

## SaaS Software Cloud Update – January 2017

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### Public Markets and M&A Activity

After falling 6% in December, mid- and large-cap SaaS Software Cloud stocks meaningfully outperformed in January 2017, increasing 11%, above the overall SaaS group's +2%, the NASDAQ's +4%, and the Russell 2000's 0%. We attribute this strength to optimism heading into fourth-quarter earnings season and an overreaction in December to news of sector bellwethers having difficulty closing big deals. Noteworthy stock performance and M&A activity within our select universe of SaaS software cloud companies include:

- Privately-held AppDynamics** – was acquired by Cisco (NYSE:CSCO +2%) for \$3.7B on 1/24/17, a day before its IPO which was expected to price with a valuation around \$2B. AppDynamics was widely anticipated to be the first “hot” SaaS IPO of 2017. Its solutions help enterprises (such as salesforce.com) accelerate digital transformations in both cloud and on-premise environments by actively monitoring, analyzing, and optimizing applications. The deal will fold into CSCO's enterprise IT business unit and augment existing networking infrastructure solutions with software-based analytics. Comparatively, AppDynamic's top competitor New Relic (NYSE:NEWR +29%) focuses on smaller companies and exclusively cloud environments. Cisco reports 4Q16 results on 2/15/17.
- Castlight Health (NYSE:CSLT -37%)** – we think that management changes, reduced guidance, and a large all-stock acquisition on 1/4/17 pressured the cloud-based healthcare/benefits provider's stock. The Jiff acquisition (~\$90M price, based on current CSLT price, a 4.7x forward multiple) brings a mobile platform, integration with 50-plus health solutions, and a single access point for employees. Jiff could, in our view, enable CSLT to better target the 4,000 self-insured organizations in the U.S. with more than 2,000 employees it targets. Combined, CSLT serves 240 clients, including 70 of the Fortune 500. CSLT reports 4Q16 results on 2/15/17.
- Atlassian (NASDAQ:TEAM +15%)** – acquired Trello for \$425M (85% cash and 15% stock) on 1/9/17 and reported good calendar 4Q16 results on 1/19/17 with year-over-year (YOY) billings growth accelerating to 41% from 33% last quarter. Trello brings a fast-growing user base of 19M (up 100%-plus YOY) as well as a collaboration solution that features virtual sticky-notes and whiteboards, albeit with a small revenue base (just \$4M of revenue contribution in calendar 2Q17 after writing off deferred revenue). The deal, in our view, helps Atlassian expand beyond workflow- and collaboration-tools for developers and IT departments for its 65,000 clients.

#### Select Mid-Large Cap (\$3B+ market cap)

Ticker	1/31 \$Price	Jan %ch	Ticker	1/31 \$Price	Jan %ch
ATHN	125.99	19.8	NOW	90.62	21.9
CRM	79.10	15.5	OTEX	34.27	10.9
CTXS	91.19	2.1	TEAM	27.63	14.7
DATA	47.84	13.5	ULTI	193.66	6.2
GDDY	35.73	2.2	VEEV	42.33	4.0
GWRE	52.33	6.1	WDAY	83.09	25.7

#### Select Small Cap (\$150M-\$3B market cap)

Ticker	1/31 \$Price	Jan %ch	Ticker	1/31 \$Price	Jan %ch
ACTA	14.30	2.1	MB	24.35	14.3
ALRM	27.09	-2.7	MODN	8.80	-0.6
AMBR	8.85	-2.5	PAYC	46.24	1.6
APPF	22.65	-5.0	PCTY	30.86	2.8
BCOV	7.20	-10.6	PEGA	38.80	7.8
BL	27.18	-1.6	QTWO	31.75	10.1
BNFT	30.25	1.9	RP	30.60	2.0
BOX	17.07	23.2	RST	8.80	-1.2
BSFT	42.00	1.8	SALE	9.05	-2.7
BV	4.70	-3.1	SNCR	38.52	0.6
CALD	18.45	9.8	SPSC	69.00	-1.3
COUP	25.99	3.9	SREV	5.30	-6.7
CSLT	3.10	-37.4	STMP	121.55	6.0
CSOD	40.69	-3.8	TNGO	7.28	-7.6
ECOM	13.85	-3.5	TWOU	34.04	12.9
ENV	37.80	7.2	UPLD	12.09	35.1
FNGN	38.55	4.9	WEB	18.95	-10.4
INST	21.80	11.5	WK	12.60	-7.7
JIVE	3.80	-12.6	XTLY	12.15	10.5
LOGM	108.10	12.0	ZEN	23.93	12.9
LPSN	7.30	-3.3			

#### Select Micro Cap (<\$150M market cap)

Ticker	1/31 \$Price	Jan %ch	Ticker	1/31 \$Price	Jan %ch
ARIS	5.30	-2.0	INLX	0.96	7.1
ASUR	10.59	24.4	INUV	1.55	-7.2
CAFN	4.50	20.0	IPAS	1.47	-10.9
CCUR	5.18	-3.2	LVT	0.14	57.2
COVS	1.95	2.6	MRIN	0.23	8.2
COYN	0.54	-34.1	MFON	0.75	-11.8
CSTI	10.10	21.0	PYDS	1.45	-21.6
EGAN	2.30	9.5	SCIL	0.57	0.0
EVOL	4.35	6.1	SMSI	1.78	13.4
FNJN	1.42	25.0	SPRT	2.31	-10.5
FUEL	2.00	17.0	SVVC	7.74	0.9
GSB	3.90	-4.2	WSTL	0.65	0.0
GSVC	5.21	3.6			

#### Indexes (% change in January)

Mid-Lg-cap SaaS	10.9	NASDAQ	4.3
Small-cap SaaS	1.7	S&P 500	1.8
Micro-cap SaaS	2.6	Russell2000	0.4
Overall SaaS	2.4	S&P Volatility	-14.6

Data source: S&P Capital IQ. 1/31/2017 Prices. 1/1-31/2017 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

- Workday (NYSE:WDAY +26%)** – the stock’s strength, in our opinion, was driven by news about WDAY inking a deal with WAL-MART. Its 2M+ employees will be using WDAY for human capital management, recruiting, learning, and planning. This announcement makes up for the December sell-off in WDAY’s stock that was driven by management’s prior commentary about deals slipping out of November 2016.
- Citrix (NASDAQ:CTXS +2%)** – on 1/25/17 the company reported decent 4Q16 results compared with Street consensus (although core revenue year-over-year growth was anemic at just 3-4%), on 1/9/17 it acquired Unidesk, and on 2/1/17 CTXS completed the GoTo spin-off to LogMeIn (NASDAQ:LOGM +12%) for \$1.8B.

Unidesk provides an application layering technology that enables companies to package, manage, and deploy Windows applications and desktops in multiple environments, such as the cloud, on-premises, and hybrid. The deal makes it easier for Citrix to help midsize companies transition to a virtual desktop infrastructure (VDI). After integration, partners and customers will be able to more securely deploy and manage apps and desktops through XenApp and XenDesktop. While deal financials were not disclosed, Unidesk had reportedly raised about \$36M in funding.

As for the GoTo spin-off, which closed 2/1/17, the deal enables Citrix to focus on its virtualization, networking, and delivery products. GoTo brings a professional meeting platform with advanced features such as conference calls, webinars, and training to LogMeIn’s ad hoc meetings and collaborations solutions. It also boosts LogMeIn’s customer base to 2M.

- ServiceNow (NYSE:NOW +22%)** – reported strong 4Q16 results on 1/25/17 driven by 46% year-over-year (YOY) growth in billings and strength in its newer IT operations management solution (21% of new business up from 12% last quarter). Also, on 1/18/17, NOW acquired DxContinuum, which provides a machine-learning, predictive analytics solution. After integration is complete, NOW will be able to provide clients with enhanced automation and improved predictability for customer support issues, such as accurately classifying service requests then dynamically routing them to appropriate teams within IT, HR, or customer service as well as calculating associated risks. While deal financial details were not disclosed, DxContinuum had reportedly raised about \$2M in funding.

Select Horizontal Companies<sup>1</sup>

Ticker	1/31	Jan	Ticker	1/31	Jan
	\$Price	%ch		\$Price	%ch
ARIS	5.30	-2.0	LPSN	7.30	-3.3
ASUR	10.59	24.4	LVT	0.14	57.2
BCOV	7.20	-10.6	MFON	0.75	-11.8
BL	27.18	-1.6	MRIN	0.23	8.2
BNFT	30.25	1.9	NOW	90.62	21.9
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CSOD	40.69	-3.8	SPRT	2.31	-10.5
CTXS	91.19	2.1	SREV	5.30	-6.7
DATA	47.84	13.5	TEAM	27.63	14.7
EGAN	2.30	9.5	ULTI	193.66	6.2
FNJN	1.42	25.0	UPLD	12.09	35.1
FUEL	2.00	17.0	WDAY	83.09	25.7
GGDY	35.73	2.2	WEB	18.95	-10.4
GSB	3.90	-4.2	WK	12.60	-7.7
INLX	0.96	7.1	XTLY	12.15	10.5
JIVE	3.80	-12.6	ZEN	23.93	12.9
LOGM	108.10	12.0			

Select Vertical Companies<sup>2</sup>

Ticker	1/31	Jan	Ticker	1/31	Jan
	\$Price	%ch		\$Price	%ch
ACTA	14.30	2.1	INUV	1.55	-7.2
ALRM	27.09	-2.7	IPAS	1.47	-10.9
AMBR	8.85	-2.5	MB	24.35	14.3
APPF	22.65	-5.0	MODN	8.80	-0.6
ATHN	125.99	19.8	QTWO	31.75	10.1
BSFT	42.00	1.8	RP	30.60	2.0
BV	4.70	-3.1	RST	8.80	-1.2
CAFN	4.50	20.0	SALE	9.05	-2.7
COYN	0.54	-34.1	SCIL	0.57	0.0
CSLT	3.10	-37.4	SNCR	38.52	0.6
CSTI	10.10	21.0	SPSC	69.00	-1.3
ECOM	13.85	-3.5	STMP	121.55	6.0
ENV	37.80	7.2	SVVC	7.74	0.9
EVOL	4.35	6.1	TNGO	7.28	-7.6
FNGN	38.55	4.9	TWOU	34.04	12.9
GSVC	5.21	3.6	VEEV	42.33	4.0
GWRE	52.33	6.1	WSTL	0.65	0.0
INST	21.80	11.5			

Indexes

	(% change in January)	
Horizontal SaaS	6.2	NASDAQ 4.3
Vertical SaaS	0.9	S&P 500 1.8
Overall SaaS	2.4	Russell2000 0.4
		S&P Volatility -14.6

<sup>1</sup> Horizontal companies provide software that can be used in almost all industries

<sup>2</sup> Vertical companies provide software for specific industries

Data source: S&P Capital IQ. 1/31/2017 Prices. 1/1-31/2017 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

- Coupa (NASDAQ:COUP +4%)** – on 1/10/17 acquired Spend360, a London based machine-learning, artificial intelligence, and analytics solution that structures and cleanses data for finance and procurement usage, digitizing antiquated processes for data classification. The deal will complement Coupa’s SaaS indirect procurement solution with enhanced insights into its customers’ spend data. Financial terms were not disclosed.
- Upland Software (NASDAQ:UPLD +35%)** – we think that the enterprise SaaS company’s stock was up big in January as management reaffirmed 4Q16 guidance, raised 1Q16 expectations, increased long-term adjusted EBITDA margin target to 35% from 30%, and closed its Omtool acquisition (announced in December). Omtool’s capture, security, and compliance solution complements UPLD’s workflow automation and document management product family and enhances its industry expertise in financial services, legal, and healthcare.
- MINDBODY (NASDAQ:MB +14%)** – provides vertical-specific SaaS solutions, such as mobile/online booking, payments, and HR for 60,000 health-and-wellness companies (mostly salons and spas). MB made a strategic move to focus on higher-value customers by raising prices ~20% at the midpoint, bundling in HealCode (booking solution acquired 9/6/16), and halting sales to sole-practitioners. While churn is likely to increase near-term, we like that MB is moving upstream to larger companies because they tend to go out of business at a lower rate which could improve churn over time. MB reports 4Q16 results 2/8/17.
- Asure Software (NASDAQ:ASUR +24%)** – we think the stock’s strength was driven by management reaffirming 4Q16 guidance, setting solid initial 2017 expectations, and acquiring three companies for \$11.6M (72% cash, 19% debt, and 9% stock), resulting in a forward revenue multiple of 1.5-2.0x. About half of the expected \$5.7-7.5M revenue contribution from these deals is expected to be SaaS and the remainder is services. Two of the purchases (Corporate Payroll and Payroll Specialties NW) are service providers for Mangrove, which ASUR acquired for \$18M on 3/21/16. The third company, Personal Management Systems, provides HR SaaS solutions and related services. We view the deals as largely closing the loop with its Mangrove acquisition and fuel for additional cross and up-selling. Post deal, ASUR should have about \$4M of cash and \$30M of debt. The company reports 4Q16 results in early March 2017.

**Faster Growth**  
(2018E growth > 20%)

Ticker	1/31 \$Price	Jan %ch	Ticker	1/31 \$Price	Jan %ch
APPF	22.65	-5.0	PAYC	46.24	1.6
BL	27.18	-1.6	PCTY	30.86	2.8
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IPAS	1.47	-10.9	XTLY	12.15	10.5
MB	24.35	14.3	ZEN	23.93	12.9
NOW	90.62	21.9			

**Slower Growth**  
(2018E growth < 20% or no estimates)

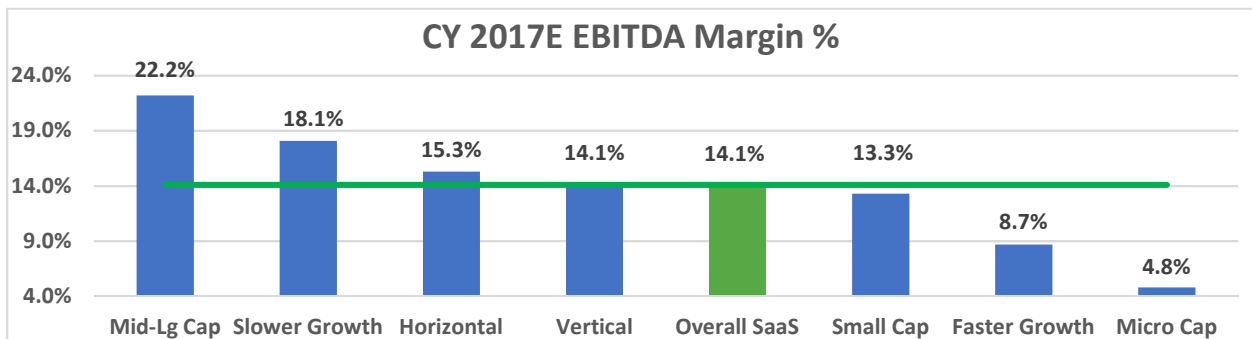
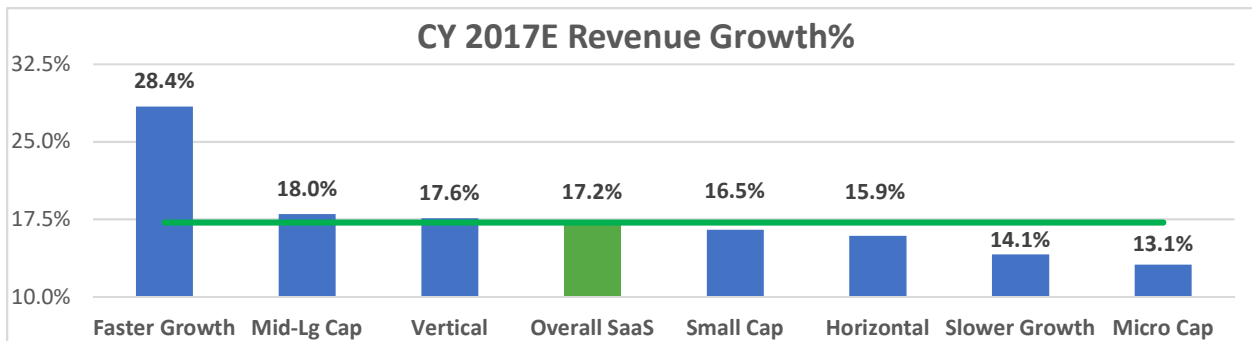
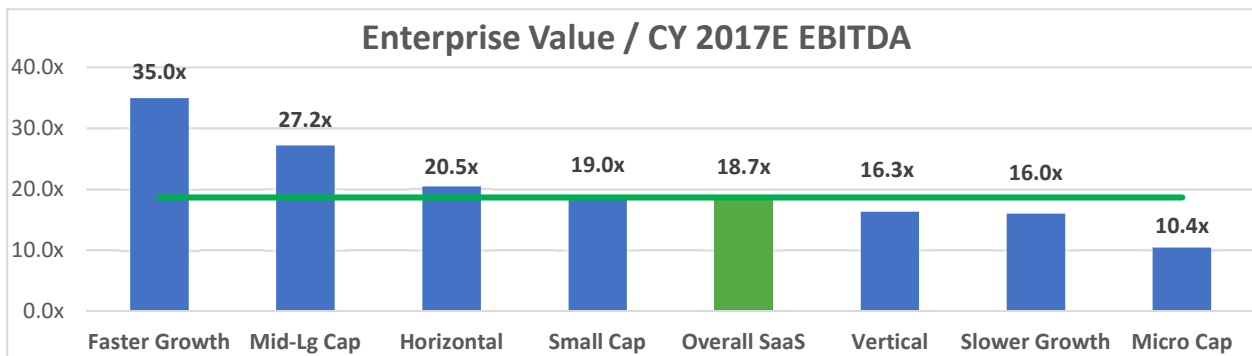
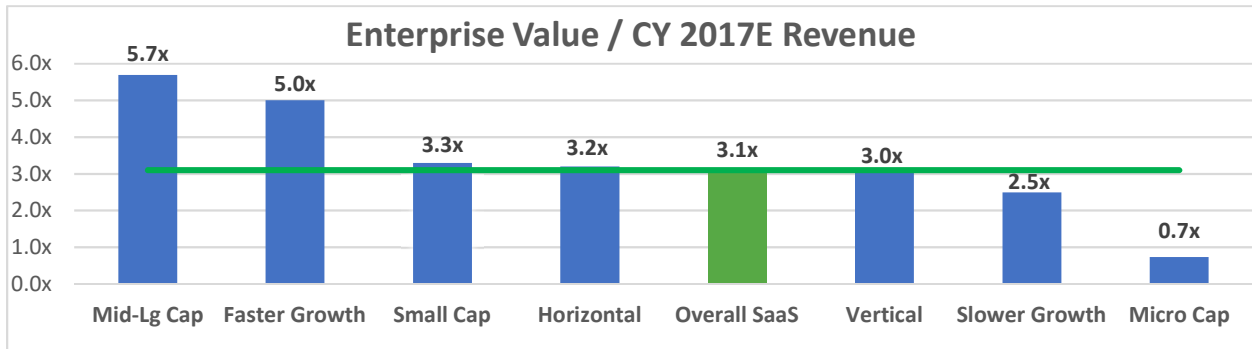
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CRM	79.10	15.5	RST	8.80	-1.2
CSOD	40.69	-3.8	SALE	9.05	-2.7
CSTI	10.10	21.0	SCIL	0.57	0.0
CTXS	91.19	2.1	SMSI	1.78	13.4
DATA	47.84	13.5	SPRT	2.31	-10.5
ECOM	13.85	-3.5	SPSC	69.00	-1.3
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EVOL	4.35	6.1	SVVC	7.74	0.9
FNGN	38.55	4.9	TNGO	7.28	-7.6
FNJN	1.42	25.0	UPLD	12.09	35.1
FUEL	2.00	17.0	VEEV	42.33	4.0
GGDY	35.73	2.2	WEB	18.95	-10.4
GSB	3.90	-4.2	WK	12.60	-7.7
G SVC	5.21	3.6	WSTL	0.65	0.0
GWRE	52.33	6.1			

**Indexes**  
(% change in January)

Faster SaaS	6.2	NASDAQ	4.3
Slower SaaS	2.1	S&P 500	1.8
Overall SaaS	2.4	Russell2000	0.4
		S&P Volatility	-14.6

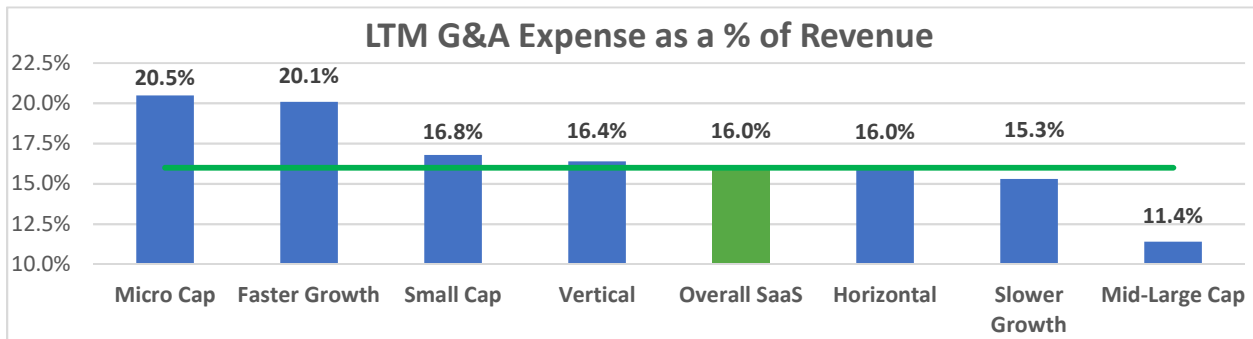
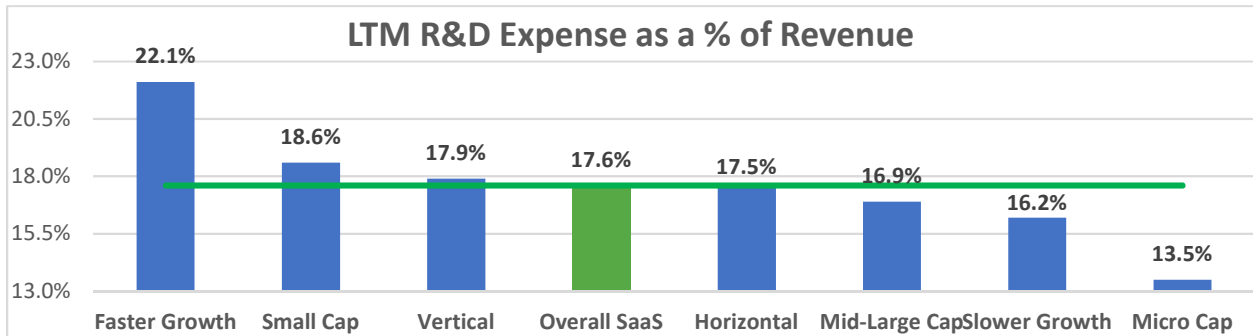
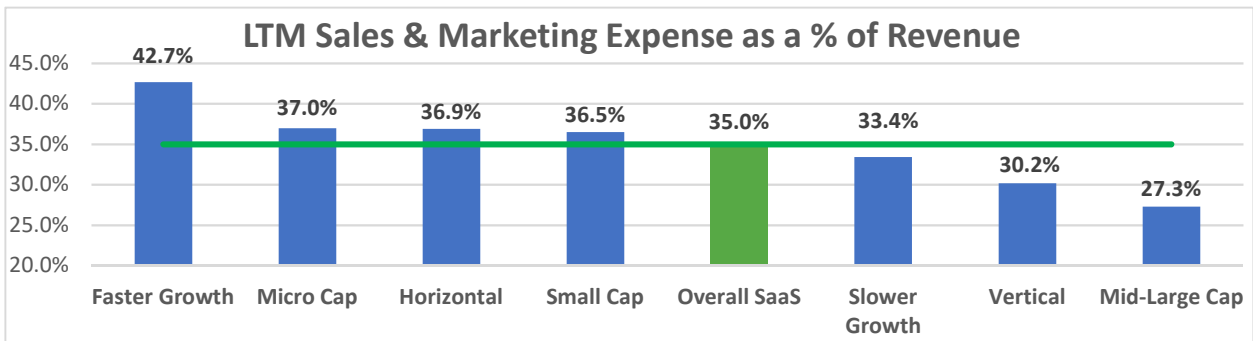
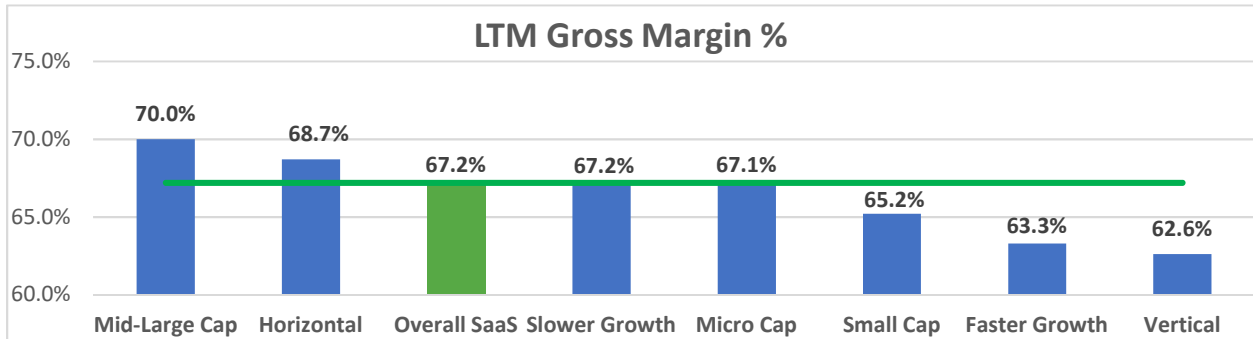
Data source: S&P Capital IQ. 1/31/2017 Prices. 1/1-31/2017 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

Public Comparisons - Calendar Year (CY) 2107E Metrics - SaaS Software Cloud



**Data Source:** S&P Capital IQ | **Mid-Large Cap** = \$3B+ mcap | **Small Cap** = \$150M-3B mcap | **Micro Cap** = <\$150M mcap  
**Fast Growth** = 2018E rev gr >20% | **Slow Growth** = 2018E rev gr <20% | **Horizontal** = Industry-neutral solution  
**Vertical** = Industry-specific solution | **Overall SaaS** = Group median | **EBITDA** = earnings before int., tax, depr., amort.

Public Comparisons - Last Twelve Months (LTM) Metrics - SaaS Software Cloud



**Data Source:** S&P Capital IQ | **Mid-Large Cap** = \$3B+ mcap | **Small Cap** = \$150M-3B mcap | **Micro Cap** = <\$150M mcap  
**Fast Growth** = 2018E rev gr >20% | **Slow Growth** = 2018E rev gr <20% | **Horizontal** = Industry-neutral solution  
**Vertical** = Industry-specific solution | **Overall SaaS** = Group median

## Public Company Valuation Metrics – SaaS Software Cloud

Date 1/31/2017

(In \$ million, except per share values)

Ticker	Company Name	1/31/17 Price	Market Cap	Enterprise Value (EV)	2017E Street		EBITDA margin	2018E Growth	EV/Sales		EV/FCF		Price % Change From			60D avg Volume	Short as % of Float	Insider Ownership
					Sales	Growth			CY17E	CY18E	CY17E	CY18E	1M	3M	12M			
<b>Select Mid-Large Cap (\$3B+ mcap)</b>																		
ATHN	AthenaHealth	125.99	4,972	5,213	1,306	19%	23.7%	16%	4.0x	3.4x	58.3x	32.1x	20%	22%	-11%	92.67	18.9%	1%
CRM	salesforce.com	79.10	53,716	55,852	10,163	21%	20.9%	19%	5.5x	4.6x	28.4x	22.8x	16%	5%	16%	408.84	2.4%	5%
CTXS	Citrix	91.19	14,223	13,989	2,978	-13%	34.6%	4%	4.7x	4.5x	15.1x	14.3x	2%	8%	29%	127.52	4.9%	0%
DATA	Tableau	47.84	3,640	2,731	863	7%	7.6%	10%	3.2x	2.9x	40.2x	37.4x	13%	0%	-40%	42.02	9.4%	24%
GDDY	GoDaddy	35.73	6,000	6,000	2,094	13%	22.7%	12%	2.9x	2.5x	15.2x	12.7x	2%	0%	17%	26.69	16.3%	0%
GWRE	Guidewire	52.33	3,847	3,357	524	18%	20.3%	17%	6.4x	5.5x	43.0x	25.1x	6%	-9%	-5%	21.38	5.2%	0%
NOW	ServiceNow	90.62	15,044	14,519	1,838	33%	21.7%	28%	7.9x	6.2x	32.8x	23.3x	22%	3%	46%	128.99	4.6%	3%
OTEX	Open Text	34.27	9,013	9,702	2,478	27%	35.2%	5%	3.9x	3.7x	21.3x	14.1x	11%	10%	40%	24.60	2.2%	2%
TEAM	Atlassian	27.63	6,084	5,191	700	33%	20.4%	27%	7.4x	5.8x	28.9x	20.7x	15%	3%	33%	24.99	126.9%	39%
ULTI	The Ultimate Software	193.66	5,616	5,758	968	24%	24.4%	21%	5.9x	4.9x	50.6x	41.4x	6%	-8%	10%	67.75	6.5%	4%
VEEV	Veeva Systems	42.33	5,806	5,695	651	21%	31.1%	19%	8.7x	7.3x	38.8x	32.6x	4%	9%	76%	37.49	8.0%	25%
WDAY	Workday	83.09	16,701	14,895	1,994	28%	11.0%	26%	7.5x	5.9x	63.5x	45.7x	26%	-4%	32%	219.42	11.5%	37%
<b>Select Mid-Large Cap (\$3B+) Median</b>					<b>1,572</b>	<b>21%</b>	<b>22.2%</b>	<b>18%</b>	<b>5.7x</b>	<b>4.8x</b>	<b>35.8x</b>	<b>24.2x</b>	<b>12%</b>	<b>3%</b>	<b>23%</b>	<b>54.88</b>	<b>7.3%</b>	<b>4%</b>
<b>Select Small Cap (\$150M-\$3B mcap)</b>																		
ACTA	Actua	14.30	526	511	127	17%	0.5%	14%	4.0x	3.5x	na	na	2%	23%	51%	2.42	2.9%	9%
ALRM	Alarm.Com Holdings	27.09	1,245	1,151	300	17%	18.7%	12%	3.8x	3.4x	43.9x	39.6x	-3%	-7%	68%	5.07	3.2%	4%
AMBR	Amber Road	8.85	237	241	83	14%	na	14%	2.9x	2.6x	63.0x	52.9x	-3%	-7%	103%	1.72	4.1%	16%
APPF	AppFolio	22.65	763	742	136	30%	4.9%	27%	5.4x	4.3x	na	na	-5%	19%	69%	0.41	4.3%	48%
BCOV	Brightcove	7.20	243	203	165	9%	6.5%	na	1.2x	na	24.4x	na	-11%	-35%	30%	1.80	1.2%	4%
BL	BlackLine	27.18	1,393	1,153	161	32%	na	31%	7.2x	5.5x	na	na	-2%	19%	0%	4.13	5.7%	21%
BNFT	Benefitfocus	30.25	900	903	279	19%	4.0%	21%	3.2x	2.7x	na	na	2%	-7%	4%	5.77	13.8%	19%
BOX	Box	17.07	2,161	2,046	501	26%	na	23%	4.1x	3.3x	na	31.2x	23%	18%	59%	19.41	10.9%	5%
BSFT	BroadSoft	42.00	1,266	1,210	394	17%	23.4%	16%	3.1x	2.7x	na	na	2%	1%	23%	10.77	8.9%	1%
BV	Bazaarvoice	4.70	389	336	211	4%	8.4%	8%	1.6x	1.5x	22.5x	16.9x	-3%	-4%	30%	2.95	0.8%	3%
CALD	Callidus Software	18.45	1,171	866	243	18%	13.7%	19%	3.6x	3.0x	31.5x	25.4x	10%	1%	20%	6.29	3.9%	2%
COUP	Coupa	25.99	1,299	1,079	165	25%	na	23%	6.6x	5.3x	na	na	4%	4%	0%	9.38	6.3%	3%
CSLT	Castlight Health	3.10	323	189	127	26%	na	24%	1.5x	1.2x	na	31.1x	-37%	-29%	-6%	1.18	9.4%	6%
CSOD	Cornerstone OnDemand	40.69	2,286	2,247	488	15%	10.0%	17%	4.6x	3.9x	60.7x	23.2x	-4%	-1%	33%	28.89	5.8%	10%
ECOM	ChannelAdvisor	13.85	357	289	129	14%	5.1%	17%	2.2x	1.9x	83.0x	na	-3%	26%	13%	1.05	1.9%	10%
ENV	Investnet	37.80	1,627	1,820	669	16%	19.9%	16%	2.7x	2.3x	20.1x	14.8x	7%	7%	61%	8.91	8.5%	4%
FNGN	Financial Engines	38.55	2,387	2,178	483	14%	32.3%	12%	4.5x	4.0x	18.9x	18.9x	5%	39%	43%	10.78	15.4%	1%
INST	Instructure	21.80	616	459	151	37%	na	31%	3.0x	2.3x	na	na	12%	-14%	26%	3.86	10.4%	16%
JIVE	Jive	3.80	297	193	204	1%	9.9%	0%	0.9x	0.9x	na	na	-13%	-4%	9%	0.93	1.2%	10%
LOGM	LogMeIn	108.10	2,767	2,634	386	15%	26.7%	5%	6.8x	4.4x	26.0x	22.5x	12%	14%	107%	40.12	5.2%	4%
LPSN	LivePerson	7.30	423	359	229	3%	9.9%	13%	1.6x	1.4x	25.3x	21.0x	-3%	-14%	29%	1.93	3.6%	9%
MB	MINDBODY	24.35	986	894	180	30%	3.3%	26%	5.0x	3.9x	na	na	14%	18%	106%	7.48	38.3%	9%
MODN	Model N	8.80	247	175	120	9%	na	na	1.5x	na	na	na	-1%	-15%	-19%	1.38	7.8%	20%
PAYC	Paycom	46.24	2,780	2,669	421	29%	27.4%	26%	6.3x	5.0x	36.4x	27.0x	2%	-11%	53%	29.90	30.0%	24%
PCTY	Paylocity	30.86	1,584	1,501	330	26%	12.9%	23%	4.5x	3.7x	59.4x	45.4x	3%	-29%	-1%	11.75	12.7%	40%
PEGA	Pegasystems	38.80	2,962	2,939	873	12%	16.9%	14%	3.4x	3.0x	38.2x	33.1x	8%	26%	65%	11.39	4.2%	53%
QTOO	Q2 Holdings	31.75	1,274	1,155	192	28%	3.9%	26%	6.0x	4.8x	na	na	10%	13%	47%	7.19	7.3%	2%
RP	RealPage	30.60	2,462	2,418	652	15%	23.2%	12%	3.7x	3.3x	21.4x	19.0x	2%	13%	59%	11.95	1.3%	31%
RST	Rosetta Stone	8.80	194	163	na	na	na	na	na	na	na	na	-1%	24%	32%	0.60	3.3%	3%
SALE	RetailMeNot	9.05	439	279	296	6%	20.0%	5%	0.9x	0.9x	10.3x	10.0x	-3%	0%	-1%	2.60	1.3%	10%

Data Source: S&P Capital IQ | EV = Enterprise value | EBITDA = Earnings before int., tax, depr., amort | FCF = Free cash flow

Public Company Valuation Metrics - SaaS Software Cloud (cont'd)

Date 1/31/2017

(In \$ million, except per share values)

Ticker	Company Name	1/31/17 Price	Market Cap	Enterprise Value (EV)	2017E Street		EBITDA margin	2018E Growth	EV/Sales		EV/FCF		Price % Change From			60D avg Volume	Short as % of Float	Insider Ownership
					Sales	Growth			CY17E	CY18E	CY17E	CY18E	1M	3M	12M			
<b>Select Small Cap (\$150M-\$3B mcap) (cont'd)</b>																		
SNCR	Synchronoss	38.52	1,746	1,909	815	27%	35.9%	22%	2.3x	1.9x	20.6x	10.1x	1%	5%	26%	18.17	5.5%	8%
SPSC	SPS Commerce	69.00	1,176	1,057	228	18%	14.1%	19%	4.6x	3.9x	81.5x	55.6x	-1%	11%	6%	5.91	4.1%	1%
SREV	ServiceSource	5.30	461	398	274	8%	6.9%	11%	1.5x	1.3x	na	16.3x	-7%	12%	37%	1.09	6.3%	2%
STMP	Stamps.com	121.55	2,073	2,257	413	16%	47.2%	15%	5.5x	4.7x	13.6x	11.4x	6%	25%	30%	25.99	23.1%	8%
TNGO	Tangoe	7.28	287	252	234	0%	na	na	1.1x	na	na	na	-8%	-15%	-13%	1.74	5.3%	6%
TWOU	2U	34.04	1,602	1,418	268	31%	3.1%	30%	5.3x	4.1x	na	na	13%	-2%	69%	15.09	15.4%	2%
UPLD	Upland Software	12.09	216	214	85	14%	24.9%	6%	2.5x	2.4x	22.1x	13.2x	35%	43%	73%	0.47	0.2%	17%
WEB	Web.com Group	18.95	893	1,636	754	4%	25.2%	5%	2.2x	2.1x	12.4x	10.7x	-10%	18%	1%	7.25	5.6%	4%
WK	Workiva	12.60	519	478	207	16%	na	18%	2.3x	2.0x	na	45.8x	-8%	-24%	-16%	1.95	5.8%	50%
XTLY	Xactly	12.15	381	338	114	19%	na	22%	3.0x	2.4x	na	na	10%	-6%	75%	4.02	6.5%	4%
ZEN	Zendesesk	23.93	2,281	1,978	411	32%	3.5%	22%	4.8x	3.8x	na	61.2x	13%	-9%	9%	29.09	6.6%	4%
<b>Select Small Cap (\$150M-\$3B mcap) Median</b>			<b>986</b>	<b>903</b>	<b>239</b>	<b>17%</b>	<b>13%</b>	<b>18%</b>	<b>3.3x</b>	<b>3.0x</b>	<b>25.3x</b>	<b>22.8x</b>	<b>2%</b>	<b>3%</b>	<b>30%</b>	<b>5.77</b>	<b>5.7%</b>	<b>8%</b>
<b>Select Micro Cap (&lt;\$150M mcap)</b>																		
ARIS	ARI Network Services	5.30	93	97	56	12%	18.1%	na	1.7x	na	na	na	-2%	7%	41%	0.13	0.1%	18%
ASUR	Asure Software	10.59	90	98	46	28%	20.1%	16%	2.1x	1.8x	27.1x	na	24%	60%	97%	1.29	1.6%	12%
CAFN	Cachet	4.50	14	19	18	121%	10.1%	na	1.0x	na	na	na	20%	-14%	-19%	0.03	0.0%	28%
CCUR	Concurrent Computer	5.18	51	28	na	na	na	na	na	na	na	na	-3%	-16%	2%	0.11	0.6%	15%
COVS	Covisint	1.95	80	44	na	na	na	na	na	na	na	na	3%	-13%	-8%	0.09	1.1%	2%
COYN	COPsync	0.54	6	5	10	71%	na	56%	0.5x	0.3x	na	na	-34%	-38%	-69%	0.10	0.8%	14%
CSTI	Costar	10.10	14	17	na	na	na	na	na	na	na	na	21%	19%	46%	0.01	0.0%	4%
EGAN	eGain	2.30	62	70	63	-3%	0.7%	na	1.1x	na	na	na	10%	-19%	-39%	0.15	0.4%	37%
EVOL	Evolving Systems	4.35	52	51	na	na	na	na	na	na	na	na	6%	2%	-18%	0.11	0.1%	32%
FUEL	Rocket Fuel	2.00	91	97	463	3%	2.8%	0%	0.2x	0.2x	na	na	17%	1%	-36%	0.44	16.5%	10%
FNJN	Finjan	1.42	32	34	38	115%	na	na	0.9x	na	na	na	25%	-15%	32%	0.07	1.0%	2%
GSB	GlobalSCAPE	3.90	82	73	na	na	na	na	na	na	na	na	-4%	7%	15%	0.13	0.1%	22%
G SVC	GSV Capital	5.21	116	168	0	50%	na	na	na	na	na	na	4%	9%	-14%	0.57	0.0%	1%
INLX	Intellinetics	0.96	16	15	na	na	na	na	na	na	na	na	7%	38%	-5%	0.01	0.0%	55%
INUV	Inuvo	1.55	39	34	85	19%	4.8%	na	0.4x	na	na	na	-7%	42%	-34%	0.13	0.5%	20%
IPAS	iPass	1.47	97	76	72	14%	6.4%	25%	1.1x	0.8x	na	na	-11%	-17%	63%	0.13	0.4%	6%
LVT	LiveTiles	0.14	52	38	na	na	na	na	na	na	na	na	57%	12%	-23%	0.02	0.0%	65%
MRIN	Marin Software	2.25	87	52	96	-3%	2.8%	na	0.5x	na	na	na	-4%	-2%	-34%	0.17	1.3%	7%
MFON	Mobivity	0.75	25	25	na	na	na	na	na	na	na	na	-12%	7%	9%	0.01	0.0%	20%
PYDS	Payment Data Sys	1.45	18	7	na	na	na	na	na	na	na	na	-22%	-22%	-31%	0.08	0.5%	45%
SCIL	Scientific Learning	0.57	14	16	na	na	na	na	na	na	na	na	0%	27%	63%	0.01	0.0%	1%
SMSI	Smith Micro Software	1.78	22	17	33	10%	na	na	0.5x	na	na	na	13%	14%	-21%	0.12	1.5%	14%
SPRT	Support.com	2.31	43	(12)	60	-2%	na	na	na	na	na	na	-10%	-8%	-11%	0.19	0.1%	10%
SVVC	First Technology	7.74	58	49	na	na	na	na	na	na	na	na	1%	-1%	20%	0.22	0.0%	8%
WSTL	Westell Technologies	0.65	40	19	71	1%	1.4%	na	0.3x	na	na	na	0%	30%	-41%	0.08	0.2%	33%
<b>Select Micro Cap (&lt;\$150M) Median</b>			<b>51</b>	<b>34</b>	<b>58</b>	<b>13%</b>	<b>4.8%</b>	<b>20%</b>	<b>0.7x</b>	<b>0.6x</b>	<b>27.1x</b>	<b>na</b>	<b>3%</b>	<b>2%</b>	<b>-11%</b>	<b>0.11</b>	<b>0.5%</b>	<b>14%</b>
<b>Select Horizontal (Industry-Neutral Solutions) Median</b>					<b>304</b>	<b>16%</b>	<b>15.3%</b>	<b>19%</b>	<b>3.2x</b>	<b>3.3x</b>	<b>28.6x</b>	<b>23.3x</b>	<b>4%</b>	<b>1%</b>	<b>16.2%</b>	<b>4.02</b>	<b>4.7%</b>	<b>10%</b>
<b>Select Vertical (Industry-Specific Solutions) Median</b>					<b>201</b>	<b>18%</b>	<b>14.1%</b>	<b>17%</b>	<b>3.0x</b>	<b>3.4x</b>	<b>30.6x</b>	<b>22.0x</b>	<b>1.8%</b>	<b>7.8%</b>	<b>26%</b>	<b>2.42</b>	<b>4.7%</b>	<b>8%</b>
<b>Select Faster Growth (2018E Rev. Growth &gt;20%) Median</b>					<b>268</b>	<b>28%</b>	<b>8.7%</b>	<b>26%</b>	<b>5.0x</b>	<b>3.9x</b>	<b>36.4x</b>	<b>31.2x</b>	<b>6%</b>	<b>-4%</b>	<b>33%</b>	<b>9.38</b>	<b>7.3%</b>	<b>8%</b>
<b>Select Slower Growth (2018E Revenue Growth &lt;20%) Median</b>					<b>234</b>	<b>14%</b>	<b>18.1%</b>	<b>14%</b>	<b>2.5x</b>	<b>2.9x</b>	<b>26.0x</b>	<b>21.7x</b>	<b>2%</b>	<b>7%</b>	<b>16%</b>	<b>1.38</b>	<b>3.2%</b>	<b>9%</b>
<b>Select Overall Group Median</b>					<b>239</b>	<b>17%</b>	<b>14.1%</b>	<b>18%</b>	<b>3.1x</b>	<b>3.3x</b>	<b>28.6x</b>	<b>23.3x</b>	<b>2%</b>	<b>3%</b>	<b>21%</b>	<b>2.51</b>	<b>4.7%</b>	<b>9%</b>

Data Source: S&P Capital IQ | EV = Enterprise value | EBITDA = Earnings before int., tax, depr., amort. | FCF = Free cash flow

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