

# FOCUS

Investment Banking

Telecom Technology and Services Group

## Enterprise-Focused Telecom Technology Quarterly



### Investment Banking and Advisory Services

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

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

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# Enterprise-Focused Telecom Technology Quarterly

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

FOCUS believes that the Enterprise-Focused Telecom Technology sector is one of the most exciting in Telecom. Businesses today have an unprecedented opportunity to enhance operating efficiency and reduce costs by converging separate voice and data networks, empowering remote and mobile workers, extending communications to harsh outdoor and industrial environments, enhancing customer service and moving applications to a hosted or “cloud” environment. However, to achieve these benefits organizations must overcome a host of non-trivial challenges including bandwidth management, quality of service prioritization and monitoring, device proliferation and network security. While many of the largest players in the communications equipment industry are indeed helping to meet these challenges, we believe there is significant innovation among middle market technology providers and ample opportunities for them to create meaningful value for their shareholders. FOCUS is proud of its commitment to the Enterprise-Focused Telecom Technology sector and we are excited about the prospects for middle market companies in this space.

The FOCUS Telecom Technology and Services group consists of two professionals with a combined 30+ years of transaction experience across a wide variety of telecommunications-related companies. The FOCUS Telecom team is uniquely qualified to help middle market clients reach their strategic objectives because the group:

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

- Has 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,
- Has a national presence with coverage of both East and West coasts.

## Sub Sector Definitions

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

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

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

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

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

# Summary Comments

## Public Markets

After a disappointing fall report, the Focus Enterprise-Focused Telecom Technology Index (EFTTI) underwent a modest bounce back in our winter reporting period with a three-month gain of 3.3%. While it was certainly good to see the EFTTI back in positive territory, the index still trailed the 6.2% gain in the S&P 500 and the 10.4% gain in the NASDAQ by a fairly wide margin. The situation is similar for the twelve-month period, where the 6.2% year-over-year gain in the EFTTI compares poorly with the corresponding gains of 19.3% and 25.7% in the S&P 500 and NASDAQ, respectively. On a more positive note, we did see that sector multiples are higher than they were at this same time last year. The sector revenue multiple increased from 4.0x to 4.3x, while the sector EBITDA multiple went from 16.9x to 17.8x.

## Enterprise Networking

The Enterprise Networking sub sector lost 3.3% in the past three months. This made it the worst performing sub sector in the EFTTI this period and also marked the second straight reporting period where the sub sector was in negative territory. Nine of the 12 companies in the index were in the red, so losses were broad-based. Notable decliners included Cisco (down 3.2%), Arista Networks (down 8.7%), Extreme Networks (down 8.4%) and F5 Networks (down 15.2%). The sub sector also lost 1.8% in the last 12 months, although in this case the majority of the companies in the index are in positive territory for the year. However, a slight decline at Cisco as well as steeper declines at companies like Aerohive Networks, Extreme Networks and F5 Networks served to keep the sub sector in the red. Sub sector multiples ended the period at 3.5x revenue and 12.2x EBITDA. Both of these are lower than multiples from this same time last year of 3.8x revenue and 13.6x EBITDA.

## Industrial and M2M

The Industrial and M2M sub sector was also in negative territory this period with a three-month loss of 1.8%. Double digit losses at CalAmp and Sierra Wireless were more than enough to counterbalance strong gains at Inseego and Lantronix. The sub sector is also down 6.9% year-over-year, once again because of declines at CalAmp and Sierra Wireless. Sub sector multiples remained fairly similar to where they were a year ago. The sub sector revenue multiple remained unchanged at 1.2x, while the sub sector EBITDA multiple crept up a full turn from 9.9x a year ago to 10.9x currently.

## Network Management

The Network Management sub sector fell back into negative territory again for our current reporting period, albeit with a small loss of only 0.7%. MobileIron shed almost a quarter of its value, but this was largely canceled out by a 6.2% gain at NetScout. For the full year period the sub sector is up 5.0%. This gain was entirely due to a 7.8% gain at Solar Winds; the other two companies in the index both had slight losses for the year. Sub sector multiples are down slightly year-over-year. The sub sector revenue multiple fell from 5.2x to 5.0x, while the sub sector EBITDA multiple declined from 37.0x to 28.6x.

## Network Security

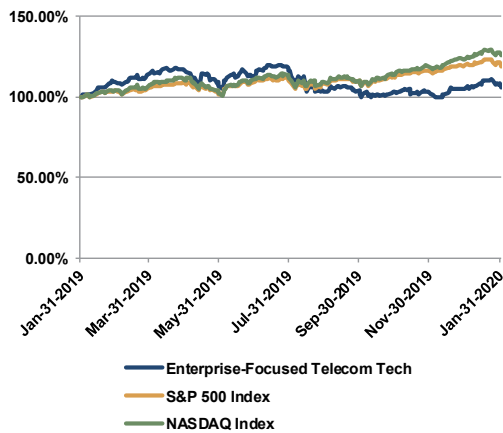
The Network Security sub sector reversed course from our last two quarterly reports where it had a negative return and turned in a substantial gain of 15.0% for our winter reporting period. This was good enough to make it the best performing sub sector in the EFTTI over this time frame. Gains were broad-based as 15 of the 17 companies in the index were in positive territory over the past three months. This included six companies (CrowdStrike, CyberArk, Fortinet, Ping Identity, SecureWorks and Zscaler) that had gains of more than 20%. Network Security is also the EFTTI's second best performing sub sector for the full year with a gain of 16.8%, with once again the vast majority of the companies in the sub sector delivering a positive return over this time frame. Sub sector multiples also increased over the past year and closed out the period at 6.8x revenue (up from 5.7x a year ago) and 46.4x EBITDA (up from 37.1x a year ago).

## Unified Communications and the Contact Center

For the second straight reporting period the Unified Communications and the Contact Center sub sector enjoyed a double-digit return. The sub sector gained 13.5% in the past three months, putting it just behind Networking Security as the best performing sub sector in the EFTTI this period. A number of companies saw significant gains including ClearOne (up 32.0%), Enghouse Systems (up 35.9%), Five9 (up 29.2%) and Verint (up 27.8%). The past two periods of strong performance have easily made Unified Communications and the Contact Center the top performing sub sector in the EFTTI for the full year period with a gain of 32.6%. Gains over this period were broad-based with only Avaya landing in negative territory. Sub sector multiples jumped significantly from where they were a year ago, largely due to the introduction of Zoom into the index. At period's end sub sector multiples stood at 6.6x revenue and 51.2x EBITDA. These compare very favorably to year-ago multiples of 2.8x revenue and 25.2x EBITDA.

# Enterprise-Focused Telecom Technology: Public Market Summary

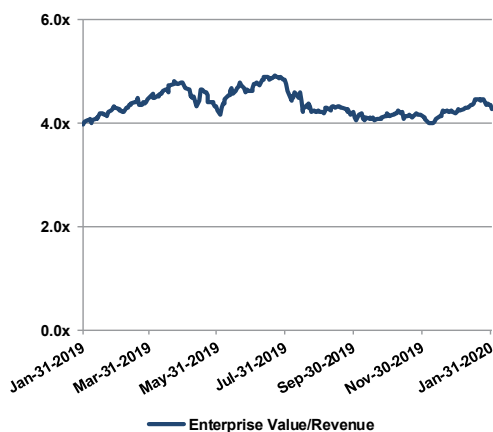
## Twelve Month Index Returns



## Sector and Sub Sector Returns

	12 Month	3 Month
Enterprise-Focused Telecom Tech	6.2%	3.3%
Enterprise Networking	-1.8%	-3.3%
Industrial and M2M	-6.9%	-1.8%
Network Management	5.0%	-0.7%
Network Security	16.8%	15.0%
Unified Comms & Contact Center	32.6%	13.5%
S&P 500	19.3%	6.2%
NASDAQ	25.7%	10.4%

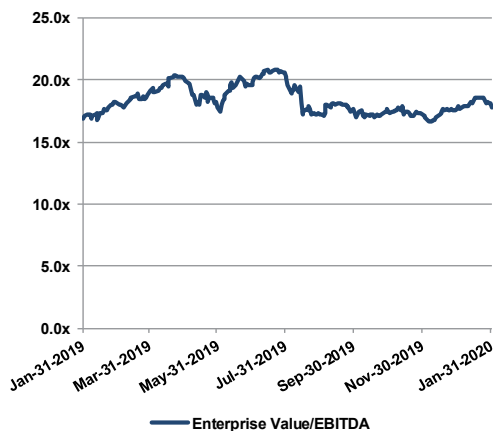
## Revenue Multiple Trends



## Sector and Sub Sector Revenue Multiples

	1/31/2020	1/31/2019
Enterprise-Focused Telecom Tech	4.3x	4.0x
Enterprise Networking	3.5x	3.8x
Industrial and M2M	1.2x	1.2x
Network Management	5.0x	5.2x
Network Security	6.8x	5.7x
Unified Comms & Contact Center	6.6x	2.8x

## EBITDA Multiple Trends



## Sector and Sub Sector EBITDA Multiples

	1/31/2020	1/31/2019
Enterprise-Focused Telecom Tech	17.8x	16.9x
Enterprise Networking	12.2x	13.6x
Industrial and M2M	10.9x	9.9x
Network Management	28.6x	37.0x
Network Security	46.4x	37.1x
Unified Comms & Contact Center	51.2x	25.2x

Source: Capital IQ

# M&A Summary Comments

## M&A

M&A activity in the Enterprise-Focused Telecom Technology sector picked up dramatically this period with a total of 52 announced transactions. The increase in activity was not as noticeable when measured by announced transaction dollar volume, but even so dollar volume still came in at a respectable \$2.6 billion for the last three months. With 2019 now in the books we noted that the level of M&A activity was very consistent with recent years. The 163 total transactions in 2019 was essentially on par with the period from 2016 through 2018, while the total announced transaction dollar value of \$24.2 billion was down significantly from the peak in 2018 but still consistent with historical norms.

## Enterprise Networking

There were two transactions in the Enterprise Networking sub sector this period. In the first transaction, Cisco made a relatively rare acquisition in the sub sector when it acquired ultra- low latency switching provider Exablaze. The second transaction was not officially announced, but a number of credible sources broke the story that Arista Networks had reached an agreement to acquire data center switching company BigSwitch Networks.

## Industrial and M2M

The only transaction we logged in the Industrial and M2M sub sector was Sierra Wireless' acquisition of M2M Group for \$19.8 million. M2M Group makes modules, modems and antennas that support M2M communications.

## Network Management

The Network Management sub sector had a nice spike in activity with eight transactions for the period. This included acquisitions by large acquirers such as VMware (which acquired Nyansa, a monitoring solution for VMware's Velocloud platform) and Google (which acquired cloud management and monitoring platform CloudSimple). In the final transaction we will highlight for the sub sector, Turbonomic acquired Bain Capital portfolio company SevOne. SevOne's solution provides real-time performance monitoring and analytics for hybrid networks.

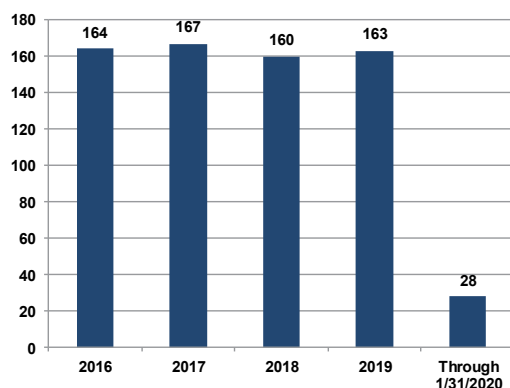
## Network Security

Activity in the Network Security sub sector exploded with a total of 32 transactions in this past three months. This included the two transactions this period with valuations of one billion or more; the acquisition of Armis by Insight Venture Partners for \$1.1 billion and the acquisition of Shape Security by F5 Networks for \$1.0 billion. Other transactions with significant announced transaction dollar values included the Palo Alto Networks acquisition of Apero for \$150 million and the Proofpoint acquisition of ObserveIT for \$225 million. Other notable acquirers that were active this period included FireEye, Broadcom, Fortinet and Check Point. Finally, we did see activity in the industrial side of the security space as private equity firm TELEO Capital Management acquired Industrial Defender and Tenable acquired Indegy.

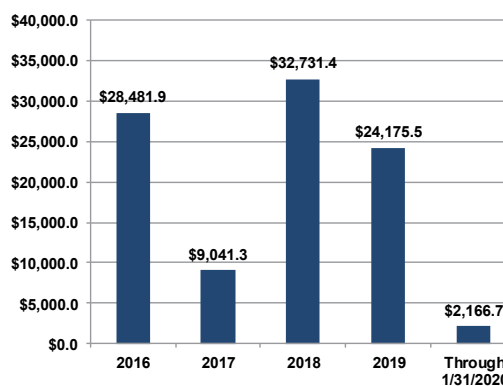
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## Enterprise-Focused Telecom Technology: M&A Summary

M&A Activity: Number of Transactions



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





## Unified Communications and the Contact Center

It was the third straight period with a high level of M&A activity for the Unified Communications and the Contact Center sub sector with a total of nine transactions. Publicly traded companies in the space that were active acquirers included Twilio, which acquired hosted PBX platform Teravoz, and Five9, which acquired contact center software company Whendu. Another transaction that stood out in the sub sector was Comcast's acquisition of

unified communications as a service platform Blueface. The Blueface acquisition bolsters Comcast's portfolio of business solutions and also provides it with a platform capable of serving an international customer base.

## Transactions with Announced Multiples

The lone transaction with an announced multiple this period was the F5 Networks acquisition of Shape Security. This transaction went for an eye-popping revenue multiple of 16.7x. The EBITDA multiple was not disclosed.

## M&A Announced Transactions (11/1/19 – 1/31/20)

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Avast Software	Jumpshot	Security	1/30/20	NA	Solutions for viruses, spyware, trialware, pop-ups and bloated toolbars.
Aws Fonds Management	Communi5 Technologies	Unified Comms & Contact Center	1/28/20	NA	Communication solutions for service providers including unified communications, business trunking and call center solutions.
Imprivata	GroundControl Solutions	Network Management	1/28/20	NA	Enterprise mobile device management and provisioning SaaS for businesses globally.
Comcast	Blueface	Unified Comms & Contact Center	1/27/20	NA	Unified Communications-as-a-Service solutions for businesses, enterprises and carriers.
TELEO Capital Management	Industrial Defender	Security	1/24/20	NA	Cybersecurity, compliance and change management SaaS for critical infrastructure businesses globally.
Arista Networks	BigSwitch Networks	Enterprise Networking	1/23/20	NA	Data center switching, visibility and analytics solutions for on-premises clouds, public clouds and multi-cloud environments.
Actzero	IntelliGO Networks	Security	1/22/20	NA	Cyber security company that focuses on managed detection and response services.
ServiceNow	Loom Systems	Security	1/22/20	NA	Software that enables users to monitor log data from host machines, log servers, cloud services or other applications in real-time.
VMware	Nyansa	Network Management	1/21/20	NA	End-to-end network visibility, monitoring and remediation solution within VMware SD-WAN by VeloCloud.
Provana	TriVium Systems	Unified Comms & Contact Center	1/21/20	NA	Call management, recording and speech analytics SaaS for call centers and businesses globally.
Twilio	Teravoz	Unified Comms & Contact Center	1/18/20	NA	Hosted PBX platform for SMBs and Call Centers and telephony APIs.
FireEye	Cloudvisory	Security	1/17/20	NA	Cloud infrastructure security management SaaS and software for security operations, development teams and businesses globally.
Skyview Capital	Fidelis Cybersecurity	Security	1/15/20	NA	Provides visibility and control products and services to detect, investigate and prevent advanced cyber-attacks.
Hornetsecurity	EveryCloud Antispam	Security	1/14/20	NA	Cloud-based antispam protection services.
Wind River Systems	Star Lab	Security	1/14/20	NA	Embedded systems cybersecurity software for the aerospace and defense sectors.
LogicMonitor	Unomaly	Network Management	1/13/20	NA	Software enables users to monitor log data from host machines, log servers, cloud services or other applications in real-time.
Digitcom Telecommunications	Algo Communication Products (Interconnect Division)	Unified Comms & Contact Center	1/10/20	NA	Manufactures business telecommunication systems, peripheral products and applications for clients.
Synopsys	Tinfoil Security	Security	1/9/20	NA	Website security SaaS for businesses and consumers that scans websites and analyzes vulnerabilities.
Adaptiv Networks	LiveQOS	Network Management	1/7/20	NA	Wired and wireless network monitoring and management SaaS that enables optimized application performance for businesses.
CloudFlare	S2 Systems	Security	1/7/20	\$38.7	Security platform that provides a layer of separation between the user's browser and the internet.
Insight Venture Partners	Armis	Security	1/6/20	\$1,100.0	Unmanaged and IoT device cybersecurity monitoring software for businesses globally.
Mimecast	Segasec Labs	Security	1/6/20	NA	AI-based threat detection, management and intelligence software for businesses.
Broadcom	Bay Dynamics	Security	12/30/19	NA	Provides security information and event management SaaS to businesses.

## M&A Announced Transactions (11/1/19 – 1/31/20) continued

Acquiror	Target	Sector	Date Announced	Purchase Price	Description
Raytheon	Forcepoint	Security	12/30/19	NA	Software solutions to protect users, data and networks against insider threats and outside attacks.
F5 Networks	Shape Security	Security	12/19/19	\$1,000.0	AI-enabled web and mobile application fraud protection software for banks, airlines, retailers and government agencies.
Cisco Systems	Exablaze	Enterprise Networking	12/16/19	NA	Ultra low-latency network switches and related firmware with a focus on computing and financial trading sectors.
Fortinet	CyberSponse	Security	12/12/19	\$28.0	Security orchestration, automation and response and incident management SaaS for businesses.
LiveVox	Teckst	Unified Comms & Contact Center	12/10/19	NA	Instant message and SMS text customer service automation SaaS for businesses.
BV TECH	Defenx	Security	12/4/19	\$0.1	Cyber security company with a range of products for the mobile, PC and network security markets.
Help/Systems	Clearswift	Security	12/2/19	NA	Content threat protection software that enables information to be scanned as it enters or leaves the organization.
Tenable Network Security	Indegy	Security	12/2/19	\$78.0	Network cybersecurity risk management software for industrial control systems.
Check Point Software Technologies	Protego Labs	Security	12/2/19	NA	Cloud-based web application security SaaS for businesses operating in cloud and serverless computing environments.
Palo Alto Networks	Aporeto	Security	11/25/19	\$150.0	Open sourced cloud workload security and micro-segmentation SaaS to businesses.
Gamma Communications	Telsis Communication Services	Unified Comms & Contact Center	11/25/19	NA	Communications-as-a-Service products for small to medium-size enterprises.
Kape Technologies	Private Internet Access	Security	11/19/19	NA	Multi-platform virtual private network encryption SaaS for businesses and consumers globally.
Google	CloudSimple	Network Management	11/18/19	NA	Platform to deploy, manage and monitor infrastructure in cloud locations.
Check Point Software Technologies	Cymplify	Security	11/14/19	NA	Cyber security technology that hardens and protects IoT devices such as IP cameras and Smart TVs.
Plixer	Great Bay Software	Security	11/14/19	NA	Endpoint security management, network access control and network behavioral monitoring and analytics SaaS.
6Clicks Trading	Trustygate	Security	11/14/19	NA	Software for companies to manage information assets, assess and treat risks, communicate policy guidance and manage performance.
Aqua Security Software	CloudSploit	Security	11/12/19	NA	Security auditing and monitoring tool that audits the configuration state of services in IaaS accounts for potential misconfigurations.
HighSide	HotShot Technologies	Security	11/12/19	NA	Data-encrypted messaging and team collaboration software used for customer identity security assurance.
IPKeys Technologies	N-Dimension Solutions	Security	11/12/19	NA	Cloud-based managed security services for utilities that deliver continuous cyber threat vigilance and remediation guidance.
Five9	Whendu	Unified Comms & Contact Center	11/12/19	NA	Call center integration platform as a service that provides no-code, visual application workflow SaaS for businesses.
Speik	Aeriandi	Unified Comms & Contact Center	11/9/19	NA	Call center payment card industry compliance and payment processing solutions including call recording and archiving.
Digi International	Opengear	Network Management	11/7/19	NA	Open source remote access, network monitoring and IT infrastructure management SaaS and console servers to businesses.
Fair Isaac Corporation	EZMCOM	Security	11/6/19	NA	Digital data protection and security access software.
Sierra Wireless	M2M Group	Industrial and M2M	11/5/19	\$19.8	Wireless modules, modems and antennas and software development and support.
Sumo Logic	JASK	Security	11/4/19	NA	Machine learning-based security management SaaS for autonomous security operations centers.
Turbonomic	SevOne	Network Management	11/4/19	NA	Network performance management SaaS that provides features for real-time performance monitoring and analytics of hybrid networks.
Axispoint Technology Solutions	ShoreGroup Solutions	Network Management	11/4/19	NA	Vendor agnostic platform for monitoring and managing unified communications and contact center applications.
NetEnrich	ThreatLandscape	Security	11/4/19	NA	Automated cyber threat detection and response platform.
Proofpoint	ObserveIT	Security	11/3/19	\$225.0	Solution that empowers security teams to detect insider threats and stop data exfiltration.

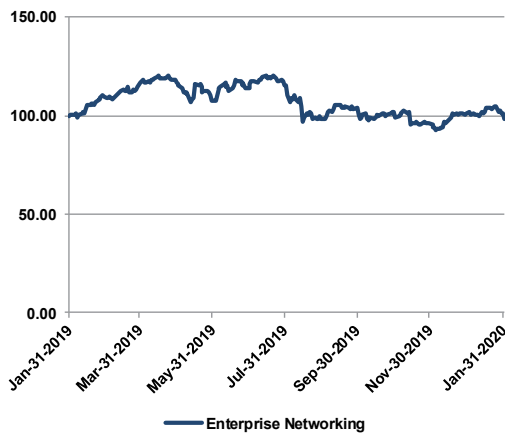
## M&A Announced Transactions with Revenue Multiples (2/1/19 – 1/31/20)

Acquiror	Target	Sector	Date Announced	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
F5 Networks	Shape Security	Security	12/19/19	\$1,000.0	16.7 x	NA	AI-enabled web and mobile application fraud protection software for banks, airlines, retailers and government agencies.
Beijer Electronics	Virtual Access	Industrial and M2M	10/30/19	\$20.0	1.5 x	NA	Wireless industrial routers and gateways as well as network performance activators for controlled connectivity.
Thoma Bravo	Sophos	Security	10/14/19	\$3,913.5	5.5 x	49.2 x	Provides cloud-enabled end-user and network security solutions including endpoint protection, firewall and cloud security analytics.
Hewlett Packard Enterprise	Bromium	Security	9/19/19	\$30.0	1.5 x	NA	Endpoint security SaaS that isolates browser-based attacks, malicious downloads and attachments and other applications.
VMware	Carbon Black	Security	8/22/19	\$2,139.7	9.3 x	NM	Cloud-native platform that leverages big data and behavioral analytics to provide comprehensive endpoint protection.
Broadcom	Symantec (Enterprise Security Assets)	Security	8/8/19	\$10,700.0	4.6 x	NA	Endpoint and information protection products including endpoint security, advanced threat protection and information protection.
8x8	Wavecell	Unified Comms & Contact Center	7/17/19	\$125.0	3.9 x	NA	Communications platform-as-a-service software that enables SMS, chat, push notifications, voice and video communications.
Westermo Teleindustri	Neratec Solutions	Industrial and M2M	7/8/19	\$5.0	0.8 x	NA	Hardware, software and wireless local area network products for industrial applications.
Extreme Networks	Aerohive Networks	Enterprise Networking	6/26/19	\$228.4	1.5 x	NM	Cloud networking and enterprise Wi-Fi solutions including wireless access points, branch routers and switches.
Enghouse Systems	Vidyo	Unified Comms & Contact Center	5/14/19	\$40.0	0.7 x	NA	Enterprise-class video software solutions that support visual communications across diverse end-points and networks.
SolarWinds	Samange	Network Management	4/11/19	\$350.0	17.5 x	NA	IT asset and help desk management SaaS for businesses with features for AI-based ticket routing and workflow automation.
Progress Software	Ipswitch	Network Management	3/28/19	\$225.0	3.0 x	NA	Network management, file transfer and messaging software to monitor network activity and performance and transfer files.
Casa Systems	NetComm Wireless	Industrial and M2M	2/21/19	\$97.1	0.7 x	9.7 x	Fixed wireless broadband and wireless machine-to-machine and IoT terminating devices.
Carbonite	Webroot	Security	2/7/19	\$618.5	2.9 x	NA	Anti-malware and firewall software and SaaS for managed service providers, businesses and consumers.



# Sub Sector Analysis: Enterprise Networking

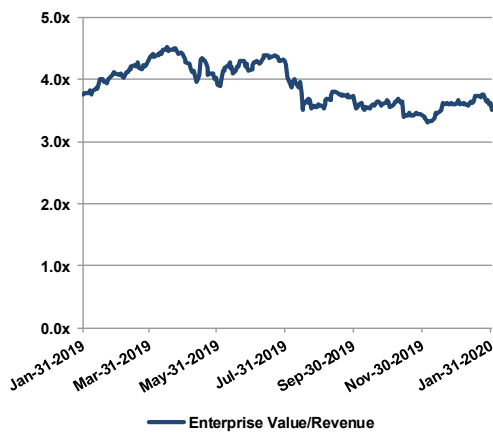
## Twelve Month Index Returns



## Company Returns

	12 Month	3 Month
Enterprise Networking Index	-1.8%	-3.3%
A10 Networks	0.3%	-8.3%
Accton	53.7%	-9.9%
Aerohive Networks	-52.3%	-3.3%
Arista Networks	4.0%	-8.7%
Cisco	-2.8%	-3.2%
Citrix	18.2%	11.4%
D-Link	15.1%	16.3%
Extreme Networks	-22.0%	-8.4%
F5 Networks	-24.1%	-15.2%
NetGear	-35.1%	-5.3%
Radware	5.2%	12.9%
Unizyx Holding (Zyxel)	28.3%	-15.8%

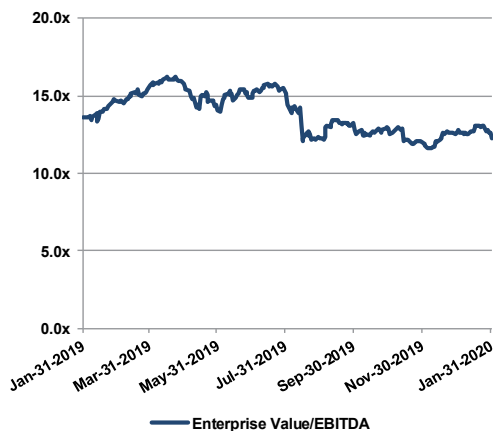
## Revenue Multiple Trends



## Company Revenue Multiples

	1/31/2020	1/31/2019
Enterprise Networking Index	3.5x	3.8x
A10 Networks	1.9x	1.6x
Accton	1.6x	1.3x
Aerohive Networks	1.1x	2.2x
Arista Networks	6.0x	6.8x
Cisco	3.6x	3.8x
Citrix	5.4x	4.9x
D-Link	0.4x	0.3x
Extreme Networks	1.0x	0.9x
F5 Networks	2.9x	3.9x
NetGear	0.6x	0.7x
Radware	4.0x	3.4x
Unizyx Holding (Zyxel)	0.3x	0.2x

## EBITDA Multiple Trends



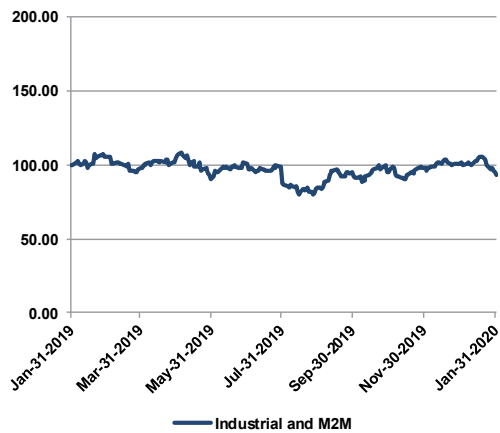
## Company EBITDA Multiples

	1/31/2020	1/31/2019
Enterprise Networking Index	12.2x	13.6x
A10 Networks	NM	NM
Accton	14.7x	14.9x
Aerohive Networks	NM	NM
Arista Networks	17.2x	20.7x
Cisco	11.5x	12.8x
Citrix	20.1x	17.3x
D-Link	NM	14.6x
Extreme Networks	22.0x	11.3x
F5 Networks	11.4x	12.6x
NetGear	9.7x	12.3x
Radware	33.7x	44.9x
Unizyx Holding (Zyxel)	9.9x	NM

Source: Capital IQ

## Sub Sector Analysis: Industrial and M2M

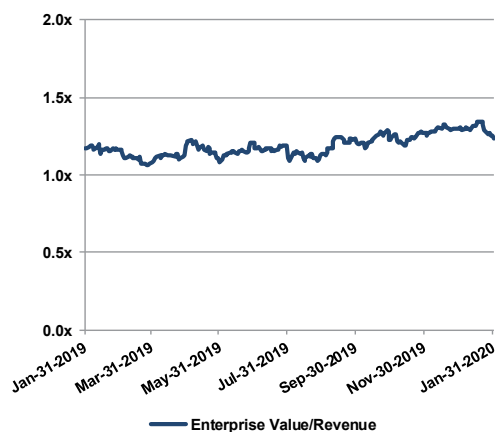
### Twelve Month Index Returns



### Company Returns

	12 Month	3 Month
Industrial and M2M Index	-6.9%	-1.8%
Belden	-8.1%	-3.9%
CalAmp	-33.2%	-14.3%
Digi International	33.2%	9.5%
Inseego	28.3%	17.1%
Lantronix	42.5%	23.2%
Sierra Wireless	-38.0%	-12.6%
Telit Communications	7.8%	-5.8%

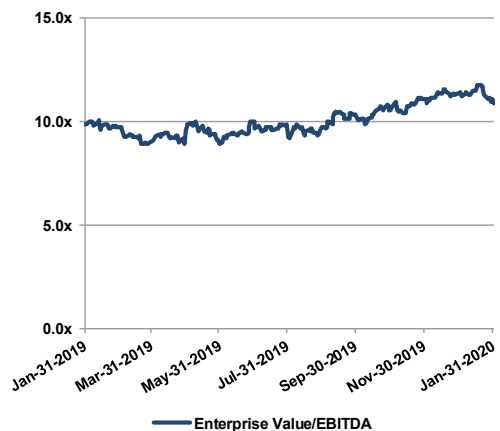
### Revenue Multiple Trends



### Company Revenue Multiples

	1/31/2020	1/31/2019
Industrial and M2M Index	1.2x	1.2x
Belden	1.6x	1.3x
CalAmp	1.3x	1.2x
Digi International	1.6x	1.0x
Inseego	3.0x	2.4x
Lantronix	2.0x	0.8x
Sierra Wireless	0.4x	0.6x
Telit Communications	0.6x	0.6x

### EBITDA Multiple Trends



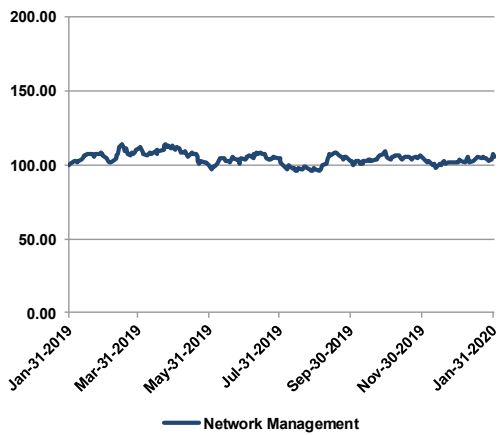
### Company EBITDA Multiples

	1/31/2020	1/31/2019
Industrial and M2M Index	10.9x	9.9x
Belden	9.2x	7.2x
CalAmp	14.4x	16.2x
Digi International	20.3x	8.8x
Inseego	126.8x	42.9x
Lantronix	113.1x	19.7x
Sierra Wireless	18.5x	14.5x
Telit Communications	21.3x	54.0x

Source: Capital IQ

# Sub Sector Analysis: Network Management

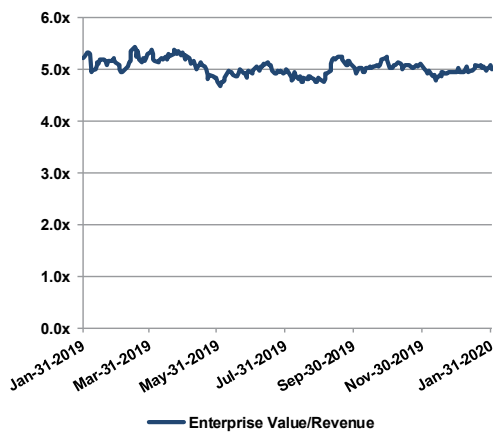
## Twelve Month Index Returns



## Company Returns

	12 Month	3 Month
Network Management Index	5.0%	-0.7%
MobileIron	-1.6%	-23.8%
NetScout	-0.8%	6.2%
SolarWinds	7.8%	-0.2%

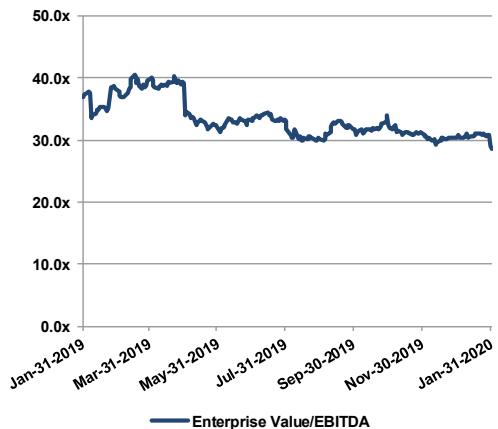
## Revenue Multiple Trends



## Company Revenue Multiples

	1/31/2020	1/31/2019
Network Management Index	5.0x	5.2x
MobileIron	2.2x	2.1x
NetScout	2.4x	2.4x
SolarWinds	8.0x	8.9x

## EBITDA Multiple Trends



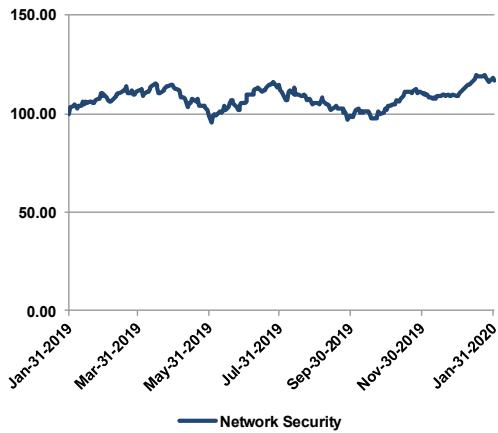
## Company EBITDA Multiples

	1/31/2020	1/31/2019
Network Management Index	28.6x	37.0x
MobileIron	NM	NM
NetScout	13.7x	20.7x
SolarWinds	18.8x	37.7x

Source: Capital IQ

## Sub Sector Analysis: Network Security

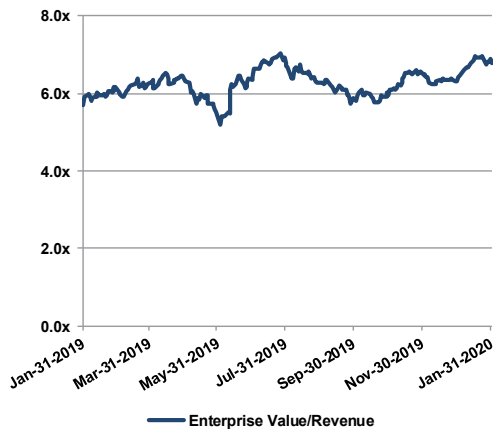
### Twelve Month Index Returns



### Company Returns

	12 Month	3 Month
Network Security Index	16.8%	15.0%
Checkpoint	2.1%	1.7%
Cheetah Mobile	-48.9%	-10.6%
CrowdStrike	NA	22.4%
CyberArk	57.5%	36.1%
FireEye	-9.6%	0.9%
Fortinet	50.7%	41.4%
Palo Alto Networks	9.3%	3.2%
Ping Identity	NA	45.1%
Proofpoint	20.6%	6.4%
Qualys	-0.9%	0.5%
Rapid7	47.8%	18.5%
SecureWorks	-31.4%	29.4%
Sophos	66.0%	0.1%
Symantec	-46.6%	-23.5%
Tenable	-1.6%	8.1%
Trend Micro	0.1%	4.4%
Zscaler	16.0%	27.5%

### Revenue Multiple Trends



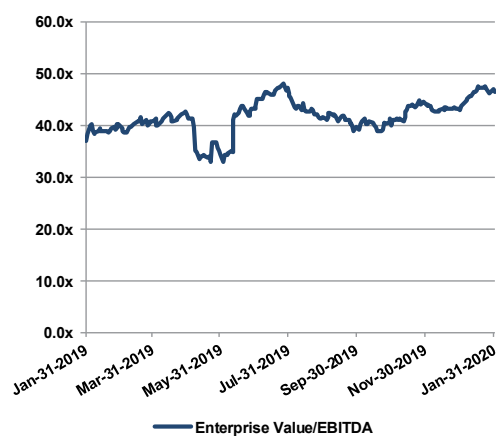
### Company Revenue Multiples

	1/31/2020	1/31/2019
Network Security Index	6.8x	5.7x
Checkpoint	7.9x	8.2x
Cheetah Mobile	0.3x	0.8x
CrowdStrike	28.6x	NA
CyberArk	11.4x	8.1x
FireEye	4.0x	4.0x
Fortinet	8.7x	6.3x
Palo Alto Networks	7.3x	7.3x
Ping Identity	8.2x	NA
Proofpoint	7.8x	7.5x
Qualys	9.8x	11.0x
Rapid7	9.7x	7.4x
SecureWorks	2.2x	3.5x
Sophos	5.2x	3.2x
Symantec	1.5x	2.5x
Tenable	6.8x	8.6x
Trend Micro	3.8x	4.8x
Zscaler	20.5x	23.0x

Source: Capital IQ

## Sub Sector Analysis: Network Security (continued)

### EBITDA Multiple Trends

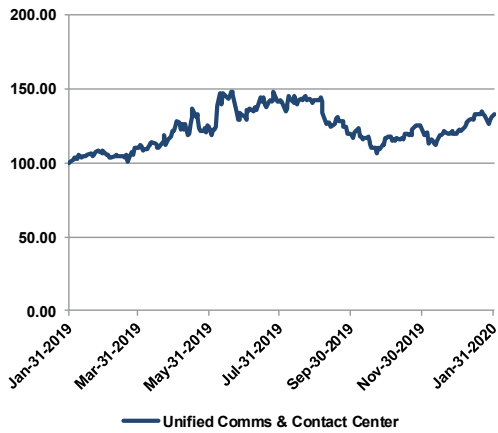


### Company EBITDA Multiples

	1/31/2020	1/31/2019
Network Security Index	46.4x	37.1x
Checkpoint	17.5x	16.9x
Cheetah Mobile	NM	6.7x
CrowdStrike	NM	NA
CyberArk	60.8x	48.2x
FireEye	NM	NM
Fortinet	48.0x	39.8x
Palo Alto Networks	240.9x	224.6x
Ping Identity	38.7x	NA
Proofpoint	NM	NM
Qualys	32.1x	38.9x
Rapid7	NM	NM
SecureWorks	NM	NM
Sophos	44.9x	34.5x
Symantec	3.5x	5.1x
Tenable	NM	NM
Trend Micro	11.8x	14.1x
Zscaler	NM	NM

# Sub Sector Analysis: Unified Communications and the Contact Center

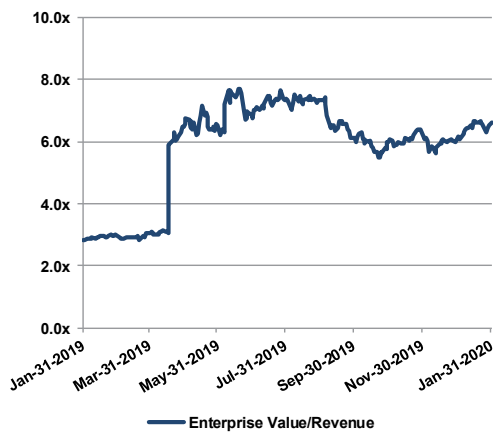
## Twelve Month Index Returns



## Company Returns

	12 Month	3 Month
Unified Comms & Contact Center Index	32.6%	13.5%
Avaya	-24.5%	5.6%
ClearOne	8.8%	32.0%
eGain	0.6%	-4.3%
Enhouse Systems	44.9%	35.9%
Five9	40.3%	29.2%
Livestorm	74.7%	-0.1%
Verint	19.9%	27.8%
Zoom	NA	9.2%

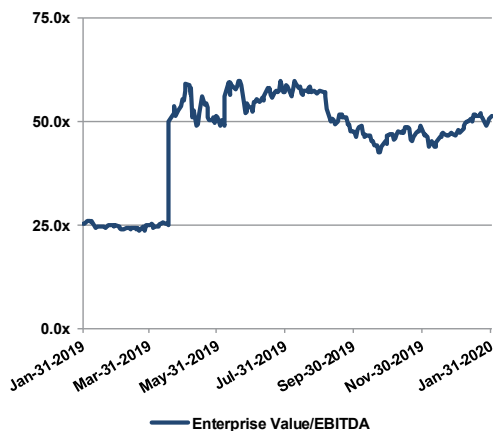
## Revenue Multiple Trends



## Company Revenue Multiples

	1/31/2020	1/31/2019
Unified Comms & Contact Center Index	6.6x	2.8x
Avaya	1.3x	1.5x
ClearOne	1.2x	0.9x
eGain	2.8x	3.0x
Enhouse Systems	7.0x	5.2x
Five9	13.9x	11.4x
Livestorm	9.3x	5.7x
Verint	3.4x	2.9x
Zoom	37.6x	NA

## EBITDA Multiple Trends



## Company EBITDA Multiples

	1/31/2020	1/31/2019
Unified Comms & Contact Center Index	51.2x	25.2x
Avaya	8.2x	12.7x
ClearOne	NM	NM
eGain	29.4x	44.7x
Enhouse Systems	27.6x	18.7x
Five9	218.2x	164.9x
Livestorm	NM	587.4x
Verint	24.7x	20.3x
Zoom	933.9x	NA

Source: Capital IQ



# FOCUS Telecom Technology and Services Team

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Rich Pierce has 20 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 Managing Director, 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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