

# FOCUS Information Technology Group

Fall 2017 Report

Vol. 9, No. 4

## FOCUS

Investment Banking

Strategic, Personal, Dedicated

### Investment Banking and Advisory Services

FOCUS Investment Banking LLC is a leading investment bank with specialized software and information technology services expertise, concentrating on providing five 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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# FOCUS Information Technology Group

By George M. Shea, Partner and Information Technology Team Leader, FOCUS Investment Banking LLC

Our IT Team has been extremely busy as the first half of 2017 turned out to be an exceptional period for M&A.

We believe the FOCUS IT team is uniquely qualified to help you meet your objectives because, unlike most information technology groups, we:

- Employ a proven transaction methodology which delivers results
- Devote senior C-level resources with operating expertise in the IT sector who advise CEOs and boards
- Deliver precise, comprehensive research to close transactions, deploying a team of professionals dedicated to producing results

- Leverage years of experience in the middle market to maximize opportunities for successful transactions
- Have a national presence with global reach—regional offices ensure that all clients receive personalized service throughout every phase of a transaction
- Offer strategic advisory services that enhance shareholder value

Members of the FOCUS IT team attend conferences and meetings in the U.S. and internationally. We are always delighted to receive introductions to innovative companies in the industry. We hope to see you at one of these events, and look forward to exploring your capital market needs as you continue to grow your enterprise.

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# Reinventing Retail in the Age of Amazon

## *How technology is changing the game*

By George M. Shea, Partner and Information Technology Team Leader, FOCUS Investment Banking LLC

Today, the whole retail experience is becoming more seamless and personalized—and sometimes more exciting with brick-and-mortar stores offering highly curated and immersive experiences.

As the president of Saks Fifth Avenue describes it: “Selling stuff in stores is not the answer. You have to build an emotional connection with them. Where else can you take a fitness class and buy a Chanel handbag?” And, “It is less about stores and more about experiences,” as described by a managing partner at RSR Research.

No matter when, where, or how customers shop, retailers are deploying shopper-centric smart technology, made easier by mobility. Businesses are making certain their websites are compatible with multiple devices, building interactive applications to make it easy to search for items, find related products, get deals, and consummate transactions—anywhere or anytime.

### Mobility is Marvelous

In the 1967 film, *The Graduate*, Dustin Hoffman was advised to focus on one word: “plastics.” In 2017, the magic word is “mobility.”

As the vice president-digital at DSW (a top winner in Total Retail’s 2017 Top 100 Omnichannel Retailers), describes it: “We’re always working to stay ahead of our evolving customer. By making product, information, and inventory accessible at all times, mobile technology is transforming the customer journey to one that moves seamlessly between digital and physical.”

“In the wake of the coming-of-age of millennials and the internet cannibalizing the physical stores, footfalls have been negatively impacted. The growing phenomenon of smartphone-enhanced comparison shopping (show-rooming) represents a humongous shift in the shopping pattern of customers,” according to a white paper by Aspire Systems. Mobility is the enabler, making it all possible.

### Seamless Omnichannel Experiences Rule

As customers become more tech savvy, artificial intelligence (AI), augmented reality (AR), virtual reality (VR),

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### Top 12 Retail Trends in 2017

- 1 Retailers who promote product quality, transparency, and sustainability will flourish.
- 2 Stores providing unique in-store experiences will thrive.
- 3 Retailers across the board will adopt mobile payment solutions.
- 4 Smaller stores are in; larger stores are out.
- 5 Personalization will become increasingly important to consumers.
- 6 Same-day shipping will become more prominent.
- 7 Retailers will continue to invest in omnichannel.
- 8 “Retailtainment” will pervade the industry.
- 9 Data will continue to be a significant component of retail success.
- 10 Specialty stores will be more productive than department stores.
- 11 Retailers will turn to apps, services, and third parties to fulfill the needs of modern shoppers.
- 12 Retail and technology will become even more inseparable.

\*Based on Vend’s 2017 Retail Trends and Predictions Report

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and a kaleidoscope of Internet of Things (IoT) technologies are helping retailers deliver better shopping experiences—improving productivity, efficiency, and the bottom line at the same time.

Brick-and-mortar and online retailers alike are incorporating technology to further elevate and personalize each step of the sales process. IoT sensors collect and share data throughout the supply chain, enabling retailers to make real time changes, quickly locating and rectifying delays or errors.

For consumers, the IoT supplies more convenient, personalized experiences. Smart signage display ads and tags that change based on shopper interests can help businesses generate appeal and relevancy. Better yet, customers provide useful IoT data simply by using and connecting to smartphones, tablets, and wearables.

For example, in fashion stores, smart dressing rooms may feature intelligent mirrors that leverage the IoT to read Radio-Frequency Identification (RFID) tags on clothes, recommend related items, and notify sales associates of sizing needs. Glass touchscreens may become interactive components of storefronts.

## Five Ways Today's Smart Technology is Transforming the In-Store Experience

"To connect with the digital shopper, physical stores must function as cross-channel hubs that place the customer at the center of action and provide experience on multiple levels," notes Aspire. "There is clearly a need for retailers to evaluate their available technology options and invest in technologies that not only create a fantastic in-store experience, but also allow shoppers to channel-hop without friction."

**1. Digital push-notifications make shoppers feel appreciated and welcome.** Connecting with shoppers on a personal level with beacons, geo-fencing, and other location-aware technologies helps retailers encourage in-store visits.

Timely, highly-tailored context-driven invitations can track a customer's past in-store activity or supply real-time shopper locations, permitting customized messages that greet customers the moment they step inside a store.

**2. Retailer apps** such as in-store navigation and personalized product recommendations can motivate organic discovery of merchandise—once a customer is physically inside a store. Retailers can direct shoppers through a specific route, revealing lucrative cross-selling opportunities.

When mobile apps become embedded in the in-store experience, they'll supply a wealth of data for improving space and category productivity. Combined with a shopper's click behavior and then run against in-store inventory—fast, tailored real-time suggestions and upgrades are possible.

In addition to shopping across multiple channels (i.e. brick-and-mortar, ecommerce, mobile, and social), shoppers also want to get their purchases in the fastest way possible (in-store pickup and same-day delivery). Expect more retailers to rely upon apps and third-party solutions to fulfill these demands.

As the number of retail-centric apps increase, merchants will be leveraging them to stay competitive. At the same time, consumers are demanding more from retailers. As noted by Benchmark, "Some people call this the 'Moneyball' of fashion. The level of data science...is incomparable."

**3. Empowered sales associates** with access to in-store apps including customer profiles and in-depth product knowledge can supply personalized product recommendations as well as pointing out related or complementary products.

Product reviews on social media also may be critical in decision making. In-store apps supplying AR can further engage shoppers in an immersive experience—helping them find a place for specific products in their lives.

**4. Flexible order fulfillment moving seamlessly between channels** can produce higher conversion rates and maximize checkout capacity. Retailers adopting Point of Sale (POS) systems can monitor transactions and gain instant inventory updates when a customer's purchase is scanned.

POS systems link transactions to buyers, allowing businesses to send highly-targeted promotion alerts, coupons, and more—creating a positive, profitable relationship with customers. Mobile POS is possible with sales associates equipped to close transactions at any location. Mobile applications also facilitate self-check-out by using a mobile camera to scan barcodes or QR codes.

Plus, e-commerce orders can be fulfilled from stores and customers can buy online and pickup in-store as well, allowing shoppers to channel-hop effortlessly between online and physical.

**5. Capturing customer feedback consistently builds loyalty and strengthens their relationship with a specific retailer.** Being able to ask for feedback through push-notifications and loyalty point incentives also is a smart way for retailers to retain more customers, thus generating repeat business.



## Smart, Bold, *Surviving* Retailers Will Elevate and Personalize Every Element of the Shopping Experience

“Seamless omnichannel strategies will once and for all become absolutely essential, and retail will propel itself into the future through implementation of experience-enhancing technology such as artificial intelligence and augmented reality,” according to Vend’s 2017 Retail Trends and Predictions Report.

Exactly what brick-and-mortar stores should look like—and precisely what they should offer customers—remains an open question. Mobility, personalization, innovative in-store experiences, and new developments in payments technology all are having a major impact on retailers.

In addition, U.S. retailers today are under tremendous pressure from the meteoric growth of e-commerce, an overabundance of brick-and-mortar stores, and rapidly changing/evolving consumer buying and spending habits.

“One advantage stores will always have over e-commerce is that you can touch and feel the products... But to get us excited to visit those stores—and make the costs of rent, staff, and utilities count—brands need to think about what all that brick-and-mortar can offer us that our smart-phones can’t,” declares Quartz Media.

## FOCUS Demonstrates Solid Success in the Growing Digital Transformation of Retail

Recently, FOCUS closed two transactions that not only highlight the attractiveness of the ongoing retail digital transformation, but also emphasize the increasing importance of mobile innovation. They are:

**The sale of Boston Retail Partners, a preeminent retail technology consulting firm, to EarthLink Holdings**—the marriage of BRP’s retail services and solutions with EarthLink’s network expertise facilitates customers’ adoption of unified commerce solutions—this was a perfect match.

*“The FOCUS team has a methodical, structured transaction process that really worked for us. We wholeheartedly recommend FOCUS to any IT firm considering a sale.”*  
—Walter Deacon, Principal, BRP

**The sale of Amadeus Consulting, a leading national mobile application development company, to Exadel**—the merger enables two software services leaders to deliver a premier, ‘boutique-like’ customer experience utilizing local and global engineering teams of approximately 1,000 employees.

*“Both Exadel and Amadeus have passionately helped organizations build and deploy ‘game-changing’ applications that disrupt or create entire markets... FOCUS understood our strategic growth plans and wish to expand our service offerings.”*—Lisa Calkins, CEO, Amadeus Consulting

FOCUS continues to achieve a very high close rate on buy side, sell side, and corporate finance mandates because of the unique resources, process, and perspective we bring to investment banking.

Retail is literally being reinvented as we watch—let FOCUS guide you in maximizing the benefits!

*\* Testimonials may not be representative of the experience of all clients; testimonials are not a guarantee of future performance or success.*

## Retail Business Intelligence Investments Shaping the Future

BY 2021, retailers surveyed report:

79% will invest in cameras and video analytics for operational purposes

79% will invest in loss prevention and inventory visibility elements enabled by operational technology

78% will invest in software analytics for loss prevention and price optimization

77% will invest in big data solutions for storing and analyzing IoT generated data

75% will invest in predictive analytics

75% will invest in cameras and video analytics for customer experience

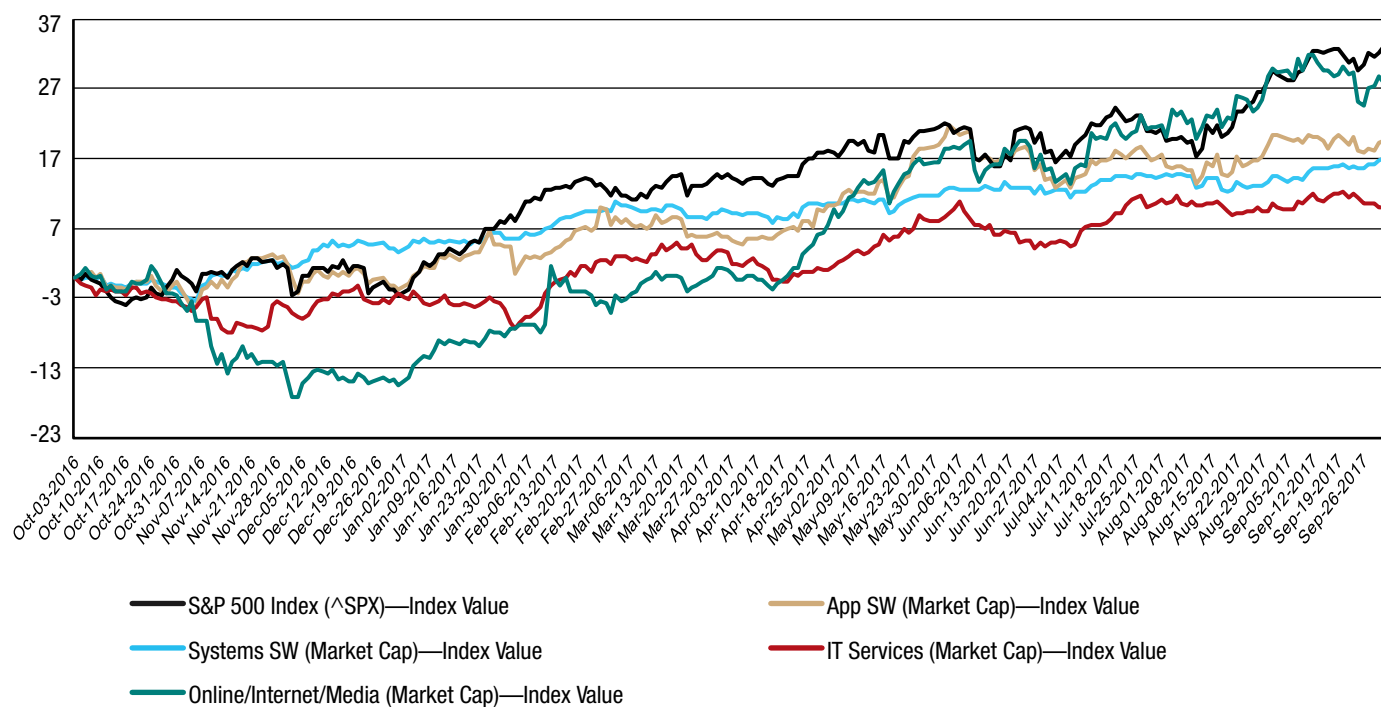
72% will invest in visual analytics for making sense out of IoT data

72% will invest in cognitive computing to drive optimization and insights

\*Based on the Zebra Technologies 2017 RETAIL VISION STUDY.

# IT Market Analysis

Chart 1: Performance: S&P 500 vs. IT



Source: Capital IQ

**Chart 2: Company Comparables Systems Software (Larger Cap)**

Company Name	Total Enterprise Value Latest (\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
CA, Inc. (NasdaqGS:CA)	14,018.0	4,062.0	1,246.0	3.5X	11.3X	Jun-30-2017
Check Point Software Technologies Ltd. (NasdaqGS:CHKP)	17,036.8	1,808.3	893.5	9.4X	19.1X	Jun-30-2017
Fortinet Inc. (NasdaqGS:FTNT)	5,094.6	1,383.5	142.3	3.7X	35.8X	Jun-30-2017
Red Hat, Inc. (NYSE:RHT)	18,770.6	2,644.3	488.4	7.1X	38.4X	Aug-31-2017
ServiceNow, Inc. (NYSE:NOW)	19,511.7	1,631.8	(32.2)	12.0X	N/A	Jun-30-2017
Symantec Corporation (NasdaqGS:SYMC)	24,051.1	4,310.0	714.0	5.6X	33.7X	Jun-30-2017
VMware, Inc. (NYSE:VMW)	37,234.1	7,093.0	1,850.0	5.2X	20.1X	Dec-31-2016
<b>Summary Statistics</b>						
High	\$37,234.1	\$7,093.0	\$1,850.0	12.0X	38.4X	
Low	\$5,094.6	\$1,383.5	(\$32.2)	3.5X	11.3X	
Mean	\$19,388.1	\$3,276.1	\$757.4	6.6X	26.4X	
Median	\$18,770.6	\$2,644.3	\$714.0	5.6X	26.9X	

**Chart 3: Company Comparables Systems Software (Smaller Cap)**

Company Name	Total Enterprise Value Latest w(\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
Barracuda Networks, Inc. (NYSE:CUDA)	1,080.1	360.2	36.9	3.0X	29.3X	May-31-2017
FireEye Inc. (NasdaqGS:FEYE)	2,944.7	730.3	(161.3)	4.0X	N/A	Jun-30-2017
Imperva Inc. (NYSE:IMPV)	1,147.7	293.6	(18.9)	3.9X	N/A	Jun-30-2017
NetScout Systems, Inc. (NasdaqGS:NTCT)	2,796.1	1,118.9	201.0	2.5X	13.9X	Jun-30-2017
Proofpoint, Inc. (NasdaqGM:PFPT)	3,822.8	442.2	(33.3)	8.6X	N/A	Jun-30-2017
VASCO Data Security International Inc. (NasdaqCM:VDSI)	324.4	178.9	7.3	1.8X	44.4X	Jun-30-2017
<b>Summary Statistics</b>						
High	\$3,822.8	\$1,118.9	\$201.0	8.6X	44.4X	
Low	\$324.4	\$178.9	(\$161.3)	1.8X	13.9X	
Mean	\$2,019.3	\$520.7	\$5.3	4.0X	29.2X	
Median	\$1,971.9	\$401.2	(\$5.8)	3.5X	29.3X	

Source: Capital IQ; stock prices as of 9/30/2017

Note: TEV/EBITDA LTM multiples with N/A values indicate negative LTM EBITDA values and were not used for the Summary Statistics.

Note: TEV/EBITDA LTM multiples with N/M values indicate statistically irrelevant values and were not used for the Summary Statistics.

Chart 4: Company Comparables Application Software (Larger Cap)

Company Name	Total Enterprise Value Latest (\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
Ansys, Inc. (NasdaqGS:ANSS)	9,539.2	1,033.8	461.3	9.2X	20.7X	Jun-30-2017
Aspen Technology, Inc. (NasdaqGS:AZPN)	4,629.4	482.9	219.0	9.6X	21.1X	Jun-30-2017
Citrix Systems, Inc. (NasdaqGS:CTXS)	11,680.3	3,441.4	987.1	3.4X	11.8X	Jun-30-2017
Intuit Inc. (NasdaqGS:INTU)	35,952.9	5,177.0	1,626.0	6.9X	22.1X	Jul-31-2017
Manhattan Associates, Inc. (NasdaqGS:MANH)	2,778.7	597.4	202.1	4.7X	13.7X	Jun-30-2017
MicroStrategy Inc. (NasdaqGS:MSTR)	829.5	511.2	109.2	1.6X	7.6X	Jun-30-2017
PTC Inc. (NasdaqGS:PTC)	6,938.6	1,145.9	91.9	6.1X	75.5X	Jul-01-2017
Synopsys, Inc. (NasdaqGS:SNPS)	11,232.8	2,662.0	534.6	4.2X	21.0X	Jul-31-2017
Workday, Inc. (NYSE:WDAY)	20,371.8	1,853.3	(229.8)	11.0X	N/A	Jul-31-2017
<b>Summary Statistics</b>						
High	\$35,952.9	\$5,177.0	\$1,626.0	11.0X	75.5X	
Low	\$829.5	\$482.9	(\$229.8)	1.6X	7.6X	
Mean	\$11,550.4	\$1,878.3	\$444.6	6.3X	24.2X	
Median	\$9,539.2	\$1,145.9	\$219.0	6.1X	20.8X	

Chart 5: Company Comparables Application Software (Smaller Cap)

Company Name	Total Enterprise Value Latest (\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
American Software, Inc. (NasdaqGS:AMSWA)	253.5	105.7	12.4	2.4X	20.4X	Jul-31-2017
Exa Corporation (NasdaqGM:EXA)	697.0	89.1	(10.8)	7.8X	N/A	Jun-30-2017
Everbridge, Inc. (NasdaqGM:EVBG)	348.4	72.7	1.5	4.8X	N/A	Jul-31-2017
GSE Systems Inc. (AMEX:GVP)	44.8	61.2	2.5	0.7X	17.9X	Jun-30-2017
NetSol Technologies, Inc. (NasdaqCM:NTWK)	50.1	65.4	5.6	0.8X	8.9X	Jun-30-2017
PROS Holdings, Inc. (NYSE:PRO)	770.6	158.8	(55.2)	4.9X	N/A	Jun-30-2017
QAD Inc. (NasdaqGS:QADA)	504.7	290.1	10.7	1.7X	47.2X	Jul-31-2017
<b>Summary Statistics</b>						
High	\$770.6	\$290.1	\$12.4	7.8X	47.2X	
Low	\$44.8	\$61.2	(\$55.2)	0.7X	8.9X	
Mean	\$381.3	\$120.4	(\$4.8)	3.3X	23.6X	
Median	\$348.4	\$89.1	\$2.5	2.4X	19.2X	

Source: Capital IQ; stock prices as of 9/30/2017

Note: TEV/EBITDA LTM multiples with N/A values indicate negative LTM EBITDA values and were not used for the Summary Statistics.

Note: TEV/EBITDA LTM multiples with N/M values indicate statistically irrelevant values and were not used for the Summary Statistics.



Chart 6: Company Comparables IT Services (Larger Cap)

Company Name	Total Enterprise Value Latest (\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
Accenture plc (NYSE:ACN)	80,127.4	34,850.2	5,944.2	2.3X	13.5X	Aug-31-2017
Cognizant Technology Solutions Corporation (NasdaqGS:CTSH)	39,456.8	14,131.0	2,775.0	2.8X	14.2X	Jun-30-2017
Convergys Corporation (NYSE:CVG)	2,530.0	2,913.6	363.0	0.9X	7.0X	Jun-30-2017
DST Systems, Inc. (NYSE:DST)	3,827.0	1,847.2	404.5	2.1X	9.5X	Jun-30-2017
DXC Technology Company (NYSE:DXC)	29,725.1	11,590.0	1,218.0	2.6X	24.4X	Jun-30-2017
EPAM Systems, Inc. (NYSE:EPAM)	4,199.5	1,285.4	183.5	3.3X	22.9X	Jun-30-2017
Syntel, Inc. (NasdaqGS:SYNT)	1,955.1	931.8	248.8	2.1X	7.9X	Jun-30-2017
<b>Summary Statistics</b>						
High	\$80,127.4	\$34,850.2	\$5,944.2	3.3X	24.4X	
Low	\$1,955.1	\$931.8	\$183.5	0.9X	7.0X	
Mean	\$23,117.3	\$9,649.9	\$1,591.0	2.3X	14.2X	
Median	\$4,199.5	\$2,913.6	\$404.5	2.3X	13.5X	

Chart 7: Company Comparables IT Services (Smaller Cap)

Company Name	Total Enterprise Value Latest (\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
Computer Task Group Inc. (NasdaqGS:CTG)	75.6	308.1	5.8	0.2X	13.0X	Jun-30-2017
Edgewater Technology Inc. (NasdaqGM:EDGW)	82.8	114.0	7.2	0.7X	11.5X	Jun-30-2017
Intermap Corporation (NasdaqGS:INAP)	812.3	289.8	71.0	2.8X	11.4X	Jun-30-2017
ManTech International Corporation (NasdaqGS:MANT)	1,608.7	1,641.6	126.2	1.0X	12.7X	Jun-30-2017
Perficient Inc. (NasdaqGS:PRFT)	753.1	452.1	47.4	1.7X	15.9X	Jun-30-2017
The Hackett Group, Inc. (NasdaqGS:HCKT)	444.1	262.6	40.6	1.7X	10.9X	Jun-30-2017
Volt Information Sciences, Inc. (AMEX:VISI)	146.4	1,247.5	6.1	0.1X	24.0X	Jul-30-2017
<b>Summary Statistics</b>						
High	\$1,608.7	\$1,641.6	\$126.2	2.8X	24.0X	
Low	\$75.6	\$114.0	\$5.8	0.1X	10.9X	
Mean	\$560.4	\$616.5	\$43.5	1.2X	14.2X	
Median	\$444.1	\$308.1	\$40.6	1.0X	12.7X	

Source: Capital IQ; stock prices as of 9/30/2017

Chart 8: Company Comparables Online/ Internet/ Media (Larger Cap)

Company Name	Total Enterprise Value Latest (\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
Activision Blizzard, Inc. (NasdaqGS:ATVI)	49,809.0	6,939.0	2,352.0	7.2X	21.2X	Jun-30-2017
GoDaddy Inc. (NYSE:GDDY)	8,066.2	2,005.5	238.5	4.0X	33.8X	Jun-30-2017
IAC/InterActiveCorp (NasdaqGS:IAC)	9,660.5	3,103.5	448.7	3.1X	21.5X	Jun-30-2017
TripAdvisor, Inc. (NasdaqGS:TRIP)	4,986.6	1,533.0	200.0	3.3X	24.9X	Jun-30-2017
Web.com Group, Inc. (NasdaqGS:WEB)	1,786.8	749.7	150.5	2.4X	11.9X	Jun-30-2017
Yelp Inc. (NYSE:YELP)	3,030.3	787.2	43.1	3.8X	70.3X	Jun-30-2017
<b>Summary Statistics</b>						
High	\$49,809.0	\$6,939.0	\$2,352.0	7.2X	70.3X	
Low	\$1,786.8	\$749.7	\$43.1	2.4X	11.9X	
Mean	\$12,889.9	\$2,519.7	\$572.1	4.0X	30.6X	
Median	\$6,526.4	\$1,769.3	\$219.3	3.6X	23.2X	

Chart 9: Company Comparables Online/ Internet/ Media (Smaller Cap)

Company Name	Total Enterprise Value Latest (\$ million)	LTM Total Revenue (\$ million)	LTM EBITDA (\$ million)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date (Used for LTM Figures)
Angie's List, Inc. (NasdaqGS:ANGI)	1,494.9	228.0	(7.8)	6.6X	N/A	Jun-30-2017
Callidus Software Inc. (NasdaqGM:CALD)	177.5	215.6	39.5	0.8X	4.5X	Jun-30-2017
DHI Group, Inc. (NYSE:DHX)	1,722.5	396.4	24.7	4.3X	69.7X	Jun-30-2017
Etsy, Inc. (NasdaqGS:ETSY)	373.1	173.4	7.0	2.2X	53.3X	Jun-30-2017
Limelight Networks, Inc. (NasdaqGS:LLNW)	743.7	215.6	8.2	3.4X	90.7X	Jun-30-2017
LivePerson Inc. (NasdaqGS:LPSN)	887.3	517.5	58.0	1.7X	15.3X	Jun-30-2017
Shutterstock, Inc. (NYSE:SSTK)	1,273.4	507.9	64.4	2.5X	19.8X	Mar-31-2017
<b>Summary Statistics</b>						
High	\$1,722.5	\$517.5	\$58.0	6.6X	90.7X	
Low	\$177.5	\$173.4	(\$7.8)	0.8X	4.5X	
Mean	\$899.8	\$291.1	\$21.6	3.2X	46.7X	
Median	\$815.5	\$221.8	\$16.5	2.8X	53.3X	

Source: Capital IQ; stock prices as of 9/30/2017

Note: TEV/EBITDA LTM multiples with N/A values indicate negative LTM EBITDA values and were not used for the Summary Statistics.

Note: TEV/EBITDA LTM multiples with N/M values indicate statistically irrelevant values and were not used for the Summary Statistics.

# Information Technology Transaction Volume

Chart 10: Application And Systems Software Transactions

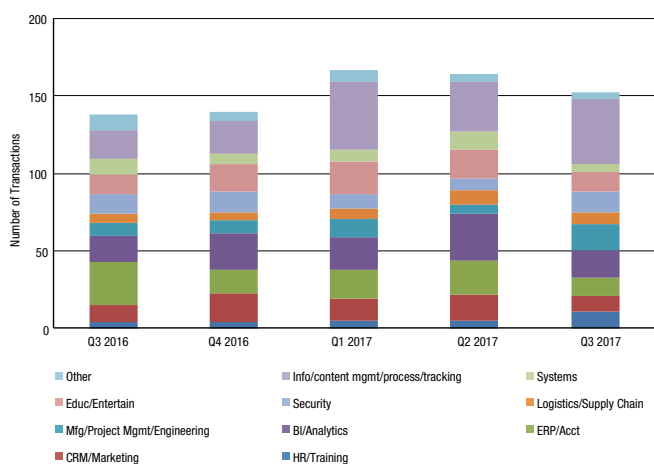


Chart 11: IT Services Transactions

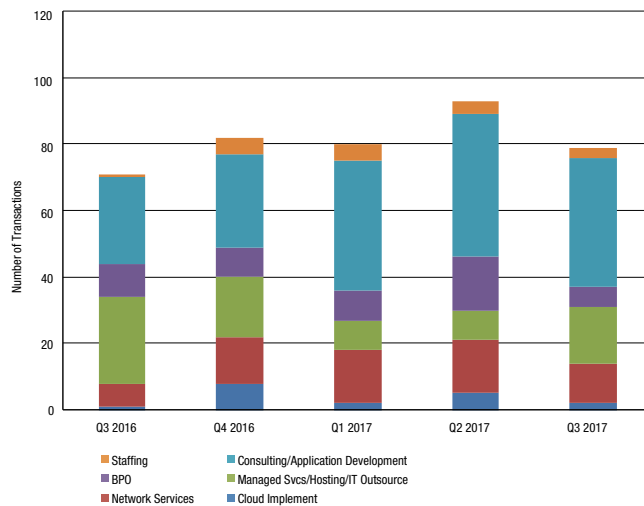


Chart 12: Internet Software and Services Transactions

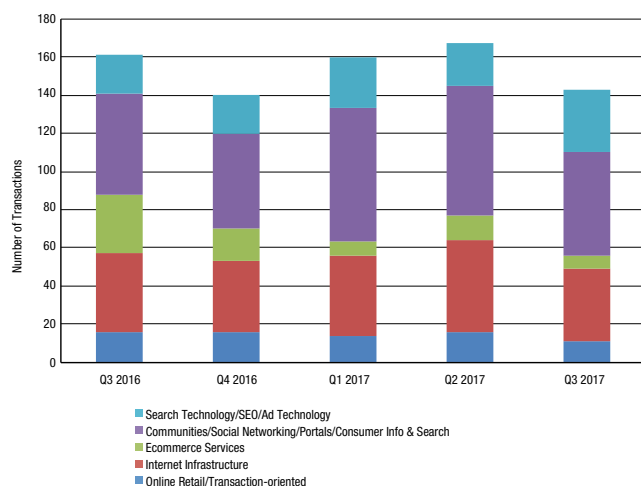


Chart 13: Software Deployment Channels

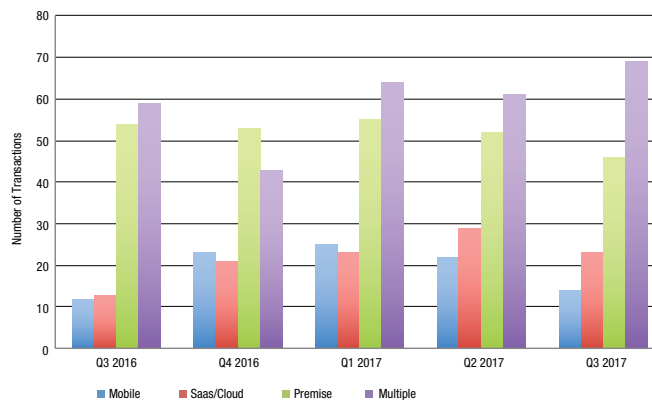
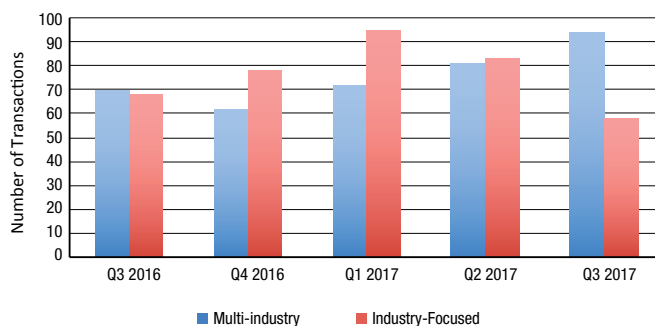


Chart 14: Industry Focus



Source: Capital IQ

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## M&A Activity in the IT Sector

### *Selected IT Transactions Q3 2017*

#### Applications and Systems Software

##### **Juniper Networks, Inc. Acquires Cyphort Inc.**

Juniper Networks, Inc. acquired Cyphort Inc. for an undisclosed amount. Cyphort develops software and appliance based solutions to protect enterprises and governments against cybercrime attacks with payloads. Its network layer agnostic and distributed approach is suited to protect cloud computing multi-tenant infrastructures where extensive use of virtualization is creating growing security gaps. The company was founded in 2008 and is based in Santa Clara, California. (August 31, 2017)

##### **The Descartes Systems Group Inc. Acquires MacroPoint LLC**

The Descartes Systems Group Inc. acquired MacroPoint LLC for \$107 million. MacroPoint develops automated location tracking solutions. The company offers real time shipment and load tracing and mapping for freight brokers, third party logistic firms, and shippers. The company was founded in 2009 and is based in Cleveland, Ohio. (August 15, 2017)

##### **Facebook, Inc. acquires Source3, Inc.**

Facebook, Inc. acquired Source3, Inc. for an undisclosed amount. Source3 develops a platform for management of intellectual property (IP) in user-generated content (UGC). The company provides IP recognition, IP licensing, and rights administration services to connect creators, marketplaces, and brands, as well as enables monetization of user content across physical and digital products. The company was founded in 2014 and is based in New York, New York. (July 24, 2017)

#### Internet Software and Services

##### **ePlus Technology, Inc. Acquires Integrated Data Storage, LLC**

ePlus Technology, Inc. acquired Integrated Data Storage, LLC for an undisclosed amount. Integrated Data Storage provides data center integration, cloud, and information technology consulting services to enterprises. Its data center services and solutions include networking, data protection, virtualization, storage, converged infrastructure, and end user computing; and cloud solutions and services focus on cloud archiving, backup, disaster recovery, and infrastructure. The company was founded in 2002 and is based in Oak Brook, Illinois. (September 18, 2017)

##### **Napa Logic LLC Acquires insightXM Inc.**

Napa Logic LLC acquired insightXM Inc. for an undisclosed amount. insightXM operates a data science company for events helping experiential marketing teams to plan, create, market, and manage events from corporate trade shows to international conferences. The company offers InsightXM, a SaaS platform that integrates data science, machine learning, and human insight to deliver event intelligence. Its platform aggregates and analyzes event/audience data, as well as delivers actionable insights to help marketers or event managers solve their challenges to reach, attract, and retain the optimal audience. The company was founded in 2014 and is based in Westport, Connecticut. (September 12, 2017)

##### **Verisk Analytics, Inc. Acquires G2 Web Services, LLC**

Verisk Analytics, Inc. acquired G2 Web Services, LLC for \$112 million. G2 Web Services provides customized

solutions to protect client's brand on the Internet. It offers programs that help identify mal-content, illegal transactions, and other misuses of the brand. The company also provides Service Provider Sentinel that simplifies the process of identifying service providers used by every merchant in an acquirer's portfolio, ranks the risk level of each merchant based on their potential for cardholder data breach risk, and drives service provider registration with the card networks. The company was founded in 2004 and is based in Salt Lake City, Utah. (July 27, 2017)

## IT Services

### **Eliassen Group, LLC Acquires Principle Solutions Group, LLC**

Eliassen Group, LLC acquired Principle Solutions Group, LLC for an undisclosed amount. Principle Solutions Group provides information technology staffing and consulting services. It offers IT staffing solutions, such as staff augmentation, direct hire placement, recruiting process, and pay rolling services. The company also provides IT consulting solutions comprising application development services; data center infrastructure services; and project governance services in the areas of business analysis, process improvement, and quality assurance. The company was founded in 2006 and is based in Atlanta, Georgia. (September 25, 2017)

### **Cloudera, Inc. Acquires Fast Forward Labs, Inc.**

Cloudera, Inc. acquired Fast Forward Labs, Inc. for an undisclosed amount. Fast Forward Labs researches machine intelligence that enables organizations work with data science and machine learning. It addresses capability gaps from technical, process, people, and organizational perspective, and helps navigate the vendor ecosystem and explore data opportunities for new product and business opportunities. The company was founded in 2014 and is based in New York, New York. (September 7, 2017)

### **ConvergeOne, Inc. acquires Annese & Associates Inc.**

ConvergeOne, Inc. acquired Annese & Associates Inc. for an undisclosed amount. Annese & Associates designs, installs, and maintains integrated communications systems. The company wraps professional and managed services in the areas of cloud, infrastructure, collaboration, and data center virtualization solutions. Its collaboration solutions include contact center, call reporting and accounting, and unified communications voice solutions; digital signage, Web conferencing, video conferencing, IP video surveillance, and video content management. The company was founded in 1970 and is based in Clifton Park, New York. (July 18, 2017)

*Source: Transaction material sourced from S&P Capital IQ Database*

## Recently Closed Transactions

This announcement appears as a matter of record only

**AMADEUS**  
CONSULTING

has been acquired by

**Exadel®**

---

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Amadeus Consulting, LLC.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only

**BRP**  
BOSTON RETAIL PARTNERS

has been acquired by

**EarthLink®**

---

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Boston Retail Partners.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only

**NAVINT**

has been recapitalized by

**BOATHOUSE**  
CAPITAL

---

The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Navint Partners, LLC.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only

**lucidity**  
CONSULTING GROUP

has been acquired by

**Emtec®**

---

The undersigned initiated this transaction,

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only

**INFORMATION**  
SECURITY  
SOLUTIONS

has been acquired by

**ais**

---

The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Information Security Solutions LLC.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only

**ALPHASYSTEMS**

has been acquired by

**DataBank®**

---

The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Alpha Systems.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only

**virtusa®**

has acquired

**apparatus®**

---

The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Virtusa.

---

**FOCUS**  
Investment Banking

"We are grateful for the expertise and professionalism that FOCUS brought to this transaction. The sale of Alpha Systems to Databank would not have gone as seamlessly as it did had it not been for FOCUS. They understand the needs of both buyers and sellers and ensured that the transaction went as smoothly as possible. Their bankers bring a methodical execution strategy that delivers consistent results. This is the second transaction FOCUS has completed for us, which demonstrates the confidence we have in their process and in their firm."

**Brett Griffith, President, Alpha Systems**

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## Recently Closed Transactions

This announcement appears as a matter of record only



has been sold to




The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Forgentum.

---


**FOCUS**  
Investment Banking

"We are very excited about this new chapter. Fulcrum's culture and history of performance in DoD application development, integration and operational support are well known. Joining Fulcrum will open additional opportunities for our employees and will allow us to expand our solutions. We are thankful for FOCUS' advice and support in making this transition run as smoothly as it did." **Lyn Hurd, CEO and Co-Founder, Forgentum**

This announcement appears as a matter of record only



has made a Growth Equity Investment in



The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to LbGlobalLaw, LLC.


---

**FOCUS**  
Investment Banking


"Through its disciplined process FOCUS leveraged its database of prospective mezzanine and growth equity investors and obtained multiple investment proposals ranging from mezzanine debt structures to control acquisitions.

Their assistance preparing a comprehensive information memorandum describing our unique business model and helping us manage the negotiations and due diligence process was invaluable." **Steve French, CEO, LbGlobalLaw**

This announcement appears as a matter of record only



has acquired



The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to TÜV Rheinland.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only



has completed acquisition of



The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Software Paradigms International Group, LLC.


---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only



has acquired




The undersigned assisted in the negotiations and acted as financial advisor to NAVIS.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only



has acquired



The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Telesis Corporation.

---

**FOCUS**  
Investment Banking

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Digisoft Computers, Inc.

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## Recently Closed Transactions

*This announcement appears as a matter of record only.*

**sbc systems**

has been acquired by

**MORNEAU SHEPELL**

The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to SBC Systems Company, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**EMERGING SOLUTIONS**

has been acquired by

**emtec**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Emerging Solutions.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**omnitech®**  
Empowering Enterprises

has acquired

**Avensus**  
*driven by control*

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Omnitech Infosolutions, Ltd.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**GCP Inc**

has received a revolving line of credit from

**Access National Bank®**  
*progressive business banking*

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to GCP, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**TRIBRIDGE**

has been recapitalized by

**LLRpartners**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Tribridge.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**FUTURETECH HOLDING COMPANY**

has been recapitalized by

**PEACHTREE II**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to FutureTech Holding Company.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**Glodyne**

has acquired

**DecisionOne®**

a portfolio company of  
**CERBERUS**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Glodyne Technoserve, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**CROSSROADS RMC**

has executed an exclusive software license with

**flexware**  
INNOVATION

for the technology to be used in  
**NextTrack**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Crossroads RMC.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**TouchStar**

has sold certain assets to

**NOBLE SYSTEMS**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to TouchStar Software.

**FOCUS**  
Investment Banking

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## Recently Closed Transactions

*This announcement appears as a matter of record only.*

 **Pepperweed** ADVISORS

has sold its assets to

 **Cognizant**

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Pepperweed Advisors.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **Global** SOFTWARE

has been acquired by

 **HARRIS**

a division of

 **CONSTELLATION** SOFTWARE INC.

Listed: CSU TorontoStock Exchange

The undersigned initiated the transaction, assisted in the negotiations and acted as financial advisor to Global Software.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

The Microsoft Business of

 **ALLIN** Corporation

has been acquired by

**Dell Corporation**

The undersigned represented, assisted in the negotiations and acted as financial advisor to Allin Corporation.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **AGENTEK**

has been recapitalized by

 **Edison** VENTURE FUND

\$8,000,000 Series A Preferred Stock


The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Agentek, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **VERTEX** SOLUTIONS

has been sold to

 **ADAYANA**  
Performance Through Learning

The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Vertex Solutions.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **Pradot**  
Affirming Excellence


has acquired

 **GROUP ONE** healthsource


The undersigned initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Pradot.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*



has been acquired by



We acted as financial advisor to and assisted with the negotiations as the representative of Advanced Control Systems.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

**DunnSolutionsGroup**

has been sold to

 **CRANES**

**Cranes Software International, Inc.**

We initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Dunn Solutions Group.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **AY**

**Apply Yourself Recruiting Solutions**

has been sold to

 **hobsons**

We acted as financial advisor to and assisted with the negotiations as the representative of Apply Yourself Recruiting Solutions.


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## Recently Closed Transactions

*This announcement appears as a matter of record only.*

 **COMM-WORKS®**  
A portfolio company of Morgenthaler

  
M  
MORGENTHAUER

has acquired

 **intellex**

We initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Intellex.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **CareTek, LLC**


has acquired certain ownership interests in

 **BlueCanopy**  
IT Management for Business.

We acted as financial advisor to, and assisted with the negotiations as the representative of Blue Canopy.


**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **DIEBOLD**  
We won't rest.

**Diebold, Inc. (NYSE: DBD)**

has acquired certain ownership interests in


 **ERAS**  
Banking Technology

**Eras JV**


We initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Diebold, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **CNS**  
Computer Networks and Software, Inc.

has been sold to

 **Strategic Defense Alliance Corp.**

We initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Computer Networks and Software, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **CAMBRIDGE SYSTEMS, INC.**

has acquired

 **SSI Business Solutions**

We originated this transaction, acted as financial advisor to and assisted with the negotiations as the representative of Cambridge Systems, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **digisoft**


has been sold to

 **TouchStar Software**


We initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Digisoft Computers, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **eXI WIRELESS**  
Peace of mind through wireless innovation

has been sold to

 **APPLIED DIGITAL**

We initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of eXI Wireless Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **Global Science & Technology, Inc.**

has acquired

 **TMC TECHNOLOGIES, INC.**

We initiated the transaction, acted as financial advisor to, and assisted with the negotiations as the representative of Global Science & Technology, Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only.*

 **CALIBRE**  
Our Success Follows Yours

has acquired

**Strategic Management Initiatives, Inc.**

We initiated the transaction, acted as financial advisor to and assisted with the negotiations as the representative of CALIBRE Systems, Inc.

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## Recently Closed Transactions

*This announcement appears  
as a matter of record only.*

**Versient, Inc.**

has been sold to

**The Shamrock  
Companies**

We initiated the transaction, acted as  
financial advisor to, and assisted with the  
negotiations as representative of  
Versient, Inc.

**FOCUS**  
Investment Banking

*This announcement appears  
as a matter of record only.*



**Sigmaworx, Inc.**

has been sold to



We initiated negotiations and acted as  
financial advisor to Sigmaworx, Inc.

**FOCUS**  
Investment Banking

*This announcement appears  
as a matter of record only.*



has been sold to

**GUIDEMORE, INC.**

We initiated the transaction, acted as  
financial advisor to, and assisted with the  
negotiations as the representative of  
Topaz Technologies, Inc.

**FOCUS**  
Investment Banking

*This announcement appears  
as a matter of record only.*



has acquired



The undersigned initiated the transaction,  
acted as financial advisor to, and assisted  
with the negotiations as the representative  
of TouchStar Software.

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## FOCUS Information Technology Team



### **George M. Shea**

*Partner and Information Technology Team Leader, Jacksonville, FL*  
George.Shea@focusbankers.com  
904-491-1757

Mr. Shea has over 30 years of broad IT industry experience in acquisitions and divestitures, corporate finance, business development, strategic planning, marketing, sales, and operations.



### **John T. Bradshaw**

*Partner, Bend, OR*  
John.Bradshaw@focusbankers.com  
541-306-6451

Mr. Bradshaw has over 30 years of experience in manufacturing, finance and systems engineering with corporations specializing in technology-driven business products and services.



### **Richard C. Cook**

*Senior Advisor, Atlanta*  
dickcook51@bellsouth.net  
404-409-7909

Prior to joining FOCUS, Mr. Cook was Director, President and Chief Executive Officer of MAPICS, Inc. following a 25-year career with IBM.



### **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 20 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.



### **Manan K. Shah**

*Partner and Government, Aerospace & Defense Team Leader, Washington, DC*  
mshah@focusbankers.com  
202-470-1980

Mr. Shah has over 20 years of consulting, management, and M&A advisory experience in the government, aerospace, defense, business process outsourcing, software, and information technology sectors.



### **John Slater**

*Partner and Capital Financing Team Leader, Memphis, TN*  
john.slater@focusbankers.com  
901-684-1274

John Slater has 28 years of M&A and capital raising experience. Mr. Slater has served clients in industries ranging from information technology and software based services, telecom, broadband distribution, digital media, and business services to manufacturing, health care, and distribution logistics.



### **Jonathan Wilfong**

*Regional Managing Partner, Southeast, Healthcare and Life Sciences Team Leader, and Energy Co-Team Leader, Atlanta, GA*  
jonathan.wilfong@focusbankers.com  
404-963-8252

Jonathan E. Wilfong has almost 40 years of broad industry experience in mergers and acquisitions, business development, and capital formation. He was a founder and co-founder of two physician practice management companies.



## About FOCUS Investment Banking LLC

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

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# FOCUS

## Investment Banking

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