

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

Winter 2015 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

After trailing the broader indices in our last reporting period, the FOCUS Enterprise-Focused Technology Index (EFTTI) handily outperformed both the S&P 500 and the NASDAQ over the three months ended January 31, 2015. The EFTTI's gain of 3.9% for this most recent three month period topped both the -1.1% decline in the S&P 500 and the 0.1% gain in the NASDAQ. This period's outperformance also enabled the EFTTI to pull ahead of the broader indices for the 12-month period. The EFTTI's gain of 13.0% over the past 12 months compares favorably to both the S&P 500's 11.9% gain and the NASDAQ's 12.9% gain over the same time period. Sector multiples also have increased compared to the year-ago period. The sector revenue multiple increased from 2.3x to 2.6x, while the sector EBITDA multiple increased from 9.2x to 11.5x.

Enterprise Networking

The Enterprise Networking sub sector turned in a solid performance for this three month period with a gain of 4.0%. However, the gain is a bit deceiving because it was largely attributable to a 7.7% gain at Cisco, the largest market cap stock in the index. Of the other 17 companies in the index, 11 posted declines. This included double digit losses at all four wireless access point vendors (Aerohive Networks, Aruba Networks, Meru Networks, and Ruckus Wireless) as well as at switching vendors A10 Networks, Arista Networks, and Extreme Networks. For the past 12 months, the Enterprise Networking sub sector is up 16.2%, making it the top performing sub sector over this period. Once again, this gain largely was driven by a 20.3% gain at Cisco. Sub sector multiples continue to climb and now stand at 2.2x revenue and 8.9x EBITDA.

Industrial and M2M

For the second straight period, the Industrial and M2M sub sector turned in double digit gains with an increase of 12.5% over the past three months. This was good enough to make it the best performing sub sector for our Winter reporting period. Novatel Wireless and Sierra Wireless once again were the top performing stocks, but Belden and Digi International also turned in double digit gains. This period's strong performance brought the 12-month return for the Industrial and M2M sub sector to 14.1%; good enough for second place among all the EFTTI sub sectors. The sub sector multiples at the close of our reporting period were 1.9x revenue and 19.0x EBITDA. Both of these were increases compared to the sub sector multiples from a year ago.

Network Management

For the second straight three month period, the Network Management sub sector posted a modest increase; in this case 2.4%. Gains at CA and SolarWinds were enough to counterbalance losses at MobileIron and NetScout. Recent IPO MobileIron had a particularly tough period. The company dropped 12.8% after releasing disappointing fourth quarter results. Even with this period's gains, the Network Management sub sector is still in the red for the 12-month period with a loss of 2.0%. Multiple performance for the sub sector was mixed. The sub sector revenue multiple declined slightly year-over-year from 3.3x to 3.2x, but the EBITDA multiple increased over the same period from 9.6x to 10.9x.

Network Security

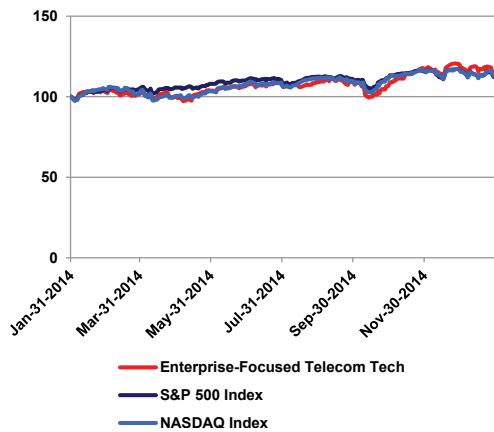
After two straight reporting periods as our top performing sub sector, Network Security slipped to second place with a three-month gain of 5.6%. Gains were broad-based with eight of the 13 stocks in the index posting gains for the period. This included five companies (AVG Technologies, Fortinet, Palo Alto Networks, Proofpoint, and Qualys) that posted double digit gains. For the full year, the Network Security sub sector is up a respectable 11.1%. Multiples continue to remain high, and are well above multiples for our other EFTTI sub sectors. The sub sector revenue multiple is a lofty 7.7x, while the EBITDA multiple is also extremely healthy at 45.8x. Both of these multiples represent increases from the year-ago period.

Unified Communications and the Contact Center

The Unified Communications and the Contact Center sub sector was not able to capitalize on its momentum from our Fall reporting period and instead declined 7.2% over this past three months. This made it the only sub sector that failed to show a positive return over this period. Eight of the 11 stocks in the index were in negative territory. This did not keep contact center vendor eGain from posting a healthy gain of 23.8%, while conferencing vendors ClearOne and Polycom were the other two companies in the subsector that were in the black this reporting period. For the full year, the Unified Communications and the Contact Center sub sector is down 4.9%, making it the worst performing sub sector over this time frame as well. While the sub sector's performance in the stock market has been subpar, multiples remain reasonably healthy. The sub sector revenue multiple stands at 2.0x, while the EBITDA multiple is 21.0x.

Enterprise-Focused Telecom Technology: Public Market Summary

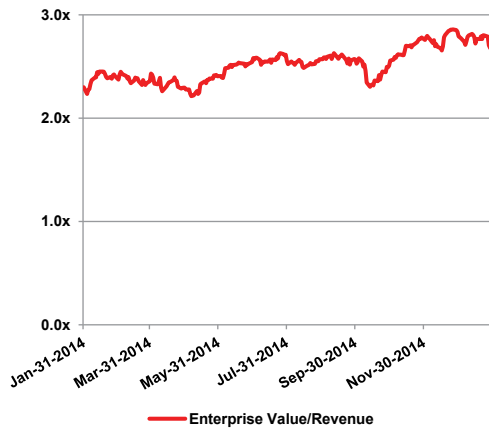
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Enterprise-Focused Telecom Tech	13.0%	3.9%
Enterprise Networking	16.2%	4.0%
Industrial and M2M	14.1%	12.5%
Network Management	-2.0%	2.4%
Network Security	11.1%	5.6%
Unified Comms & Contact Center	-4.9%	-7.2%
S&P 500	11.9%	-1.1%
NASDAQ	12.9%	0.1%

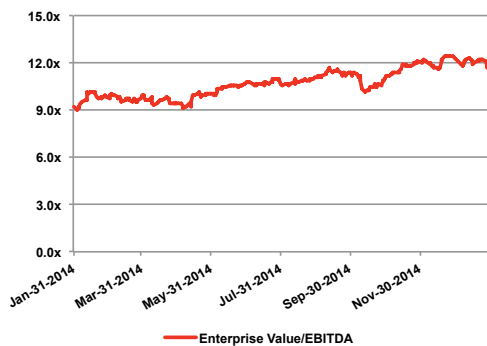
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	1/31/2015	1/31/2014
Enterprise-Focused Telecom Tech	2.6x	2.3x
Enterprise Networking	2.2x	1.9x
Industrial and M2M	1.9x	1.7x
Network Management	3.2x	3.3x
Network Security	7.7x	7.5x
Unified Comms & Contact Center	2.0x	2.2x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	1/31/2015	1/31/2014
Enterprise-Focused Telecom Tech	11.5x	9.2x
Enterprise Networking	8.9x	7.2x
Industrial and M2M	19.0x	17.5x
Network Management	10.9x	9.6x
Network Security	45.8x	29.3x
Unified Comms & Contact Center	21.0x	19.0x

Source: Capital IQ

Summary Comments

M&A

This three month period saw 38 transactions in the Enterprise-Focused Telecom Technology sector for a total announced dollar volume of \$4.6 billion. This was the second straight period where transaction volume decreased but announced dollar volume increased. With the books now closed on 2014, we can say it was an extremely active year in terms of M&A activity. The 149 total transactions was the highest of any year in the past five, while the total announced dollar volume of \$13.3 billion was the second highest total over this same period. While it is dangerous to draw any conclusions from a single month, 2015 appears to be off to a brisk start with 17 total transactions in January alone.

Enterprise Networking

Once again the Enterprise Networking sub sector had only a single transaction. However, in this case, the transaction was perhaps the most notable one for the period; the take private transaction in which Thoma Bravo acquired Riverbed Technologies for \$3.5 billion. This marked the end of Riverbed's long fight with activist shareholders. While the process was competitive, it is interesting to note that the participants were nearly all private equity firms and the process attracted only tangential interest from strategic acquirers.

Industrial and M2M

Activity in the Industrial and M2M sub sector picked up significantly with five transactions this reporting period.

Three of these transactions were in the wireless space, as Panasonic acquired RFNet Technologies, Metacom acquired Multenet Technologies, and u-blox acquired Lesswire. The other two transactions were except's acquisition of industrial router vendor Lucom and Hubbell Power Systems' acquisition of Ethernet/IP multiplexer company RFL Industries.

Network Management

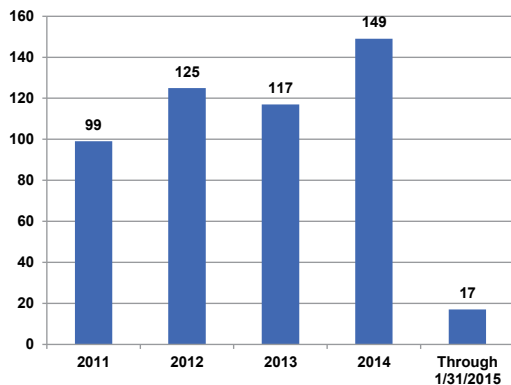
Activity in the Network Management sub sector continued at a brisk pace with seven total transactions. This included both the acquisition of device management software vendor Red Bend by HARMAN for \$200.0 million as well as SolarWinds' acquisitions of Librato for \$40.0 million.

Network Security

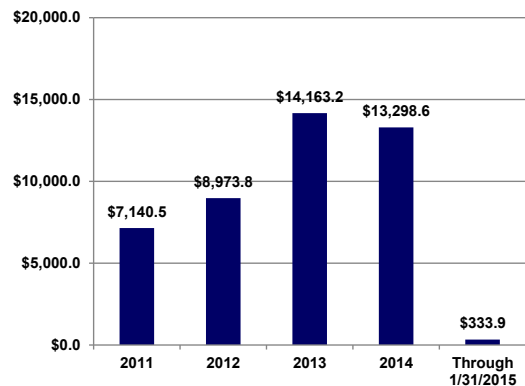
The Networking Security sub sector continued its torrid pace of activity with another 17 total transactions for this reporting period. The largest transaction was Belden's acquisition of Tripwire for \$710 million. This was a strategic transaction that provided Belden entry into the security market. J2 Global was the period's most active acquirer in terms of the number of transactions, picking up two email security vendors. Finally, while the majority of the activity involved smaller acquirers, we did see large acquirers Intel and Microsoft both make acquisitions of small companies in the space. Clearly, the sub sector continues to attract interest from even the largest buyers.

Enterprise-Focused Telecom Technology: M&A Summary

M&A Activity: Number of Transactions



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



Unified Communications and the Contact Center

After posting 11 transactions in each of the last two reporting periods, activity in the Unified Communications and the Contact Center sub sector slowed somewhat with only eight transactions in the current period. The largest transaction in terms of announced dollar volume was LivePerson's acquisition of contact center software vendor Contact at Once for \$70.0 million. Unified Communications vendor Sangoma was also active, acquiring both open source PBX developer Schmooze and fax-over-IP company RockBochs. Finally, we noted that private equity-backed consolidator NewNet Technologies once again made an appearance on the acquisition stage with its purchase of the Computer Systems Division of Volt Information Sciences for \$10.0 million.

Transactions with Announced Multiples

We tracked four transactions in our Winter reporting period with announced multiples. Not surprisingly, the highest of these was in the Security sub sector. Belden's acquisition of Tripwire went for 4.8x revenue and 17.8x EBITDA. Coming in a respectable second was the period's largest transaction, the Thoma Bravo purchase of Riverbed Technologies. The multiples for this deal worked out to 3.2x revenue and 18.7x EBITDA. The final two transactions had significantly lower multiples. Sangoma's acquisition of open source PBX developer Schmooze was for 1.4x revenue, while Hubbell Power Systems' purchase of industrial communications company RFL Industries was for 1.0x revenue.

Announced Transactions (11/1/14 –1/31/15)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
SolarWinds	Librato	Network Management	1/29/15	\$40.0	Full-stack performance monitoring of infrastructure and applications on public clouds or in a company's own data centers.
Slack Technologies	Screenhero	Unified Comms & Contact Center	1/28/15	NA	Cross platform Web conferencing SaaS for enterprises that enables users in different locations to share screens and videos in real-time.
ZeroFOX	Vulnr	Security	1/27/15	NA	Mobile vulnerability detection software for enterprises.
HARMAN	Red Bend	Network Management	1/22/15	\$200.0	Solution to provide automotive and IoT devices with over-the-air software updates and other device management services.
Axiome	J9 Technologies	Network Management	1/20/15	NA	Proprietary and third party network monitoring solutions to identify the root-cause of issues and minimize mean time to resolution.
OPSWAT	Red Earth Software	Security	1/20/15	NA	Email security and secure file transfer solutions that protect email and file transfer in addition to servers, endpoints and proxy servers.
WeCloud	Simitu	Security	1/19/15	\$0.2	Anti-spam and antivirus IT security solutions.
Inverness Graham	Identity Finder	Security	1/14/15	NA	Anti-data breach and leakage software that enables the discovery and protection of sensitive and confidential information.
Bottomline Technologies	Intellinx	Security	1/13/15	\$84.9	Monitors, replays, and analyzes user behavior across multiple channels to instantly flag and stop suspicious activity.
Symantec Corporation	Narus	Security	1/12/15	NA	Cyber security analytics solution that detects, alerts, mitigates and resolves security threats.
Help/Systems	Halcyon Software	Network Management	1/8/15	NA	Systems management software solutions for IT automation, job scheduling, systems monitoring, server management and reporting.
Alert Logic	Critical Watch	Security	1/6/15	NA	Vulnerability and configuration scanning, security analytics and vulnerability research solutions.
Panasonic	RFNet Technologies	Industrial and M2M	1/5/15	NA	Supplies outdoor industrial access points for professional and mission critical wireless deployments.
J2 Global	Stay Secure	Security	1/5/15	NA	Email and security SaaS provider.
Elektrobit Technologies	Birdstep Technology (Secure Mobility Business)	Security	1/2/15	\$2.3	Mobile virtual private network connectivity SaaS for enterprises that enables employees to securely connect to corporate networks.
Sangoma	RockBochs	Unified Comms & Contact Center	1/2/15	NA	Provides Fax-over-IP hardware and hosted software for enterprises.
Sangoma	Schmooze	Unified Comms & Contact Center	1/2/15	\$6.5	Primary developer of FreePBX and the manager/sponsor of that open source project.
Accumuli Security	Random Storm	Security	12/19/14	\$14.0	Solutions for vulnerability management and network security along with security services.
Wavenet	Next IS	Unified Comms & Contact Center	12/16/14	NA	Inbound call solutions to help companies manage high call volumes and provide more effective customer service.
Thoma Bravo	Riverbed Technologies	Enterprise Networking	12/15/14	\$3,468.4	Provides application performance infrastructure solutions.

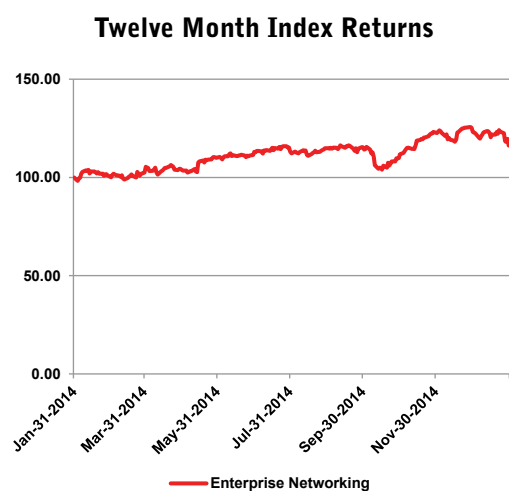
Announced Transactions (11/1/14 –1/31/15) *continued*

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Belden	Tripwire	Security	12/9/14	\$710.0	IT security and compliance management solutions for enterprises, government agencies and service providers.
exceet	Lucom	Industrial and M2M	12/5/14	NA	Industrial routers, VPN solutions and remote services.
NewNet Communication Technologies	Volt Information Sciences (Computer Systems Division)	Unified Comms & Contact Center	12/3/14	\$10.0	Cloud-based contact center services, voice self-service applications and database software and services.
u-blox	Lesswire	Industrial and M2M	12/2/14	NA	Vehicle-ready short range wireless communication modules to Tier-1 automotive electronics suppliers in Europe and Asia.
Intel Corporation	PasswordBox	Security	12/1/14	NA	Application that allows users to store, create, retrieve and share passwords on phones, tablets or computers.
Soliton Systems	Excitor	Network Management	11/28/14	\$7.2	Mobile device management, mobile email and mobile applications solutions.
Metacom	Multenet Technologies	Industrial and M2M	11/28/14	NA	Wireless routers, cellular data gateways and solutions for connecting asynchronous serial devices to Ethernet networks.
J2 Global	Comendo	Security	11/26/14	\$14.3	Email security products related to spam filters, anti-virus, and archiving of e-mails as well as signing and encryption.
Heidelberg Capital	snom technology	Unified Comms & Contact Center	11/24/14	NA	Develops and manufacturers Voice-over-IP telephones for enterprise communications.
Hubbell Power Systems	RFL Industries	Industrial and M2M	11/17/14	\$20.0	Ethernet/IP multiplexers, unmanaged and managed Ethernet switches, multiplexers and control and telemetry devices.
Microsoft Corporation	Aorato	Security	11/13/14	NA	Software that monitors network traffic between Active Directory servers and users looking for patterns of attack.
Idera	Uptime Software	Network Management	11/12/14	NA	Systems management software for virtual server monitoring, physical server monitoring and capacity planning.
24/7	IntelliResponse Systems	Unified Comms & Contact Center	11/10/14	NA	Provides a Web self-service and virtual assistant platform that allows customers and service agents to ask questions in natural language.
Beijing Shenzhou Green League IT	Beijing Mission Communication	Security	11/7/14	\$0.4	Develops anti-spam security software.
AVG Technologies	Norman Safeground	Security	11/6/14	\$14.0	Cloud-based and on-premise anti-malware and intrusion detection software and SaaS.
LivePerson	Contact at Once	Unified Comms & Contact Center	11/5/14	\$70.0	Cloud-based platform that connects consumers to businesses across a variety of websites through chat, mobile and video.
Matrix42	Silverback MDM	Network Management	11/5/14	NA	Device management and security software for smart phone and tablet devices.
Sterling Computers Corporation	BlueSpace Software	Security	11/4/14	NA	Cyber security solutions for mission critical clouds and networks.

Announced Transactions with Revenue Multiples (2/1/14–1/31/15)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Sangoma	Schmooze	Unified Comms & Contact Center	1/2/15	\$6.5	1.4 x	NA	Primary developer of FreePBX and the manager/sponsor of that open source project.
Thoma Bravo	Riverbed Technologies	Enterprise Networking	12/15/14	\$3,468.4	3.2 x	18.7 x	Provides application performance infrastructure solutions.
Belden	Tripwire	Security	12/9/14	\$710.0	4.8 x	17.8 x	IT security and compliance management solutions for enterprises, government agencies and service providers.
Hubbell Power Systems	RFL Industries	Industrial and M2M	11/17/14	\$20.0	1.0 x	NA	Ethernet/IP multiplexers, unmanaged and managed Ethernet switches, multiplexers and control and telemetry devices.
Five9	Face It	Unified Comms & Contact Center	10/23/14	\$15.3	84.9 x	NM	Social engagement solution for customer care that combines social feeds with the ability to reply and direct-message authors.
Globalsign	Ubisecure	Security	9/30/14	\$1.5	0.8 x	NA	Software products for external user identity management, advanced user authentication, authorization, single sign-on and federation.
Gemalto	SafeNet	Security	8/8/14	\$890.0	2.6 x	20.7 x	Information security products and services that protect and secure communications, intellectual property and information and identities.
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 (OASYS)	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.

Sub Sector Analysis: Enterprise Networking



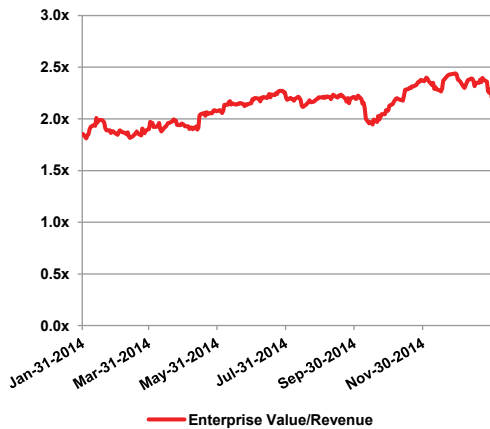
Source: Capital IQ

Company Returns

	12 Month	3 Month
Enterprise Networking Index	16.2%	4.0%
A10 Networks	NA	9.1%
Accton	-8.3%	-2.9%
Aerohive Networks	NA	-20.6%
Arista Networks	NA	-22.3%
Aruba Networks	-15.9%	-23.2%
Brocade	19.1%	3.6%
Cisco	20.3%	7.7%
Citrix	9.6%	-7.7%
D-Link	-9.9%	0.4%
Extreme Networks	-59.8%	-18.1%
F5 Networks	4.3%	-9.2%
Meru Networks	-27.7%	-17.4%
NetGear	5.8%	-0.8%
Qlogic	15.5%	13.1%
Radware	13.7%	1.3%
Riverbed Technologies	4.4%	8.4%
Ruckus Wireless	-21.1%	-18.4%
Unizyx Holding (Zyxel)	-11.4%	-7.6%

Sub Sector Analysis: Enterprise Networking *continued*

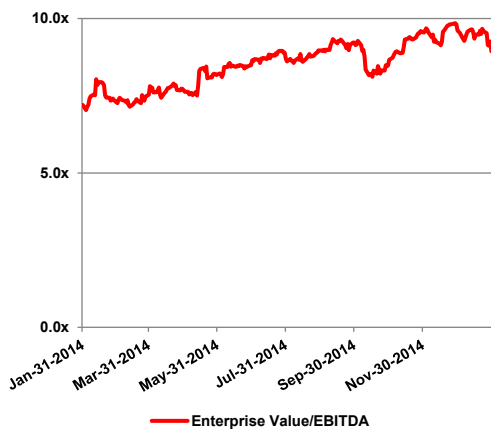
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2015	1/31/2014
Enterprise Networking Index	2.2x	1.9x
A10 Networks	1.0x	NA
Accton	0.2x	0.2x
Aerohive Networks	0.7x	NA
Arista Networks	7.0x	NA
Aruba Networks	1.9x	2.9x
Brocade	1.9x	1.7x
Cisco	2.2x	1.8x
Citrix	3.2x	3.2x
D-Link	0.3x	0.3x
Extreme Networks	0.5x	1.3x
F5 Networks	4.2x	5.0x
Meru Networks	0.6x	0.7x
NetGear	0.7x	0.7x
Qlogic	1.8x	1.2x
Radware	3.4x	3.2x
Riverbed Technologies	3.0x	3.1x
Ruckus Wireless	2.1x	3.5x
Unizyx Holding (Zyxel)	0.3x	0.4x

EBITDA Multiple Trends



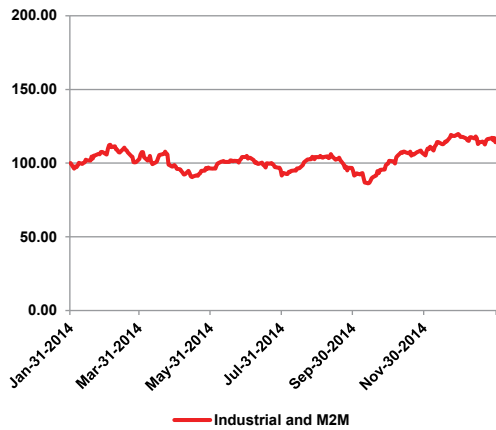
Company EBITDA Multiples

	1/31/2015	1/31/2014
Enterprise Networking Index	8.9x	7.2x
A10 Networks	NM	NA
Accton	5.3x	7.7x
Aerohive Networks	NM	NA
Arista Networks	31.1x	NA
Aruba Networks	27.6x	171.0x
Brocade	7.2x	7.0x
Cisco	7.5x	6.3x
Citrix	15.4x	14.4x
D-Link	17.6x	16.2x
Extreme Networks	NM	16.4x
F5 Networks	13.4x	16.1x
Meru Networks	NM	NM
NetGear	6.7x	6.7x
Qlogic	8.3x	6.0x
Radware	23.0x	21.0x
Riverbed Technologies	18.5x	22.1x
Ruckus Wireless	29.8x	163.0x
Unizyx Holding (Zyxel)	6.6x	15.1x

Source: Capital IQ

Sub Sector Analysis: Industrial Networking and M2M

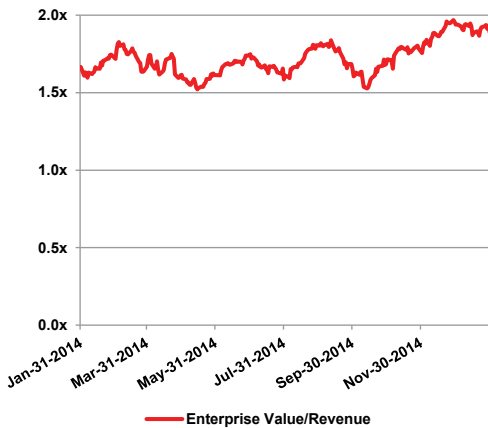
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Industrial and M2M Index	14.1%	12.5%
Belden	28.2%	16.5%
CalAmp	-39.2%	-7.1%
Digi International	-7.3%	15.3%
Echelon	-65.5%	-33.3%
Novatel Wireless	97.8%	85.3%
Numerex	-21.5%	-19.6%
Sierra Wireless	77.0%	32.5%
Telit Communications	2.4%	-19.0%

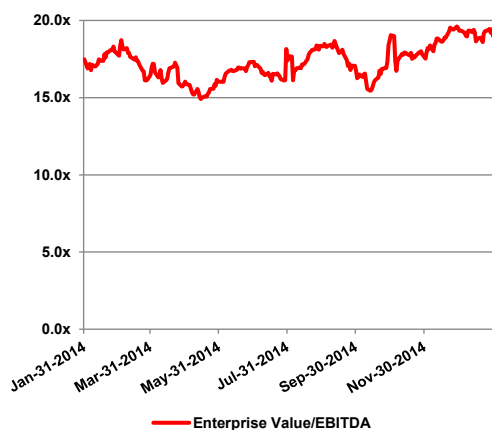
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2015	1/31/2014
Industrial and M2M Index	1.9x	1.7x
Belden	2.0x	1.8x
CalAmp	2.5x	4.4x
Digi International	0.8x	0.9x
Echelon	0.9x	1.6x
Novatel Wireless	1.1x	0.2x
Numerex	2.3x	2.9x
Sierra Wireless	1.8x	1.0x
Telit Communications	1.3x	1.4x

EBITDA Multiple Trends



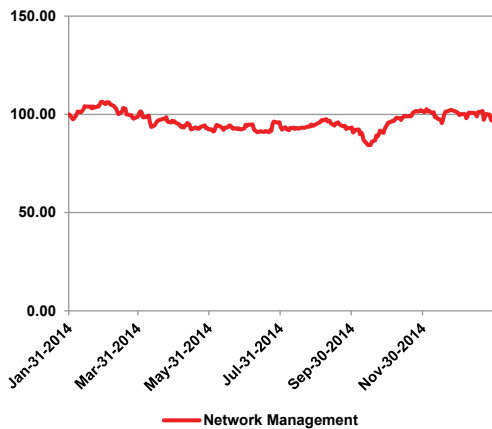
Company EBITDA Multiples

	1/31/2015	1/31/2014
Industrial and M2M Index	19.0x	17.5x
Belden	16.0x	11.9x
CalAmp	20.6x	41.2x
Digi International	32.5x	10.0x
Echelon	NM	NM
Novatel Wireless	NM	NM
Numerex	23.8x	59.3x
Sierra Wireless	39.1x	40.2x
Telit Communications	16.5x	18.8x

Source: Capital IQ

Sub Sector Analysis: Network Management

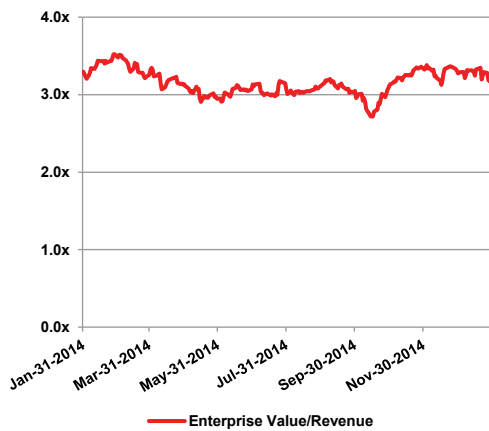
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Management Index	-2.0%	2.4%
CA	-5.6%	4.3%
MobileIron	NA	-12.8%
NetScout	1.6%	-2.6%
SolarWinds	20.7%	1.3%

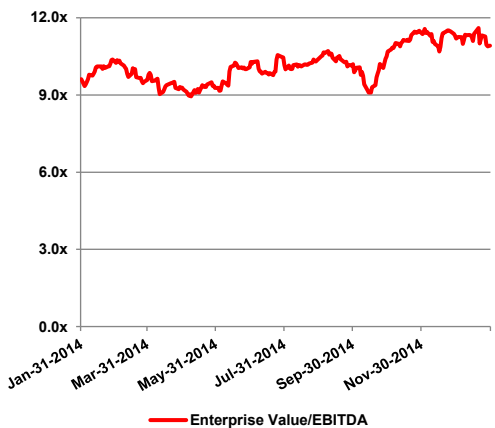
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2015	1/31/2014
Network Management Index	3.2x	3.3x
CA	2.7x	3.0x
MobileIron	3.9x	NA
NetScout	2.9x	3.4x
SolarWinds	7.9x	8.3x

EBITDA Multiple Trends



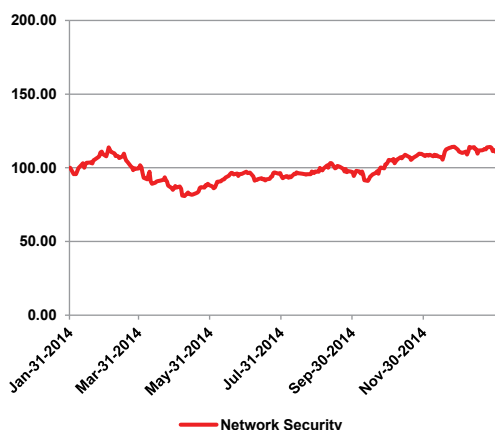
Company EBITDA Multiples

	1/31/2015	1/31/2014
Network Management Index	10.9x	9.6x
CA	8.8x	8.8x
MobileIron	NM	NA
NetScout	11.3x	14.5x
SolarWinds	22.3x	20.0x

Source: Capital IQ

Sub Sector Analysis: Network Security

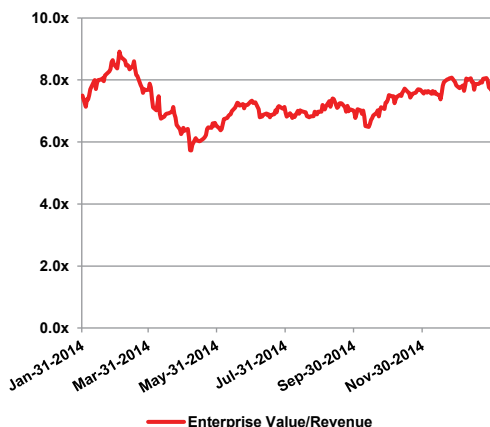
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Security Index	11.1%	5.6%
AVG Technologies	19.2%	10.4%
Barracuda Networks	-1.3%	5.3%
Checkpoint	17.9%	3.9%
Cheetah Mobile	NA	-1.5%
CyberArk	NA	-4.0%
FireEye	-53.7%	-0.5%
Fortinet	41.0%	14.8%
Imperva	-24.1%	1.9%
Palo Alto Networks	112.6%	19.6%
Proofpoint	23.5%	13.5%
Qualys	31.2%	18.5%
Trend Micro	-8.7%	-13.1%
VASCO Data Security	187.8%	-15.1%

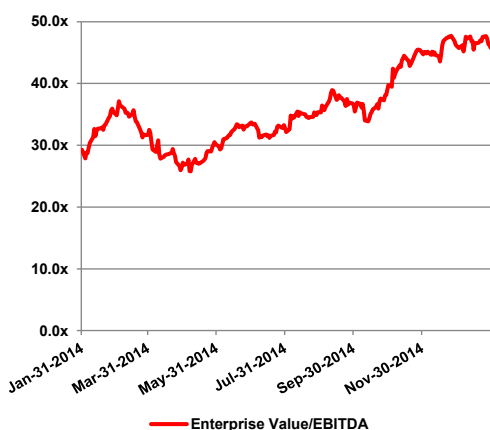
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2015	1/31/2014
Network Security Index	7.7x	7.5x
AVG Technologies	2.6x	2.2x
Barracuda Networks	6.1x	7.2x
Checkpoint	9.0x	8.2x
Cheetah Mobile	9.5x	NA
CyberArk	8.4x	NA
FireEye	11.0x	52.7x
Fortinet	5.5x	4.8x
Imperva	6.2x	9.2x
Palo Alto Networks	14.9x	8.0x
Proofpoint	9.6x	9.9x
Qualys	8.6x	7.7x
Trend Micro	2.7x	2.9x
VASCO Data Security	3.6x	1.3x

EBITDA Multiple Trends



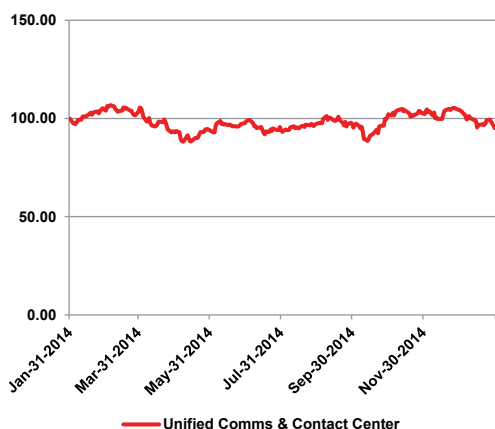
Company EBITDA Multiples

	1/31/2015	1/31/2014
Network Security Index	45.8x	29.3x
AVG Technologies	7.4x	6.2x
Barracuda Networks	177.4x	NM
Checkpoint	16.5x	14.8x
Cheetah Mobile	129.4x	NA
CyberArk	40.7x	NA
FireEye	NM	NM
Fortinet	51.7x	34.4x
Imperva	NM	NM
Palo Alto Networks	NM	NM
Proofpoint	NM	NM
Qualys	54.6x	70.0x
Trend Micro	7.7x	8.5x
VASCO Data Security	17.8x	12.1x

Source: Capital IQ

Sub Sector Analysis: Unified Communications and Contact Center

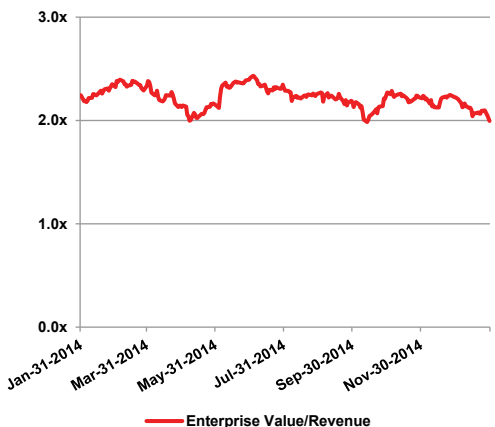
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Unified Comms & Contact Center Index	-4.9%	-7.2%
ClearOne	13.8%	7.7%
eGain	-46.9%	23.8%
Enghouse Systems	4.6%	-4.9%
Five9	NA	-10.7%
inContact	-3.8%	-3.7%
Interactive Intelligence	-48.2%	-16.0%
Liveperson	-25.4%	-25.7%
Mitel	1.5%	-4.4%
Polycom	9.4%	1.7%
Shoretel	-9.8%	-12.5%
Verint	16.8%	-7.1%

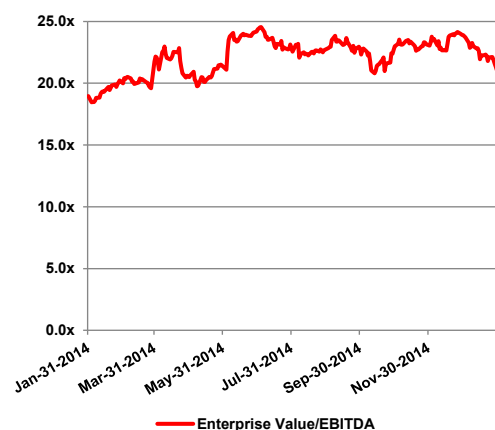
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2015	1/31/2014
Unified Comms & Contact Center Index	2.0x	2.2x
ClearOne	1.4x	1.3x
eGain	1.9x	3.5x
Enghouse Systems	3.9x	4.2x
Five9	1.6x	NA
inContact	3.2x	3.4x
Interactive Intelligence	2.3x	4.5x
Liveperson	2.4x	3.8x
Mitel	1.2x	1.3x
Polycom	1.1x	1.3x
Shoretel	1.1x	1.3x
Verint	3.5x	3.0x

EBITDA Multiple Trends



Company EBITDA Multiples

	1/31/2015	1/31/2014
Unified Comms & Contact Center Index	21.0x	19.0x
ClearOne	8.6x	7.4x
eGain	NM	113.0x
Enghouse Systems	19.3x	20.2x
Five9	NM	NA
inContact	NM	NM
Interactive Intelligence	1854.2x	50.6x
Liveperson	60.7x	107.3x
Mitel	10.9x	10.9x
Polycom	8.8x	14.7x
Shoretel	15.7x	39.8x
Verint	26.5x	16.5x

Source: Capital IQ

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