FOCUS
Investment Banking

Telecom Technology and Services Group

Enterprise-Focused Telecom Technology Quarterly

Investment Banking and Advisory Services

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

- Mergers & Acquisition Advisory
- Corporate Development Consulting
- Strategic Partnering & Alliances
- Capital Financing, Debt & Equity
- Corporate Valuations

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Enterprise-Focused Telecom Technology Quarterly

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

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 two professionals with a combined 30+ years of transaction experience across a wide variety of telecommunications-related companies. 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 seasoned bankers with decades of telecom industry experience,
- 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,
- 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) turned in a very strong overall performance this period with a three-month gain of 18.2%. This handily outperformed the 13.6% gain in the S&P 500 but fell slightly short of the 19.8% gain in the NASDAQ over the same time frame. The story is similar for the full year period with a 41.5% gain in the EFTTI comparing favorably to the 15.2% gain in the S&P 500 but trailing the 42.8% gain in the NASDAQ. Sector multiples are up sharply compared to this same time last year. The sector revenue multiple jumped from 4.3x a year ago to 6.3x currently, while the sector EBITDA multiple expanded from 16.8x to 24.7x.

Enterprise Networking

The Enterprise Networking sub sector had one of its best periods in recent memory. Not only was the sub sector up 27.1% over the past three months, but every single stock in the index delivered at least a double-digit return. To put this in perspective, Cisco had a gain of 24.2% but was still the second worst performing stock in the sub sector this period. Sub sector performance is much more muted when measured over the past 12 months. The sub sector is only up 4.4% over the past year, and while most of the stocks in the index performed well, a 3.0% drop at Cisco managed to serve as a significant drag on performance. Multiples closed out the period at 3.8x revenue and 12.6x EBITDA. Both of these represent modest increases from year-ago multiples of 3.5x revenue and 11.7x EBITDA.

Industrial and M2M

The Industrial and M2M sub sector received a rare turn in the spotlight as its 63.0% return made it the top performing sub sector in the EFTTI for our Winter reporting period. Four of the seven companies in the sub sector delivered returns of at least 50%, including a more than doubling of the stock price of Inseego. This period's returns also pulled the sub sector strongly into the black for the full year period with a gain of 32.2%. Inseego once again led the way with a year-over-year gain of 173.6%. Gains of this size invariably require multiple expansion, and that is exactly what we see in the sub sector compared to this time last year. The sub sector revenue multiple increased from 1.2x a year ago to 1.9x currently, while the sub sector EBITDA multiple increased from 10.4x to 24.0x.

Network Management

The Network Management sub sector was one of only two sub sectors in the EFTTI to post a negative return this period. The sub sector dropped 6.3% in the past three months as a more than 40% gain at NetScout was not enough to counterbalance a 17.7% drop at SolarWinds. The sub sector is also down 5.0% for the full year period with an 11.2% loss at SolarWinds once again dragging the sub sector into the red. Sub sector multiples are lower than they were at this time last year, although not by a wide margin. The sub sector revenue multiple dropped from 5.3x to 4.9x, while the sub sector EBITDA multiple fell from 24.4x to 21.6x.

Network Security

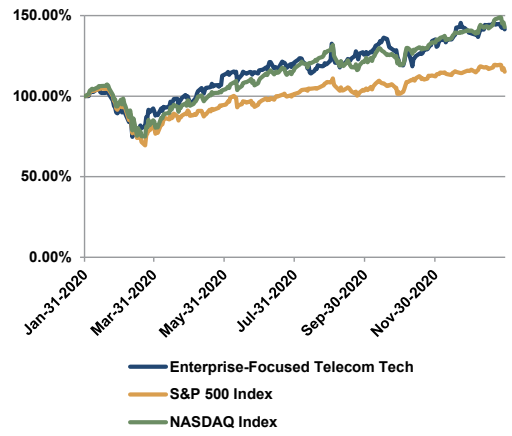
After posting a loss in our last reporting period, the Network Security sub sector rebounded to deliver a three-month gain of 41.1%. This was good enough to make it the second-best performing sub sector in the EFTTI this period. Gains were broad-based as only one company (Trend Micro) failed to deliver a positive return. Of the remaining 15 stocks in positive territory, all but two enjoyed double digit returns. Full year performance for the Network Security sub sector is also strong with an increase of slightly more than 50% compared to this same time last year. Gains were broad-based over this time frame as well, with 13 of the 16 companies in the sub sector trading higher over these past 12 months. Sub sector multiples ended the period substantially higher than they were a year ago at 11.1x revenue (up from 6.7x) and 67.6x EBITDA (up from 43.3x).

Unified Communications and the Contact Center

The music finally stopped for the Unified Communications and the Contact Center sub sector as it dropped 14.4% in our winter reporting period. This made it the worst performing sub sector in the EFTTI. The decline can be largely attributed to a 19.3% drop at Zoom, as the company has come to have an outsize impact on sub sector performance. A number of other companies in the sub sector actually fared quite well including Avaya (up 29.3%), ClearOne (up 73.6%) and Verint (up 52.2%). Even with this period's declines, the sub sector still remains the best performing sub sector in the EFTTI over the full year period with a gain of more than 250%. While all of the stocks in the sub sector are in positive territory for the full year, Zoom remains far and away the best performer with a year-over-year gain of 387.6%. Multiples continue to show an upward spike from a year ago and now stand at 18.4x revenue and 102.2x EBITDA. Both of these are significantly higher than last year's multiples of 6.6x revenue and 48.7x EBITDA.

Enterprise-Focused Telecom Technology: Public Market Summary

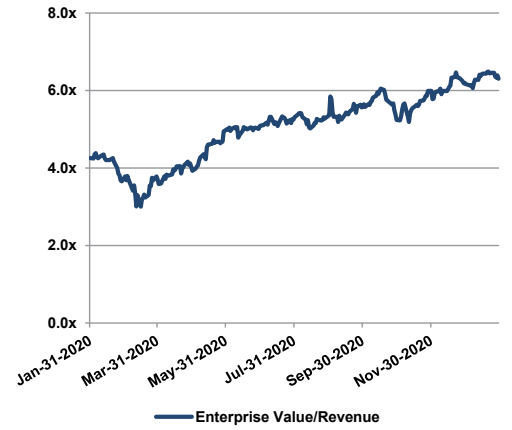
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Enterprise-Focused Telecom Tech	41.5%	18.2%
Enterprise Networking	4.4%	27.1%
Industrial and M2M	32.2%	63.0%
Network Management	-5.0%	-6.3%
Network Security	54.8%	41.1%
Unified Comms & Contact Center	256.5%	-14.4%
S&P 500	15.2%	13.6%
NASDAQ	42.8%	19.8%

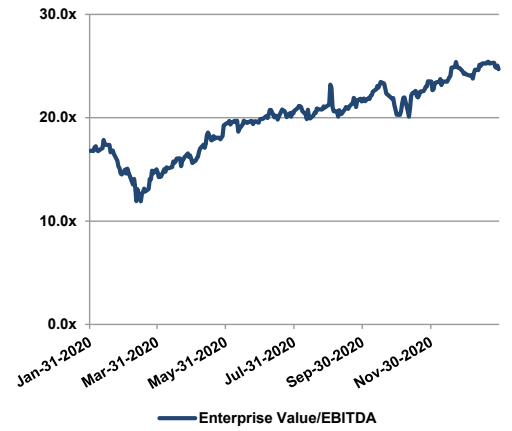
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	1/31/2021	1/31/2020
Enterprise-Focused Telecom Tech	6.3x	4.3x
Enterprise Networking	3.8x	3.5x
Industrial and M2M	1.9x	1.2x
Network Management	4.9x	5.3x
Network Security	11.7x	6.7x
Unified Comms & Contact Center	18.4x	6.6x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	1/31/2021	1/31/2020
Enterprise-Focused Telecom Tech	24.7x	16.8x
Enterprise Networking	12.6x	11.7x
Industrial and M2M	24.0x	10.4x
Network Management	21.6x	24.4x
Network Security	67.6x	43.3x
Unified Comms & Contact Center	102.2x	48.7x

Source: Capital IQ

M&A Summary Comments

M&A

Our Winter reporting period was one of the Enterprise-Focused Telecom Technology sector's most active periods for M&A in recent memory. We counted 54 total transactions over the last three months, which is significantly higher than the 40-45 transactions we see in a typical reporting period. While total announced transaction dollar volume was not particularly high, it still came in at a respectable $2.5 billion. The end-of-year surge in M&A activity was also strong enough to allow us to characterize 2020 as a "good" year for M&A in the sector. The 184 total transactions for the year represent the highest of any year in the last five. The corresponding total announced transaction dollar volume figure for 2020 of $14.1 billion was lower than the totals for both 2018 and 2019, but still represents a solid level of activity.

Enterprise Networking

The Enterprise Networking sub sector remained relatively active with three transactions this period. All of these transactions were relatively small. Of particular note was the acquisition of Rockport Networks by Northern Prairie Capital. Rockport Networks provides a "switchless" networking architecture for data centers.

Industrial and M2M

There were two transactions in the Industrial and M2M sub sector this period. First, Belden acquired OTN Networks for $71.0 million. OTN Networks provides fiber optic networking infrastructure for use in harsh environments. In addition, wireless modem and router company Multi-Tech Systems was acquired by SmartWave Technologies.

Network Management

The level of M&A activity in the Network Management sub sector picked up nicely as we counted eight transactions this period. This included acquisitions by publicly-traded security companies Fortinet (which acquired Panopia for $34.0 million) and Palo Alto Networks (which acquired Sanifa for $44.0 million). Juniper Networks was also an active purchaser in the space with its acquisition of Apstra, a company that automates the process of designing, deploying and operating data center networks. In the final transaction that we will specifically mention, private equity-backed Kemp Technologies acquired network performance management company Flowmon Networks.

Network Security

As usual, the Network Security sector boasted far and away the largest total number of transactions of any sub sector with a total of 34 transactions this period. The transaction with the largest announced transaction dollar volume for the sub sector was Palo Alto Network's acquisition of Expanse for $800 million. Other relatively sizable acquisitions with announced transaction dollar volumes were Norton LifeLock's pickup of Avira for $360 million and FireEye's purchase of Respond Software for a shade over $186 million. Finally, we noted that private equity

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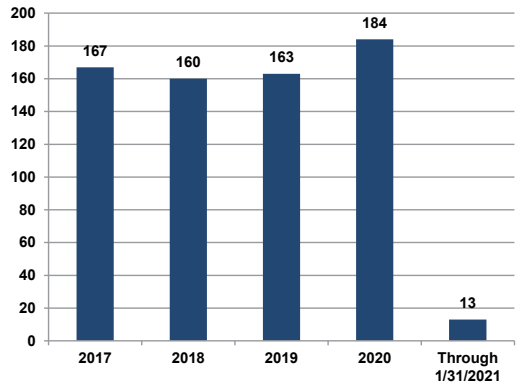
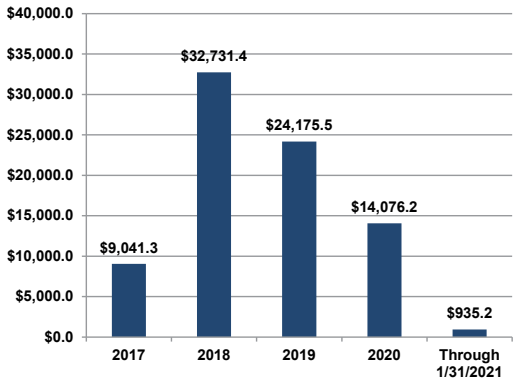
Enterprise-Focused Telecom Technology: M&A Summary

M&A Activity: Number of Transactions



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



was very active in the sub sector as Main Capital Partners, Thoma Bravo, TPG Capital and TZP Group all made platform acquisitions in the Network Security sub sector this period.

Unified Communications and the Contact Center

The Unified Communications and the Contact Center sub sector was another sub sector that saw a significant pickup in activity this period with seven transactions. This included the Enterprise-Focused Telecom Technology sector's largest transaction for the period, the $840 million acquisition of contact center software company LiveVox by SPAC Crescent Acquisition. Other active contact center software acquirers included Enghouse Systems (which acquired Altitude Software), Babble Cloud Holdings (which acquired Ultra Communications) and LeadDesk (which acquired Loxysoft). The unified communications portion of the sub sector also saw activity, most notably with the acquisition of VoIP and collaboration software company CounterPath by Alianza for $27.1 million.

Transactions with Announced Multiples

We counted a total of five transactions in the past three months with announced revenue multiples. Three of these were in the Unified Communications and the Contact Center sub sector. Of these three, the Crescent Acquisition purchase of LiveVox at 8.2x revenue was the highest revenue multiple transaction in the sub sector by a wide margin. The sub sector's remaining two transactions for Counterpath and Loxysoft weighed in with revenue multiples of 2.1x and 2.0x, respectively. We also noted that the Counterpath transaction was done at 37.1x EBITDA. The remaining two transactions with announced revenue multiples were both in the security sub sector. The Palo Alto Network's acquisition of Expanse for 11.9x revenue made it the highest revenue multiple transaction for both the security sub sector and the Enterprise- Focused Telecom Technology sector as a whole this period. Cipherpoint's acquisition of Brace168 was done at a significantly lower revenue multiple of 4.2x, but even so this still represents a relatively attractive valuation.

M&A Announced Transactions (11/1/20 – 1/31/21)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Kyberleijona	Deltagon Group	Security	1/29/21	$20.3	Email encryption solutions, secure platform for creating forms and a secure workspace for file sharing and messaging.
TPG Capital	Centrify	Security	1/28/21	NA	Identity and access management SaaS for businesses utilizing desktop, mobile and virtual environments.
Link11	DOSarrest Internet Security	Security	1/28/21	NA	DDoS Protection and an external monitoring service that allows users to geographically load balance a website.
Affluence	Flexiant	Network Management	1/28/21	NA	Cloud orchestration and management IaaS with features for automated billing, multi-tier storage and configuring servers.
Gula Tech Adventures	Trinity Cyber	Security	1/28/21	NA	SaaS platform that identifies, assesses and monitors all incoming and outgoing traffic to protect from hackers.
Cipherpoint	Brace168	Security	1/21/21	$4.0	Develops IT and cyber security solutions for medium to large-scale businesses and enterprises.
Belden	OTN Networks	Industrial and M2M	1/19/21	$71.0	Fiber optic networking infrastructure for use in harsh environments in the municipal, transportation, mining, utility and industrial sectors.
Babble Cloud Holdings	Ultra Communications	Unified Comms & Contact Center	1/19/21	NA	Provides cloud contact center software solutions.
Entrust Datacard Corporation	HyTrust	Security	1/14/21	NA	Provides policy management and access management security software and SaaS for businesses.
Crescent Acquisition	LiveVox	Unified Comms & Contact Center	1/14/21	$840.0	Provides predictive and automatic dialing, business intelligence and call recording SaaS for call center clients.
LogRhythm	MistNet	Security	1/13/21	NA	Provides network visibility and security threat detection analytics SaaS for businesses.
Huntress	Level Effect (Endpoint Detection and Response Technology)	Security	1/12/21	NA	Merges endpoint forensics with sophisticated network traffic visibility to protect endpoints both internally and externally.
Red Hat	StackRox	Security	1/7/21	NA	Designs and develops an online threat protection platform/ software for containers and web-scale microservices.
Enghouse Systems	Altitude Software	Unified Comms & Contact Center	12/30/20	NA	Unified customer interaction software suite and contact center solutions for businesses in Portugal and internationally.
Defensury	Zer0Data Group	Security	12/28/20	$38.0	Provides cybersecurity vulnerability analysis software with features for identification and acquisition of zero-day software vulnerabilities.
Help/Systems	VERA Security	Security	12/23/20	NA	Provides cloud-based data protection SaaS with features for secure file collaboration, automated file encryption and policy permissions.
West Street Capital Partners	White Ops	Security	12/23/20	NA	Enables users to identify, track and classify automated fraud in real-time and generate traffic analysis reports.
Protiviti	Identropy	Security	12/21/20	NA	Identity-Management-as-a-Service platform with capabilities including provisioning, identity governance and compliance.
Karel Elektronik	Telesis	Unified Comms & Contact Center	12/15/20	$0.0	Designs and manufactures IP PBX business phone systems, telephony switches and VoIP access gateways.
SafeToNet	Content Watch Holdings	Security	12/13/20	NA	Internet filtering software for Android, Windows and Mac devices.
Cyber Security Cloud	Softec	Security	12/11/20	$4.0	Software for vulnerability management and information distribution.
Thoma Bravo	Venafi	Security	12/10/20	NA	Provides SSL certificate and encryption key management software and SaaS for businesses and government agencies.
ControlUp	Avacee	Network Management	12/9/20	NA	Systems and device management SaaS with features for troubleshooting, remote access management and compliance.
Management	SilverSky	Security	12/9/20	NA	Network security solutions that include vulnerability management, mobile device management, log management and email protection.
Professional Datasolutions	Cybera	Security	12/8/20	NA	Software defined networking/network function virtualization-based security and networking platform for distributed enterprises.
Fortinet	Panopta	Network Management	12/8/20	$34.0	Provides edge and cloud network monitoring management and service level management SaaS for businesses.
Sysnet Global Solutions	Viking Cloud	Security	12/8/20	NA	Software provides features for penetration testing, vulnerability scanning, endpoint management and compliance management.

M&A Announced Transactions (11/1/20 – 1/31/21) continued

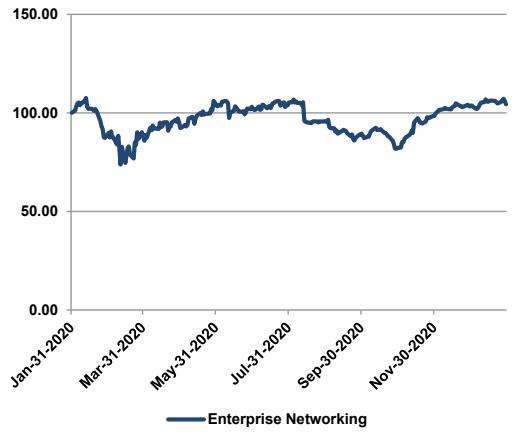
Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Juniper Networks	Apstra	Network Management	12/7/20	NA	Operating system used for network automation and orchestration in datacenters.
NortonLifeLock	Avira	Security	12/7/20	$360.0	Provides desktop and mobile anti-virus, anti-malware and anti-spam software and SaaS for businesses and consumers globally.
TZP Group	Awareness Technologies	Security	12/7/20	NA	Endpoint security SaaS with features for employee monitoring, web filtration, laptop recovery and sensitive data loss prevention.
Alianza	CounterPath	Unified Comms & Contact Center	12/7/20	$27.1	VoIP communications and collaboration software that enables team messaging, video conferencing, provisioning, billing and analytics.
Northern Private Capital	Rockport Networks	Enterprise Networking	12/3/20	NA	Switchless networking architecture that enables datacenter clusters to be deployed without centralized switches.
Imprivata	FairWarning Technologies	Security	12/2/20	NA	Healthcare sector security software with features for patient privacy, threat and data breach detection and password management.
NetSPI	Silent Break Security	Security	12/2/20	NA	Automated threat detection SaaS and network threat detection services.
LeadDesk	Loxysoft	Unified Comms & Contact Center	11/30/20	$16.3	Contact center management and customer service automation SaaS that integrates enterprise telephony with computer systems.
Management	net.pointers	Security	11/30/20	NA	Multi-level protection of corporate networks and systems against DDoS attacks and other internet cyber threats.
Splunk	Flowmill	Network Management	11/24/20	NA	Cloud network, infrastructure and managed services performance monitoring software for businesses.
Palo Alto Networks	Senifa	Network Management	11/19/20	$44.0	Digital experience monitoring solution that delivers visibility from endpoint devices across networks, applications and APIs.
FireEye	Respond Software	Security	11/18/20	$186.7	Provides AI-enabled automated, unified cybersecurity threat investigation and response software.
GateSpeed	CirrusWorks	Enterprise Networking	11/17/20	NA	Bandwidth management solution that offers web traffic management during peak congestion periods.
Flashpoint	CRFT	Security	11/17/20	NA	Provides no-code security task automation SaaS for IT security, infrastructure and operations teams.
Zoom Telephonics	Minim	Security	11/13/20	$26.5	Provides machine learning-based IoT security and WiFi management SaaS to IoT device and router makers and consumers.
Main Capital Partners	Pointsharp	Security	11/12/20	NA	Security software that enables enterprises to secure logins of their users to access all their applications in multi-cloud environments.
Palo Alto Networks	Expanse	Security	11/11/20	$800.0	Tracking and monitoring of Internet assets, vulnerability management, inventory management and network monitoring.
Barracuda Networks	Fyde	Security	11/11/20	NA	Zero trust network access with features for remote access, mobile device and network security and disk encryption.
PKWare	Dataguise	Security	11/10/20	NA	Data security intelligence and protection solutions for discovering, masking, and analyzing risk exposure and managing sensitive data.
ConnectWise	Perch Security	Security	11/10/20	NA	Threat detection and response platform.
SmartWave Technologies	Multi-Tech Systems	Industrial and M2M	11/9/20	NA	Machine-to-machine and IoT devices including wireless devices, modems and routers.
Juniper Networks	Apstra	Network Management	11/7/20	NA	Intent-based networking operating system that automates the process of designing, deploying and operating data center networks.
Kemp Technologies	Flowmon Networks	Network Management	11/6/20	NA	Network performance management, AI-based threat detection and mitigation, anomaly detection and analysis for cloud environments.
Hexagon	PAS Global	Security	11/4/20	NA	Prevent, detect and remediate cybersecurity threat and reduce process safety risks for the energy and industrial sectors globally.
Wisper	Avencall	Unified Comms & Contact Center	11/3/20	NA	Open source unified communication solutions for small, medium and large companies.
ORIX	APRESIA Systems	Enterprise Networking	11/2/20	NA	Networking infrastructure hardware including ethernet switches, optical transmission and infrastructure security devices.
Ping Identity Corporation	Symphonic Software	Security	11/2/20	$31.0	Dynamic, context-aware security authorization and access control software that enables protection of APIs, applications and resources.

M&A Announced Transactions with Revenue Multiples (2/1/20 – 1/31/21)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Cipherpoint	Brace168	Security	1/21/21	$4.0	4.2 x	NA	Develops IT and cyber security solutions for medium to large-scale businesses and enterprises.
Crescent Acquisition	LiveVox	Unified Comms & Contact Center	1/14/21	$840.0	8.2 x	NA	Provides predictive and automatic dialing, business intelligence and call recording SaaS for call center clients.
Cyber Security Cloud	Softec	Security	12/11/20	$4.0	1.5 x	NA	Software for vulnerability management and information distribution.
Alianza	CounterPath	Unified Comms & Contact Center	12/7/20	$27.1	2.1 x	37.1 x	VoIP communications and collaboration software that enables team messaging, video conferencing, provisioning, billing and analytics.
LeadDesk	Loxysoft	Unified Comms & Contact Center	11/30/20	$16.3	2.0 x	NA	Contact center management and customer service automation SaaS that integrates enterprise telephony with computer systems.
Palo Alto Networks	Expanse	Security	11/11/20	$800.0	11.9 x	NA	Tracking and monitoring of Internet assets, vulnerability management, inventory management and network monitoring.
Francisco Partners	Raytheon (Forcepoint Security Business)	Security	10/26/20	$1,100.0	1.7 x	NA	Provides hosted anti-data leakage, intrusion detection and access control SaaS to enterprises.
E-Guardian	JP-Secure	Security	10/12/20	$8.4	2.9 x	NA	Develops internet security software and services.
Ivanti	MobileIron	Network Management	9/28/20	$859.2	4.0 x	NM	Mobile IT platform that enables enterprises to manage and secure mobile applications, content and devices.
Ericsson	Cradlepoint	Enterprise Networking	9/18/20	$1,100.0	8.6 x	NA	Cloud-managed wireless SaaS and services, as well as integrated and non-integrated networking routers and support hardware.
Help/Systems	QinetiQ	Security	6/25/20	$37.5	3.3 x	NA	Data classification and secure messaging software for enterprises, military and government agencies.
Sinch	ACL Mobile	Unified Comms & Contact Center	6/15/20	$70.5	1.1 x	11.1 x	Cloud communications SaaS for businesses in India and Southeast Asia.
Fortress Investment Group	Finjan	Security	6/10/20	$25.2	1.5 x	NA	Unified threat management that enables proactive threat detection and management by identifying patterns and analyzing behavior.
BIO-key International	PistolStar	Security	6/10/20	$2.5	1.5 x	NA	Provides authentication security and management software and services.
Martello Technologies	GSX	Network Management	4/29/20	$13.3	2.7 x	10.8 x	Provides end-user experience monitoring software for Microsoft Office 365 for businesses.
Shanghai Guao Electronic Technology	Shanghai Qianyun Information Technology	Network Management	4/21/20	$3.4	4.8 x	NA	Cloud management platforms that help enterprises use and manage cloud-based IT resources.
Sinch	Wavy	Unified Comms & Contact Center	3/26/20	$116.0	1.3 x	12.4 x	AI-based customer messaging SaaS and APIs for businesses that can be integrated into existing CRM systems.

Sub Sector Analysis: Enterprise Networking

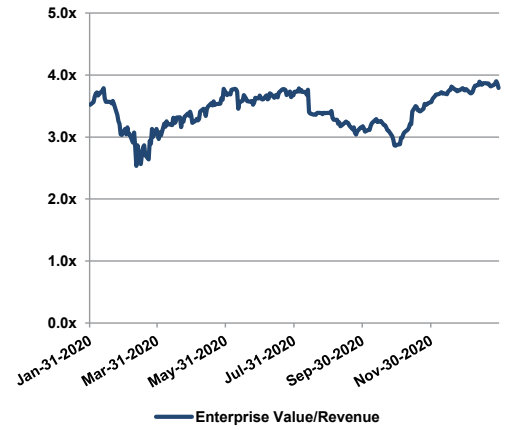
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Enterprise Networking Index	4.4%	27.1%
A10 Networks	45.8%	47.3%
Accton	79.3%	32.6%
Aerohive Networks	1324.8%	391.9%
Arista Networks	37.7%	47.2%
Cisco	-3.0%	24.2%
Citrix	10.0%	17.7%
D-Link	89.1%	36.3%
Extreme Networks	37.1%	99.3%
F5 Networks	60.5%	47.4%
NetGear	60.9%	34.3%
Radware	11.3%	26.0%
Unizyx Holding (Zyxel)	124.5%	60.8%

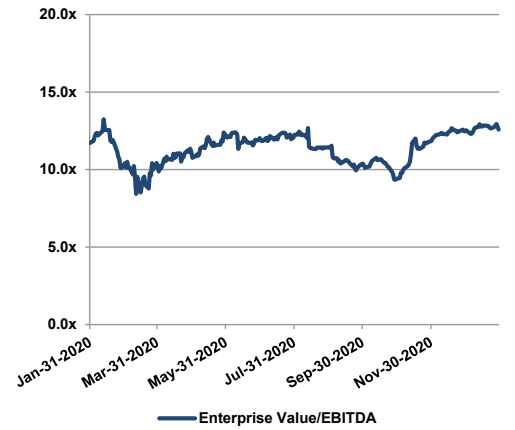
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2021	1/31/2020
Enterprise Networking Index	3.8x	3.5x
A10 Networks	2.8x	1.9x
Accton	2.8x	1.5x
Aerohive Networks	23.7x	1.2x
Arista Networks	9.2x	6.1x
Cisco	3.6x	3.6x
Citrix	5.4x	5.4x
D-Link	0.9x	0.4x
Extreme Networks	1.4x	1.0x
F5 Networks	4.7x	2.9x
NetGear	0.8x	0.6x
Radware	3.9x	3.5x
Unizyx Holding (Zyxel)	0.7x	0.3x

EBITDA Multiple Trends



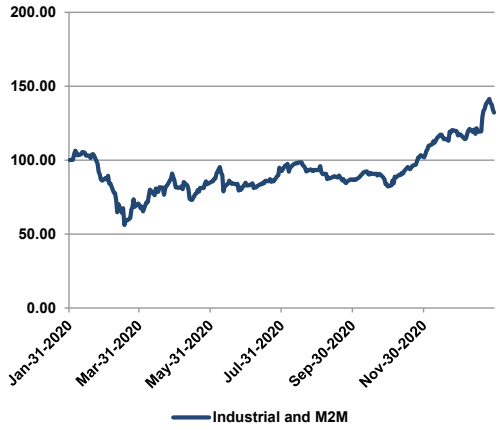
Company EBITDA Multiples

	1/31/2021	1/31/2020
Enterprise Networking Index	12.6x	11.7x
A10 Networks	21.6x	NM
Accton	23.2x	13.2x
Aerohive Networks	36.0x	63.1x
Arista Networks	28.0x	17.6x
Cisco	11.4x	11.5x
Citrix	24.2x	23.1x
D-Link	101.2x	NM
Extreme Networks	35.8x	22.0x
F5 Networks	22.4x	11.6x
NetGear	10.5x	13.3x
Radware	56.5x	29.1x
Unizyx Holding (Zyxel)	24.0x	14.7x

Source: Capital IQ

Sub Sector Analysis: Industrial and M2M

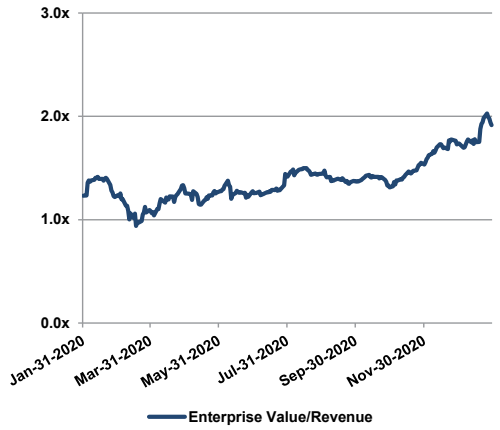
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Industrial and M2M Index	32.2%	63.0%
Belden	-4.1%	53.0%
CalAmp	4.1%	41.4%
Digi International	16.9%	25.4%
Inseego	173.6%	111.0%
Lantronix	17.8%	3.9%
Sierra Wireless	91.8%	66.7%
Telit Communications	41.0%	62.2%

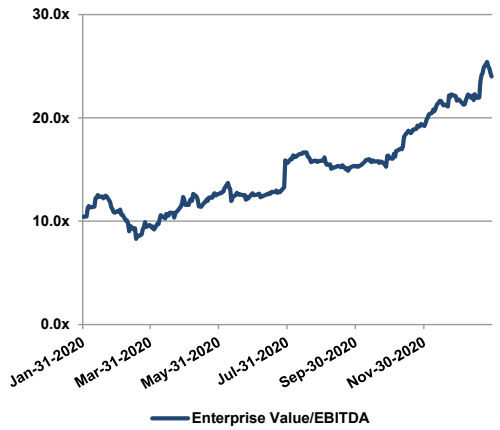
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2021	1/31/2020
Industrial and M2M Index	1.9x	1.2x
Belden	1.8x	1.6x
CalAmp	1.4x	1.3x
Digi International	2.0x	1.6x
Inseego	6.9x	3.1x
Lantronix	1.9x	1.9x
Sierra Wireless	1.1x	0.4x
Telit Communications	0.9x	0.6x

EBITDA Multiple Trends



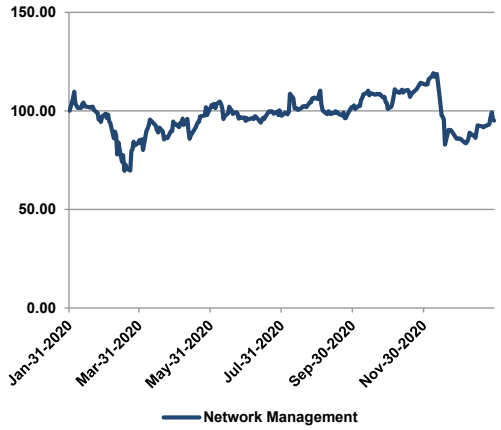
Company EBITDA Multiples

	1/31/2021	1/31/2020
Industrial and M2M Index	24.0x	10.4x
Belden	13.5x	9.8x
CalAmp	105.2x	12.4x
Digi International	16.0x	20.3x
Inseego	NM	NM
Lantronix	1548.1x	2079.0x
Sierra Wireless	NM	56.0x
Telit Communications	13.8x	10.9x

Source: Capital IQ

Sub Sector Analysis: Network Management

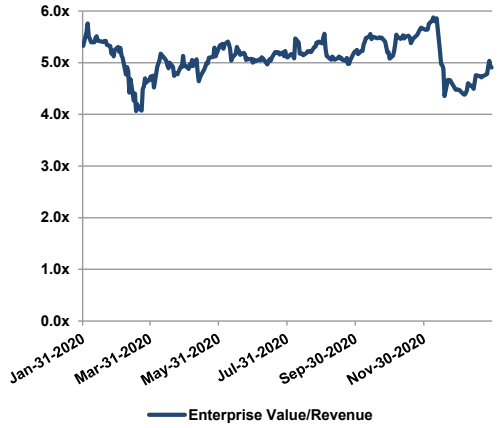
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Management Index	-5.0%	-6.3%
NetScout	13.7%	42.5%
SolarWinds	-11.2%	-17.7%

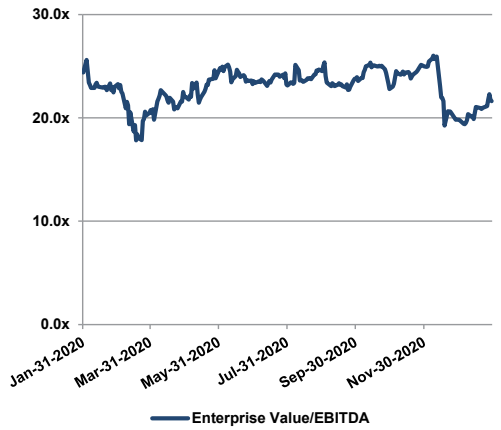
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2021	1/31/2020
Network Management Index	4.9x	5.3x
NetScout	2.6x	2.3x
SolarWinds	6.9x	8.0x

EBITDA Multiple Trends



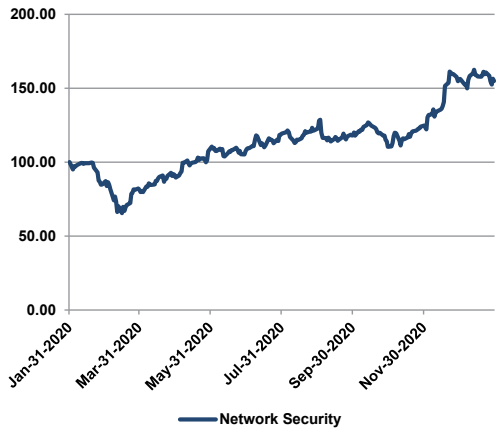
Company EBITDA Multiples

	1/31/2021	1/31/2020
Network Management Index	21.6x	24.4x
NetScout	15.2x	13.7x
SolarWinds	30.0x	34.3x

Source: Capital IQ

Sub Sector Analysis: Network Security

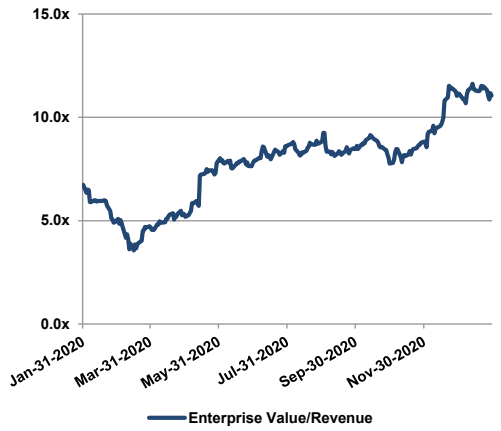
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Security Index	54.8%	41.1%
Checkpoint	11.7%	12.5%
Cheetah Mobile	-38.7%	11.0%
CrowdStrike	253.2%	74.3%
CyberArk	15.9%	61.6%
FireEye	31.4%	51.7%
Fortinet	25.5%	31.1%
NortonLifeLock	-25.9%	2.4%
Palo Alto Networks	49.4%	58.6%
Ping Identity	23.3%	8.0%
Proofpoint	5.1%	34.8%
Qualys	61.5%	57.6%
Rapid7	46.2%	40.2%
SecureWorks	-12.0%	33.1%
Tenable	81.6%	45.1%
Trend Micro	3.1%	-2.0%
Zscaler	256.0%	47.1%

Revenue Multiple Trends



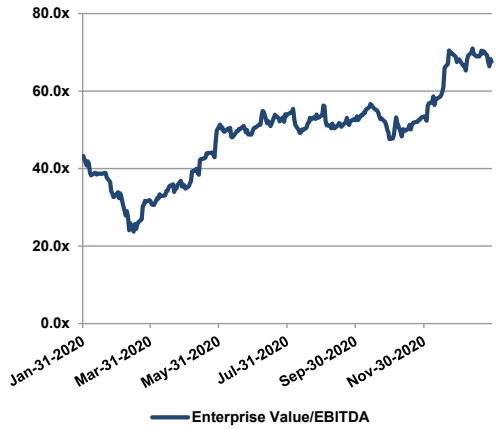
Company Revenue Multiples

	1/31/2021	1/31/2020
Network Security Index	11.1x	6.7x
Checkpoint	6.8x	6.7x
Cheetah Mobile	0.3x	0.3x
CrowdStrike	61.4x	25.2x
CyberArk	12.0x	10.8x
FireEye	5.1x	3.9x
Fortinet	8.4x	8.3x
NortonLifeLock	6.1x	8.2x
Palo Alto Networks	9.5x	7.1x
Ping Identity	9.7x	7.9x
Proofpoint	6.9x	7.8x
Qualys	13.8x	9.2x
Rapid7	11.3x	9.0x
SecureWorks	1.7x	2.1x
Tenable	11.1x	6.8x
Trend Micro	3.6x	3.8x
Zscaler	54.8x	19.0x

Source: Capital IQ

Sub Sector Analysis: Network Security (continued)

EBITDA Multiple Trends

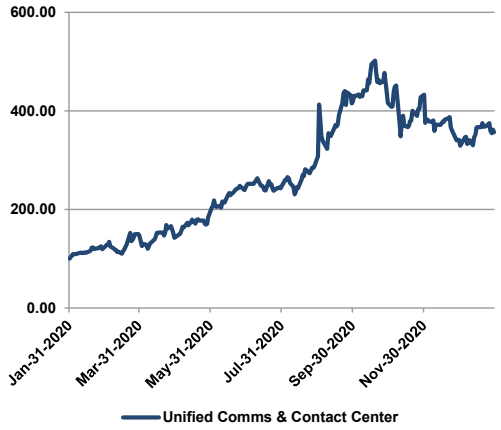


Company EBITDA Multiples

	1/31/2021	1/31/2020
Network Security Index	67.6x	43.3x
Checkpoint	15.2x	14.8x
Cheetah Mobile	NM	NM
CrowdStrike	NM	NM
CyberArk	254.6x	64.2x
FireEye	NM	NM
Fortinet	39.1x	43.9x
NortonLifeLock	15.3x	33.7x
Palo Alto Networks	1132.0x	466.4x
Ping Identity	978.8x	80.2x
Proofpoint	9458.0x	NM
Qualys	38.7x	29.0x
Rapid7	NM	NM
SecureWorks	91.2x	NM
Tenable	NM	NM
Trend Micro	10.6x	11.8x
Zscaler	NM	NM

Sub Sector Analysis: Unified Communications and the Contact Center

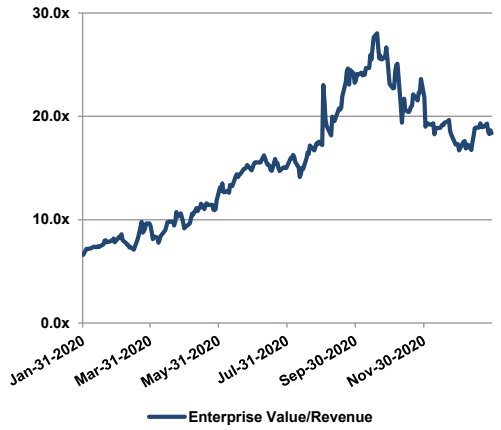
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Unified Comms & Contact Center Index	256.5%	-14.4%
Avaya	74.2%	29.3%
ClearOne	42.9%	73.6%
eGain	52.8%	-30.6%
Enghouse Systems	15.9%	-7.5%
Five9	131.8%	9.6%
Liveperson	54.5%	18.5%
Verint	27.3%	52.2%
Zoom	387.6%	-19.3%

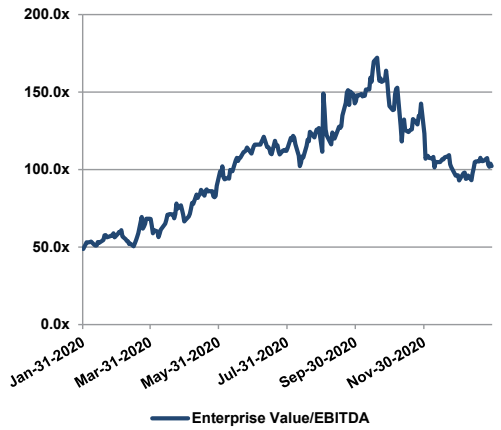
Revenue Multiple Trends



Company Revenue Multiples

	1/31/2021	1/31/2020
Unified Comms & Contact Center Index	18.4x	6.6x
Avaya	1.5x	1.3x
ClearOne	1.9x	1.2x
eGain	3.8x	2.7x
Enghouse Systems	6.3x	6.6x
Five9	27.2x	13.1x
Liveperson	12.3x	8.9x
Verint	4.2x	3.4x
Zoom	54.6x	32.7x

EBITDA Multiple Trends



Company EBITDA Multiples

	1/31/2021	1/31/2020
Unified Comms & Contact Center Index	102.2x	48.7x
Avaya	9.1x	9.4x
ClearOne	NM	NM
eGain	31.9x	30.1x
Enghouse Systems	22.4x	25.5x
Five9	967.0x	244.4x
Liveperson	NM	NM
Verint	28.4x	27.6x
Zoom	238.2x	697.7x

Source: Capital IQ

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