

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

Spring 2017 Report

Vol. 7, No. 2

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

In this Issue

- 2** Introduction
- 2** Sub Sector Definitions
- 3** Summary Comments: Public Markets
- 4** Public Market Summary Charts 1-6
- 5** Summary Comments: M&A
- 5** M&A Summary Charts 1-2
- 6** M&A Announced Transactions
- 8** M&A Announced Transactions with Revenue Multiples
- 9** Sub Sector Analysis: Enterprise Networking Charts 1-6
- 11** Sub Sector Analysis: Industrial Networking and M2M Charts 1-6
- 12** Sub Sector Analysis: Network Management Charts 1-6
- 13** Sub Sector Analysis: Network Security Charts 1-6
- 15** Sub Sector Analysis: Unified Communications and Contact Center Charts 1-6
- 16** FOCUS Telecom Technology and Services Team

Enterprise-Focused Telecom Technology Quarterly

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

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

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

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

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

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

Sub Sector Definitions

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

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

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

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

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

Summary Comments

Public Markets

The FOCUS Enterprise-Focused Telecom Technology Index (EFTTI) jumped 7.2% in our spring reporting period. This handily outperformed the S&P 500, which gained only 4.6% over the corresponding time frame. However, it slightly trailed the 7.7% gain in the NASDAQ. The picture for the full year looks very similar. The EFTTI delivered a strong year-over-year gain of 22.6%, which outperformed the S&P 500 but lagged the NASDAQ. Gains for the sector have been broad-based, with every single sub sector in the black for both the three- and 12-month periods. Sub sector multiples also are up significantly compared to last year. The EFTTI revenue multiple increased from 2.4x to 3.1x, while the EBITDA multiple went from 9.9x to 13.0x.

Enterprise Networking

The 9.4% gain in the Enterprise Networking sub sector was good enough to make it the EFTTI's top performing sub sector for this reporting period. Switching and routing vendors led the charge as Arista Networks was up 48.6%, Cisco was up 10.9%, and Extreme Networks was up 41.3%. On the down side, wireless vendor Aerohive Networks fell more than 30% after a disappointing fourth quarter earnings release. For the full year, the sub sector enjoyed a gain of 25.0%. This was also tops in the EFTTI. In addition to strong performances by the three aforementioned switching and routing vendors, Accton (up 126.4%) and Radware (up 51.2%) also were notable in helping to drive the strong 12-month gains. Sub sector multiples closed out the period at 2.8x revenue and 10.0x EBITDA. This represents a significant increase from year-ago multiples of 2.1x revenue and 7.7x EBITDA.

Industrial and M2M

At the other end of the spectrum, the Industrial and M2M sub sector was our worst performing sub sector this spring with a three-month gain of only 1.0%. Performance bifurcated for the sub sector, with big gains at CalAmp, Sierra Wireless, and Telit Communications counterbalanced by steep losses at Belden, Inseego, Netcomm Wireless, and Numerex. The Industrial and M2M sub sector also was the EFTTI's laggard for the 12-month period. Even so, the sub sector still managed to turn in a gain of 13.8% over the past year. In terms of multiples, the sub sector revenue multiple held steady at 1.5x, while the EBITDA multiple fell from 12.7x last year to 11.7x at the end of the current reporting period.

Network Management

The Network Management sub sector delivered a solid three month gain of 6.5%. NetScout led the way with a gain of 13.1% for this time period, while CA and MobileIron had more modest gains of 5.0% and 4.6%, respectively. The sub sector's full-year gain also was strong at 19.5%. NetScout was far and away the top performing stock in the sub sector for the full year period as well, gaining 69.1% during this time frame. Sub sector multiples closed out the period at 3.1x revenue (up from 2.9x a year ago) and 12.4x EBITDA (up from 11.6x a year ago).

Network Security

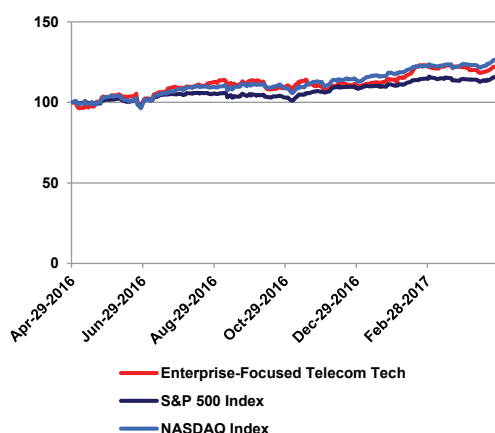
The Network Security sub sector had somewhat of a tepid reporting period, posting a three month gain of 2.2%. The sub sector was split almost equally between gainers and losers over the past three months, with nine stocks showing gains and seven losses. On the positive side, Fortinet (up 17.3%), Rapid7 (up 35.9%), and Sophos (up 23.4%) had the highest returns. Conversely, Barracuda Networks (down 13.5%), Palo Alto Networks (down 26.5%), and SecureWorks (down 16.3%) all experienced steep declines. Even with this period's small gain, the Network Security sub sector was still up 18.4% year-over-year. Sub sector multiples also continued to climb. The sub sector revenue multiple increased from 4.0x to 5.3x over the past year, while the sub sector EBITDA multiple went from 21.8x to 40.0x over the same time frame.

Unified Communications and the Contact Center

The Unified Communications and the Contact Center sub sector had a gain of 5.4% for the three-month period. Five9 led the way with a gain of 18.0%, while Enghouse Systems was not far behind with a gain of 17.6%. Companies that did not fare well this period included ClearOne (down 16.3%), eGain (down 34.8%), and Shoretel (down 5.8%). The sub sector also had a respectable 12-month gain of 16.1%. Five9 was particularly notable over this time frame as well, nearly doubling in the past year. Sub sector multiples closed out the period at 2.3x revenue and 24.0x EBITDA. Both results represent increases from year-ago multiples of 1.8x revenue and 17.3x EBITDA.

Enterprise-Focused Telecom Technology: Public Market Summary

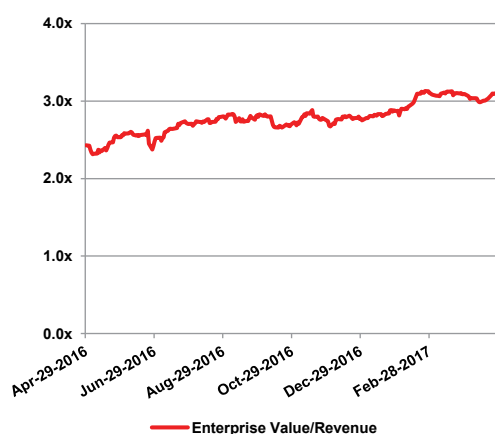
Twelve Month Index Returns



Sector and Sub Sector Returns

	12 Month	3 Month
Enterprise-Focused Telecom Tech	22.6%	7.2%
Enterprise Networking	25.0%	9.4%
Industrial and M2M	13.8%	1.0%
Network Management	19.5%	6.5%
Network Security	18.4%	2.2%
Unified Comms & Contact Center	16.1%	5.4%
S&P 500	15.4%	4.6%
NASDAQ	26.6%	7.7%

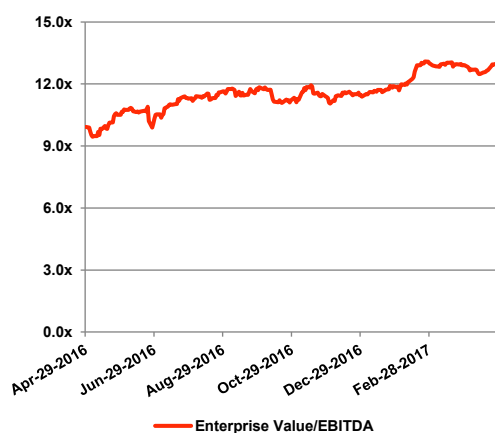
Revenue Multiple Trends



Sector and Sub Sector Revenue Multiples

	4/30/2017	4/30/2016
Enterprise-Focused Telecom Tech	3.1x	2.4x
Enterprise Networking	2.8x	2.1x
Industrial and M2M	1.5x	1.5x
Network Management	3.1x	2.9x
Network Security	5.3x	4.0x
Unified Comms & Contact Center	2.3x	1.8x

EBITDA Multiple Trends



Sector and Sub Sector EBITDA Multiples

	4/30/2017	4/30/2016
Enterprise-Focused Telecom Tech	13.0x	9.9x
Enterprise Networking	10.0x	7.7x
Industrial and M2M	11.7x	12.7x
Network Management	12.4x	11.6x
Network Security	40.0x	21.8x
Unified Comms & Contact Center	24.0x	17.3x

Source: Capital IQ

Summary Comments

M&A

The deal market for the Enterprise-Focused Telecom Technology sector remained hot in our Spring report. We counted 46 transactions for the period, with a strong level of activity in each of our various sub sectors. The announced dollar volume of transactions this period also was solid, coming in at a respectable (if not spectacular) \$2.7 billion. With one-third of the year under our belt, 2017 is currently on track to be very strong in terms of the number of transactions. The announced dollar volume of transactions remains light, although there is certainly plenty of time for a handful of large deals to drive dollar volume for the year.

Enterprise Networking

The Enterprise Networking sub sector was extremely active with six transactions for the period. Three of these were divestiture transactions. In the period's largest transaction, Brocade Communications divested its switching assets to ARRIS for \$877 million. In addition, Extreme Networks also picked up Brocade's data center switching assets as well as the networking business from bankrupt Avaya. We also noted the consolidation of two French companies as Ekinops purchased OneAccess Networks. The sub sector's final two transactions for the period were Riverbed Technology's acquisition of wireless vendor Xirus and GFI Software's acquisition of WAN performance vendor Exinda.

Industrial and M2M

Industrial and M2M transactions accounted for four of our transactions this period. This included the \$37.3 mil-

lion acquisition of hardened switching vendor EtherWAN Systems by Phoenix Contact. In a second switching transaction, TeliaSonera acquired IoT switching vendor Falt Communications. On the wireless side of the sub sector, Sierra Communications acquired the embedded module division from GlobalTop and ARM Holdings purchased narrowband IoT communications company NextG-Com.

Network Management

The Network Management sub sector had the least activity of any of our sub sectors with only two transactions for the period. However, this did include the establishment of a platform company in the space as private equity firm Madison Dearborn Partners acquired BlueCat Networks. In the sub sector's other transaction, WITTENSTEIN acquired endpoint management company baramundi software.

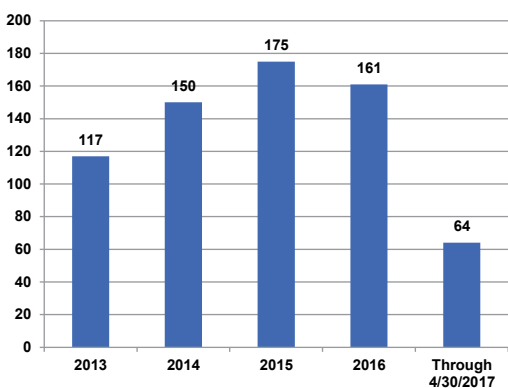
Network Security

The Network Security sub sector was the main driver of the uptick in M&A activity this period with a total of 29 transactions. This included acquisitions by several large acquirers including HP (which acquired Niara) and CA (whose \$614 million purchase of Veracode was the sub sector's largest transaction this reporting period). Palo Alto Networks was also active as it acquired behavioral analytics security company LightCyber, while Imperva was both a buyer (with its acquisition of Camouflage Networks) and a seller (with the divestiture of its Skyfence Technology business to Forcepoint). Other active acquirers that notched transactions this period were J2 Global and Malwarebytes.

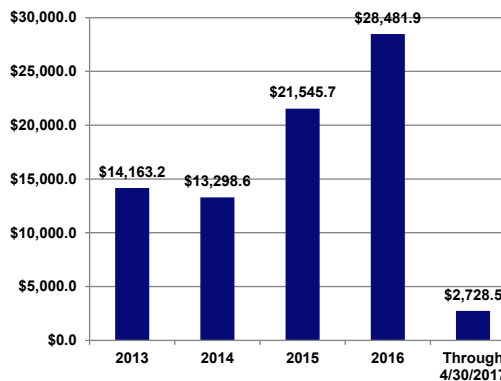
continued on page 6

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

The Unified Communications and the Contact Center sub sector had a solid reporting period with five total transactions. This included the acquisition of unified communications and virtual PBX vendor XBP by Broadvoice. The sub sector's remaining four transactions were all contact center related. Webhelp Nederland and Eco2Group both bought companies in the IVR space, while Viiz Communications picked up a hosted contact center platform with its acquisition of Spoken Communications. Finally, we noted that Conversocial acquired Orthogonal Labs, a provider of customer support SaaS for the Web and mobile devices.

Transactions with Announced Multiples

This period saw a total of six new transactions with announced revenue multiples, five of which were in the security sub sector. The most eye-catching transaction

for the period was the Palo Alto/LightCyber acquisition, which weighed in at an impressive 10.5x revenue. The Shearwater Group's acquisition of SecurEnvoy also had an impressive 6.4x revenue multiple, although the EBITDA multiple for the transaction was only 9.6x. Multiples for the remaining security sub sector transactions were significantly lower. The BICS acquisition of TeleSign went for a relatively modest 2.3x revenue, while the IMImobile acquisition of Infracast was done at 1.4x revenue and 36.2x EBITDA. The final security sub sector transaction, the NICS TECH acquisition of Secuplus, did not even go for a full turn of revenue. In the period's single transaction with an announced multiple outside of the security sub sector, the Extreme Networks acquisition of the data center switching assets from Brocade was done at a mere 0.2x revenue

Announced Transactions (02/01/16 – 04/30/17)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
GFI Software	Exinda	Enterprise Networking	4/27/17	NA	WAN performance and application performance software that provides end-to-end management of the network and the cloud.
SAIFE	GreenZone Systems	Security	4/27/17	NA	Develops security software.
IAR Systems Group	Secure Thingz	Security	4/26/17	NA	Security software focused on the industrial Internet of Things and critical infrastructure markets.
BICS	TeleSign	Security	4/25/17	\$230.0	Cloud-based APIs and SDKs to help prevent registration fraud, reduce the risk of account takeover and authenticate end users.
Blue Planet-works	Blue Ridge Networks (AppGuard Business)	Security	4/20/17	NA	Provides desktop, laptop and endpoint anti-malware software for consumers, businesses and enterprises
Shearwater Group	SecurEnvoy	Security	4/20/17	\$25.7	Mobile phone based tokenless two-factor authentication solutions.
Riverbed Technologies	Xirrus	Enterprise Networking	4/19/17	NA	Wireless networking hardware and SaaS for a variety of businesses including healthcare, hospitality public sector and education.
Webhelp Nederland	Telecats	Unified Comms & Contact Center	4/18/17	NA	Speech, contact center, IVR self-service and IP telephony technology solutions.
J2 Global	MXForce	Security	4/13/17	NA	Web-based email security software that enables users to access an online portal for filtering client emails and remote access.
Phoenix Contact	EtherWAN Systems	Industrial and M2M	4/12/17	\$37.3	Designs and manufactures fiber optic Ethernet products and Ethernet equipment for harsh environments and conditioned rooms.
Broadvoice	XBP	Unified Comms & Contact Center	4/12/17	NA	Unified communications and virtual PBX SaaS for call centers and enterprises.
Viiz Communications	Spoken Communications	Unified Comms & Contact Center	4/11/17	NA	Contact center as a service platform that provides a set of AI enabled conversational services.
F Secure	Little Flocker	Security	4/6/17	NA	Provides anti-malware and ransomware software for Apple's Macintosh computers.
Wicks Group of Companies	EZShield	Security	4/5/17	NA	Identity theft and anti-fraud for small and medium-sized businesses in a variety of industry sectors.
Sierra Wireless	GlobalTop Technology (Embedded Module Division)	Industrial and M2M	4/3/17	NA	Satellite embedded positioning, antenna modules, firmware development and customization services.
PCB Apps	Pivot Security	Security	4/3/17	NA	Authorization and access control, mobile access and related software development SaaS and services for businesses.
Tongfang Investment Fund Series SPC	NQ Mobile	Security	3/30/17	\$366.0	Smart phone anti-virus and anti-malware software for businesses and consumers globally.
EKINOPS	OneAccess Networks	Enterprise Networking	3/30/17	NA	Multi-service routers, Ethernet access devices, WAN optimization and other networking solutions.

Announced Transactions (02/01/16 – 04/30/17) *continued*

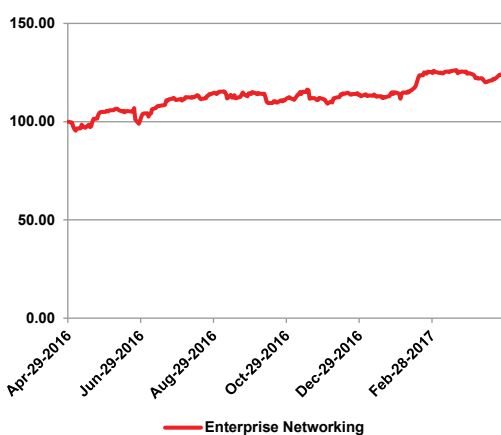
Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Extreme Networks	Brocade Communications (Data Center Switching Assets)	Enterprise Networking	3/29/17	\$55.0	Switchers, routers and analytics SaaS for use in enterprise datacenters.
MasterCard	NuData Security	Security	3/29/17	NA	Software that enables businesses to analyze customer behavior to detect fraudulent transactions.
IMImobile	Infracast	Security	3/27/17	\$21.0	Develops and provides mobile communication, identity and security solutions.
WITTENSTEIN	baramundi software	Network Management	3/22/17	NA	Endpoint management software that automates routine tasks and provides an overview of the status of all endpoints.
Go Daddy	Sucuri	Security	3/22/17	\$54.7	Anti-malware and website monitoring SaaS for WordPress sites and other platforms for businesses.
Conversocial	Orthogonal Labs	Unified Comms & Contact Center	3/21/17	NA	Customer support SaaS to enable businesses to offer support over the Web and mobile devices via live chat.
Zix Corporation	Greenview Data	Security	3/15/17	\$6.5	Email encryption software as well as email hosting and archiving services for businesses.
Aker Consultoria e Informatica	ZMT Comunicações e Tecnologia	Security	3/15/17	NA	Web attack detection controls for corporations and individuals.
Crossrider	CyberGhost	Security	3/14/17	\$6.6	Subscription-based virtual private network Web, WiFi and mobile encryption SaaS for businesses.
Eco2Group	Sonant Systems	Unified Comms & Contact Center	3/10/17	NA	All-in-one interactive voice response, automatic call distribution and computer telephony integration platform for contact centers.
Extreme Networks	Avaya (Networking Business)	Enterprise Networking	3/7/17	\$100.0	Enterprise networking assets and related management software.
Okta	Stormpath	Security	3/6/17	NA	Identity management and authentication APIs for Web application and software developers.
CA	Veracode	Security	3/6/17	\$614.0	Automated application penetration and network vulnerability testing SaaS for enterprise software developers.
Palo Alto Networks	LightCyber	Security	2/28/17	\$105.0	Automated behavioral analytics capabilities to identify attacks based on behavioral anomalies inside the network.
Madison Dearborn Partners	BlueCat Networks	Network Management	2/23/17	NA	Software that provides features for the management and automation of network DNS activity and mobile BYOD device management.
ARRIS	Brocade Communications (Switching Assets)	Enterprise Networking	2/22/17	\$877.0	Wireless networking systems and software including access points, bridges, switches, controllers and antennas.
ARM Holdings	NextG-Com	Industrial and M2M	2/21/17	NA	NarrowBand Internet of Things software that enables communication between devices through LTE radio infrastructure.
Cliqz	Ghostery (Consumer Operations)	Security	2/15/17	NA	Anti-malware browser extensions that enable consumers to control personal data.
Accenture	VeriSign (iDefense Security Intelligence Services Business)	Security	2/9/17	NA	Develops cyber intelligence solutions related to vulnerabilities, malicious code and global threats to organizations.
Imperva	Camouflage Software	Security	2/8/17	NA	Data masking that enables enterprises to replace sensitive data with fully functioning fictional data.
Forcepoint	Imperva (Skyfence Technology)	Security	2/8/17	\$40.0	Cloud access security broker that provides visibility and control over sanctioned and unsanctioned cloud applications.
Sophos	Invincea	Security	2/8/17	\$120.0	Endpoint security software for small businesses and enterprises in the healthcare, financial services and government industries.
ETAS Embedded Systems	TrustPoint Innovative Technologies	Security	2/8/17	NA	Products and solutions to address the security needs for the Internet of Things and machine-to-machine communication markets.
Malwarebytes Corporation	Saferbytes	Security	2/7/17	NA	Advanced technologies with anti-malware, anti-exploit, anti-rootkit, cloud AV and sandbox capabilities.
TeliaSonera	Falt Communications	Industrial and M2M	2/1/17	NA	IoT premises network switches and routers for use in connected buildings and vehicles.
Hewlett Packard	Niara	Security	2/1/17	NA	User and entity behavior analytics solutions designed to identify security threats that have penetrated traditional firewalls.
Acuity Technologies	Owl Computing Technologies	Security	2/1/17	NA	Designs, develops, manufactures and implements cyber security defense equipment for critical networks.
NICS TECH CO.	Secuplus	Security	2/1/17	\$0.9	Develops security software to counter cyber threats.

Announced Transactions with Revenue Multiples (05/01/16 – 04/30/17)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
BICS	TeleSign	Security	4/25/17	\$230.0	2.3 x	NA	Cloud-based APIs and SDKs to help prevent registration fraud, reduce the risk of account takeover and authenticate end users.
Shearwater Group	SecurEnvoy	Security	4/20/17	\$25.7	6.4 x	9.6 x	Mobile phone based tokenless two-factor authentication solutions.
Extreme Networks	Brocade Communications (Data Center Switching Assets)	Enterprise Networking	3/29/17	\$55.0	0.2 x	NA	Switchers, routers and analytics SaaS for use in enterprise datacenters.
IMImobile	Infracast	Security	3/27/17	\$21.0	1.4 x	36.2 x	Develops and provides mobile communication, identity and security solutions.
Palo Alto Networks	LightCyber	Security	2/28/17	\$105.0	10.5 x	NA	Automated behavioral analytics capabilities to identify attacks based on behavioral anomalies inside the network.
NICS TECH CO.	Secuplus	Security	2/1/17	\$0.9	0.6 x	NA	Develops security software to counter cyber threats.
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.

Sub Sector Analysis: Enterprise Networking

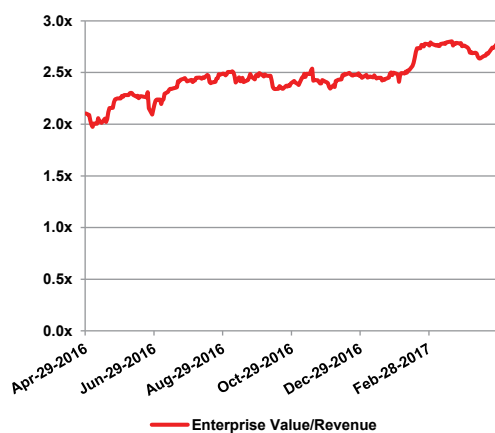
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Enterprise Networking Index	25.0%	9.4%
A10 Networks	35.7%	1.6%
Accton	126.4%	21.2%
Aerohive Networks	-33.3%	-32.5%
Arista Networks	109.6%	48.6%
Brocade	30.8%	0.8%
Cisco	23.9%	10.9%
Citrix	-1.1%	-11.2%
D-Link	24.3%	20.7%
Extreme Networks	122.6%	41.3%
F5 Networks	23.3%	-3.7%
NetGear	11.2%	-17.1%
Radware	51.2%	11.2%
Unizyx Holding (Zyxel)	-3.4%	8.9%

Revenue Multiple Trends



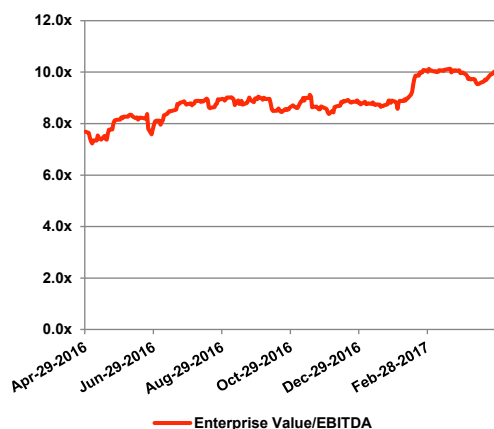
Company Revenue Multiples

	4/30/2017	4/30/2016
Enterprise Networking Index	2.8x	2.1x
A10 Networks	1.9x	1.3x
Accton	1.0x	0.4x
Aerohive Networks	0.9x	1.3x
Arista Networks	7.5x	4.4x
Brocade	2.3x	1.4x
Cisco	2.8x	2.1x
Citrix	3.6x	3.8x
D-Link	0.3x	0.2x
Extreme Networks	1.5x	0.6x
F5 Networks	3.5x	3.2x
NetGear	0.9x	0.8x
Radware	2.7x	1.7x
Unizyx Holding (Zyxel)	0.2x	0.3x

Source: Capital IQ

Sub Sector Analysis: Enterprise Networking *continued*

EBITDA Multiple Trends



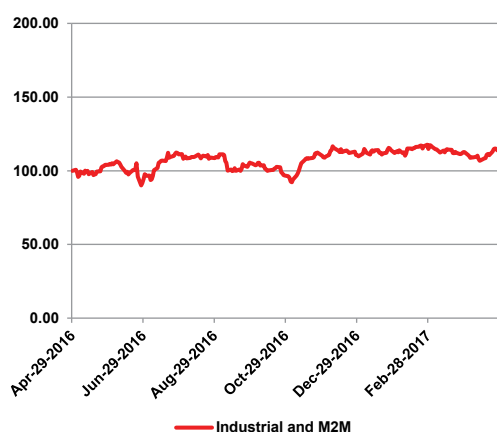
Source: Capital IQ

Company EBITDA Multiples

	4/30/2017	4/30/2016
Enterprise Networking Index	10.0x	7.7x
A10 Networks	NM	NM
Accton	10.8x	4.7x
Aerohive Networks	NM	NM
Arista Networks	32.1x	21.9x
Brocade	13.1x	5.7x
Cisco	9.1x	6.9x
Citrix	12.2x	13.7x
D-Link	NM	NM
Extreme Networks	20.9x	14.3x
F5 Networks	11.6x	10.6x
NetGear	8.3x	7.9x
Radware	1873.3x	17.9x
Unizyx Holding (Zyxel)	4.9x	15.6x

Sub Sector Analysis: Industrial Networking and M2M

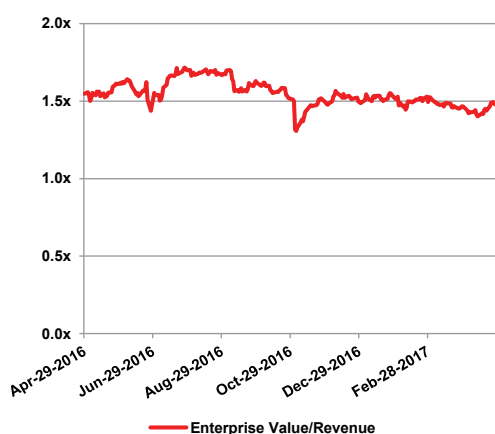
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Industrial and M2M Index	13.8%	1.0%
Belden	10.4%	-8.9%
CalAmp	19.8%	19.4%
Digi International	17.3%	-5.0%
Inseego	NA	-30.7%
Netcomm Wireless	-53.8%	-26.6%
Numerex	-41.4%	-23.5%
Sierra Wireless	70.4%	51.8%
Telit Communications	88.9%	29.9%

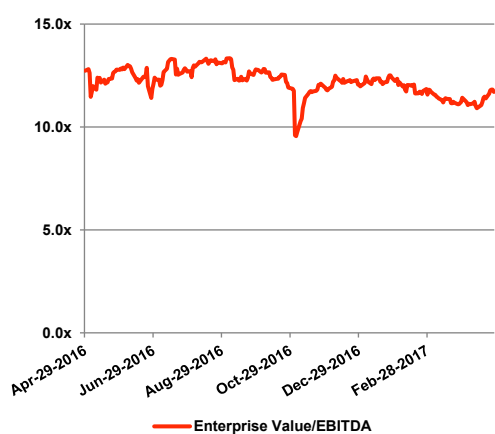
Revenue Multiple Trends



Company Revenue Multiples

	4/30/2017	4/30/2016
Industrial and M2M Index	1.5x	1.5x
Belden	1.6x	1.8x
CalAmp	1.9x	1.6x
Digi International	1.0x	0.8x
Inseego	0.8x	NA
Netcomm Wireless	2.0x	5.0x
Numerex	1.4x	1.8x
Sierra Wireless	1.5x	0.9x
Telit Communications	1.2x	0.7x

EBITDA Multiple Trends



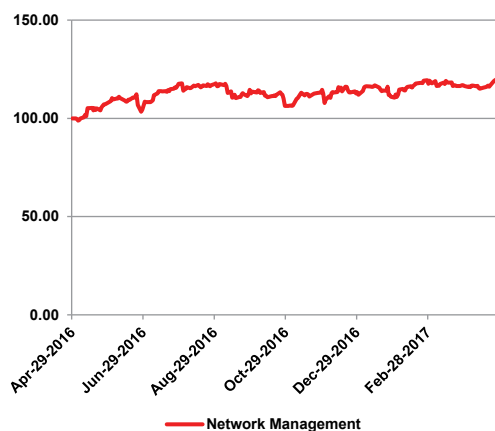
Company EBITDA Multiples

	4/30/2017	4/30/2016
Industrial and M2M Index	11.7x	12.7x
Belden	8.5x	11.5x
CalAmp	23.4x	11.2x
Digi International	10.6x	7.3x
InSeego	NM	NA
Netcomm Wireless	NM	85.0x
Numerex	NM	62.5x
Sierra Wireless	24.1x	17.8x
Telit Communications	14.0x	8.7x

Source: Capital IQ

Sub Sector Analysis: Network Management

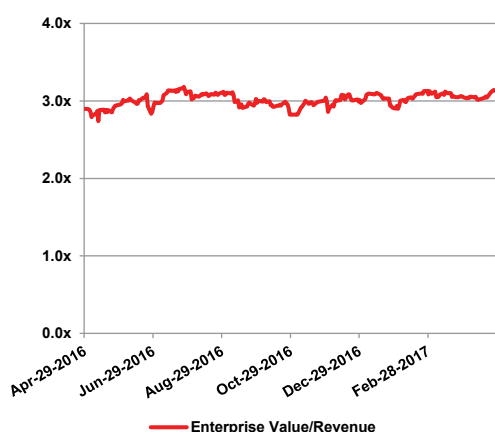
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Management Index	19.5%	6.5%
CA	10.7%	5.0%
MobileIron	18.8%	4.6%
NetScout	69.1%	13.1%

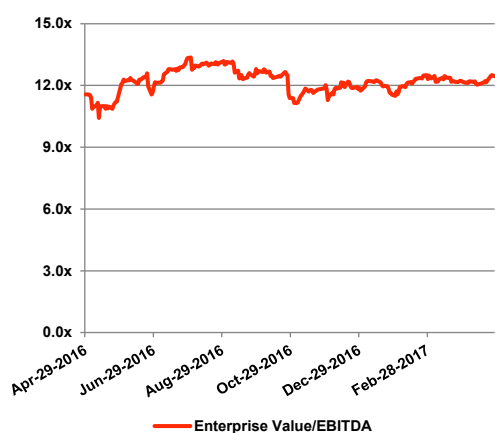
Revenue Multiple Trends



Company Revenue Multiples

	4/30/2017	4/30/2016
Network Management Index	3.1x	2.9x
CA	3.2x	3.0x
MobileIron	1.9x	1.5x
NetScout	2.9x	2.2x

EBITDA Multiple Trends



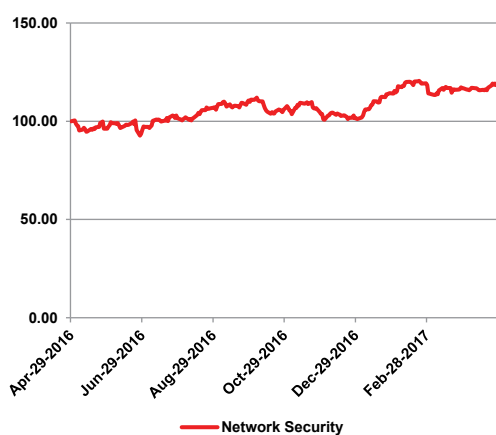
Company EBITDA Multiples

	4/30/2017	4/30/2016
Network Management Index	12.4x	11.6x
CA	10.1x	9.6x
MobileIron	NM	NM
NetScout	14.9x	29.8x

Source: Capital IQ

Sub Sector Analysis: Network Security

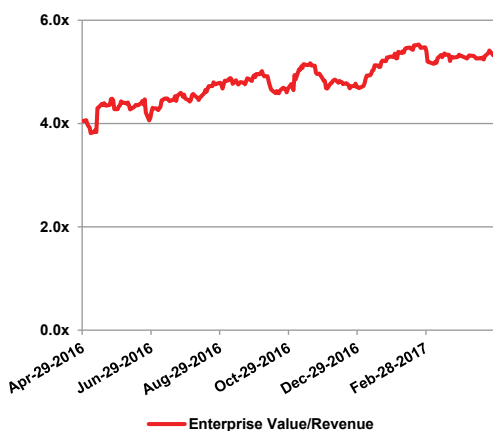
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Network Security Index	18.4%	2.2%
Barracuda Networks	15.4%	-13.5%
Checkpoint	25.5%	5.3%
Cheetah Mobile	-29.5%	6.7%
CyberArk	29.6%	-0.3%
FireEye	-27.9%	-7.7%
Fortinet	20.0%	17.3%
Imperva	-4.4%	6.5%
Palo Alto Networks	-28.1%	-26.5%
Proofpoint	29.4%	-6.0%
Qualys	52.5%	7.0%
Rapid7	35.4%	35.9%
Secure Works	-35.1%	-16.3%
Sophos	64.8%	23.4%
Symantec	90.0%	14.8%
Trend Micro	17.1%	11.7%
VASCO Data Security	-22.1%	-11.2%

Revenue Multiple Trends

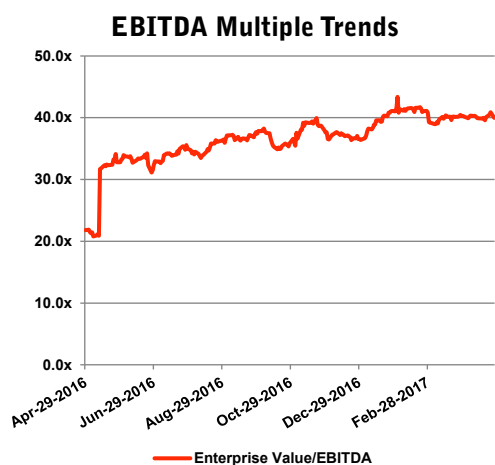


Company Revenue Multiples

	4/30/2017	4/30/2016
Network Security Index	5.3x	4.0x
Barracuda Networks	2.5x	2.5x
Checkpoint	9.4x	7.9x
Cheetah Mobile	0.3x	0.5x
CyberArk	7.1x	6.4x
FireEye	2.8x	3.6x
Fortinet	4.2x	4.3x
Imperva	4.4x	5.0x
Palo Alto Networks	5.8x	11.2x
Proofpoint	7.9x	8.2x
Qualys	5.8x	4.0x
Rapid7	4.2x	3.6x
Secure Works	1.4x	3.0x
Sophos	3.4x	2.3x
Symantec	5.6x	2.9x
Trend Micro	4.1x	3.4x
VASCO Data Security	2.1x	2.5x

Source: Capital IQ

Sub Sector Analysis: Network Security *continued*



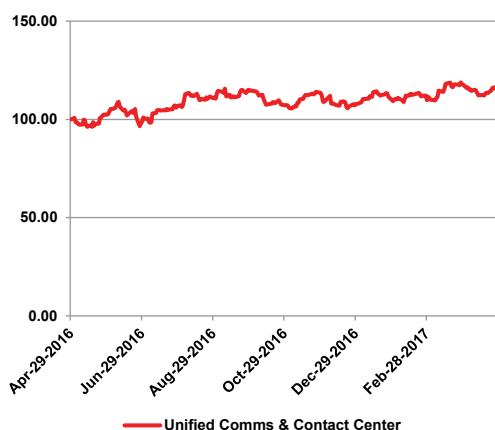
Company EBITDA Multiples

	4/30/2017	4/30/2016
Network Security Index	40.0x	21.8x
Barracuda Networks	22.4x	93.5x
Checkpoint	19.1x	15.3x
Cheetah Mobile	8.5x	4.9x
CyberArk	36.4x	32.0x
FireEye	NM	NM
Fortinet	52.4x	82.6x
Imperva	NM	NM
Palo Alto Networks	NM	NM
Proofpoint	NM	NM
Qualys	24.1x	16.5x
Rapid7	NM	NM
Secure Works	NM	NM
Sophos	107.2x	26.7x
Symantec	24.2x	11.6x
Trend Micro	11.8x	10.8x
VASCO Data Security	27.1x	13.9x

Source: Capital IQ

Sub Sector Analysis: Unified Communications and Contact Center

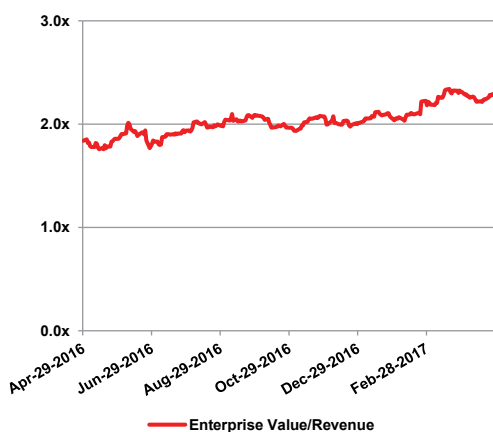
Twelve Month Index Returns



Company Returns

	12 Month	3 Month
Unified Comms & Contact Center Index	16.1%	5.4%
ClearOne	-4.0%	-16.3%
eGain	-59.7%	-34.8%
Enghouse Systems	14.1%	17.6%
Five9	97.2%	18.0%
Liveperson	16.5%	-3.4%
Mitel	1.1%	1.7%
Shoretel	7.0%	-5.8%
Verint	16.1%	5.2%

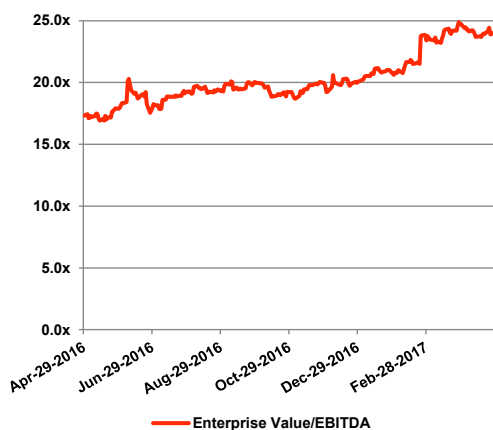
Revenue Multiple Trends



Company Revenue Multiples

	4/30/2017	4/30/2016
Unified Comms & Contact Center Index	2.3x	1.8x
ClearOne	1.5x	1.4x
eGain	0.8x	1.7x
Enghouse Systems	4.9x	4.6x
Five9	5.7x	3.4x
Liveperson	1.6x	1.3x
Mitel	1.4x	1.4x
Shoretel	1.0x	0.9x
Verint	2.7x	2.2x

EBITDA Multiple Trends



Company EBITDA Multiples

	4/30/2017	4/30/2016
Unified Comms & Contact Center Index	24.0x	17.3x
ClearOne	12.3x	6.2x
eGain	NM	NM
Enghouse Systems	20.1x	22.4x
Five9	946.0x	NM
Liveperson	40.3x	34.8x
Mitel	13.3x	10.3x
Shoretel	28.4x	12.9x
Verint	29.8x	17.6x

Source: Capital IQ

FOCUS Telecom Technology and Services Team



Richard H. Pierce

Managing Director and Telecom Technology and Services Team Leader, Washington, DC

rich.pierce@focusbankers.com
202-470-1983

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.



John T. Bradshaw

Partner, Bend, Oregon

john.bradshaw@focusbankers.com
541-306-6451

John Bradshaw has over 30 years experience in sales, marketing, manufacturing, finance, and systems engineering with corporations specializing in technology-driven business products and services. Mr. Bradshaw has been a successful senior executive and manager in both large and small organizations, and has spent the last 15 years working with entrepreneurial companies. Mr. Bradshaw has particular expertise in enterprise communications and contact center related technology.



David Freeland

Principal, San Francisco, California
david.freeland@focusbankers.com
978-505-1837

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.



Eric M. Oganessoff

Managing Director, Washington, DC

eric.oganessoff@focusbankers.com
202-470-1969

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.

FOCUS

Strategic, Personal, Dedicated

Investment Banking

ABOUT FOCUS INVESTMENT BANKING LLC

With more than three decades of experience, FOCUS Investment Banking is a trusted name in M&A advisory services worldwide. FOCUS works to understand each client's strategic and financial objectives, craft the best plan to achieve these goals, and deliver success. Whether helping to sell, buy, or raise capital, FOCUS strives to maximize the value of every transaction to the benefit of its clients. Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker Dealer member FINRA/SIPC. For more information on FOCUS, visit www.focusbankers.com.

© 2017 FOCUS Investment Banking LLC

MID-ATLANTIC REGION

FOCUS Investment Banking LLC
Headquarters
1133 20th Street, NW
Suite 200
Washington, DC 20036
202.785.9404
202.785.9413 (fax)

SOUTHEAST REGION

FOCUS Investment Banking LLC
Atlanta Office
3353 Peachtree Road, NE
Suite 1160
Atlanta, GA 30326
404.504.8620
404.814.9141 (fax)

WESTERN REGION

FOCUS Investment Banking LLC
Los Angeles Office
355 South Grand Avenue
Suite 2450
Los Angeles, CA 90071
213.426.1395
213.943.1397 (fax)

Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker Dealer member FINRA/SIPC.