cloud solutions that help customers navigate agent, web, social and mobile customer service experiences.
CalAmp	Radio Satellite Integrators	Industrial and M2M	12/18/13	\$8.9	1.8 x	NA	Automatic vehicle location and mobile data systems for government and private industry fleets.
Mitel Networks	Aastra	Unified Comms & Contact Center	11/11/13	\$277.2	0.5 x	6.3 x	Products, systems and applications for the enterprise communications market including IP PBX and IP telephony products.
Sierra Wireless	AnyData (Embedded Module and Modem Business)	Industrial and M2M	10/11/13	\$5.9	0.6 x	NA	M2M embedded module and modems with an operating presence in South Korea.
SolarWinds	Confio Software	Network Management	10/1/13	\$103.0	6.7 x	NA	Database performance solutions for physical and virtual server environments.
Extreme Networks	Enterasys	Enterprise Networking	9/12/13	\$180.0	0.5 x	NA	Switching and routing, wireless and management and security products for enterprises.

Sub Sector Analysis: Enterprise Networking

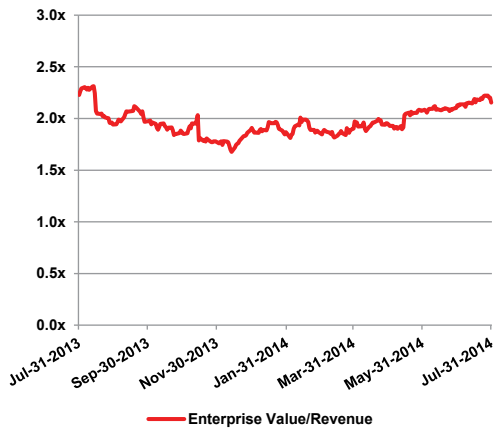
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Enterprise Networking Index	0.3%	8.0%
A10 Networks	NA	-17.5%
Accton	4.8%	1.7%
Aerohive Networks	NA	-19.0%
Aruba Networks	0.4%	-9.7%
Brocade	38.3%	-1.1%
Cisco	-1.4%	9.2%
Citrix	-6.0%	14.2%
D-Link	27.4%	9.7%
Extreme Networks	8.5%	-17.8%
F5 Networks	28.2%	7.1%
Meru Networks	5.3%	3.6%
NetGear	5.0%	-3.1%
Qlogic	-17.4%	-21.4%
Radware	19.6%	-0.8%
Riverbed Technologies	14.5%	-8.0%
Ruckus Wireless	-3.0%	23.5%
Unizyx Holding (Zyxel)	81.3%	48.9%

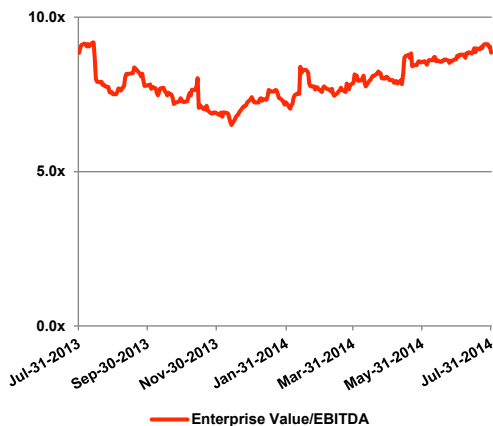
Revenue Multiple Trends



Company Revenue Multiples

	7/31/2014	7/31/2013
Enterprise Networking Index	2.2x	2.2x
A10 Networks	3.1x	NA
Accton	0.2x	0.2x
Aerohive Networks	3.0x	NA
Aruba Networks	2.4x	2.6x
Brocade	1.5x	1.2x
Cisco	2.1x	2.2x
Citrix	3.8x	4.6x
D-Link	0.4x	0.3x
Extreme Networks	1.1x	0.9x
F5 Networks	4.7x	4.4x
Meru Networks	0.8x	0.5x
NetGear	0.6x	0.7x
Qlogic	1.2x	1.2x
Radware	2.8x	3.0x
Riverbed Technologies	2.7x	2.8x
Ruckus Wireless	3.0x	3.6x
Unizyx Holding (Zyxel)	0.5x	0.3x

EBITDA Multiple Trends



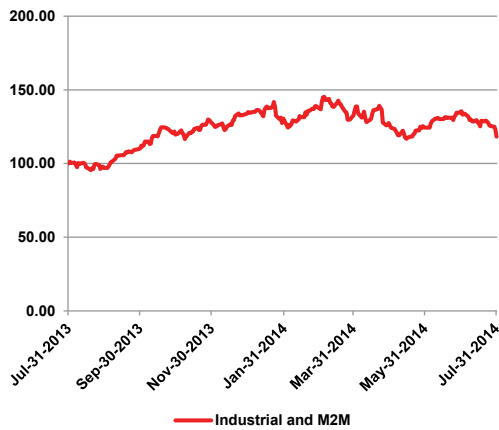
Company EBITDA Multiples

	7/31/2014	7/31/2013
Enterprise Networking Index	8.8x	8.8x
A10 Networks	NM	NA
Accton	6.9x	5.6x
Aerohive Networks	NM	NA
Aruba Networks	104.1x	61.6x
Brocade	6.1x	5.6x
Cisco	7.7x	7.6x
Citrix	15.9x	20.9x
D-Link	20.0x	11.0x
Extreme Networks	18.6x	18.6x
F5 Networks	15.2x	14.0x
Meru Networks	NM	NM
NetGear	6.5x	6.3x
Qlogic	5.5x	7.1x
Radware	20.8x	15.9x
Riverbed Technologies	17.0x	19.4x
Ruckus Wireless	81.4x	54.1x
Unizyx Holding (Zyxel)	15.1x	20.7x

Source: Capital IQ

Sub Sector Analysis: Industrial Networking and M2M

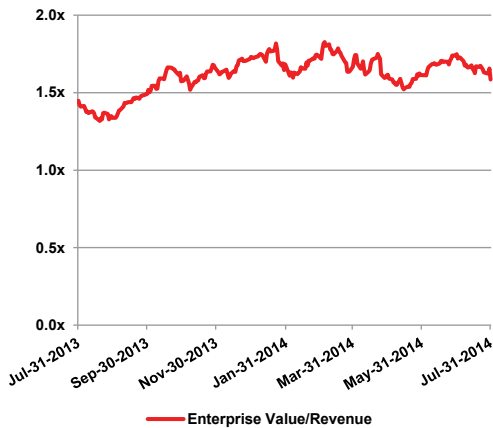
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Industrial and M2M Index	18.2%	-7.2%
Belden	15.9%	-8.0%
CalAmp	10.8%	-4.2%
Digi International	-16.8%	-6.8%
Echelon	0.4%	-12.7%
Novatel Wireless	-55.7%	3.9%
Numerex	-6.9%	-2.0%
Sierra Wireless	47.7%	-11.7%
Telit Communications	220.8%	-1.4%

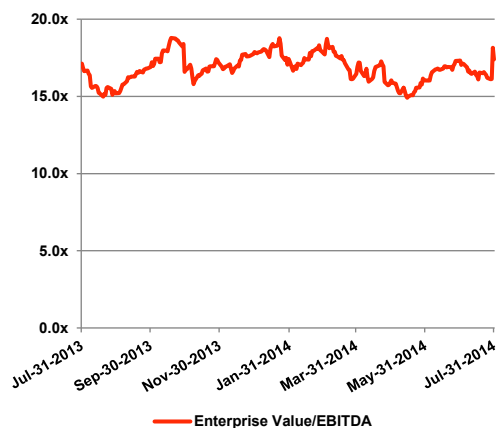
Revenue Multiple Trends



Company Revenue Multiples

	7/31/2014	7/31/2013
Industrial and M2M Index	1.6x	1.4x
Belden	1.9x	1.7x
CalAmp	2.4x	2.7x
Digi International	0.6x	0.9x
Echelon	0.9x	0.6x
Novatel Wireless	0.2x	0.3x
Numerex	2.0x	2.7x
Sierra Wireless	0.9x	0.8x
Telit Communications	1.8x	0.6x

EBITDA Multiple Trends



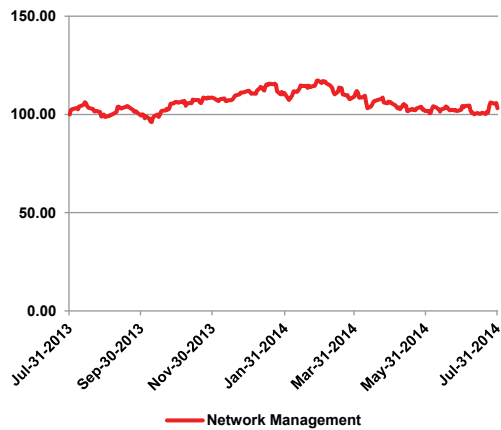
Company EBITDA Multiples

	7/31/2014	7/31/2013
Industrial and M2M Index	17.4x	17.1x
Belden	13.1x	12.8x
CalAmp	20.5x	27.2x
Digi International	10.5x	9.0x
Echelon	NM	NM
Novatel Wireless	NM	NM
Numerex	29.1x	38.0x
Sierra Wireless	33.4x	25.6x
Telit Communications	24.6x	10.5x

Source: Capital IQ

Sub Sector Analysis: Network Management

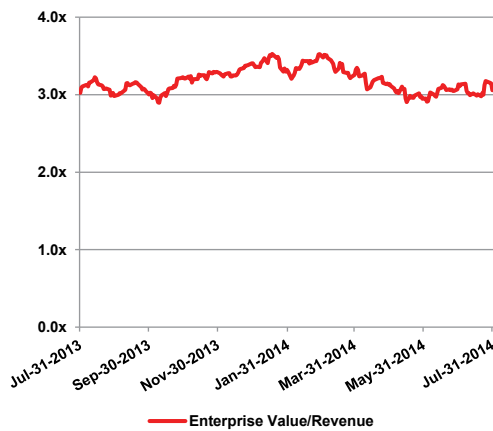
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Management Index	3.1%	-2.8%
CA	-2.9%	-4.2%
MobileIron	NA	NA
NetScout	60.3%	9.2%
SolarWinds	15.9%	2.0%

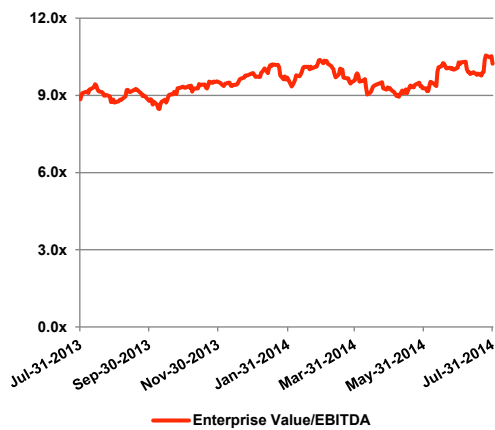
Revenue Multiple Trends



Company Revenue Multiples

	7/31/2014	7/31/2013
Network Management Index	3.1x	3.0x
CA	2.6x	2.7x
MobileIron	4.5x	NA
NetScout	3.7x	2.7x
SolarWinds	7.7x	8.4x

EBITDA Multiple Trends



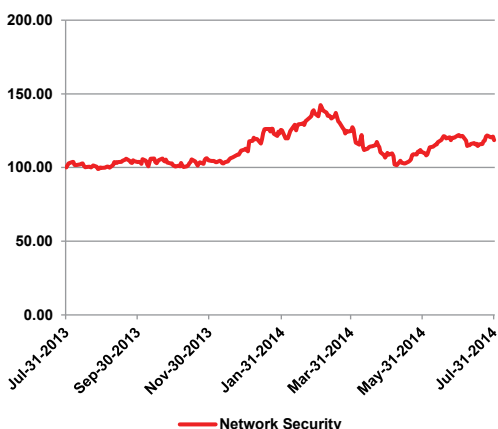
Company EBITDA Multiples

	7/31/2014	7/31/2013
Network Management Index	10.2x	8.8x
CA	8.1x	8.1x
MobileIron	NM	NA
NetScout	15.1x	11.5x
SolarWinds	21.9x	18.1x

Source: Capital IQ

Sub Sector Analysis: Network Security

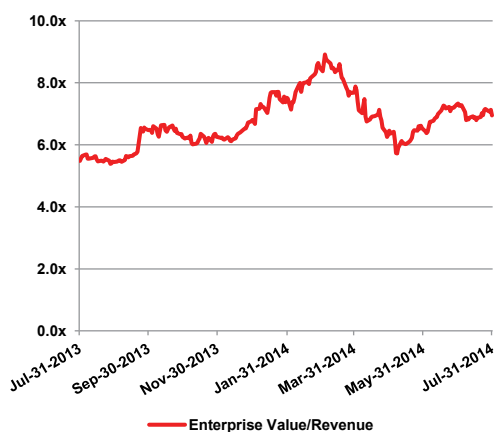
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Security Index	18.5%	9.2%
AVG Technologies	-23.8%	-9.2%
Barracuda Networks	NA	7.5%
Checkpoint	20.5%	5.9%
Cheetah Mobile	NA	NA
FireEye	NA	-9.6%
Fortinet	15.5%	11.7%
Imperva	-56.2%	-3.1%
Palo Alto Networks	65.2%	27.2%
Proofpoint	31.1%	38.6%
Qualys	49.3%	23.8%
Trend Micro	8.5%	11.2%
VASCO Data Security	64.9%	18.9%

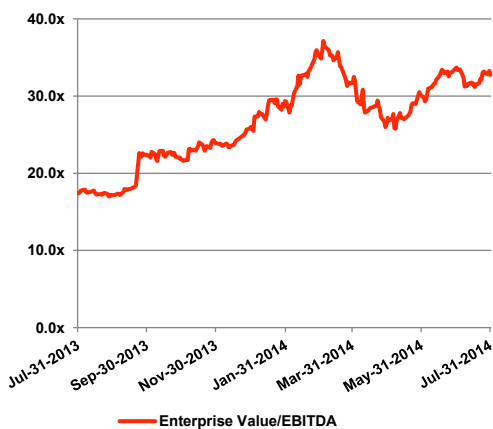
Revenue Multiple Trends



Company Revenue Multiples

	7/31/2014	7/31/2013
Network Security Index	6.9x	5.5x
AVG Technologies	2.2x	3.1x
Barracuda Networks	5.3x	NA
Checkpoint	8.2x	7.2x
Cheetah Mobile	16.4x	NA
FireEye	17.0x	NA
Fortinet	5.0x	5.2x
Imperva	3.3x	9.6x
Palo Alto Networks	11.0x	7.9x
Proofpoint	7.6x	7.3x
Qualys	5.7x	4.2x
Trend Micro	3.6x	3.1x
VASCO Data Security	2.4x	1.6x

EBITDA Multiple Trends



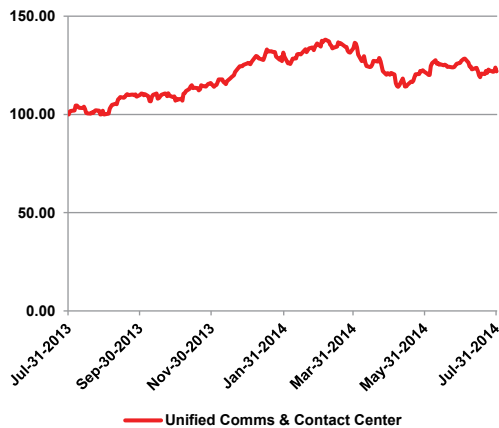
Company EBITDA Multiples

	7/31/2014	7/31/2013
Network Security Index	32.7x	17.4x
AVG Technologies	6.6x	9.1x
Barracuda Networks	327.1x	NA
Checkpoint	14.9x	12.9x
Cheetah Mobile	127.9x	NA
FireEye	NM	NM
Fortinet	39.5x	28.7x
Imperva	NM	NM
Palo Alto Networks	NM	NM
Proofpoint	NM	NM
Qualys	47.8x	34.0x
Trend Micro	10.4x	9.4x
VASCO Data Security	18.2x	14.3x

Source: Capital IQ

Sub Sector Analysis: Unified Communications and Contact Center

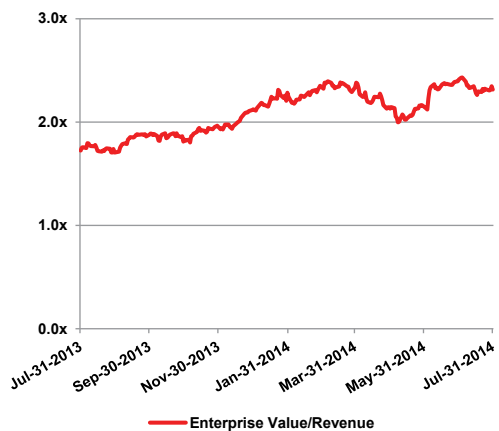
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Unified Comms & Contact Center Index	21.9%	1.6%
ClearOne	23.3%	-5.1%
eGain	-44.7%	-2.6%
Enghouse Systems	21.9%	8.7%
Five9	NA	2.1%
inContact	-5.8%	-3.2%
Interactive Intelligence	-20.1%	-27.5%
Liveperson	27.5%	19.0%
Mitel	128.2%	21.0%
Polycom	34.2%	4.2%
Shoretel	58.9%	-18.1%
Verint	31.2%	7.2%

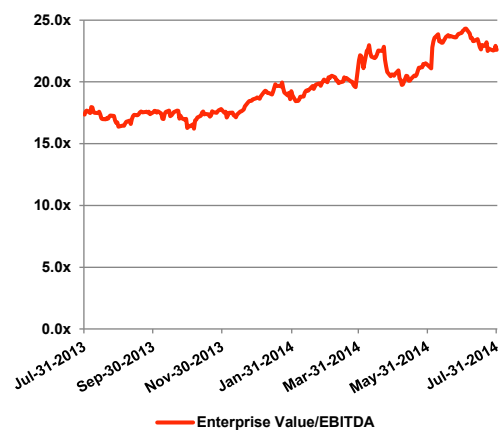
Revenue Multiple Trends



Company Revenue Multiples

	7/31/2014	7/31/2013
Unified Comms & Contact Center Index	2.3x	1.7x
ClearOne	1.5x	0.8x
eGain	2.3x	4.7x
Enghouse Systems	4.0x	3.5x
Five9	4.6x	NA
inContact	3.1x	3.4x
Interactive Intelligence	2.6x	3.8x
Liveperson	3.0x	2.6x
Mitel	1.7x	0.8x
Polycom	1.1x	0.7x
Shoretel	1.0x	0.7x
Verint	3.8x	2.6x

EBITDA Multiple Trends



Company EBITDA Multiples

	7/31/2014	7/31/2013
Unified Comms & Contact Center Index	22.6x	17.3x
ClearOne	9.1x	5.4x
eGain	443.4x	111.8x
Enghouse Systems	18.2x	18.8x
Five9	NM	NA
inContact	NM	240.2x
Interactive Intelligence	79.9x	54.1x
Liveperson	68.8x	35.2x
Mitel	15.8x	6.5x
Polycom	10.4x	10.0x
Shoretel	16.8x	NM
Verint	22.2x	14.5x

Source: Capital IQ

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