

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

Winter 2017 Report

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FOCUS

Strategic, Personal, Dedicated

Investment Banking

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, 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

Our winter reporting period saw a 3.3% gain in the FOCUS Enterprise-Focused Telecom Technology Index (EFTTI). While certainly a solid performance, the sector's performance did lag the broader markets by a wide margin as the S&P 500 gained 7.2% and the NASDAQ gained 8.2% over the corresponding time period. However, the EFTTI is still ahead of the broader indices for the full 12-month period. The EFTTI is up 25.8% over this time frame, while the S&P 500 and NASDAQ were up only 17.5% and 21.7%, respectively. Sector multiples also are meaningfully higher than they were 12 months ago. The EFTTI revenue multiple jumped from 2.2x a year ago to 2.9x currently, while the EBITDA multiple increased from 9.3x to 11.9x.

Enterprise Networking

While the Enterprise Networking sub sector enjoyed a positive three-month return of 1.5%, it was still the EFTTI's worst performing sub sector over our winter reporting period. The main culprit was Cisco, which was essentially flat and has by far the sub sector's largest market cap. On the bright side, all but one of the 13 stocks in the sub sector delivered a positive return over these past three months. This included double-digit gains at five companies (Accton, Arista Networks, Brocade, Extreme Networks, and NetGear). For the full year, the sub sector was up more than 30%. This was good enough to make it the second best performing sub sector in the EFTTI over this time period. Multiples for the sub sector are on the rise and ended the period at 2.5x revenue and 8.8x EBITDA. This compares to multiples for the year-ago period of 1.8x revenue and 6.9x EBITDA.

Industrial and M2M

The Industrial and M2M sub sector bounced back from a disappointing performance in our fall report with a gain of 16.6% in our winter report. This was good enough to make it the top performing sub sector for this reporting period. Digi International jumped more than 40% after it received an unsolicited takeover proposal from Belden, while CalAmp, Sierra Wireless, Telit Communications, and Belden itself all posted double digit gains. The Industrial and M2M sub sector also is our top performing sub sector for the full-year period with a gain of 41.4%. Belden, Digi International, and Telit Communications were the main engines behind this increase. Over the past year, the sub sector revenue multiple climbed from 1.3x to 1.6x, while the sub sector EBITDA multiple increased from 11.3x to 11.9x.

Network Management

With a three-month gain of 5.2%, the Network Management sub sector was another sub sector that bounced back nicely after a rough fall reporting period. All three stocks in the index were in positive territory, with MobileIron and NetScout delivering particularly strong returns. For the full year, the sub sector increased by nearly 16%, with MobileIron and NetScout once again turning in the strongest performances. Sub sector multiples ended the period at 2.9x revenue and 11.7x EBITDA. Both are up slightly from year-ago multiples of 2.8x revenue and 10.5x EBITDA.

Network Security

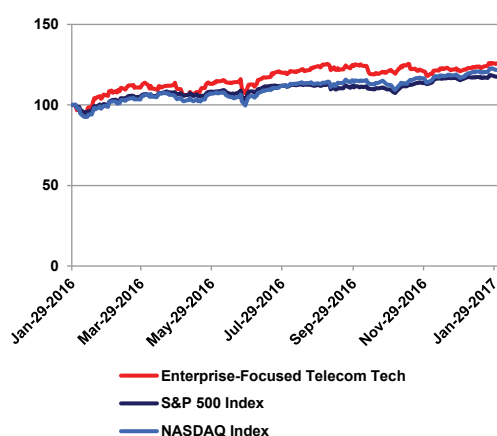
The Network Security sub sector had its second straight reporting period with a solid return, posting a three-month gain of 6.9%. Twelve of the 17 stocks in the sub sector were in positive territory, so gains were broad-based. The Network Security sub sector also is strongly in the black for the 12-month reporting period with a gain of 16.1%. Sub sector multiples continue to rise. The Security sub sector ended the period with a revenue multiple of 5.3x (compared to 4.1x a year ago) and an EBITDA multiple of 39.5x (compared to 21.8x a year ago).

Unified Communications and the Contact Center

The Unified Communications and the Contact Center sub sector had a gain of 2.8% for the three-month period. This marked the second straight reporting period where the sector experienced a modest gain. Conferencing company ClearOne was the only company in the sub sector with a double-digit gain as the company was up 15.7% this reporting period. Five9 also posted a strong 8.0% gain. On the flip side, contact center software companies eGain and LivePerson suffered the period's steepest losses. The Unified Communications and the Contact Center sub sector was up 4.2% for the full year. Despite the positive performance, this still makes it the EFTTI's laggard over the past 12 months. The sub sector revenue multiple increased over the past year from 1.9x to 2.1x. The sub sector EBITDA multiple increased over this time frame as well, going from 17.6x a year ago to 20.3x at the end of this reporting period.

Enterprise-Focused Telecom Technology: Public Market Summary

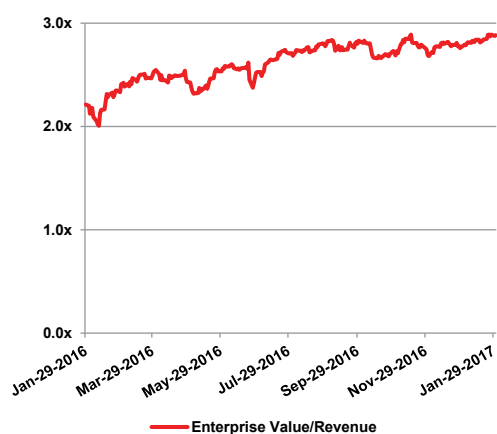
Twelve Month Index Returns



Sector and Sub Sector Returns

| | 12 Month | 3 Month |
|---------------------------------|----------|---------|
| Enterprise-Focused Telecom Tech | 25.8% | 3.3% |
| Enterprise Networking | 31.5% | 1.5% |
| Industrial and M2M | 41.4% | 16.6% |
| Network Management | 15.8% | 5.2% |
| Network Security | 16.1% | 6.9% |
| Unified Comms & Contact Center | 4.2% | 2.8% |
| S&P 500 | 17.5% | 7.2% |
| NASDAQ | 21.7% | 8.2% |

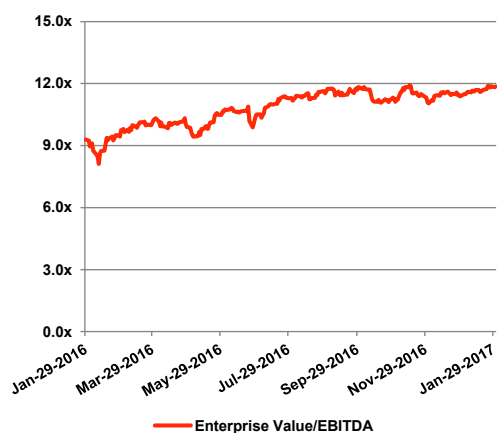
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

| | 1/31/2017 | 1/31/2016 |
|---------------------------------|-----------|-----------|
| Enterprise-Focused Telecom Tech | 2.9x | 2.2x |
| Enterprise Networking | 2.5x | 1.8x |
| Industrial and M2M | 1.6x | 1.3x |
| Network Management | 2.9x | 2.8x |
| Network Security | 5.3x | 4.1x |
| Unified Comms & Contact Center | 2.1x | 1.9x |

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

| | 1/31/2017 | 1/31/2016 |
|---------------------------------|-----------|-----------|
| Enterprise-Focused Telecom Tech | 11.9x | 9.3x |
| Enterprise Networking | 8.8x | 6.9x |
| Industrial and M2M | 11.9x | 11.3x |
| Network Management | 11.7x | 10.5x |
| Network Security | 39.5x | 21.8x |
| Unified Comms & Contact Center | 20.3x | 17.6x |

Source: Capital IQ

Summary Comments

M&A

It was yet another brisk three-month period for M&A activity in the enterprise-focused telecom technology sector as we counted 42 transactions for a total announced dollar volume of \$6.1 billion. With 2016 now in our rear-view mirror, we can definitively say it was a very good year for M&A activity in the sector. The 161 announced transactions were our second highest total of any year of the last five, while the \$28.5 billion in total announced transaction dollar volume was significantly higher than any other year in the last five. While it is obviously too early to read the tea leaves for what 2017 might look like, the fact that the first month of the year saw 20 transactions certainly means the new year is off to a strong start.

Enterprise Networking

The Enterprise Networking sub sector enjoyed the distinction of having the period's largest transaction; the \$5.9 billion purchase of Brocade Communications by chip vendor Broadcom. The acquisition was driven by Broadcom's interest in Brocade's proprietary silicon technologies, and we expect to see another transaction where Broadcom divests Brocade's network equipment assets. In the second transaction in the sub sector, Datto acquired OpenMesh, a provider of enterprise-grade Wi-Fi routers and related management systems.

Industrial and M2M

We counted a second straight period with three transactions for the Industrial and M2M sub sector. All three transactions were in the wireless module space. Strategic buyer u-blox purchased the wireless module business from

SIMcom for just north of \$50 million, while financial buyers Hammond Kennedy Whitney and Zhuhai Kaiteng Investment Partnership acquired Xirgo Technologies and Shenzhen ZTEWeLink Technology, respectively.

Network Management

The most notable transaction in the Network Management sub sector this period was private equity firm Clearlake Capital's acquisition of IT management and security vendor LANDesk Software. Juniper Networks also acquired network monitoring, performance, and optimization vendor AppFormix. In the sub sector's final two transactions for the period, Help/Systems acquired performance monitoring company TeamQuest and Virtual Instruments purchased service assurance company Xangati.

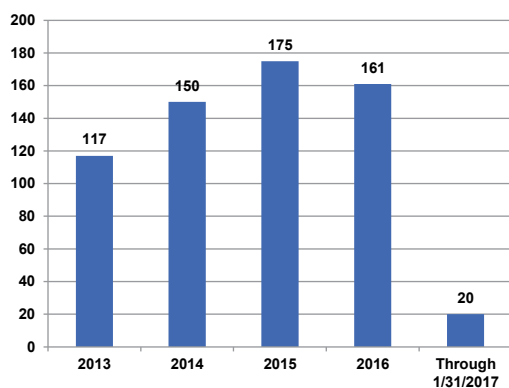
Network Security

While the Network Security sub sector did not see any transactions with large announced dollar volumes this period, the sub sector was still extremely active with a total of 26 announced transactions over the past three months. The acquirer universe was extremely diverse and included a number of large strategic buyers such as Amazon, Huawei, IBM, and even American Express. Private equity also was very active. Founders Equity Partners acquired platform company Cylance, while LLR Partners acquired the BluVector security assets from Northrop Grumman. Finally, we noted that private equity firms BC Partners and Medina Capital teamed to acquire three separate security companies and then announced that they would roll these into a single platform with the goal of creating a global company focused on secure infrastructure.

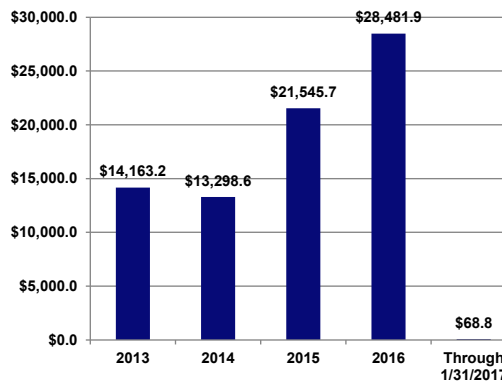
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Enterprise-Focused Telecom Technology: M&A Summary

M&A Activity: Number of Transactions



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



Unified Communications and the Contact Center

Of the seven transactions for the period in the Unified Communications and the Contact Center sub sector, five were in the Unified Communications area. Two of the targets (SolusBC and Kerio Technologies) market unified communications solutions for the broader market, while two other targets (Collabria and Cyfas Systems) have specialized products for first responders and control rooms. The final announced Unified Communications transaction was the pending purchase by Nuri Telecom of Apivio Systems, a provider of VoIP desktop phones and VoIP handsets. Moving over to the Contact Center side of the sub sector, we saw two transactions for the period. These were the purchase of contact center software vendor Sento by Cenit and the acquisition of call recording company Liquid Voice by SVL Business Solutions.

Transactions with Announced Multiples

Our winter reporting period saw four transactions with announced transaction multiples. The period's largest transaction, the acquisition of Brocade Communications by Broadcom, also had the period's highest revenue multiple at 2.6x. The corresponding EBITDA multiple for the transaction was a healthy 12.1x. We also had two Industrial and M2M sub sector transactions with multiples, both of which involved wireless module vendors. The Zhuhai Kaiteng Investment Partnership acquisition of Shenzhen ZTEWeLink Technology was done at a 1.7x revenue multiple, while the u-blox acquisition of the wireless module business from SIMcom was at a much lower multiple of only 0.6x revenue. Finally, in the Unified Communications and the Contact Center sub sector, the announced purchase of IP desktop phone provider Apivio weighed in at multiples of 0.4x revenue and 13.8x EBITDA.

Announced Transactions (11/01/16 – 01/31/17)

| Acquiror | Target | Sector | Date Announced | Purchase Price | Description |
|------------------------|-----------------------------------|--------------------------------|----------------|----------------|---|
| Datto | Open Mesh | Enterprise Networking | 1/31/17 | NA | Open source, enterprise-grade WiFi management Ethernet switches, access points and mesh-enabled SaaS. |
| Radware | Seculert | Security | 1/31/17 | NA | Cloud-based cyber threat management services to detect and prevent cyber threats. |
| Cenit | Sento | Unified Comms & Contact Center | 1/30/17 | NA | Provides call and contact center services for customer acquisition and customer service. |
| Return Path | ThreatWave | Security | 1/30/17 | NA | Real-time email data intelligence feeds for the security, reputation and marketing intelligence communities. |
| SVL Business Solutions | Liquid Voice | Unified Comms & Contact Center | 1/24/17 | NA | Enterprise call recording and contact center solutions for contact centers, large organizations and small and medium enterprises. |
| RiskIQ | Maccabim.com | Security | 1/24/17 | NA | Threat management SaaS for real-time monitoring, threat detection and automated mitigation of digital assets online. |
| Uno Telefoni | SolusBC | Unified Comms & Contact Center | 1/24/17 | NA | Develops and operates a communications platform and provides cloud-based unified communications service. |
| IBM Corporation | Agile 3 Solutions | Security | 1/23/17 | NA | Software solutions to visualize, understand and manage risks associated with the protection of sensitive data. |
| GFI Software | Kerio Technologies | Unified Comms & Contact Center | 1/20/17 | NA | Unified communications software and SaaS for small and medium-sized businesses. |
| u-blox | SIMcom (Wireless Module Business) | Industrial and M2M | 1/20/17 | \$52.5 | 2G, 3G and 4G wireless communication modules. |
| Nuri Telecom | Apivio Systems | Unified Comms & Contact Center | 1/17/17 | \$16.3 | VoIP desktop telephones, wireless VoIP handset phones and an Android IP Phone. |
| J2 Global | CudaMail | Security | 1/17/17 | NA | Provides email anti-spam and spam filtering, anti-malware and anti-virus SaaS for businesses. |
| Bitdefender | Profil Technology | Security | 1/17/17 | NA | Provides anti-virus, anti-spam and web content filtering software to businesses and consumers. |
| Rohde & Schwarz | DenyAll | Security | 1/9/17 | NA | Web application firewalls, web access management, vulnerability management and device monitoring software for businesses. |
| Amazon | Harvest.ai | Security | 1/9/17 | NA | Cybersecurity threat prevention and detection software that uses behavior analytics and AI to identify and stop data breaches. |

Announced Transactions (11/01/16 – 01/31/17) *continued*

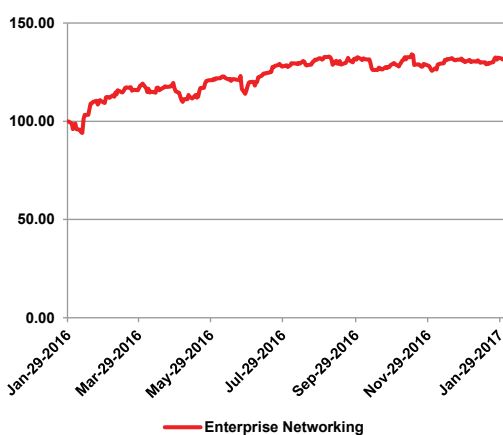
| Acquiror | Target | Sector | Date Announced | Purchase Price | Description |
|---------------------------------------|---|--------------------------------|----------------|----------------|---|
| LLR Partners | Northrop Grumman (BluVector Business) | Security | 1/9/17 | NA | Cyber-threat detection and hunting platform that defends enterprises against evolving security threats. |
| Clearlake Capital | LANDesk Software | Network Management | 1/3/17 | NA | Provides information technology management software solutions as well as security management solutions. |
| Huawei | HexaTier | Security | 12/28/16 | NA | Provides database security solutions including a database firewall. |
| CA | Mobile System 7 | Security | 12/28/16 | NA | Provides identity analytics and access control security software for businesses. |
| RUAG | Clearswift | Security | 12/20/16 | NA | Data loss prevention solution that gives organizations visibility and control of their critical information. |
| Akamai | Cyberfend | Security | 12/19/16 | NA | Develops and offers real time web and mobile security solutions. |
| Cleartronic | Collabria | Unified Comms & Contact Center | 12/16/16 | NA | Provides unified communications software to government agencies, hospitals, first responders and other companies. |
| Help/Systems | TeamQuest | Network Management | 12/16/16 | NA | Network device performance monitoring, diagnostic, IT optimization, risk mitigation and capacity management software. |
| Motorola Solutions | Cyfas Systems (Mobile Assets Communications System) | Unified Comms & Contact Center | 12/8/16 | NA | Unified communications platform for the next generation of control rooms. |
| American Express Company | InAuth | Security | 12/6/16 | NA | Advanced mobile security solutions such as persistent device identifier, dynamic device identifier and device asserted identity. |
| Juniper Networks | AppFormix | Network Management | 12/2/16 | NA | Real-time and historic monitoring, visibility and dynamic performance optimization. |
| Hammond Kennedy Whitney | Xirgo Technologies | Industrial and M2M | 12/2/16 | NA | Provides full-featured, application-specific wireless M2M communication devices. |
| Zhuhai Kaiteng Investment Partnership | Shenzhen ZTEWeLink Technology | Industrial and M2M | 11/30/16 | \$112.0 | Develops, manufactures and markets wireless communication modules, industry customized terminals and M2M solutions. |
| Alinto | Cleanmail | Security | 11/29/16 | \$1.4 | Designs and develops software and solutions for email security. |
| iSign International | GFS Technology | Security | 11/24/16 | NA | Develops and delivers a security platform that enables enterprises to manage and control mobile devices based on their security policies. |
| Founders Equity Partners | Cylance | Security | 11/23/16 | NA | Develops antivirus and endpoint protection solutions. |
| Mimecast | iSheriff | Security | 11/23/16 | NA | Anti-spyware, anti-spam, mobile device security, endpoint security, intrusion prevention and data backup and recovery solutions. |
| NC4 | Soltra | Security | 11/23/16 | NA | Enterprise threat intelligence data aggregation and collaboration software for businesses. |
| Telstra | Cognevo | Security | 11/22/16 | NA | Provides premises network security and analytics software for businesses. |
| Virtual Instruments | Xangati | Network Management | 11/16/16 | NA | Service assurance analytics and performance control management SaaS for enterprises. |
| Nehemiah Security | Siege Technologies | Security | 11/15/16 | NA | Defensive cyber security solutions for the private and government sectors. |
| Thycotic Software | Cyber Algorithms | Security | 11/8/16 | NA | User behavior analytics solutions that reduce the time it takes to detect cyber attacks. |
| BC Partners and Medina Capital | Catbird Networks | Security | 11/4/16 | NA | Software-defined security for virtual infrastructure. |
| BC Partners and Medina Capital | Cryptzone North America | Security | 11/4/16 | NA | Solutions for managing network access, content security and compliance. |
| BC Partners and Medina Capital | Easy Solutions | Security | 11/4/16 | NA | Security provider focusing on the detection and prevention of electronic fraud across various devices, channels and clouds. |
| Broadcom | Brocade Communications | Enterprise Networking | 11/2/16 | \$5,936.2 | Provides storage area networking and Internet protocol networking solutions for businesses and organizations. |
| Sophos | Barricade Security Systems | Security | 11/1/16 | NA | Provides web security solutions for small businesses, medium businesses and enterprises. |

Announced Transactions with Revenue Multiples (02/01/16 – 01/31/17)

| Acquiror | Target | Sector | Date Announced | Purchase Price | Revenue Multiple | EBITDA Multiple | Description |
|---------------------------------------|-----------------------------------|--------------------------------|----------------|----------------|------------------|-----------------|---|
| u-blox | SIMcom (Wireless Module Business) | Industrial and M2M | 1/20/17 | \$52.5 | 0.6 x | NA | 2G, 3G and 4G wireless communication modules. |
| Nuri Telecom | Apivio Systems | Unified Comms & Contact Center | 1/17/17 | \$16.3 | 0.4 x | 13.8 x | VoIP desktop telephones, wireless VoIP handset phones and an Android IP Phone. |
| Zhuhai Kaiteng Investment Partnership | Shenzhen ZTEWeLink Technology | Industrial and M2M | 11/30/16 | \$112.0 | 1.7 x | NA | Develops, manufactures and markets wireless communication modules, industry customized terminals and M2M solutions. |
| Broadcom | Brocade Communications | Enterprise Networking | 11/2/16 | \$5,936.2 | 2.6 x | 12.1 x | Provides storage area networking and Internet protocol networking solutions for businesses and organizations. |
| Enghouse Systems | Presence Technology | Unified Comms & Contact Center | 10/27/16 | \$17.4 | 1.3 x | NA | Multi-channel contact center software solutions with a specific focus on Spanish speaking markets. |
| Vista Equity Partners | Infoblox | Network Management | 9/19/16 | \$1,254.3 | 3.5 x | NM | Offers tools for automated network discovery and the continuous secure operation of network services. |
| Genesys | Interactive Intelligence | Unified Comms & Contact Center | 8/31/16 | \$1,394.3 | 3.4 x | NM | Software and cloud services for customer engagement, communications and collaboration worldwide. |
| Eckoh | Klick2Contact | Unified Comms & Contact Center | 7/20/16 | \$8.8 | 6.8 x | 27.5 x | Help services for ecommerce websites including real-time chat assistance, customer call back and other solutions. |
| Avast Software | AVG Technologies | Security | 7/6/16 | \$1,453.3 | 3.4 x | 11.3 x | Develops and sells online service solutions and Internet security software worldwide. |
| iHealthlabs | eDevice | Industrial and M2M | 6/27/16 | \$103.3 | 4.9 x | NA | Design, production and marketing of modems and communicating equipment for medical device manufacturers. |
| Cavium Networks | Qlogic | Enterprise Networking | 6/15/16 | \$946.9 | 2.1 x | 9.5 x | Designs and supplies high performance server and storage networking connectivity products. |
| Symantec Corporation | Blue Coat | Security | 6/12/16 | \$6,298.8 | 10.5 x | NM | Web security solutions for enterprises and governments worldwide in the areas of network, security and cloud technologies. |
| Tongding Interconnection | Byzoro Network | Security | 6/7/16 | \$152.2 | 10.9 x | NA | Network security solutions in the areas of information security, backbone network virus protection and traffic fraud prevention. |
| Nice Systems | inContact | Unified Comms & Contact Center | 5/18/16 | \$881.2 | 3.8 x | NM | Cloud contact center software solutions including automatic call distribution, interactive voice response and workforce management. |
| Siris Capital | Polycom | Unified Comms & Contact Center | 5/13/16 | \$1,926.9 | 1.6 x | 14.4 x | Collaboration solutions for voice, video and content sharing as well as content-management and content-sharing solutions. |
| Brocade Communications | Ruckus Wireless | Enterprise Networking | 4/4/16 | \$1,069.1 | 2.9 x | 66.6 x | Provides Wi-Fi solutions to service providers and enterprises. |
| Control4 Corporation | Packedge Device & Software | Enterprise Networking | 2/4/16 | \$32.7 | 1.8 x | NA | Develops networking devices for residential and commercial audio/video and automation systems. |
| PTC | Kepware Communications | Industrial and M2M | 12/23/15 | \$118.0 | 5.9 x | NA | Solutions for connecting, managing, monitoring and controlling various automation devices and software applications. |
| Lookingglass Cyber Solutions | Cyveillance | Security | 12/11/15 | \$35.0 | 1.9 x | NA | Online threat intelligence solutions to protect network, customers, employees, information and physical assets. |
| Atos | Unify | Unified Comms & Contact Center | 11/3/15 | \$427.2 | 0.3 x | NA | Unified communications solutions including team collaboration, voice platforms and unified communications applications. |

Sub Sector Analysis: Enterprise Networking

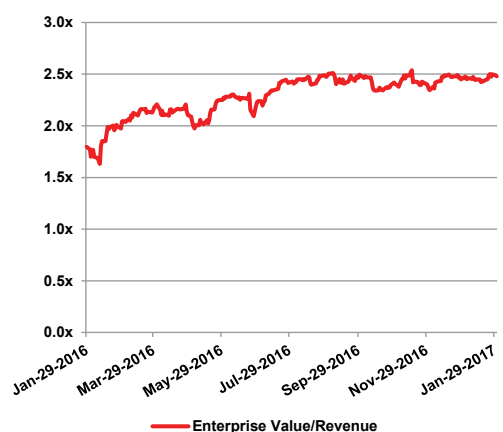
Twelve Month Index Returns



Company Returns

| | 12 Month | 3 Month |
|-----------------------------|----------|---------|
| Enterprise Networking Index | 31.5% | 1.5% |
| A10 Networks | 34.6% | 4.0% |
| Accton | 66.2% | 12.1% |
| Aerohive Networks | 22.2% | 8.3% |
| Arista Networks | 56.6% | 10.9% |
| Brocade | 56.3% | 17.6% |
| Cisco | 29.1% | 0.1% |
| Citrix | 29.4% | 7.5% |
| D-Link | 0.5% | 2.5% |
| Extreme Networks | 100.4% | 31.4% |
| F5 Networks | 42.9% | -3.0% |
| NetGear | 52.3% | 12.7% |
| Radware | 10.0% | 8.7% |
| Unizyx Holding (Zyxel) | 10.2% | 3.2% |

Revenue Multiple Trends



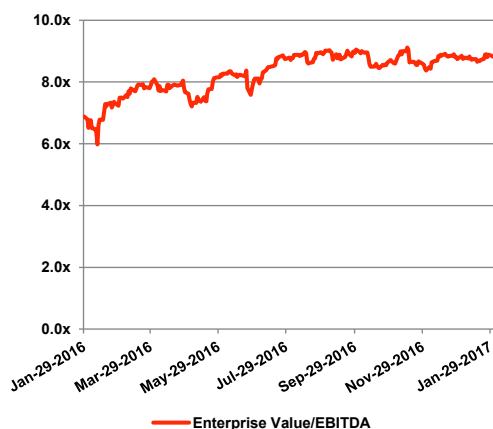
Company Revenue Multiples

| | 1/31/2017 | 1/31/2016 |
|-----------------------------|-----------|-----------|
| Enterprise Networking Index | 2.5x | 1.8x |
| A10 Networks | 1.8x | 1.4x |
| Accton | 0.9x | 0.5x |
| Aerohive Networks | 1.3x | 1.0x |
| Arista Networks | 5.6x | 4.2x |
| Brocade | 2.3x | 1.2x |
| Cisco | 2.4x | 1.7x |
| Citrix | 4.1x | 3.4x |
| D-Link | 0.3x | 0.3x |
| Extreme Networks | 1.0x | 0.5x |
| F5 Networks | 3.8x | 2.9x |
| NetGear | 1.1x | 0.7x |
| Radware | 2.2x | 2.4x |
| Unizyx Holding (Zyxel) | 0.2x | 0.2x |

Source: Capital IQ

Sub Sector Analysis: Enterprise Networking *continued*

EBITDA Multiple Trends



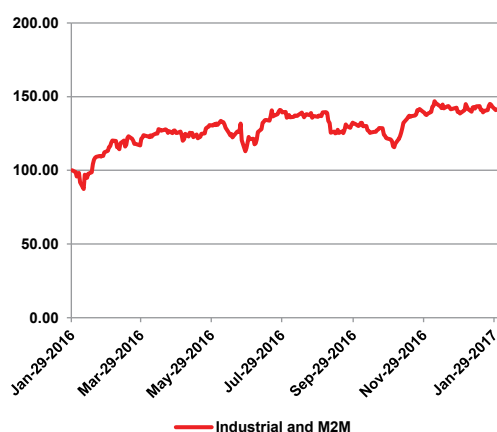
Source: Capital IQ

Company EBITDA Multiples

| | 1/31/2017 | 1/31/2016 |
|-----------------------------|-----------|-----------|
| Enterprise Networking Index | 8.8x | 6.9x |
| A10 Networks | NM | NM |
| Accton | 9.4x | 6.7x |
| Aerohive Networks | NM | NM |
| Arista Networks | 24.9x | 21.7x |
| Brocade | 10.9x | 4.5x |
| Cisco | 7.9x | 5.8x |
| Citrix | 13.1x | 13.3x |
| D-Link | NM | NM |
| Extreme Networks | 22.5x | 19.8x |
| F5 Networks | 12.6x | 9.5x |
| NetGear | 9.8x | 7.3x |
| Radware | 230.2x | 16.7x |
| Unizyx Holding (Zyxel) | 5.5x | 121.2x |

Sub Sector Analysis: Industrial Networking and M2M

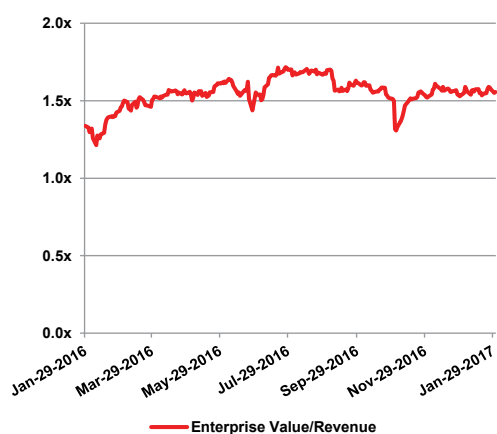
Twelve Month Index Returns



Company Returns

| | 12 Month | 3 Month |
|--------------------------|----------|---------|
| Industrial and M2M Index | 41.4%% | 16.6% |
| Belden | 79.0% | 18.0% |
| CalAmp | -11.6% | 16.3% |
| Digi International | 43.1% | 42.6% |
| Inseego | NA | NA |
| Netcomm Wireless | -22.2% | -18.7% |
| Numerex | -5.5% | -17.3% |
| Sierra Wireless | 8.9% | 24.0% |
| Telit Communications | 40.8% | 11.2% |

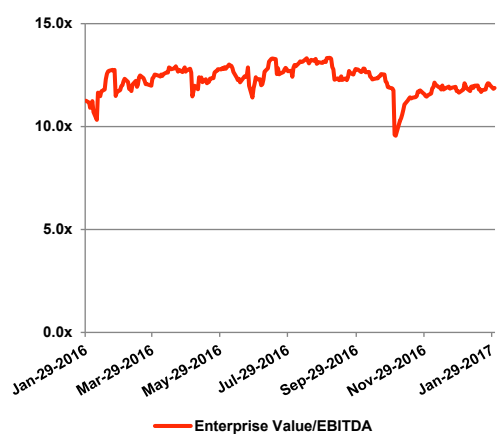
Revenue Multiple Trends



Company Revenue Multiples

| | 1/3/2017 | 1/31/2016 |
|--------------------------|----------|-----------|
| Industrial and M2M Index | 1.6x | 1.3x |
| Belden | 1.8x | 1.5x |
| CalAmp | 1.7x | 1.9x |
| Digi International | 1.1x | 0.6x |
| Inseego | 1.0x | NM |
| Netcomm Wireless | 2.7x | 3.4x |
| Numerex | 1.7x | 1.4x |
| Sierra Wireless | 0.9x | 0.9x |
| Telit Communications | 1.0x | 0.7x |

EBITDA Multiple Trends



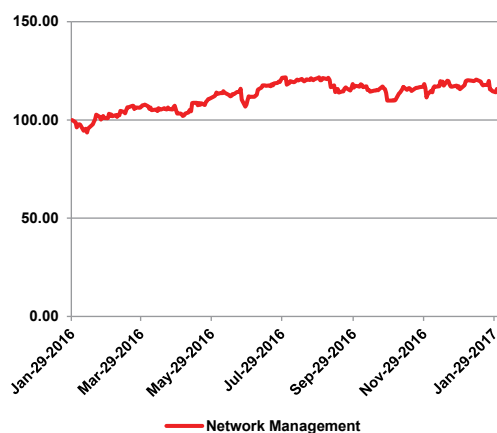
Company EBITDA Multiples

| | 1/31/2017 | 1/31/2016 |
|--------------------------|-----------|-----------|
| Industrial and M2M Index | 11.9x | 11.3x |
| Belden | 10.3x | 10.0x |
| CalAmp | 15.9x | 12.7x |
| Digi International | 10.3x | 6.6x |
| InSeego | 85.3x | NM |
| Netcomm Wireless | 72.4x | 43.2x |
| Numerex | 407.5x | 39.1x |
| Sierra Wireless | 16.6x | 16.8x |
| Telit Communications | 14.4x | 8.5x |

Source: Capital IQ

Sub Sector Analysis: Network Management

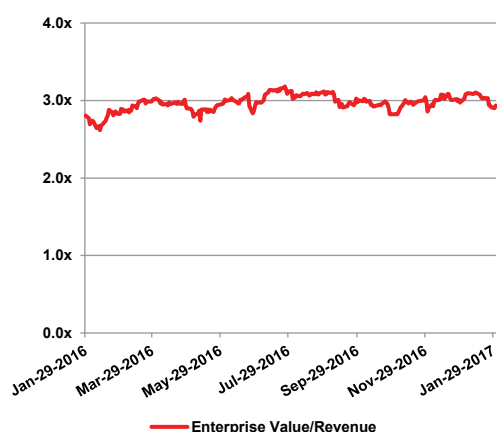
Twelve Month Index Returns



Company Returns

| | 12 Month | 3 Month |
|--------------------------|----------|---------|
| Network Management Index | 15.8% | 5.2% |
| CA | 8.8% | 1.7% |
| MobileIron | 17.9% | 19.2% |
| NetScout | 54.5% | 21.3% |

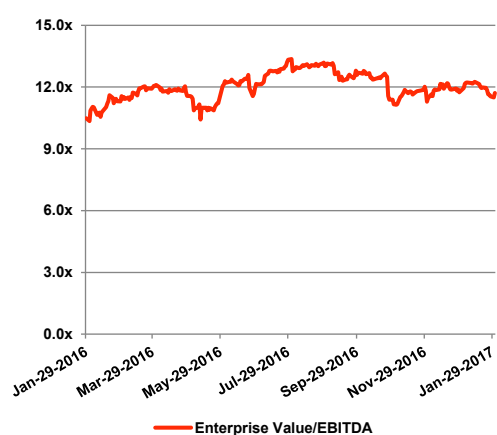
Revenue Multiple Trends



Company Revenue Multiples

| | 1/31/2017 | 1/31/2016 |
|--------------------------|-----------|-----------|
| Network Management Index | 2.9x | 2.8x |
| CA | 3.1x | 2.9x |
| MobileIron | 1.8x | 1.3x |
| NetScout | 2.6x | 2.6x |

EBITDA Multiple Trends



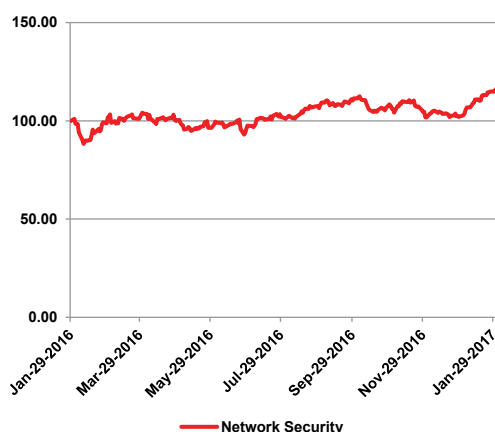
Company EBITDA Multiples

| | 1/31/2017 | 1/31/2016 |
|--------------------------|-----------|-----------|
| Network Management Index | 11.7x | 10.5x |
| CA | 9.6x | 9.4x |
| MobileIron | NM | NM |
| NetScout | 26.6x | 14.5x |

Source: Capital IQ

Sub Sector Analysis: Network Security

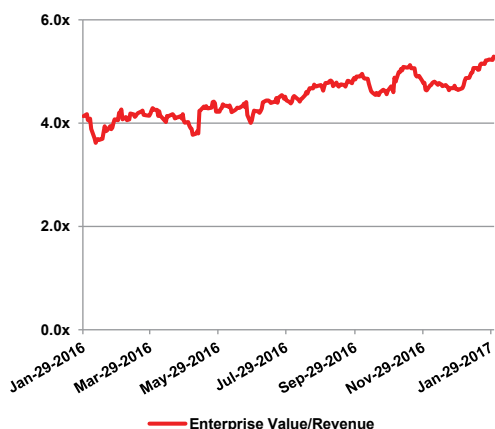
Twelve Month Index Returns



Company Returns

| | 12 Month | 3 Month |
|------------------------|----------|---------|
| Network Security Index | 16.1% | 6.9% |
| AVG Technologies | 38.2% | 8.2% |
| Barracuda Networks | 122.0% | 0.7% |
| Checkpoint | 25.3% | 16.8% |
| Cheetah Mobile | -30.6% | -7.7% |
| CyberArk | 21.8% | 13.5% |
| FireEye | -3.8% | 16.6% |
| Fortinet | 18.2% | 3.7% |
| Imperva | -19.0% | 13.1% |
| Palo Alto Networks | -1.3% | -4.1% |
| Proofpoint | 59.2% | 2.3% |
| Qualys | 38.1% | -3.6% |
| Rapid7 | -4.8% | -13.0% |
| Secure Works | NA | -12.3% |
| Sophos | 13.8% | 18.7% |
| Symantec | 38.9% | 10.1% |
| Trend Micro | -12.6% | 18.5% |
| VASCO Data Security | -1.9% | 10.5% |

Revenue Multiple Trends

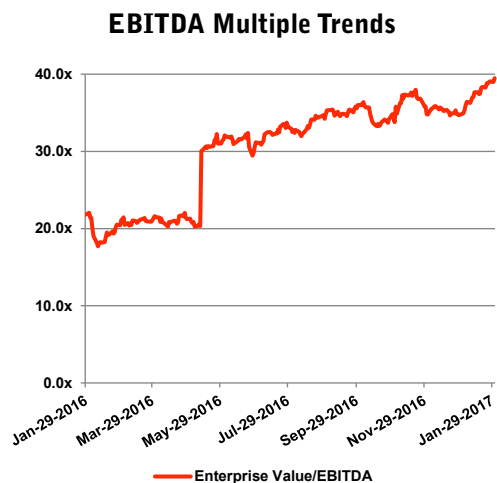


Company Revenue Multiples

| | 1/31/2017 | 1/31/2016 |
|------------------------|-----------|-----------|
| Network Security Index | 5.3x | 4.1x |
| AVG Technologies | 0.9x | 0.8x |
| Barracuda Networks | 3.0x | 1.3x |
| Checkpoint | 9.1x | 8.0x |
| Cheetah Mobile | 0.3x | 0.5x |
| CyberArk | 7.1x | 7.0x |
| FireEye | 3.0x | 2.9x |
| Fortinet | 3.7x | 3.9x |
| Imperva | 4.2x | 5.8x |
| Palo Alto Networks | 8.5x | 12.2x |
| Proofpoint | 9.1x | 7.5x |
| Qualys | 5.4x | 4.3x |
| Rapid7 | 2.8x | 3.8x |
| Secure Works | 1.8x | NA |
| Sophos | 2.8x | 2.6x |
| Symantec | 5.0x | 3.3x |
| Trend Micro | 3.8x | 4.5x |
| VASCO Data Security | 2.4x | 1.8x |

Source: Capital IQ

Sub Sector Analysis: Network Security *continued*



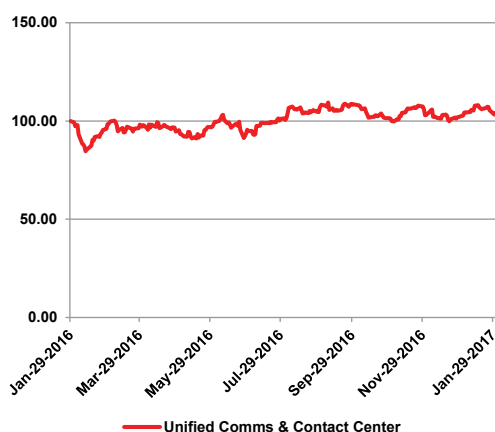
Company EBITDA Multiples

| | 1/31/2017 | 1/31/2016 |
|------------------------|-----------|-----------|
| Network Security Index | 39.5x | 21.8x |
| AVG Technologies | 12.9x | 9.4x |
| Barracuda Networks | 30.1x | 116.9x |
| Checkpoint | 18.4x | 15.2x |
| Cheetah Mobile | 5.7x | 4.6x |
| CyberArk | 36.0x | 32.2x |
| FireEye | NM | NM |
| Fortinet | 49.5x | 70.9x |
| Imperva | NM | NM |
| Palo Alto Networks | NM | NM |
| Proofpoint | NM | NM |
| Qualys | 22.4x | 18.2x |
| Rapid7 | NM | NM |
| Secure Works | NM | NA |
| Sophos | 88.3x | 25.5x |
| Symantec | 21.4x | 15.1x |
| Trend Micro | 12.0x | 14.3x |
| VASCO Data Security | 33.0x | 7.9x |

Source: Capital IQ

Sub Sector Analysis: Unified Communications and Contact Center

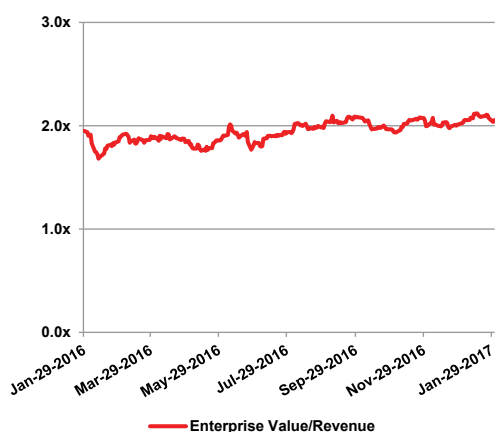
Twelve Month Index Returns



Company Returns

| | 12 Month | 3 Month |
|--------------------------------------|----------|---------|
| Unified Comms & Contact Center Index | 4.2% | 2.8% |
| ClearOne | 4.1% | 15.7% |
| eGain | -38.5% | -19.3% |
| Enghouse Systems | -15.4% | 1.0% |
| Five9 | 85.6% | 8.0% |
| Liveperson | 29.0% | -14.1% |
| Mitel | -4.7% | 3.7% |
| Shoretel | -15.3% | 4.5% |
| Verint | 2.0% | 3.8% |

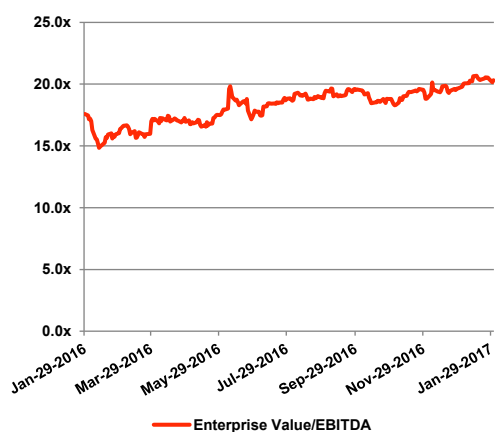
Revenue Multiple Trends



Company Revenue Multiples

| | 1/31/2017 | 1/31/2016 |
|--------------------------------------|-----------|-----------|
| Unified Comms & Contact Center Index | 2.1x | 1.9x |
| ClearOne | 1.8x | 1.6x |
| eGain | 1.1x | 1.6x |
| Enghouse Systems | 4.2x | 5.4x |
| Five9 | 5.2x | 3.2x |
| Liveperson | 1.7x | 1.2x |
| Mitel | 1.1x | 1.2x |
| Shoretel | 1.0x | 1.2x |
| Verint | 2.7x | 2.3x |

EBITDA Multiple Trends



Company EBITDA Multiples

| | 1/31/2017 | 1/31/2016 |
|--------------------------------------|-----------|-----------|
| Unified Comms & Contact Center Index | 20.3x | 17.6x |
| ClearOne | 9.4x | 7.1x |
| eGain | NM | NM |
| Enghouse Systems | 18.5x | 26.2x |
| Five9 | NM | NM |
| Liveperson | 163.1x | 16.7x |
| Mitel | 9.1x | 10.1x |
| Shoretel | 61.2x | 14.0x |
| Verint | 26.9x | 16.3x |

Source: Capital IQ

FOCUS Telecom Technology and Services Team



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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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David Freeland, a FOCUS Principal, has more than fifteen years of experience providing investment banking and management consulting services to a variety of corporate clients, ranging from the Fortune 500 to start-up businesses. He has been an investment banker since 2003, advising clients on mergers and acquisitions and capital raising transactions. Mr. Freeland has broad experience in the telecom and technology industry and has significant experience with data center companies.



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Eric Oganessoff has conducted over forty M&A, debt, and capital raise transactions with an aggregate value of over \$300 million and has served as the CEO or President of several companies. Mr. Oganessoff has over twenty years of senior executive level experience in leading businesses ranging from wireless solutions, software, and RFID services to manufacturing, industrial products, energy, and environmental products and government contracting.

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