

SaaS Software Cloud Update – February 2017

Jeff Houston, CFA

Managing Director

+1 512 364 2258

jhouston@navidar.com

Public Markets and M&A Activity

SaaS Software Cloud stocks advanced 3% in February, compared with the DJIA's +5%, the NASDAQ's +4%, and the Russell 2000's +2%. In general, there was continued strength in ecommerce, HR/payroll, banking, and customer support. And there was weakness in brick-and-mortar retail as well as perceived/actual shortcomings in end markets that the new Trump administration is focused on (e.g., healthcare and trade). With a number of companies reporting 4Q16 results this month, more than 20 stocks meaningfully under or outperformed. Following is a summary of the company-specific issues related to these stocks as well as their M&A activity.

Shopify (NYSE:SHOP +17%) – the ecommerce platform provider reported strong 4Q16 results on 2/15/17, beating and raising expectations, driven by growth in social channels, mobile traffic to merchants' stores, price increases, and a move to variable pricing for Shopify Plus which targets enterprises. Subscription solutions advanced 63% YOY, Merchant solutions grew 108% YOY, and Payments increased to \$2.2B, representing about 39% of GMV. SHOP is experiencing strength at the low-end of the market while gaining traction up market with Shopify Plus.

Q2 Holdings (NYSE:QTWO +13%) – the e-banking solutions provider that targets 13,500 regional and community banks with \$50B or less of assets reported strong 4Q16 results on 2/15/17. The strength was driven in part by an improved budget environment for banks. Revenue advanced 39% YOY, to \$42.2M and adjusted EBITDA was \$1.3M (3.1% margin). QTWO closed two Tier 1 deals (banks with more than \$5B in AUM) that typically take over a year to fully come on line, driving more than 90% visibility for 2017 revenue which was guided to advance 28% with adjusted EBITDA margins improving to about +3% from -3% in 2016. With 369 live customers and only about half of their depositors included in its base of 8.6M registered users, there is a natural lift in revenue as more users adopt e-banking. Also, management expects to generate positive free cash flow in 2017.

Zendesk (NYSE:ZEN +14%) – reported strong 4Q16 results on 2/8/17 despite announcing new leadership, a sales reorganization, and a brand rework in 2016. Billings growth accelerated to 40% from 37% the prior quarter. Zen targets the \$9B+ customer support software market, which is modernizing given the evolution of customer touchpoints. Within this market, it focuses more on enterprises.

Tableau (NYSE:DATA +10%) – reported unexpectedly strong 4Q16 results on 2/2/17 with revenue advanced 24% YOY, well above consensus. There was a lot of pessimism entering the report due to disappointing 3Q16 results, new management, premium pricing, a model shift to ratable billing from perpetual (contributing to an anemic 2017 revenue growth guidance of 5%), and concerns about commoditization of data discovery and visualization technology. The strength was driven by international growth and large deals, including a multi-year contract for 50k users, 589 deals greater than \$100k (up 42% YOY), and closing some deals that had slipped in 3Q16.

Select Mega Cap (\$100B+ market cap)

Ticker	\$Price	%ch	Ticker	\$Price	%ch
AMZN	845.0	2.6	IBM	179.82	3.0
CSCO	34.2	11.3	MSFT	63.98	-1.0
FB	135.5	4.0	ORCL	42.59	6.2
GOOGL	844.9	3.0	SAP	93.59	2.6

Select Mid-Large Cap (\$3B-\$100B market cap)

Ticker	\$Price	%ch	Ticker	\$Price	%ch
ATHN	117.93	-6.4	NOW	86.92	-4.1
CRM	81.35	2.8	PAYC	53.83	16.4
CTXS	78.95	-13.4	PEGA	43.00	10.8
DATA	52.74	10.2	SHOP	59.21	16.5
EBAY	33.90	6.5	TEAM	28.44	2.9
ELLI	95.56	15.5	TWTR	15.77	-10.5
GDDY	36.85	3.1	ULTI	193.39	-0.1
GWRE	54.64	4.4	VEEV	43.69	3.2
INTU	125.44	5.8	WDAY	82.93	-0.2
LOGM	91.75	-15.1			

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

Ticker	\$Price	%ch	Ticker	\$Price	%ch
ACTA	13.70	-4.2	LPSN	7.05	-3.4
ALRM	28.54	5.4	MB	26.55	9.0
AMBR	7.54	-14.8	MODN	10.65	21.0
APPF	24.85	9.7	PCTY	35.26	14.3
BCOV	8.40	16.7	QTWO	35.95	13.2
BL	28.53	5.0	RP	33.75	10.3
BNFT	26.55	-12.2	RST	7.85	-10.8
BOX	17.62	3.2	SALE	8.95	-1.1
BSFT	42.80	1.9	SNCR	27.08	-29.7
BV	4.45	-5.3	SPSC	55.33	-19.8
CALD	18.85	2.2	SREV	3.94	-25.7
COUP	26.45	1.8	STMP	126.10	3.7
CSLT	3.55	14.5	TNGO	5.73	-21.3
CSOD	41.77	2.7	TWOU	36.55	7.4
ECOM	10.75	-22.4	UPLD	12.05	-0.3
ENV	38.65	2.2	WEB	19.25	1.6
EVBG	19.04	3.1	WIX	62.30	18.6
FNGN	44.30	14.9	WK	14.95	18.7
HDP	9.94	2.5	XTLY	12.40	2.1
INST	22.90	5.0	ZEN	27.23	13.8
JIVE	4.40	15.8			

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

Tickers					
1PG	COVS	EVOL	INLX	MFON	SMSI
AKDS	COYN	FNJN	INUV	MRIN	SPRT
ASUR	CSTI	FUEL	IPAS	PYDS	SVVC
CAFN	CXDO	GSB	LVT	SCIL	WSTL
CCUR	EGAN	GSCV			

Indexes (% change in February)

Mega-cap SaaS	3.0	NASDAQ	3.8
MidLgCap SaaS	3.1	DJIA	4.8
Small-cap SaaS	2.7	S&P 500	3.7
Micro-cap SaaS	-1.0	Russell2000	1.9
Overall SaaS	2.6	S&P Volatility	7.8

Data source: S&P Capital IQ. 2/28/2017 Prices.
2/1-28/2017 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

SPS Commerce (NASDAQ:SPSC -20%) - reported disappointing 4Q16 results on 2/7/17 and lowered 2017 revenue growth guidance to the mid-teens. While analytics and international (led by the late-2014 Leadtec acquisition) are performing well, the shift to ecommerce is continuing to cause brick-and-mortar retailers to go out of business and re-platform their technology, resulting in longer SPSC sales cycles. The company has lowered expectations in three of the past five quarters, but had been (and still is, in our opinion, outside of industry headwinds), one of the best operating public SaaS companies. SPSC is also restructuring its sales organization.

ChannelAdvisor (NYSE:ECOM -22%) – the ecommerce integration provider (that works with marketplaces such as Amazon, Google Shopping, eBay, and Walmart) reported disappointing 4Q16 results on 2/9/17 as revenue was below consensus and management lowered guidance. Constant-currency growth of 11% decelerated from last quarter’s 18% due in part to a slowdown in Amazon-related GMV growth during the holidays due to their aggressive promotions for first-party products and the weak retail environment pressured digital marketing. GMV was \$8.1B in 2016, up 19% YOY.

Workiva (NYSE:WK +19%) – while 4Q16 results, reported 2/23/17, were ahead of consensus and much improved from 3Q16’s shortfall, management lowered 2017 expectations a bit. Investors are adjusting to a reduced (to 15%) growth story as WK is slowing its pace of hiring. Also, enterprise sales cycles are elongating and the company modified its sales model to an account coverage system so it can better sell non-SEC products. WK is not a one-trick pony with SEC filing as new bookings are split about even between SEC and non-SEC use cases. Plus, 480 customers use its SOX compliance solution, up from 100 customers in 1Q16. Furthermore, WK reported strong 4Q16 free cash flow, which had been an investor concern in the past.

Ellie Mae (NYSE:ELLI +16%) – the SaaS mortgage-origination provider reported surprisingly good 4Q16 results on 2/9/17 that exceeded consensus. There was a lot of pessimism entering the report because of the rising interest rate environment and the seasonal weakness of fourth-quarter mortgage originations. Revenue advanced 48% YOY, to \$96.3M, with an adjusted EBITDA margin of 30.6%. 2017 growth guidance of ~21% was in line with expectations and management plans to achieve a 33.3% adjusted EBITDA margin.

AmberRoad (NYSE:AMBR -15%) – the SaaS trade management provider reported moderately disappointing 4Q16 results on 2/16/17. While 4Q16 results were mostly in-line with consensus, it lost two clients due to acquisition and correspondently lowered 2017 revenue expectations a bit, pointing to 10-14% growth. Management said that its pipeline remains strong, but there remains uncertainty around the impact on sales cycles given the Trump administration’s perceived views on trade.

Select Horizontal Companies¹

Ticker	2/28 \$Price	Feb %ch	Ticker	2/28 \$Price	Feb %ch
IPG	0.13	-6.4	JIVE	4.40	12.8
ASUR	11.06	1.8	LOGM	91.75	-11.1
BCOV	8.40	10.5	LPSN	7.05	-5.4
BL	28.53	3.2	LVT	0.15	1.9
BNFT	26.55	-14.6	MFON	0.80	6.7
BOX	17.62	1.8	MRIN	2.30	4.5
CALD	18.85	1.3	MSFT	63.98	-2.7
CCUR	5.01	-3.7	NOW	86.92	-3.5
COUP	26.45	0.3	ORCL	42.59	5.9
COVS	2.00	0.0	PAYC	53.83	9.4
CRM	81.35	4.0	PCTY	35.26	11.0
CSCO	34.18	10.3	PEGA	43.00	9.0
CSOD	41.77	2.7	PYDS	1.62	-1.2
CTXS	78.95	-12.5	SAP	93.59	2.6
DATA	52.74	9.6	SMSI	1.31	-28.4
EGAN	1.80	-20.0	SPRT	2.17	-6.9
EVBG	19.04	-1.1	SREV	3.94	-27.8
FNJN	1.40	-0.2	TEAM	28.44	2.4
FUEL	2.82	39.6	ULTI	193.39	-1.8
GDDY	36.85	1.2	UPLD	12.05	0.8
GOOGL	844.93	0.0	WDAY	82.93	-2.2
GSB	3.76	-6.0	WEB	19.25	-1.0
HDP	9.94	11.7	WK	14.95	15.0
IBM	179.82	1.4	XTLY	12.40	3.3
INLX	0.90	-6.6	ZEN	27.23	14.8
INTU	125.44	5.8			

Select Vertical Companies²

Ticker	2/28 \$Price	Feb %ch	Ticker	2/28 \$Price	Feb %ch
ACTA	13.70	-2.5	GWRE	54.64	3.3
AKDS	0.98	-14.8	INST	22.90	4.1
ALRM	28.54	3.9	INUV	1.59	-0.6
AMBR	7.54	-17.1	IPAS	1.28	-15.8
AMZN	845.04	1.1	MB	26.55	5.1
APPF	24.85	7.3	MODN	10.65	23.8
ATHN	117.93	-5.5	QTWO	35.95	9.8
BSFT	42.80	-0.8	RP	33.75	11.0
BV	4.45	-4.3	RST	7.85	-8.7
CAFN	4.00	-11.1	SALE	8.95	-2.2
COYN	0.34	-33.3	SCIL	0.52	-5.8
CSLT	3.55	9.2	SHOP	59.21	14.9
CSTI	10.00	-1.0	SNCR	27.08	-31.4
CXDO	1.55	6.2	SPSC	55.33	-20.9
EBAY	33.90	4.3	STMP	126.10	2.6
ECOM	10.75	-24.3	SVVC	8.39	9.0
ELLI	95.56	15.1	TNGO	5.73	-22.5
ENV	38.65	2.1	TWOU	36.55	4.3
EVOL	4.65	5.7	TWTR	15.77	-4.8
FB	135.54	2.5	VEEV	43.69	2.4
FNGN	44.30	16.4	WIX	62.30	13.9
GSVC	5.31	1.5	WSTL	0.71	8.5

Indexes

	(% change in February)		
Horizontal SaaS	1.3	NASDAQ	2.9
Vertical SaaS	2.3	S&P 500	3.0
Overall SaaS	2.6	Russell2000	1.3
		S&P Volatility	22.1

¹ Horizontal companies provide software that can be used in almost all industries

² Vertical companies provide software for specific industries

Data source: S&P Capital IQ. 2/28/2017 Prices. 2/1-28/2017 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

Cisco (NASDAQ:CSCO +11%) – on the heels of its AppFolio acquisition (announced in late January for \$3.7B), CSCO reported good 4Q16 results on 2/15/17 although overall revenue growth has shrunk to about 0%. The top and bottom line slightly beat consensus. CSCO’s business model is gradually moving to recurring software helped by acquisitions. Accordingly, its Collaboration and Security business units represented 33% and 16% of total revenue, respectively, and grew 4% and 14% YOY. CSCO’s other business units (video connected home, wireless, and data center) did not perform as well.

Castlight Health (NYSE:CSLT +15%) – the SaaS healthcare decision support and wellness provider reported good 4Q16 results on 2/15/17, overcoming pessimism around long sales and implementation cycles as well as pricing pressure. CSLT beat expectations and maintained 2017 guidance. It ended 2016 with 211 signed customers, including 60 Fortune 500 companies, adding a net two in 4Q16. 2017 revenue is guided to be \$138-142M, up ~30% (21% organic, down from 35% in 2016) including \$19M from the Jiff acquisition announced earlier this year. CSLT still expects to be cash flow breakeven by the end of 2018.

Model N (NYSE:MODN +21%) – the revenue management SaaS provider reported good calendar 4Q16 results on 2/6/17. Revenue advanced 15% YOY, exceeding consensus due to a large High-Tech deal and bookings momentum in its legacy Model N business (life sciences and high tech) as well strong deal activity driven by the Revitas acquisition (closed in early January) which added some new pharmaceutical customers. Execution has been improving since a new CEO took the helm in late 2016, better navigating MODN’s model change to subscriptions from licenses.

Paycom (NYSE:PAYC +16%) – the SaaS payroll/HCM provider reported excellent 4Q16 results on 2/8/17, slightly beating expectation and setting 2017 guidance above consensus despite a tough comparison as many customers adopted its Affordable Care Act (ACA) product in the year-ago quarter. Revenue grew 35% YOY. PAYC is gaining traction with its move up market, having added a customer with 8k+ employees and some with 3k+ employees. Adjusted EBITDA margin increased 750 basis points to 23.6%.

Paylocity (NASDAQ:PCTY +14%) – another SaaS payroll/HCM provider reported good calendar-year 4Q16 results on 2/2/17 exceeding expectations while maintaining full-year guidance. There was much pessimism heading into the quarter due to the slowdown of its broker channel (now driving 20-24% of revenue down from 30% a couple of quarters ago) and difficult ACA comparisons. Recurring revenue represented 96% of total and grew 26% YOY.

Benefitfocus (NASDAQ:BNFT -12%) – the HR benefits SaaS provider reported disappointing 4Q16 results on 2/23/17. Revenue was light and management reduced 2017 guidance to 14% (down from 26% in 2016 and 35% in 2015) due mostly to healthcare regulatory uncertainty. BNFT is also being penalized for management turnover and salesforce productivity. While the number of large employer customer net additions of six declined 70% YOY, BNFT expects to be FCF breakeven exiting 2017.

Faster Growth
(2018E growth > 20%)

Ticker	2/28 \$Price	Feb %ch	Ticker	2/28 \$Price	Feb %ch
AMZN	845.04	1.1	MB	26.55	5.1
APPF	24.85	7.3	NOW	86.92	-3.5
BL	28.53	3.2	PAYC	53.83	9.4
BOX	17.62	1.8	PCTY	35.26	11.0
COUP	26.45	0.3	Q TWO	35.95	9.8
COYN	0.34	-33.3	SHOP	59.21	14.9
CSLT	3.55	9.2	TEAM	28.44	2.4
ELLI	95.56	15.1	TWOU	36.55	4.3
EVBG	19.04	-1.1	ULTI	193.39	-1.8
FB	135.54	2.5	WDAY	82.93	-2.2
HDP	9.94	11.7	WIX	62.30	13.9
INST	22.90	4.1	XTLY	12.40	3.3
IPAS	1.28	-15.8	ZEN	27.23	14.8

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

Ticker	2/28 \$Price	Feb %ch	Ticker	2/28 \$Price	Feb %ch
IPG	0.13	-6.4	IBM	179.82	1.4
ACTA	13.70	-2.5	INLX	0.90	-6.6
AKDS	0.98	-14.8	INTU	125.44	5.8
ALRM	28.54	3.9	INUV	1.59	-0.6
AMBR	7.54	-17.1	JIVE	4.40	12.8
ASUR	11.06	1.8	LOGM	91.75	-11.1
ATHN	117.93	-5.5	LPSN	7.05	-5.4
BCOV	8.40	10.5	LVT	0.15	1.9
BNFT	26.55	-14.6	MFON	0.80	6.7
BSFT	42.80	1.9	MODN	10.65	23.8
BV	4.45	-4.3	MRIN	2.30	4.5
CAFN	4.00	-11.1	MSFT	63.98	-2.7
CALD	18.85	1.3	ORCL	42.59	5.9
CCUR	5.01	-3.7	PEGA	43.00	9.0
COVS	2.00	0.0	PYDS	1.62	-1.2
CRM	81.35	2.8	RP	33.75	11.0
CSCO	34.18	11.3	RST	7.85	-8.7
CSOD	41.77	1.8	SALE	8.95	-2.2
CSTI	10.00	-1.0	SAP	93.59	2.6
CTXS	78.95	-13.4	SCIL	0.52	-5.8
CXDO	1.55	6.2	SMSI	1.31	-28.4
DATA	52.74	9.6	SNCR	27.08	-29.7
EBAY	33.90	4.3	SPRT	2.17	-6.9
ECOM	10.75	-22.4	SPSC	55.33	-20.9
EGAN	1.80	-20.0	SREV	3.94	-27.8
ENV	38.65	2.1	STMP	126.10	2.6
EVOL	4.65	5.7	SVVC	8.39	9.0
FNGN	44.30	16.4	TNGO	5.73	-22.5
FNJN	1.40	-0.2	TWTR	15.77	-4.8
FUEL	2.82	39.6	UPLD	12.05	0.8
GDDY	36.85	1.2	VEEV	43.69	2.4
GOOGL	844.93	0.0	WEB	19.25	-1.0
GSB	3.76	-6.0	WK	14.95	15.0
GVC	5.31	1.9	WSTL	0.71	8.5
GWRE	54.64	3.3			

Indexes
(% change in February)

Faster SaaS	3.7	NASDAQ	2.9
Slower SaaS	0.8	S&P 500	3.0
Overall SaaS	2.6	Russell2000	1.3
		S&P Volatility	22.1

Data source: S&P Capital IQ. 2/28/2017 Prices. 2/1-28/2017 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

Brightcove (NASDAQ:BCOV +17%) – the cloud-based video and digital marketing provider reported mixed 4Q16 results on 2/16/17 with strong bookings (including a large digital-marketing deal and a 7-figure media deal). This more than offset lower economics with its largest client (4% of revenue), resulting in ~3% reduction in 2017 revenue growth which now stands at ~10%. BCOV continues to move towards premium clients and away from volume customers and net dollar retention remained at 93%.

Servicesource (NASDAQ:SREV -26%) – the SaaS revenue lifecycle solution provider reported disappointing 4Q16 results on 2/21/17, complicating its turnaround efforts. While it added a decent nine new customers, a few deals slipped and dollar churn increased (due to four large customers reducing business) after several sequential quarters of improvement. Although annual contract value increased 8% in 2016, it is guided to be about flat in 2017. Accordingly, SREV reduced 2017 revenue growth guidance from ~8% to 0%.

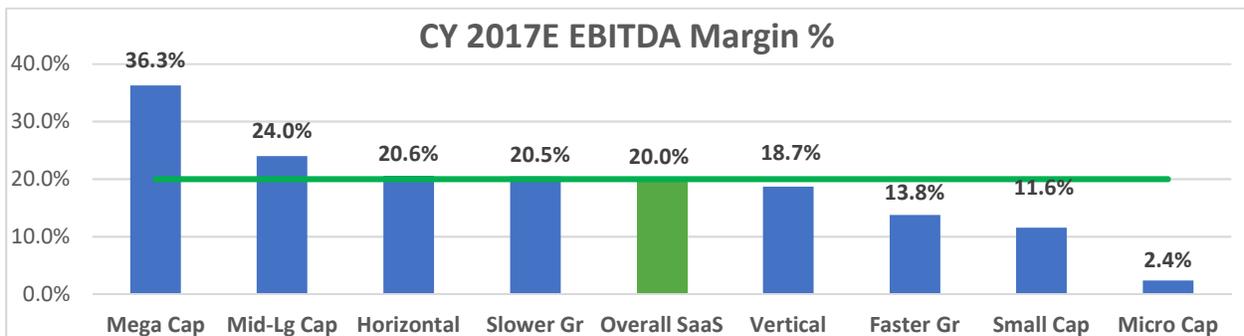
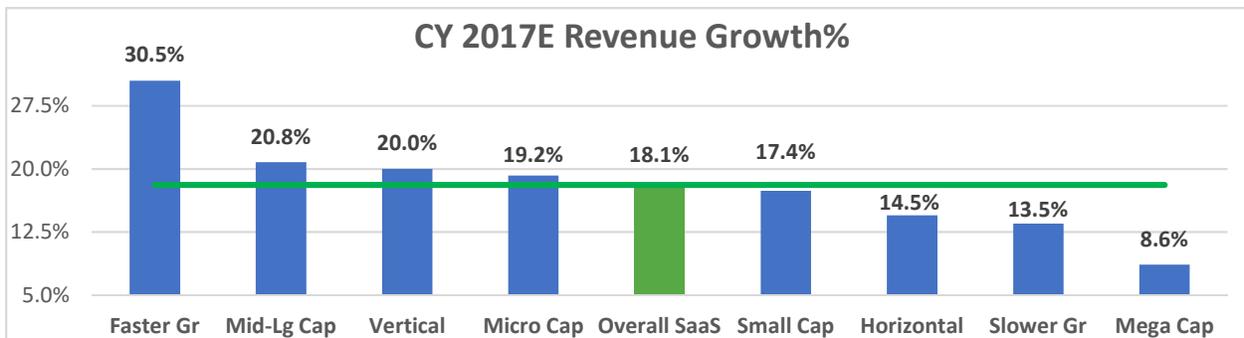
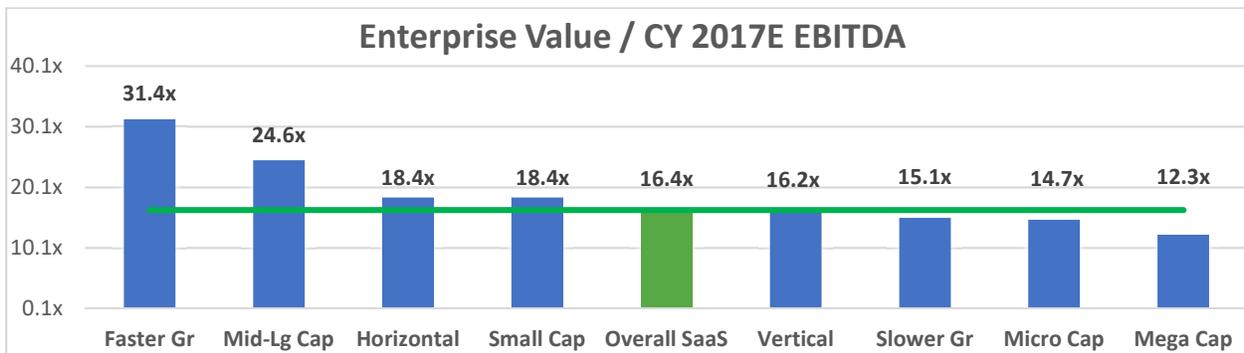
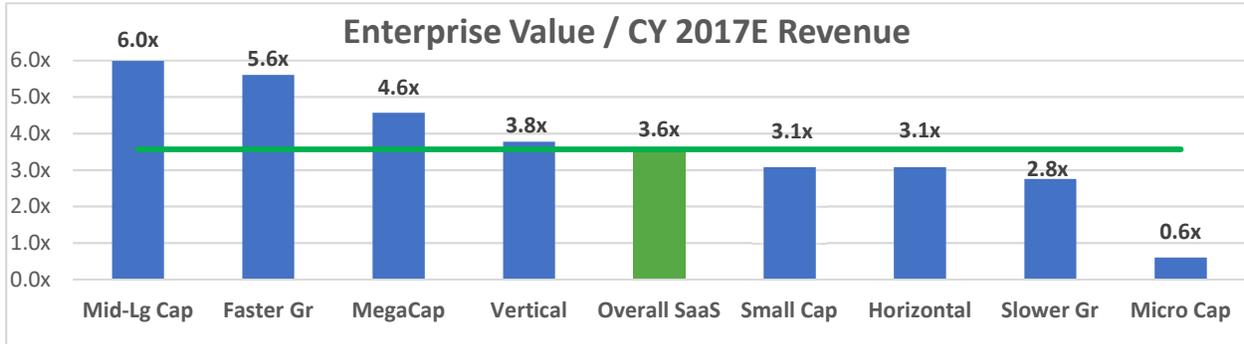
Twitter (NYSE:TWTR -11%) – reported disappointing 4Q16 results on 2/9/17. Revenue of \$768M advanced 7% YOY, below expectations, and adjusted EBITDA margin was 28.1%, down from 30.0% in 4Q16. 2017 revenue guidance was not provided but many investors expect it to decline. Monthly average users (MAUs) increased just 4% YOY, ad pricing has declined, and US Ad revenue fell to \$638M due to higher competition for digital ad dollars and declines in direct response and promoted tweet formats. TWTR streamed 600M hours of live video for 31M viewers, 33% international.

Paypal (NASDAQ:PYPL +5%) acquired TIO Networks (TSX:TNC) for \$244M. TIO has developed a multi-channel bill payment service that serves online users and under-banked offline users. With 65k physical location endpoints throughout North America, the EPS-neutral deal represents a bridge to bring under-banked offline consumers into PayPal's system.

Wix.com (NASDAQ:WIX +19%) acquired deviantART for \$36M on 2/23/17. The deal adds more tools to help users build and manage websites. DeviantArt is an online community for artists, featuring about 325M pieces of original art and 40M-plus members. Users will gain access to Wix's web design tools to enable more dynamic online presences. Founded in 2000, DeviantArt had raised about \$13.5M of funding. This deal follows last month's acquisition of Flok, a provider of mobile CRM and loyalty services.

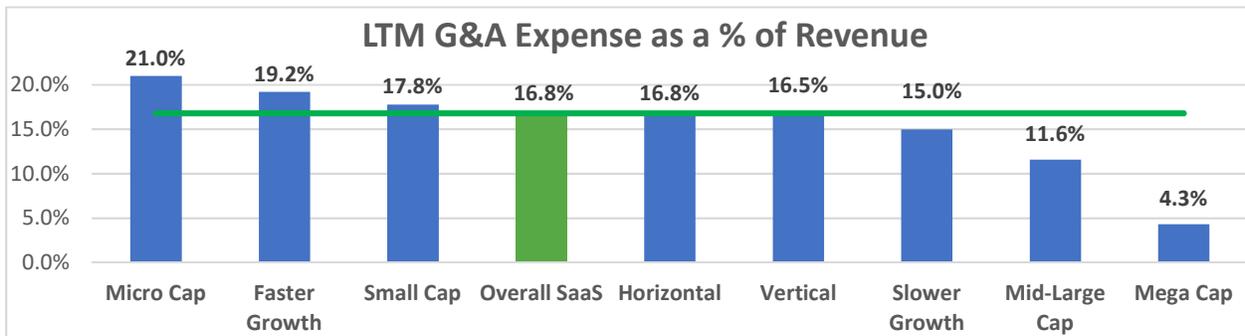
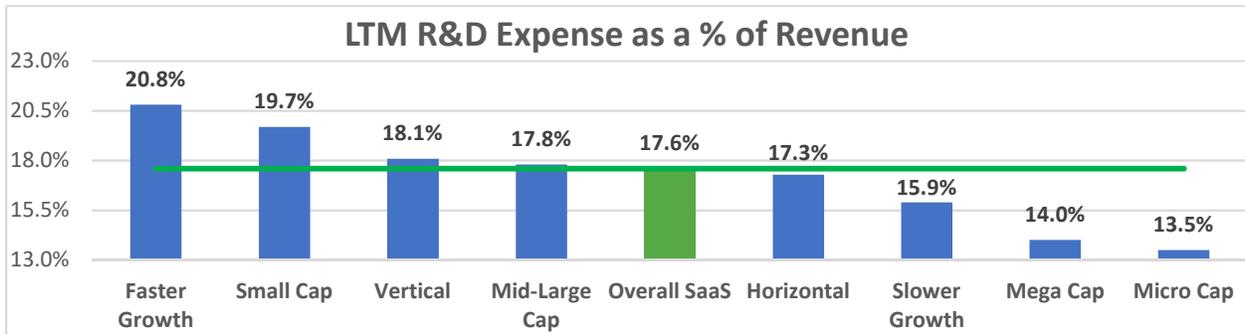
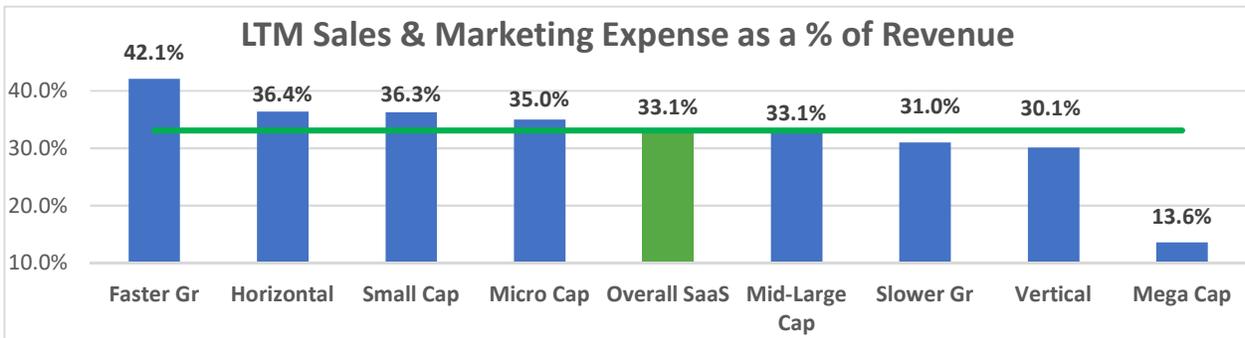
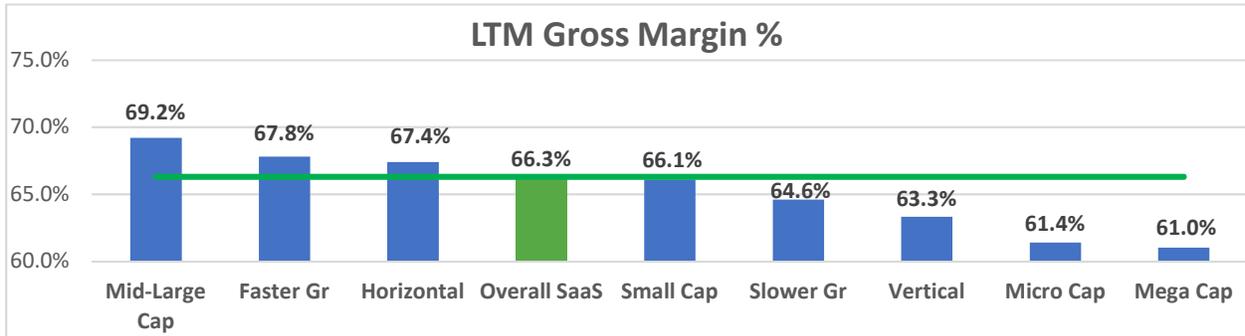
Please see our January report for commentary about the M&A activity that drove volatility in: **Citrix (NASDAQ:CTXS -13%)**, which completed its GoTo spinoff on 2/1/17 to **LogMeIn (NASDAQ:LOGM -15%)**, and **Synchronoss (NASDAQ:SNCR -29%)**'s merger with Intralinks.

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



Data Source: S&P Capital IQ | **Mega Cap** = \$100B+ mcap | **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 | **Vertical** = Industry-specific | **Overall SaaS** = median | **EBITDA** = earnings before int., tax, depr., amort.

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



Data Source: S&P Capital IQ | **Mega Cap** = \$100B+ mcap | **Mid-Large Cap** = \$3B+ mcap | **Small Cap** = \$150M-3B mcap
Micro Cap = <\$150M mcap | **Fast Gr** = 2018E rev gr >20% | **Slow Gr** = 2018E rev gr <20% | **Horizontal** = Industry-neutral solution | **Vertical** = Industry-specific solution | **Overall SaaS** = Group median

Public Company Valuation Metrics - SaaS Software Cloud

Date 2/28/2017

(In \$ million, except per share values)

Ticker	Company Name	2/28/17 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			
Select Mega Cap (\$100B+ mcap)																		
AMZN	Amazon	845.04	403,228	403,431	165,111	21%	11.8%	20%	2.4x	2.0x	29.8x	21.9x	1%	10%	52%	3,097.12	1.6%	17%
CSCO	Cisco	34.18	171,169	136,101	48,720	0%	35.4%	3%	2.8x	2.7x	10.4x	10.5x	10%	14%	29%	757.76	0.9%	0%
FB	Facebook	135.54	391,708	367,006	37,827	38%	62.4%	27%	9.7x	7.6x	28.5x	22.2x	3%	13%	26%	2,651.13	0.8%	19%
GOOGL	Alphabet	844.93	576,666	507,960	105,521	19%	40.8%	16%	4.8x	4.2x	19.9x	16.9x	0%	8%	17%	1,374.46	0.5%	12%
IBM	IBM	179.82	170,983	206,191	78,669	-1%	24.8%	0%	2.6x	2.6x	17.7x	17.3x	1%	9%	36%	681.24	2.4%	0%
MSFT	Microsoft	63.98	494,407	472,395	100,334	9%	37.1%	6%	4.7x	4.4x	16.9x	15.7x	-3%	6%	25%	1,536.74	0.6%	2%
ORCL	Oracle	42.59	174,719	176,532	38,252	2%	44.4%	3%	4.6x	4.5x	15.6x	13.4x	6%	6%	15%	510.80	1.3%	27%
SAP	SAP	93.59	112,183	113,988	25,199	9%	34.7%	7%	4.5x	4.2x	25.9x	23.0x	3%	10%	23%	0.51	0.0%	7%
Select Mega Cap (\$100B+) Median					63,694	9%	36.3%	6%	4.6x	4.2x	18.8x	17.1x	2%	10%	25%	1,066.11	0.9%	10%
Select Mid-Large Cap (\$3B+ mcap)																		
ATHN	AthenaHealth	117.93	4,660	4,873	1,289	17%	23.8%	16%	3.8x	3.3x	73.2x	34.0x	-6%	18%	-8%	65.30	19.3%	1%
CRM	salesforce.com	81.35	56,677	57,463	10,159	21%	20.8%	19%	5.7x	4.8x	28.9x	23.0x	4%	12%	17%	391.41	2.7%	5%
CTXS	Citrix	78.95	12,344	12,066	2,831	-17%	35.6%	4%	4.3x	4.1x	13.0x	13.0x	-13%	-10%	10%	175.11	5.2%	1%
DATA	Tableau	52.74	4,116	3,055	883	9%	6.1%	8%	3.5x	3.2x	30.4x	27.3x	10%	15%	19%	69.03	11.1%	23%
EBAY	eBay	33.90	36,851	40,593	9,413	5%	37.4%	6%	4.3x	4.1x	17.8x	15.9x	4%	19%	40%	356.30	2.1%	7%
ELLI	Ellie Mae	95.56	3,227	2,712	439	24%	33.1%	23%	6.2x	5.0x	48.3x	28.6x	15%	12%	13%	57.37	9.5%	3%
GDDY	GoDaddy	36.85	3,263	3,587	2,181	18%	24.0%	15%	1.6x	1.4x	8.2x	6.8x	1%	1%	18%	33.02	16.1%	0%
GWRE	Guidewire	54.64	4,017	3,555	532	20%	20.5%	16%	6.7x	5.8x	47.2x	25.0x	3%	-6%	10%	19.14	6.0%	0%
INTU	Intuit	125.44	32,086	33,127	5,270	9%	38.9%	9%	6.3x	5.8x	23.5x	21.8x	6%	8%	31%	156.20	1.2%	5%
LOGM	LogMeIn	91.75	4,814	2,234	1,063	217%	33.2%	15%	2.1x	1.8x	8.7x	9.2x	-11%	-13%	79%	107.51	2.0%	2%
NOW	ServiceNow	86.92	14,430	13,910	1,838	33%	21.7%	28%	7.6x	5.9x	31.5x	22.3x	-4%	2%	57%	145.12	4.0%	3%
PAYC	Paycom	53.83	3,202	3,144	423	29%	27.1%	25%	7.4x	6.0x	43.6x	32.3x	9%	26%	69%	45.91	27.1%	24%
PEGA	Pegasystems	43.00	3,296	3,295	855	9%	15.8%	12%	3.9x	3.4x	46.2x	39.2x	9%	19%	73%	13.29	5.1%	53%
SHOP	Shopify	59.21	5,309	4,577	599	57%	0.1%	36%	7.6x	5.6x	na	na	15%	39%	169%	78.87	2.9%	22%
TEAM	Atlassian	28.44	6,327	5,366	700	33%	20.4%	27%	7.7x	6.0x	29.9x	21.4x	2%	4%	22%	18.16	36.8%	70%
TWTR	Twitter	15.77	11,299	8,985	2,371	-7%	25.2%	8%	3.8x	3.5x	30.4x	18.2x	-5%	-14%	-12%	320.89	10.0%	13%
ULTI	Ultimate	193.39	5,737	5,801	969	24%	24.2%	21%	6.0x	4.9x	53.1x	40.5x	-2%	-8%	13%	62.97	8.3%	5%
VEEV	Veeva Systems	43.69	5,993	5,929	652	21%	31.0%	19%	9.1x	7.6x	39.4x	33.7x	2%	-6%	87%	32.40	6.8%	23%
WDAY	Workday	82.93	16,669	14,976	2,010	29%	13.5%	25%	7.4x	5.9x	60.4x	44.1x	-2%	0%	39%	163.88	10.9%	37%
Select Mid-Large Cap (\$3B+) Median					1,063	21%	24.0%	16%	6.0x	4.9x	30.9x	24.0x	2%	4%	22%	69.03	6.8%	5%

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 2/28/2017

(In \$ million, except per share values)

Ticker	Company Name	2/28/17 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			
Select Small Cap (\$150M-\$3B mcap)																		
ACTA	Actua	13.70	504	488	127	17%	0.5%	14%	3.8x	3.4x	na	na	-2%	0%	72%	1.25	2.9%	9%
ALRM	Alarm.Com	28.54	1,312	1,220	300	17%	18.7%	11%	4.1x	3.6x	46.6x	41.9x	4%	-8%	43%	5.31	2.9%	4%
AMBR	Amber Road	7.54	203	209	82	13%	na	13%	2.5x	2.3x	na	na	-17%	-35%	69%	1.79	3.6%	16%
APPF	AppFolio	24.85	838	808	137	31%	10.1%	26%	5.9x	4.7x	na	na	7%	13%	111%	0.40	3.6%	49%
BCOV	Brightcove	8.40	286	243	164	9%	5.3%	9%	1.5x	1.4x	36.9x	20.8x	11%	-1%	43%	1.97	1.1%	4%
BL	BlackLine	28.53	1,463	1,107	168	38%	na	30%	6.6x	5.1x	na	na	3%	4%	0%	3.48	3.3%	21%
BNFT	Benefitfocus	26.55	815	828	266	14%	5.7%	19%	3.1x	2.6x	na	na	-15%	-6%	-16%	6.53	14.2%	18%
BOX	Box	17.62	2,231	2,144	500	26%	na	23%	4.3x	3.5x	na	42.1x	2%	14%	48%	21.72	12.8%	5%
BSFT	BroadSoft	42.80	1,304	1,304	394	17%	22.8%	15%	3.3x	2.9x	na	na	-1%	2%	36%	10.20	8.4%	1%
BV	Bazaarvoice	4.45	369	321	211	4%	8.4%	8%	1.5x	1.4x	21.4x	16.2x	-4%	-14%	45%	2.55	0.8%	3%
CALD	CallidusCloud	18.85	1,201	925	244	19%	12.3%	18%	3.8x	3.2x	37.6x	28.6x	1%	16%	37%	8.49	4.1%	2%
COUP	Coupa	26.45	1,322	12	165	25%	na	23%	0.1x	0.1x	na	2.0x	0%	-16%	0%	5.33	7.8%	3%
CSLT	Castlight Health	3.55	370	243	125	23%	na	23%	2.0x	1.6x	na	53.2x	9%	-28%	9%	1.87	9.8%	6%
CSOD	Cornerstone	41.77	2,367	2,259	481	14%	10.9%	16%	4.7x	4.1x	70.4x	28.8x	2%	14%	43%	29.05	4.0%	9%
ECOM	ChannelAdvisor	10.75	279	213	123	9%	5.4%	11%	1.7x	1.6x	21.1x	20.2x	-24%	-25%	-1%	1.37	1.3%	9%
ENV	Envestnet	38.65	1,664	1,856	673	16%	20.0%	16%	2.8x	2.4x	20.4x	14.8x	2%	0%	69%	7.63	8.8%	4%
EVBG	Everbridge	19.04	517	256	101	32%	na	26%	2.5x	2.0x	na	58.2x	-1%	12%	0%	2.88	5.4%	21%
FNGN	Financial Engine	44.30	2,756	2,617	485	15%	33.0%	13%	5.4x	4.8x	23.0x	22.6x	16%	29%	80%	12.23	16.8%	1%
HDP	Hortonworks	9.94	608	484	237	31%	na	27%	2.0x	1.6x	na	58.1x	12%	8%	-13%	6.20	18.1%	6%
INST	Instructure	22.90	656	569	150	37%	na	32%	3.8x	2.9x	na	na	4%	17%	66%	4.26	12.0%	16%
JIVE	Jive	4.40	344	232	204	1%	10.8%	3%	1.1x	1.1x	na	na	13%	11%	34%	1.26	0.8%	9%
LPSN	LivePerson	7.05	409	344	205	-8%	9.1%	5%	1.7x	1.6x	27.1x	25.8x	-5%	-18%	42%	2.04	3.9%	9%
MB	MINDBODY	26.55	1,078	989	181	30%	3.3%	26%	5.5x	4.3x	na	78.9x	5%	20%	124%	8.27	22.8%	11%
MODN	Model N	10.65	300	242	140	27%	na	11%	1.7x	1.6x	na	52.4x	24%	18%	4%	2.16	8.2%	20%
PCTY	Paylocity	35.26	1,814	1,722	331	26%	14.1%	23%	5.2x	4.2x	59.9x	53.7x	11%	1%	16%	13.75	11.5%	39%
QTWO	Q2 Holdings	35.95	1,455	1,328	193	29%	3.2%	27%	6.9x	5.4x	na	na	10%	15%	78%	8.71	7.4%	1%
RP	RealPage	33.75	2,737	2,644	675	19%	24.3%	12%	3.9x	3.5x	26.2x	20.3x	11%	17%	70%	14.39	1.4%	30%
RST	Rosetta Stone	7.85	173	143	na	na	na	na	na	na	na	na	-9%	-5%	2%	0.65	3.2%	3%
SALE	RetailMeNot	8.95	428	290	311	11%	18.3%	5%	0.9x	0.9x	9.4x	10.0x	-2%	-3%	14%	3.42	1.0%	5%
SNCR	Synchronoss	27.08	1,227	1,304	815	28%	34.8%	20%	1.6x	1.3x	11.7x	8.7x	-31%	-45%	-2%	18.27	8.8%	8%
SPSC	SPS Commerce	55.33	951	815	221	14%	14.4%	15%	3.7x	3.2x	63.3x	46.9x	-21%	-18%	24%	9.14	3.0%	1%
SREV	ServiceSource	3.94	343	289	254	0%	5.2%	6%	1.1x	1.1x	na	29.9x	-28%	-33%	2%	0.97	5.3%	2%
STMP	Stamps.com	126.10	2,150	2,340	418	17%	50.0%	16%	5.6x	4.8x	14.5x	12.4x	3%	13%	8%	29.60	23.3%	7%
TNGO	Tangoe	5.73	226	192	234	0%	na	na	0.8x	na	na	na	-22%	-28%	-28%	1.30	2.5%	5%
TWOU	2U	36.55	1,726	1,542	270	32%	3.4%	30%	5.7x	4.4x	na	na	4%	3%	67%	13.15	15.8%	2%
UPLD	Upland Softwar	12.05	215	216	85	14%	24.9%	6%	2.5x	2.4x	22.2x	13.3x	1%	27%	94%	0.49	0.3%	17%
WEB	Web.com Group	19.25	877	1,623	755	4%	25.2%	5%	2.2x	2.1x	11.0x	9.5x	-1%	20%	7%	6.63	5.7%	4%
WIX	Wix.com	62.30	2,645	2,447	414	44%	18.9%	29%	5.9x	4.6x	36.3x	19.2x	14%	22%	225%	28.61	3.1%	2%
WK	Workiva	14.95	617	566	205	15%	na	15%	2.8x	2.4x	na	na	15%	-5%	20%	2.47	6.6%	46%
XTLY	Xactly	12.40	389	346	114	19%	na	22%	3.0x	2.5x	na	na	3%	-11%	116%	2.34	6.7%	4%
ZEN	Zendesk	27.23	2,642	2,312	420	35%	2.9%	30%	5.5x	4.2x	na	71.9x	15%	24%	47%	35.12	4.4%	4%
Select Small Cap (\$150M-\$3B mcap) Mea			838	808	228	17%	12%	16%	3.1x	2.6x	24.6x	25.8x	2%	2%	42%	5.31	5.3%	6%

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 2/28/2017

(In \$ million, except per share values)

Ticker	Company Name	2/28/17 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					
Select Micro Cap (<\$150M mcap)																				
1PG	1-PAGE	0.13	20	(9)	na	na	na	na	na	na	na	na	-6%	3%	-92%	0.10	0.0%	20%		
AKDS	Arkados Group	0.98	14	13	na	na	na	na	na	na	na	na	-15%	-14%	277%	0.01	0.0%	35%		
ASUR	Asure Software	11.06	95	101	46	28%	20.1%	16%	2.2x	1.9x	27.9x	na	2%	20%	103%	1.04	2.3%	12%		
CAFN	Cachet	4.00	13	16	18	121%	10.1%	na	0.9x	na	na	na	-11%	-14%	-26%	0.02	0.0%	28%		
CCUR	Concurrent	5.01	49	27	na	na	na	na	na	na	na	na	-4%	-8%	-12%	0.10	0.5%	15%		
COVS	Covisint	2.00	82	51	na	na	na	na	na	na	na	na	0%	-11%	-2%	0.14	1.0%	2%		
COYN	COPsync	0.34	5	4	10	71%	na	56%	0.4x	0.2x	na	na	-33%	-63%	-79%	0.12	0.7%	12%		
CSTI	Costar	10.00	14	17	na	na	na	na	na	na	na	na	-1%	23%	66%	0.01	0.0%	4%		
CXDO	Crexendo	1.55	21	21	na	na	na	na	na	na	na	na	6%	7%	115%	0.01	0.0%	74%		
EGAN	eGain	1.80	49	60	56	-14%	na	na	1.1x	na	na	na	-20%	-22%	-53%	0.05	0.5%	37%		
EVOL	Evolving System	4.65	55	55	na	na	na	na	na	na	na	na	6%	19%	-15%	0.12	0.1%	32%		
FNJN	FinFeb	1.40	32	34	38	115%	na	na	0.9x	na	na	na	0%	10%	56%	0.05	0.9%	2%		
FUEL	Rocket Fuel	2.82	129	128	474	5%	1.8%	6%	0.3x	0.3x	na	na	40%	45%	-18%	0.89	17.2%	10%		
GSB	GlobalSCAPE	3.76	80	70	na	na	na	na	na	na	na	na	-6%	-2%	-1%	0.17	0.1%	22%		
GSVC	GSV Capital	5.31	118	170	0	50%	na	na	na	na	na	na	2%	3%	-6%	0.63	0.0%	1%		
INLX	Intellinetics	0.90	15	14	na	na	na	na	na	na	na	na	-7%	34%	-9%	0.00	0.0%	55%		
INUUV	Inuvo	1.59	45	35	94	31%	2.0%	13%	0.4x	0.3x	na	na	-1%	33%	-26%	0.09	0.6%	17%		
IPAS	iPass	1.28	85	66	70	10%	na	26%	0.9x	0.8x	na	na	-16%	-21%	28%	0.18	0.5%	6%		
LVT	LiveTiles	0.15	58	na	na	na	na	na	na	na	na	na	2%	42%	-12%	0.02	0.0%	65%		
MFON	Mobivity	0.80	26	26	na	na	na	na	na	na	na	na	7%	14%	23%	0.01	0.0%	20%		
MRIN	Marin Software	2.30	89	57	96	-3%	2.8%	na	0.6x	na	na	na	5%	-4%	-25%	0.14	1.2%	7%		
PYDS	Payment Data S	1.62	20	8	na	na	na	na	na	na	na	na	-1%	-6%	-21%	0.09	0.8%	45%		
SCIL	Scientific Learni	0.52	12	15	na	na	na	na	na	na	na	na	-6%	-9%	48%	0.00	0.0%	1%		
SMSI	Smith Micro Sof	1.31	16	11	33	10%	na	na	0.3x	na	na	na	-28%	-16%	-53%	0.08	1.3%	14%		
SPRT	Support.com	2.17	40	(13)	na	na	na	na	na	na	na	na	-7%	0%	-7%	0.17	0.2%	10%		
SVVC	First Technolog	8.39	62	54	na	na	na	na	na	na	na	na	9%	2%	16%	0.29	0.0%	8%		
WSTL	Westell	0.71	44	19	64	-9%	2.1%	na	0.3x	na	na	na	8%	28%	-38%	0.16	0.2%	33%		
Select Micro Cap (<\$150M) Median					44	27	51	19%	2.4%	16%	0.6x	0.3x	27.9x	na	-1%	2%	-9%	0.10	0.7%	15%
Select Horizontal (Industry-Neutral Solutions) Median					449	14%	20.6%	15%	3.1x	3.2x	27.5x	23.0x	1%	6%	19.1%	5.33	3.9%	9%		
Select Vertical (Industry-Specific Solutions) Median					270	20%	18.7%	16%	3.8x	3.4x	28.5x	22.1x	2.3%	2.5%	32%	3.84	3.2%	7%		
Select Faster Growth (2018E Rev. Growth >20%) Median					300	31%	13.8%	26%	5.6x	4.4x	40.0x	40.5x	4%	9%	48%	13.45	7.6%	9%		
Select Slower Growth (2018E Revenue Growth < 20%) Median					394	14%	20.5%	12%	2.8x	2.9x	23.0x	5.2x	0%	2%	17%	1.97	2.5%	9%		
Select Overall Group Median					331	18%	20.0%	16%	3.6x	3.3x	27.9x	22.3x	2%	4%	23%	4.26	3.6%	9%		

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

About Navidar

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