

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

Winter 2014 Report

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FOCUS

Investment Banking

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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

The FOCUS Enterprise-Focused Telecom Technology Index (EFTTI) had a solid three month period with a gain of 4.6%. This was in-line with the 4.7% gain in the NASDAQ and well above the 1.5% gain in the S&P 500. The picture for the full year was not quite as positive. While the EFTTI managed to turn in a double digit gain of 10.7% for the twelve month period, this return significantly lagged both the 19.0% gain in the S&P 500 and the 30.6% gain in the NASDAQ. As might be expected with the overall increase in the EFTTI, sector multiples are up from the year ago period. The index's revenue multiple went from 2.1x to 2.3x, while the EBITDA multiple jumped from 8.2x to 9.2x. These multiples are also up from the 2.2x revenue and 8.7x EBITDA that we reported in our Autumn publication.

Enterprise Networking

The Enterprise Networking sub sector had a second straight three month period in the red with a decline of 0.1%. Cisco was the primary culprit with a decline of 2.9%, while Citrix declined 4.8%. On the bright side, the vast majority of the remaining stocks in the sub sector turned in positive gains. We saw particularly strong performances at Meru Networks (up 48.5%), Extreme Networks (up 36.4%), Riverbed Technologies (up 33.1%), and F5 Networks (up 31.3%). For the full year, the sub sector saw a gain of 3.1%, with the 26.1% decline at Citrix acting as the main drag on the index. Sub sector multiples were relatively unchanged over the past twelve months. The revenue multiple remained constant at 1.9x while the EBITDA multiple fell slightly from 7.4x to 7.2x.

Industrial and M2M

The industrial and M2M sub sector slowed down somewhat from our past two reports but still posted a solid gain of 7.7% for the three month period. It also continues to hold the title of best performing sub sector over the past 12 months with a gain of 53.6%. Both CalAmp and Telit had another three month period of large gains, while Echelon was able to rally and post a three month gain of 87.1%. Multiples continue to climb, although the pace has slowed somewhat. The sub sector revenue multiple now stands at 1.7x (up from 1.0x a year ago) while the sub sector EBITDA multiple is now 18.2x (up from 11.7x a year ago).

Network Management

The 3.9% gain in the Network Management sub sector in the past three months put it at the bottom end of performance in terms of the overall EFTTI. The sub sector was held back by a 1.0% gain at CA. The sub sector's other two companies, NetScout and SolarWinds, both delivered double digit gains. The sub sector looks better over the past 12 months, with a gain of 15.9% over this time period. Sub sector multiples increased both year-over-year and compared to our Autumn report. They now stand at 3.3x revenue and 9.6x EBITDA.

Network Security

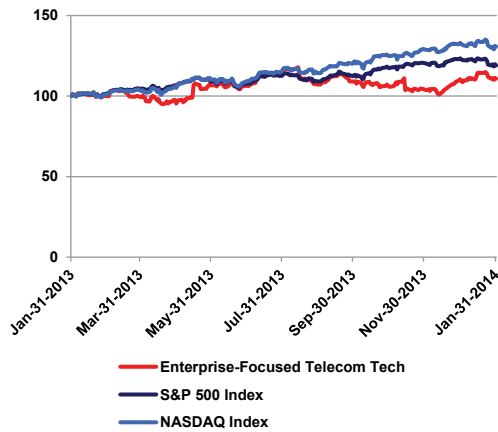
The Network Security sub sector turned in an impressive gain of 23.6% for the three month period, making it the top performing sub sector over this timeframe. Seven of the 10 stocks in the sub sector showed gains, with recent IPO FireEye nearly doubling in its first full quarter as a public company. The sector also saw yet another IPO after the floating of Barracuda Networks in early November. While Barracuda Networks priced at the low end of its range, the company had a strong first day of trading and has since nearly doubled from its IPO price. It now trades at a revenue multiple of 7.2x. While this is an impressive multiple, it is still slightly below the current sub sector revenue multiple of 7.4x and the company is actually in the bottom half of the sub sector in terms of revenue multiples. The overall sub sector EBITDA multiple of 27.7x is also extremely high and nearly double the sub sector multiple from a year ago. While the Network Security sub sector had some struggles in the first part of 2013, this most recent quarter certainly shows that it is now back in vogue with investors.

Unified Communications and the Contact Center

The Unified Communications and the Contact Center sub sector was the second best performing sub sector for the period with a three month gain of 20.5%. Eight of the 11 stocks in the sub sector were in positive territory, with unified communications vendors Mitel and Aastra leading the way with gains of more than 40% each. These gains were in the wake of the announcement that Mitel would acquire Aastra, demonstrating that investors were very receptive to the combination of these two Canadian companies. The sub sector's other big gainers were in the contact center space and included Interactive Intelligence (up 23.6%), Liveperson (up 48.3%), and Verint (up 24.4%). The sub sector revenue multiple rose to 2.0x from 1.4x in the year ago period, while the sub sector EBITDA multiple increased from 14.0x to 18.2x over the same timeframe.

Enterprise-Focused Telecom Technology: Public Market Summary

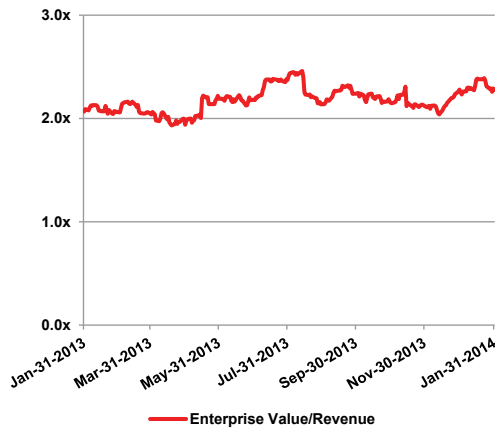
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Enterprise-Focused Telecom Tech	10.7%	4.6%
Enterprise Networking	3.1%	-0.1%
Industrial and M2M	53.6%	7.7%
Network Management	15.9%	3.9%
Network Security	34.3%	23.6%
Unified Comms & Contact Center	40.0%	20.5%
S&P 500	19.0%	1.5%
NASDAQ	30.6%	4.7%

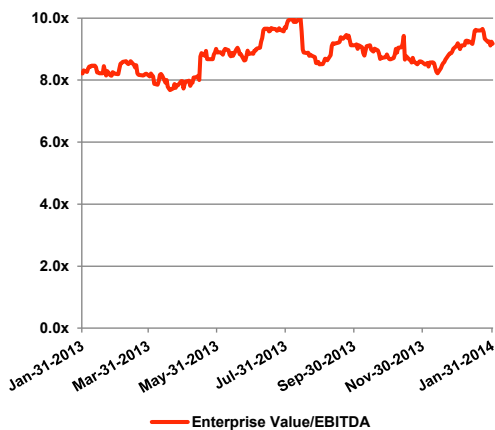
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	1/31/2014	1/31/2013
Enterprise-Focused Telecom Tech	2.3x	2.1x
Enterprise Networking	1.9x	1.9x
Industrial and M2M	1.7x	1.0x
Network Management	3.3x	2.8x
Network Security	7.4x	5.0x
Unified Comms & Contact Center	2.0x	1.4x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	1/31/2014	1/31/2013
Enterprise-Focused Telecom Tech	9.2x	8.2x
Enterprise Networking	7.2x	7.4x
Industrial and M2M	18.2x	11.7x
Network Management	9.6x	8.4x
Network Security	27.7x	14.6x
Unified Comms & Contact Center	18.2x	14.0x

Source: Capital IQ

Summary Comments

M&A

The trend from our Autumn report continued into this most recent period with relatively light deal volume when measured by number of transactions but high volume when measured in terms of announced transaction dollar value. This period saw 25 total transactions, even fewer than last period's 26 transactions. Despite the light transaction volume, the total announced dollar value of \$3.8 billion was very strong. A final tally of the results for 2013 shows a very strong year for the Enterprise Focused Telecom Technology sector. The 122 total transactions for 2013 was a close second to 2012 in terms of having the highest transaction volume in the past five years, while the \$16.2 billion in total announced dollar volume is well above the next highest year of \$12.9 billion that we saw back in 2010. The only cause for concern is that 2013 transactions were weighted towards the first half of the year, so it bears close watching to see if this presages a more general slowdown in 2014.

Enterprise Networking

Enterprise Networking saw two transactions during the period. Oracle purchased software-defined WAN virtualization platform Corente. This transaction was important in that it continues to highlight the interest that large software vendors have in using software-defined networking to move into markets previously dominated by hardware vendors. The sub sector's other transaction was Brocade's divestiture of its Network Adapter Business to Qlogic.

Industrial and M2M

We saw three transactions in the Industrial and M2M sub sector this period. Sierra Wireless was an acquirer for a second straight period with its \$21.0 million purchase of rugged in-vehicle mobile router company In Motion Technology. In the sub sector's second transaction, CalAmp acquired Radio Satellite Integrators for \$8.9 million. Radio Satellite Integrators provides mobile data systems for vehicle fleets. Finally, Motorola acquired radio-over-IP company Twisted Pair Solutions.

Network Management

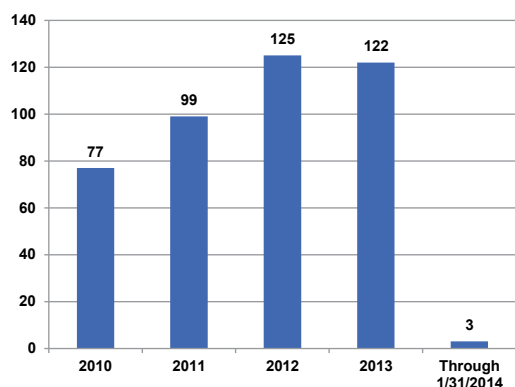
While Network Management had only two transactions for the period, it did boast the largest transaction with VMware's \$1.5 billion purchase of mobile security and enterprise mobility management vendor AirWatch. In addition, IBM acquired Fiberlink Communications, another enterprise mobility management platform. Mobile device management has been an extremely active area of late, and these two transactions are the clearest indication yet that the space is high on the radar screens of even the largest technology vendors.

Security

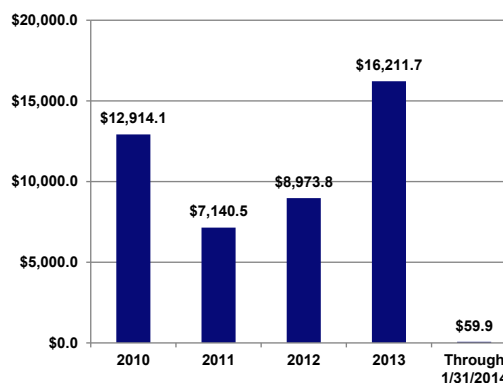
The Security sub sector had nine transactions for the period. The largest of these was newly public FireEye's acquisition of Mandiant, a provider of endpoint security products. With a valuation of \$1.0 billion this was also the second largest transaction of the period. The other large

Enterprise-Focused Telecom Technology: M&A Summary

M&A Activity: Number of Transactions



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



transaction in the Security sub sector was Akamai's acquisition of Prolexic Technologies for \$370 million. Prolexic Technologies helps protect data centers from distributed denial of service attacks.

Unified Communications and the Contact Center

Activity in the Unified Communications and the Contact Center sub sector continued at a high level with nine transactions in the period. This included two large transactions. First, Verint Systems acquired contact center software vendor KANA Software for \$514 million to improve its customers' ability to provide solutions through a variety of channels including agent, web, and mobile.

In addition, we also saw consolidation in the PBX space as Mitel acquired fellow Canadian vendor Aastra for \$277 million. The combined company will have a strong presence in both Canada and Western Europe. Interestingly, subsequent to the announcement that it would be acquired

by Mitel, Aastra announced that it would acquire cloud-based unified communications vendor Telepo. Telepo will become part of Mitel once the Mitel/Aastra transaction is complete and is another example of a traditional PBX vendor acquiring a cloud-based unified communications platform.

Transactions with Announced Multiples

This period had four transactions with announced multiples. The highest multiple deal for the period was Verint's acquisition of KANA Software. This transaction was for 3.5x revenue and 12.1x EBITDA, so the target had very strong EBITDA margins. The multiples for Radio Satellite Integrators and In Motion Technology, both in the Industrial and M2M space, were 1.8x and 1.4x revenue, respectively. Finally, the acquisition of traditional PBX vendor Aastra had the lowest announced multiples in the period with a revenue multiple of 0.5x and an EBITDA multiple of 6.2x.

Announced Transactions (11/1/13 – 1/31/14)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Sierra Wireless	In Motion Technology	Industrial and M2M	1/27/14	\$21.0	Rugged in-vehicle mobile routers integrated with a mobile-optimized security system and a management and application platform.
Vmware	AirWatch Communications	Network Management	1/22/14	\$1,540.0	Mobile security and enterprise mobility management solutions to manage large-scale deployments of mobile devices.
Genesys	Ventriloquist Voice Solutions	Unified Comms & Contact Center	1/21/14	NA	Helps companies deliver persona-based, branded customer interactions over voice, SMS, email and mobile.
Aastra Technologies	Telepo	Unified Comms & Contact Center	1/21/14	NA	Carrier-grade, cloud-based multi-tenant Unified Communication solutions based on a web-centric architecture.
Mas Movil 3.0	Symantec (PasswordBank Business)	Security	1/20/14	NA	Develops and markets a suite of products that solve the problem of user identification and access management.
CipherCloud	CloudUp Networks	Security	1/16/14	NA	Provides SaaS application security that removes the data privacy and compliance barriers to cloud adoption.
Qlogic	Brocade (Network Adapter Business)	Enterprise Networking	1/14/14	NA	Network adapter equipment manufacturing business.
Oracle Corporation	Corente	Enterprise Networking	1/8/14	NA	Software defined WAN virtualization platform that accelerates deployment of distributed and cloud-based applications and services.
Palo Alto Networks	Morta Security	Security	1/6/14	NA	Technologies that enhance the detection and prevention of security threats.
Verint Systems	KANA Software	Unified Comms & Contact Center	1/6/14	\$514.0	On premises and cloud solutions that help customers navigate agent, web, social and mobile customer service experiences.
Motorola Solutions	Twisted Pair Solutions	Industrial and M2M	1/2/14	NA	Voice-over-IP communications interoperability platform that delivers Radio-over-IP for land mobile radio integration and interoperability.
FireEye	Mandiant	Security	12/30/13	\$1,050.0	Advanced endpoint security products and security incident response management solutions.
ClearOne	Dialcom Networks (Spontania Business)	Unified Comms & Contact Center	12/24/13	\$5.0	Cloud-based group video conferencing software offering instant messaging, real time voice, video and collaboration services.
Blue Coat Systems	Norman Shark	Security	12/18/13	NA	Malware analysis solutions that provide data security, Internet protection and analysis tools.
Inventery	eON Communications	Unified Comms & Contact Center	12/18/13	NA	Voice over Internet Protocol solutions that enable companies to communicate more effectively.
CalAmp	Radio Satellite Integrators	Industrial and M2M	12/18/13	\$8.9	Automatic vehicle location and mobile data systems for government and private industry fleets.

Announced Transactions (11/1/13 – 1/31/14) *continued*

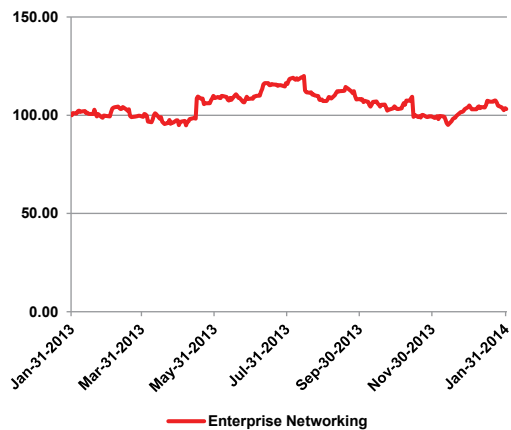
Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Cisco Systems	Collaborate.com	Unified Comms & Contact Center	12/17/13	NA	Application that provides unified document sharing, task management and team communication for the mobile workforce.
Untangle	eSoft	Security	12/5/13	NA	Integrated network security solutions for branch offices and small and medium-sized businesses.
Genesys	Voran Tecnologia	Unified Comms & Contact Center	12/2/13	NA	Workforce optimization solutions including cloud-based Quality Monitoring solutions.
Akamai	Prolexic Technologies	Security	12/2/13	\$370.0	Cloud-based security solutions for protecting data centers and enterprise IP applications from distributed denial of service attacks.
IBM Corporation	Fiberlink Communications	Network Management	11/13/13	NA	Enterprise mobility management platform that secures, monitors and manages enterprise mobile assets.
Mitel Networks	Aastra	Unified Comms & Contact Center	11/11/13	\$277.2	Products, systems and applications for the enterprise communications market including IP PBX and IP telephony products.
TrustWave Holdings	Application Security	Security	11/11/13	NA	Automated database security scanning technologies for relational databases and big data stores.
HyTrust	HighCloud Security	Security	11/7/13	NA	Encryption and key management software designed to address the unique security challenges of virtualized server infrastructures.
Enghouse Systems	Information Access Technology (IAT)	Unified Comms & Contact Center	11/4/13	NA	Communication technology that enables companies to design, execute and measure customer communication campaigns.

Announced Transactions with Revenue Multiples (2/1/13 – 1/31/14)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
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.
Cisco Systems	Sourcefire	Security	7/23/13	\$2,266.1	9.2 x	121.8 x	Intrusion prevention, firewall, SSL traffic monitoring and malware protection systems.
Eckoh	Veritape	Unified Comms & Contact Center	6/11/13	\$16.5	13.8 x	NA	PCI DSS compliant call recording software solutions and secure payment solutions for contact centers.
Genesys	Soundbite Communications	Unified Comms & Contact Center	5/20/13	\$66.4	1.4 x	NA	Cloud-based mobile marketing, proactive customer care and collections/payments solutions.
Vista Equity Partners	Websense	Security	5/20/13	\$966.2	2.7 x	17.8 x	Web, email and data security solutions to protect an organization's data and users from cyber-threats, malware and other attacks.
Bain Capital and Golden Gate Capital	BMC Software	Network Management	5/6/13	\$6,866.4	3.1 x	11.2 x	Develops software that provides system and service management solutions for enterprises in the United States and internationally.
Cassidian	Arkoon Network Security	Security	4/29/13	\$19.9	1.4 x	10.3 x	Provides data protection and protection of information systems for corporate customers and organizations.
Avista Capital	Telular Corporation	Industrial and M2M	4/29/13	\$251.1	2.8 x	13.2 x	Products and services that utilize wireless networks to provide data connectivity among people and machines.
HWM-Water	ASL Holdings	Industrial and M2M	3/15/13	\$15.1	1.4 x	NA	M2M products including wireless modems, power management system modules, RFID temperature tags and communications hubs.

Sub Sector Analysis: Enterprise Networking

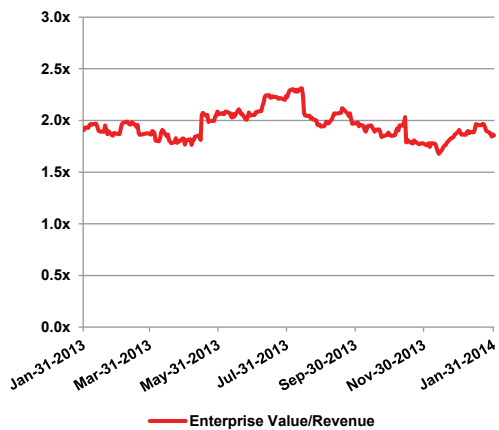
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Enterprise Networking Index	3.1%	-0.1%
Accton	2.4%	1.5%
Aruba Networks	-14.5%	5.1%
Brocade	63.3%	16.5%
Cisco	6.5%	-2.9%
Citrix	-26.1%	-4.8%
D-Link	2.3%	5.2%
Extreme Networks	98.4%	36.4%
F5 Networks	2.0%	31.3%
Meru Networks	40.6%	48.5%
NetGear	-9.1%	11.0%
Qlogic	0.2%	-6.4%
Radware	-7.0%	13.0%
Riverbed Technologies	1.6%	33.1%
Ruckus Wireless	-43.0%	-7.4%
Unizyx Holding (Zyxel)	22.9%	21.5%

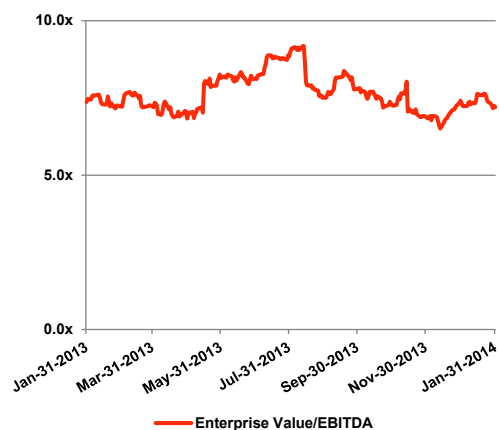
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2014	1/31/2013
Enterprise Networking Index	1.9x	1.9x
Accton	0.2x	0.2x
Aruba Networks	3.0x	3.9x
Brocade	1.7x	1.1x
Cisco	1.7x	1.7x
Citrix	3.2x	4.9x
D-Link	0.3x	0.3x
Extreme Networks	1.6x	0.7x
F5 Networks	5.0x	5.4x
Meru Networks	0.7x	0.5x
NetGear	0.7x	0.8x
Qlogic	1.2x	1.1x
Radware	3.2x	3.8x
Riverbed Technologies	3.1x	3.1x
Ruckus Wireless	3.7x	8.3x
Unizyx Holding (Zyxel)	0.4x	0.3x

EBITDA Multiple Trends



Company EBITDA Multiples

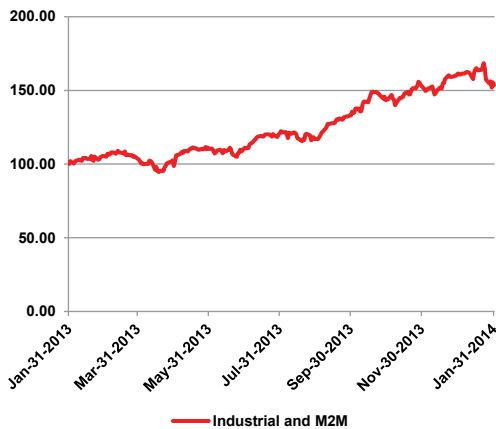
	1/31/2014	1/31/2013
Enterprise Networking Index	7.2x	7.4x
Accton	8.1x	3.8x
Aruba Networks	98.7x	54.5x
Brocade	7.3x	5.1x
Cisco	6.1x	5.9x
Citrix	14.4x	20.9x
D-Link	13.6x	9.9x
Extreme Networks	29.9x	12.4x
F5 Networks	16.1x	16.4x
Meru Networks	NM	NM
NetGear	6.9x	6.8x
Qlogic	6.0x	5.3x
Radware	22.7x	17.5x
Riverbed Technologies	21.3x	19.2x
Ruckus Wireless	94.0x	80.2x
Unizyx Holding (Zyxel)	16.3x	24.5x

Source: Capital IQ

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Sub Sector Analysis: Industrial Networking and M2M

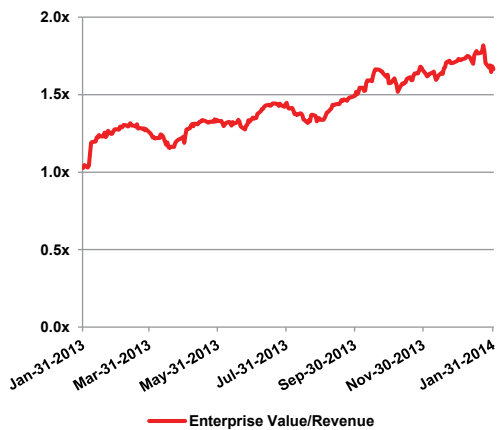
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Industrial and M2M Index	53.6%	7.7%
Belden	34.4%	-3.8%
CalAmp	244.4%	25.3%
Digi International	5.1%	2.2%
Echelon	67.8%	87.1%
Novatel Wireless	42.0%	-12.9%
Numerex	7.6%	13.0%
Sierra Wireless	80.1%	13.1%
Telit Communications	150.2%	68.8%

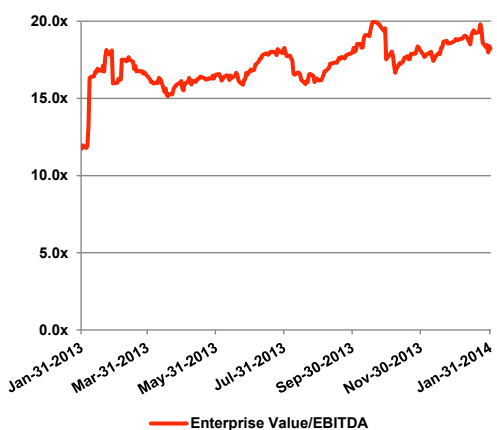
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2014	1/31/2013
Industrial and M2M Index	1.7x	1.0x
Belden	1.8x	1.5x
CalAmp	4.4x	1.2x
Digi International	0.9x	0.8x
Echelon	1.5x	0.5x
Novatel Wireless	0.2x	0.0x
Numerex	3.0x	3.3x
Sierra Wireless	1.1x	0.7x
Telit Communications	1.6x	0.6x

EBITDA Multiple Trends



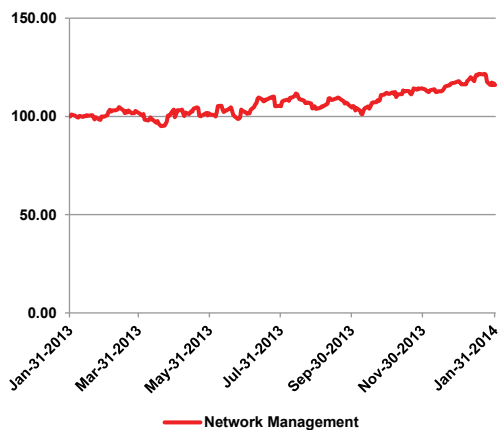
Company EBITDA Multiples

	1/31/2014	1/31/2013
Industrial and M2M Index	18.2x	11.7x
Belden	12.2x	12.0x
CalAmp	41.2x	12.6x
Digi International	10.0x	7.5x
Echelon	NM	NM
Novatel Wireless	NM	NM
Numerex	54.7x	38.7x
Sierra Wireless	NM	NM
Telit Communications	26.2x	11.6x

Source: Capital IQ

Sub Sector Analysis: Network Management

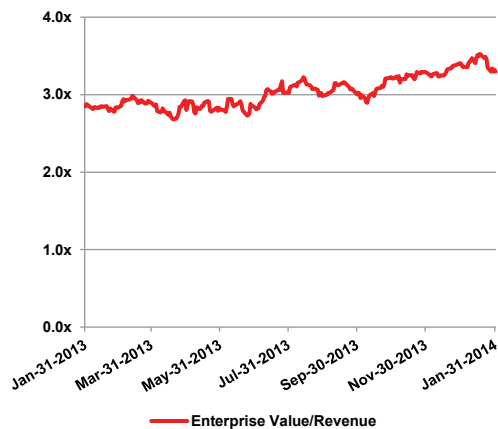
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Management Index	15.9%	3.9%
CA	29.3%	1.0%
NetScout	35.7%	24.7%
SolarWinds	-26.7%	10.2%

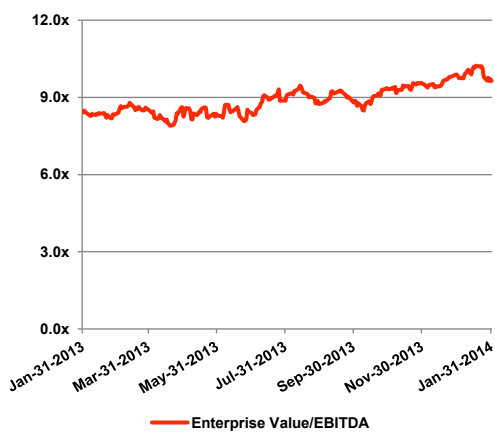
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2014	1/31/2013
Network Management Index	3.3x	2.8x
CA	2.9x	2.2x
NetScout	3.4x	2.8x
SolarWinds	9.0x	14.3x

EBITDA Multiple Trends



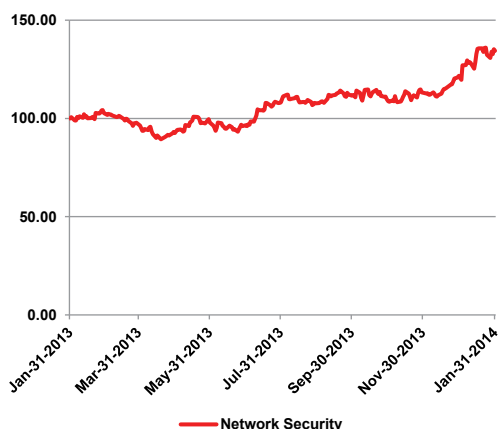
Company EBITDA Multiples

	1/31/2014	1/31/2013
Network Management Index	9.6x	8.4x
CA	8.5x	6.5x
NetScout	14.6x	12.4x
SolarWinds	18.7x	29.3x

Source: Capital IQ

Sub Sector Analysis: Network Security

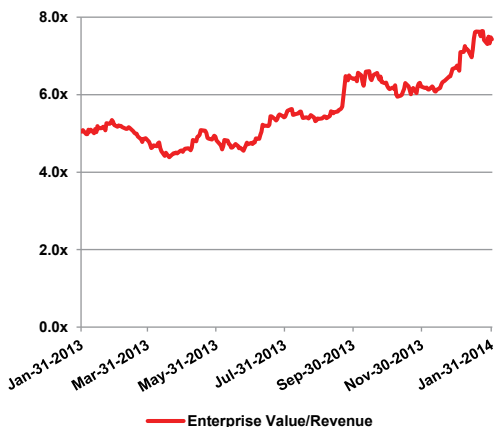
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Security Index	34.3%	23.6%
AVG Technologies	21.1%	-17.5%
Barracuda Networks	NA	NA
Checkpoint	30.9%	12.8%
FireEye	NA	92.6%
Fortinet	-10.1%	5.3%
Imperva	60.3%	43.5%
Palo Alto Networks	7.4%	41.0%
Qualys	121.2%	39.3%
Trend Micro	6.5%	-15.8%
VASCO Data Security	-7.8%	-0.5%

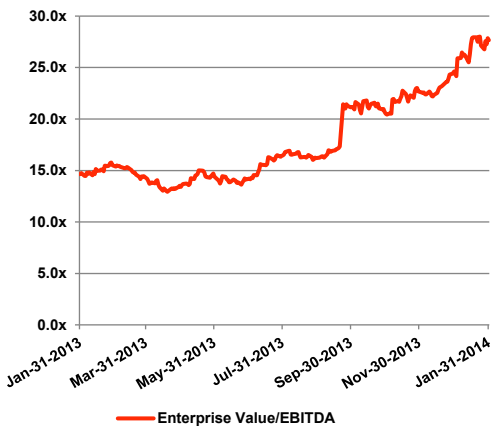
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2014	1/31/2012
Network Security Index	7.4x	5.0x
AVG Technologies	2.2x	2.3x
Barracuda Networks	7.2x	NA
Checkpoint	8.2x	6.5x
FireEye	62.6x	NA
Fortinet	4.8x	6.3x
Imperva	10.0x	6.9x
Palo Alto Networks	8.8x	10.7x
Qualys	8.1x	4.9x
Trend Micro	2.8x	2.4x
VASCO Data Security	1.3x	1.4x

EBITDA Multiple Trends



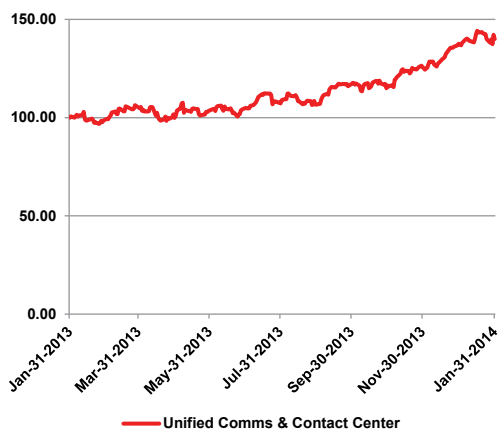
Company EBITDA Multiples

	1/31/2014	1/31/2013
Network Security Index	27.7x	14.6x
AVG Technologies	6.7x	7.5x
Barracuda Networks	NM	NA
Checkpoint	14.8x	11.5x
FireEye	NM	NM
Fortinet	33.9x	30.1x
Imperva	NM	NM
Palo Alto Networks	NM	NM
Qualys	65.7x	43.7x
Trend Micro	8.3x	7.6x
VASCO Data Security	12.6x	8.5x

Source: Capital IQ

Sub Sector Analysis: Unified Communications and Contact Center

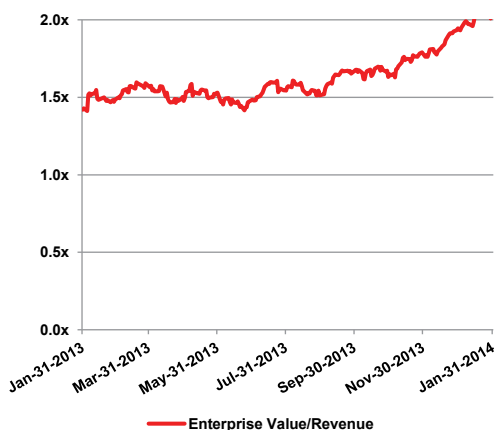
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Unified Comms & Contact Center Index	40.0%	20.5%
Aastra	113.3%	41.3%
ClearOne	32.0%	-1.6%
eGain	29.1%	-16.6%
Enghouse Systems	67.6%	13.2%
inContact	48.8%	15.7%
Interactive Intelligence	88.8%	23.6%
Liveperson	3.4%	48.1%
Mitel	143.5%	48.3%
Polycom	8.2%	14.7%
Shoretel	79.5%	-2.9%
Verint	34.4%	24.4%

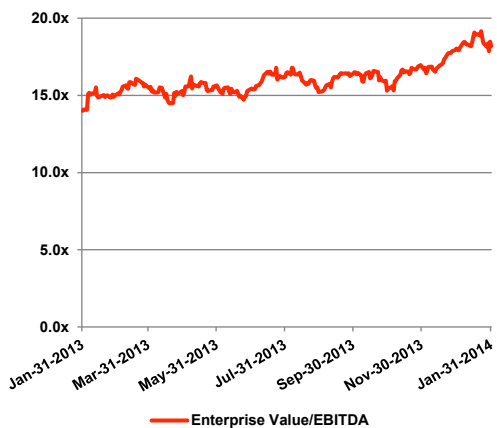
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2014	1/31/2013
Unified Comms & Contact Center Index	2.0x	1.4x
Aastra	0.7x	0.2x
ClearOne	1.3x	1.1x
eGain	3.6x	3.8x
Enghouse Systems	4.1x	2.6x
inContact	3.5x	2.4x
Interactive Intelligence	4.5x	3.0x
Liveperson	3.9x	4.1x
Mitel	1.2x	0.7x
Polycom	1.3x	0.9x
Shoretel	1.3x	0.8x
Verint	3.1x	2.4x

EBITDA Multiple Trends



Company EBITDA Multiples

	1/31/2014	1/31/2013
Unified Comms & Contact Center Index	18.2x	14.0x
Aastra	8.7x	2.9x
ClearOne	8.1x	7.9x
eGain	61.9x	NM
Enghouse Systems	21.0x	14.7x
inContact	1283.1x	408.5x
Interactive Intelligence	51.1x	64.7x
Liveperson	71.8x	33.9x
Mitel	7.9x	5.2x
Polycom	14.7x	10.1x
Shoretel	38.2x	NM
Verint	15.3x	12.6x

Source: Capital IQ

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Rich Pierce has more than ten years of investment banking experience advising middle market clients on a variety of mergers and acquisitions and capital raising transactions. During that time, Mr. Pierce's primary emphasis has been on serving clients in the telecommunications industry including providers of network related hardware and software products, wireless, and wireline telecommunications service providers and network engineering and construction companies.

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FOCUS Investment Banking LLC provides a range of middle market investment banking services with an emphasis on mergers, acquisitions, divestitures and corporate finance. FOCUS is a national firm serving clients from offices in major cities across the United States. FOCUS specializes in business units with transactions or revenues in the \$5-300 million range, serving entrepreneurs, corporate owners and various types of investors across a broad range of industries, throughout the U.S. and worldwide. FOCUS bankers are seasoned operating and financial executives with extensive transaction experience. Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker/Dealer and member FINRA/SIPC. For more information on FOCUS, visit www.focusbankers.com.

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