

## SaaS Software Cloud Update – December 2016

Jeff Houston, CFA

Managing Director

+1 512 364 2258

jhouston@navidar.com

### Public Markets

Mid- and large-cap SaaS Software Cloud stocks meaningfully underperformed in December 2016, falling 11%, below the overall SaaS group's -1%, the NASDAQ's +1%, and the Russell 2000's +2%. We attribute the weakness to difficulty closing big deals among sector bellwethers (e.g., Oracle, RedHat, Splunk, and Workday), a strengthening dollar, macroeconomic uncertainty, investors rotating out of the sector, and a valuation reset with rising rates impacting DCFs. Noteworthy stock performance within our select universe of SaaS companies include:

- **Workday (NYSE:WDAY -22%)** – we believe the stock pressure was driven by management's early-December earnings-call commentary about enterprise deals slipping in November. WDAY cited macro political turmoil: Brexit, President-elect Trump, France, and Italy. It also mentioned a lack of acceleration in financials clients in CY2017 (the lion's share of business remains human capital management). Shares of fellow SaaS HR/Payroll players Ultimate Software (NASDAQ:ULTI -11%) and Paylocity (NASDAQ:PCTY -9%) were also under pressure.
- **Amber Road (NYSE:AMBR -22%)** – while the global trade management (GTM) automation/workflow software company's stock declined 22% in December, it still ended 2016 up 78%. We suspect the recent pressure is due to investor concern about sales-cycle disruption given the Trump administration's anticipated protectionist trade policies.
- **Cornerstone OnDemand (NASDAQ:CSOD +18%)** – in mid-December Bloomberg reported that CSOD, the largest remaining independent talent-management provider, has been approached by potential suitors. Comparable deals include SAP - SuccessFactors (December 2011 for \$3.4B) and Oracle - Taleo (February 2012 for \$1.9B).
- **Intralinks (NYSE:IL +21%)** – is being acquired by Synchronoss (NASDAQ:SNCR -21%). The \$13.00 per share (~\$900M) offer results in a trailing EV/Revenue multiple of 2.7x and EV/EBITDA is 39.4x. Another bidder offered \$13.50, but has since rescinded. With most of the Fortune 1000 having used SaaS content collaboration for investment-banking data rooms, Synchronoss is looking to build on these enterprise relationships and better leverage its own carrier clients. The deal is expected to close in 1Q17.
- **Synchronoss Technologies (NASDAQ:SNCR -21%)** – we believe the pressure is from Intralinks' acquisition uncertainty, including a potential bidding war, the decision to make Intralinks' CEO head of the combined entity, and concerns around the viability of SNCR's core business.

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

Ticker	12/31 \$Price	Dec %ch	Ticker	12/31 \$Price	Dec %ch
ATHN	105.17	11.2	OTEX	61.81	-2.8
CRM	68.46	-4.9	TEAM	24.08	-11.3
DATA	42.15	-6.1	ULTI	182.35	-11.0
GDDY	34.95	-1.1	VEEV	40.70	-12.4
GWRE	49.33	-11.5	WDAY	66.09	-21.6
NOW	74.34	-10.6			

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

Ticker	12/31 \$Price	Dec %ch	Ticker	12/31 \$Price	Dec %ch
ACTA	14.00	3.3	LPSN	7.55	-5.6
ALRM	27.83	-6.0	MB	21.30	-1.4
AMBR	9.08	-21.9	MODN	8.85	-1.1
APPF	23.85	8.9	PAYC	45.49	1.4
BCOV	8.05	-3.0	PCTY	30.01	-9.4
BL	27.63	2.6	QTWO	28.85	-2.2
BNFT	29.70	8.8	RP	30.00	4.9
BOX	13.86	-8.9	RST	8.91	10.1
BSFT	41.25	-0.6	SALE	9.30	1.1
BV	4.85	-8.5	SNCR	38.30	-21.0
CALD	16.80	7.0	SPSC	69.89	0.9
CSLT	4.95	6.5	SREV	5.68	-4.2
CSOD	42.31	17.8	STMP	114.65	8.0
ECOM	14.35	-0.3	TNGO	7.88	-0.5
ENV	35.25	-2.4	TWOU	30.15	-8.8
FNGN	36.75	5.5	UPLD	8.95	-5.0
IL	13.52	20.5	WEB	21.15	32.6
INST	19.55	0.0	WK	13.65	-8.4
JIVE	4.35	14.5	XTLY	11.00	-22.0
LOGM	96.55	-4.3	ZEN	21.20	-0.4

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

Ticker	12/31 \$Price	Dec %ch	Ticker	12/31 \$Price	Dec %ch
ARIS	5.41	2.1	IPAS	1.65	2.5
ASUR	8.51	-4.4	LVT	0.09	-24.2
CCUR	5.35	-4.1	MFON	0.85	13.3
COVS	1.90	-15.6	PYDS	1.85	10.1
COYN	0.82	-18.9	SCIL	0.57	0.0
EVOL	4.10	3.8	SMSI	1.57	11.3
GSB	4.07	6.8	SPRT	0.86	20.2
INLX	0.90	32.4	WSTL	0.65	20.4
INUV	1.67	36.9			

#### Indexes

Index	Dec %ch	Index	Dec %ch
Mid-Lg-cap SaaS	-10.6	NASDAQ	1.1
Small-cap SaaS	-0.5	S&P 500	1.8
Micro-cap SaaS	3.8	Russell2000	2.4
Overall SaaS	-0.6	S&P Volatility	5.3

Data source: S&P Capital IQ. 12/31/2016 Prices. 12/1-31/2016 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

- **Web.com (NASDAQ:WEB +343%)** – the SMB-focused do-it-yourself website SaaS company held a successful investor day in mid-December where it highlighted an increasing emphasis on international expansion (75% of websites are outside of US) and value-added services such as digital marketing. It also announced the acquisition of Datatec, a leading provider of web hosting, cloud servers, dedicated servers, email marketing, and domain services. This deal follows WEB's purchase of Yodle in February 2016 for \$200M.
- **Xactly (NASDAQ:XTLY -22%)** – the SaaS incentive compensation provider announced disappointing fiscal third quarter results in early December with billings growth slowing to 20% (from the high 20%) as two deals slipped into the fourth quarter and it lost two 7-figure ARR clients due to M&A. Also, albeit still 25.5% growth at the midpoint, management lowered calendar 2017 revenue expectations.

## December M&A Activity

We identified 54 noteworthy public-and-private acquisitions that occurred in December. Please see the appendix of this report for detail on each transaction, sourced through CapitalIQ. Following we highlight a few more of these deals that involved companies in our coverage universe.

- **Salesforce.com (NYSE:CRM) acquired TwinPrime**, which provides technology to speed up data transfer over mobile wireless networks through software that developers can include in their applications. We think this dovetails nicely with salesforce's App Cloud and PaaS offering, Force.com. This business generates \$1.5B of annualized revenue, or 19% of total revenue. Salesforce has acquired a number of programming-related businesses, including Heroku.
- **Descartes Systems (TSX:DSG) acquired Datamyne for \$52.7M**, which provides a searchable database covering global import/export trade. It classifies and documents trade goods while meeting regulatory and security requirements and connecting with trading partners. This is Descartes' third deal to enhance its trade-data solutions, following its purchase of MK Data Services (July 2015 for \$80M) and Customs Information (June 2014 for \$41.5M).
- **Model N (NYSE:MODN) bought Revitas for \$60M**. Revitas was MODN's No. 1 competitor in revenue management for pharmaceutical companies. The deal serves to deepen MODN's presence in one of its two focus industries (technology and life sciences), improves profitability, presents cross-sell opportunities, and brings new management.

### Select Horizontal Companies<sup>1</sup>

Ticker	12/31	Dec	Ticker	12/31	Dec
	\$Price	%ch		\$Price	%ch
ARIS	5.41	2.1	LVT	0.09	-24.2
ASUR	8.51	-4.4	MFON	0.85	13.3
BCOV	8.05	-3.0	NOW	74.34	-10.6
BL	27.63	2.6	OTEX	61.81	-2.8
BNFT	29.70	8.8	PAYC	45.49	1.4
BOX	13.86	-8.9	PCTY	30.01	-9.4
CALD	16.80	7.0	PYDS	1.85	10.1
CCUR	5.35	-4.1	SMSI	1.57	11.3
COVS	1.90	-15.6	SPRT	0.86	20.2
CRM	68.46	-4.9	SREV	5.68	-4.2
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LOGM	96.55	-4.3	XTLY	11.00	-22.0
LPSN	7.55	-5.6	ZEN	21.20	-0.4

### Select Vertical Companies<sup>2</sup>

Ticker	12/31	Dec	Ticker	12/31	Dec
	\$Price	%ch		\$Price	%ch
ACTA	14.00	3.3	INUV	1.67	36.9
ALRM	27.83	-6.0	IPAS	1.65	2.5
AMBR	9.08	-21.9	MB	21.30	-1.4
APPF	23.85	8.9	MODN	8.85	-1.1
ATHN	105.17	11.2	QTWO	28.85	-2.2
BSFT	41.25	-0.6	RP	30.00	4.9
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ECOM	14.35	-0.3	SNCR	38.30	-21.0
ENV	35.25	-2.4	SPSC	69.89	0.9
EVOL	4.10	3.8	STMP	114.65	8.0
FNGN	36.75	5.5	TNGO	7.88	-0.5
GWRE	49.33	-11.5	TWOU	30.15	-8.8
IL	13.52	20.5	VEEV	40.70	-12.4
INST	19.55	0.0	WSTL	0.65	20.4

### Indexes

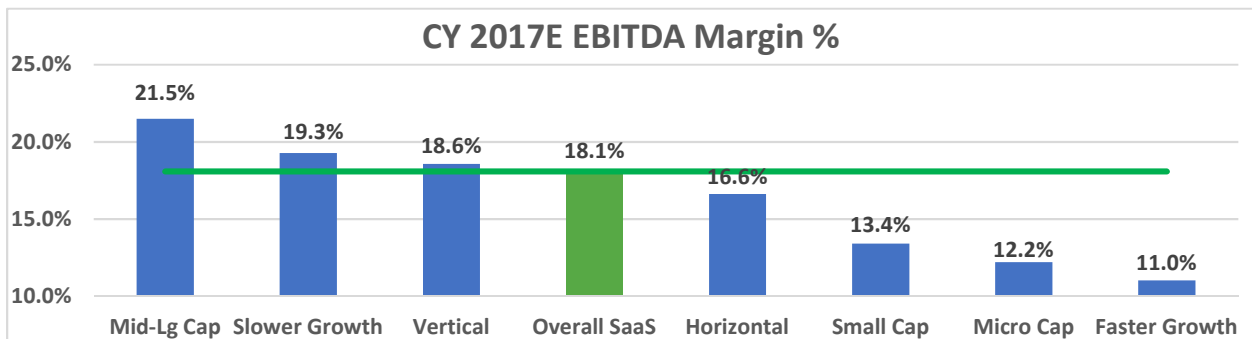
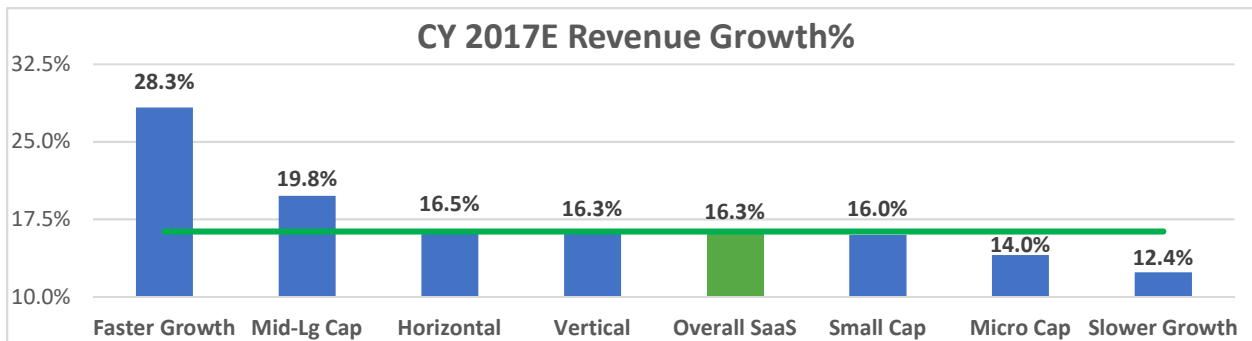
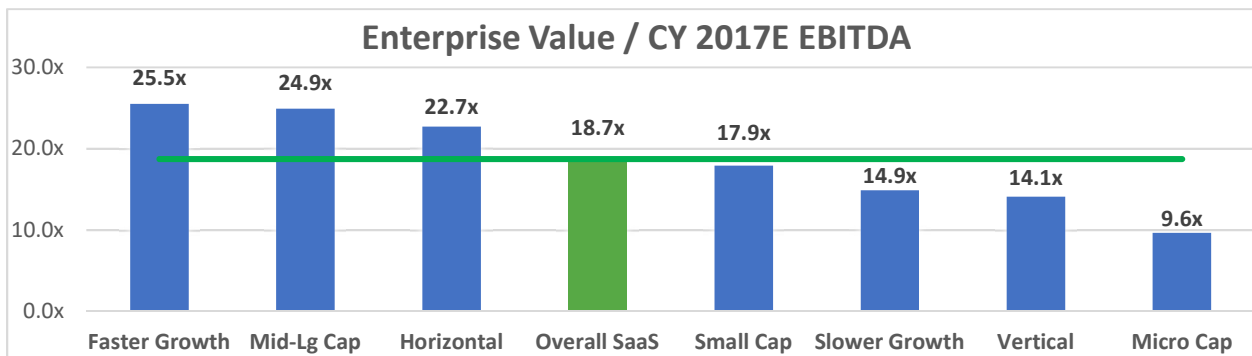
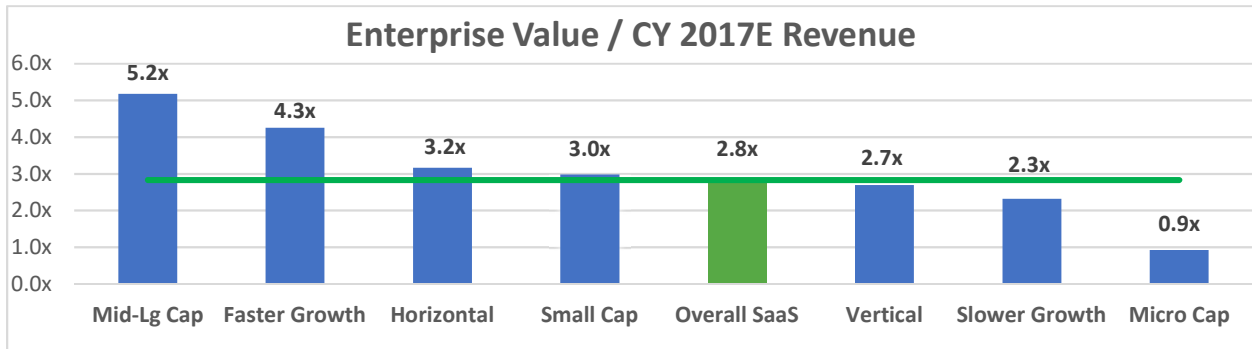
Index	Dec	Index	Dec
	%ch		%ch
Horizontal SaaS	-3.0	NASDAQ	1.1
Vertical SaaS	0.0	S&P 500	1.8
Overall SaaS	-0.5	Russell2000	2.4
DJIA	3.2	S&P Volatility	5.3

<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

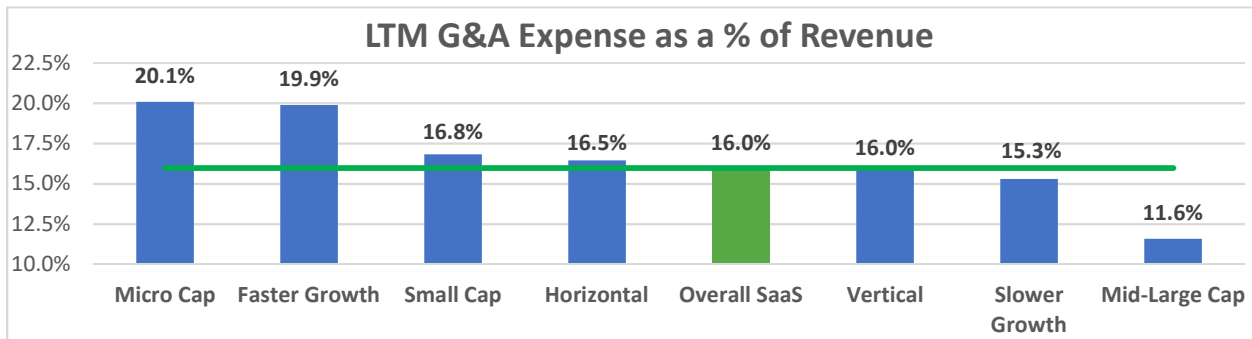
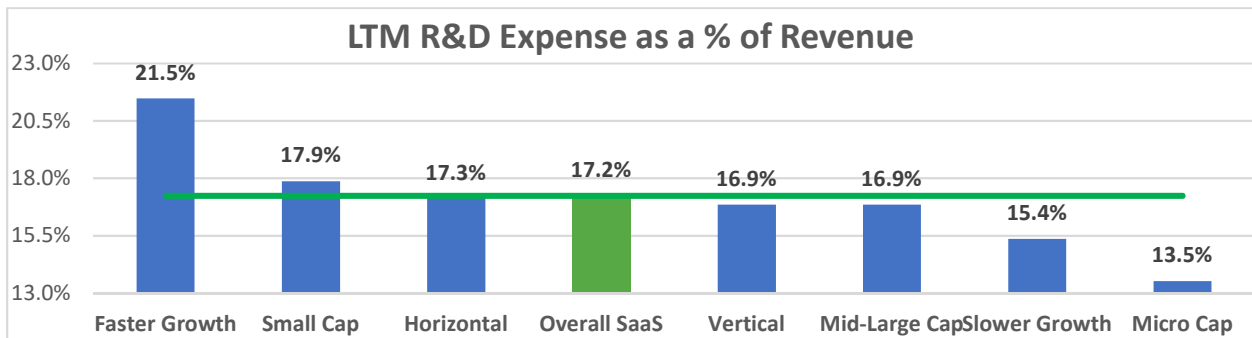
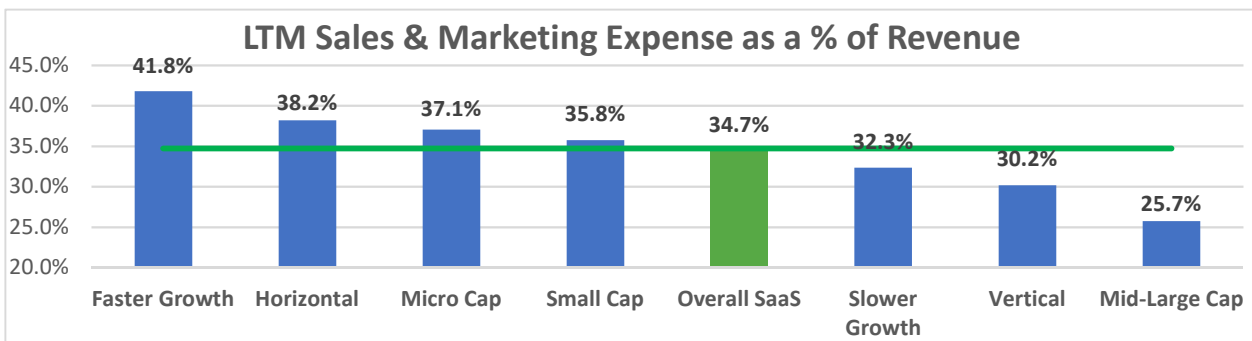
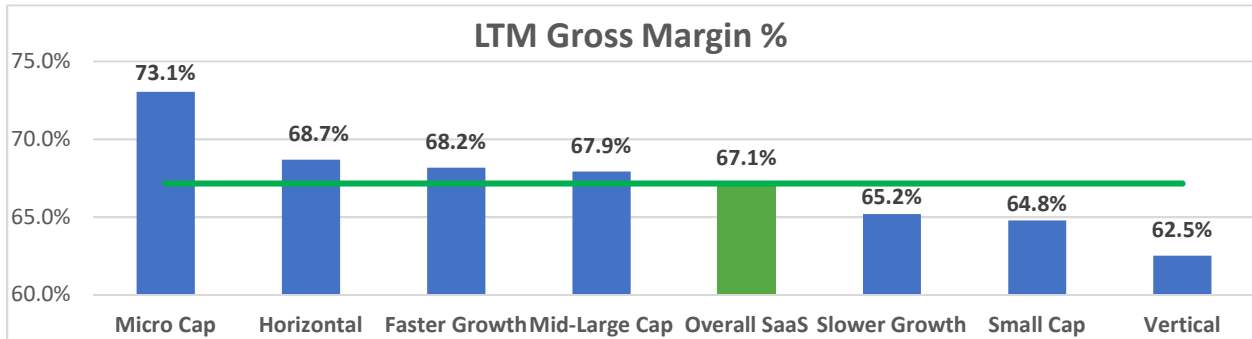
Data source: S&P Capital IQ. 12/31/2016 Prices. 12/1-31/2016 %Change. All investing involves risk, including the risk of losing the entire investment. Prices are subject to change without prior notice.

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

(In \$ million, except per share values)

Ticker	Company Name	12/31/16 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	105.17	4,150	4,372	1,306	19%	23.7%	16%	3.3x	2.9x	47.8x	26.9x	11%	-17%	-35%	81.20	17.7%	1%
CRM	salesforce.com	68.46	46,491	48,516	10,191	22%	20.8%	18%	4.8x	4.0x	24.9x	20.0x	-5%	-4%	-13%	455.09	2.3%	5%
DATA	Tableau Software	42.15	3,207	2,265	869	8%	7.5%	9%	2.6x	2.4x	28.0x	19.7x	-6%	-24%	-55%	51.07	9.3%	24%
GDDY	GoDaddy	34.95	3,057	3,275	2,094	13%	22.7%	12%	1.6x	1.4x	8.4x	7.0x	-1%	1%	9%	31.66	15.7%	0%
GWRE	Guidewire Software	49.33	3,626	3,134	524	18%	20.3%	17%	6.0x	5.1x	40.1x	23.4x	-11%	-18%	-18%	22.05	5.3%	0%
NOW	ServiceNow	74.34	12,341	11,793	1,800	30%	21.7%	27%	6.6x	5.2x	25.6x	19.4x	-11%	-6%	-14%	105.25	4.3%	3%
OTEX	Open Text	61.81	8,088	8,847	2,188	12%	37.8%	6%	4.0x	3.8x	16.0x	13.0x	-3%	-5%	29%	23.08	2.3%	2%
TEAM	Atlassian	24.08	5,302	4,095	683	30%	21.3%	28%	6.0x	4.7x	23.2x	16.8x	-11%	-20%	-20%	22.97	113.4%	40%
ULTI	The Ultimate Software	182.35	5,288	5,416	968	24%	24.4%	21%	5.6x	4.6x	49.3x	39.0x	-11%	-11%	-7%	76.21	6.8%	4%
VEEV	Veeva Systems	40.70	5,583	5,456	651	21%	31.1%	19%	8.4x	7.0x	37.2x	31.2x	-12%	-1%	41%	51.47	8.3%	25%
WDAY	Workday	66.09	13,284	11,564	1,993	28%	11.0%	26%	5.8x	4.6x	49.2x	34.5x	-22%	-28%	-17%	151.84	11.8%	37%
<b>Select Mid-Large Cap (\$3B+) Median</b>					<b>1,306</b>	<b>21%</b>	<b>21.7%</b>	<b>18%</b>	<b>5.6x</b>	<b>4.6x</b>	<b>28.0x</b>	<b>20.0x</b>	<b>-11%</b>	<b>-11%</b>	<b>-14%</b>	<b>51.47</b>	<b>8.3%</b>	<b>4%</b>
<b>Select Small Cap (\$150M-\$3B mcap)</b>																		
ACTA	Actua	14.00	515	499	127	17%	0.5%	14%	3.9x	3.4x	na	na	3%	8%	22%	3.47	2.8%	9%
ALRM	Alarm.Com Holdings	27.83	1,279	1,186	301	18%	18.6%	13%	3.9x	3.5x	46.8x	32.4x	-6%	-4%	67%	7.46	5.3%	4%
AMBR	Amber Road	9.08	244	247	83	15%	na	13%	3.0x	2.6x	64.6x	54.2x	-22%	-6%	78%	5.35	4.7%	16%
APPF	AppFolio	23.85	804	782	136	30%	3.7%	27%	5.7x	4.5x	na	na	9%	23%	63%	0.49	4.4%	48%
BOX	Box	13.86	1,755	1,642	501	26%	na	22%	3.3x	2.7x	98.7x	23.6x	-9%	-12%	-1%	12.06	10.5%	5%
BCOV	Brightcove	8.05	272	230	165	9%	6.5%	na	1.4x	na	27.8x	na	-3%	-38%	30%	3.36	1.2%	4%
BL	BlackLine	27.63	1,417	1,171	161	32%	na	31%	7.3x	5.5x	na	na	3%	0%	0%	5.82	1.3%	21%
BNFT	Benefitfocus	29.70	884	887	280	20%	4.1%	21%	3.2x	2.6x	na	80.5x	9%	-26%	-18%	9.65	12.5%	18%
BSFT	BroadSoft	41.25	1,243	1,188	393	17%	23.4%	16%	3.0x	2.6x	na	na	-1%	-11%	17%	14.12	8.3%	1%
BV	Bazaarvoice	4.85	402	348	211	4%	8.4%	8%	1.7x	1.5x	23.3x	17.5x	-8%	-18%	11%	3.07	1.1%	3%
CALD	Callidus Software	16.80	1,066	772	243	18%	13.7%	19%	3.2x	2.7x	28.1x	22.6x	7%	-8%	-10%	8.64	3.9%	2%
CSLT	Castlight Health	4.95	513	371	124	24%	na	21%	3.0x	2.5x	na	61.1x	6%	19%	16%	1.51	10.6%	6%
CSOD	Cornerstone OnDemand	42.31	2,377	2,337	488	15%	10.0%	17%	4.8x	4.1x	59.7x	24.0x	18%	-8%	23%	43.75	6.9%	10%
ECOM	ChannelAdvisor	14.35	370	302	129	14%	5.3%	17%	2.3x	2.0x	86.7x	na	0%	11%	4%	1.67	1.9%	10%
ENV	Envestnet	35.25	1,518	1,714	669	16%	20.0%	18%	2.6x	2.2x	19.0x	13.9x	-2%	-3%	18%	9.43	8.0%	4%
FNGN	Financial Engines	36.75	2,275	2,071	476	13%	32.7%	11%	4.4x	3.9x	18.2x	18.3x	5%	24%	9%	11.21	15.2%	1%
IL	IntraLinks Holdings	13.52	783	809	325	9%	21.4%	9%	2.5x	2.3x	21.1x	14.5x	20%	34%	49%	5.93	1.2%	3%
INST	Instructure	19.55	552	403	149	36%	na	32%	2.7x	2.0x	na	na	0%	-23%	-6%	7.13	10.6%	16%
JIVE	Jive Software	4.35	340	235	204	1%	9.9%	0%	1.2x	1.2x	na	na	14%	2%	7%	1.26	1.3%	10%
LOGM	LogMeIn	96.55	2,467	2,333	385	15%	27.9%	56%	6.1x	3.9x	23.1x	19.9x	-4%	7%	44%	29.19	4.2%	4%
LPSN	LivePerson	7.55	438	373	231	4%	10.0%	12%	1.6x	1.4x	26.3x	21.8x	-6%	-10%	12%	1.93	2.9%	9%
MB	MINDBODY	21.30	863	773	180	29%	3.3%	26%	4.3x	3.4x	na	na	-1%	8%	41%	7.91	37.1%	9%
MODN	Model N	8.85	247	176	120	9%	na	na	1.5x	na	na	na	-1%	-20%	-21%	1.74	5.2%	20%
PAYC	Paycom Software	45.49	2,734	2,625	422	29%	27.4%	26%	6.2x	4.9x	36.2x	28.3x	1%	-9%	21%	52.46	26.9%	24%
PCTY	Paylocity Holding	30.01	1,541	1,454	330	26%	12.9%	23%	4.4x	3.6x	57.6x	44.0x	-9%	-33%	-26%	17.71	12.6%	40%
QTWO	Q2 Holdings	28.85	1,158	1,041	193	29%	3.9%	27%	5.4x	4.3x	na	na	-2%	1%	9%	8.99	7.7%	2%

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)

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					Sales	Growth			CY17E	CY18E	CY17E	CY18E	1M	3M	12M			
<b>Select Small Cap (\$150M-\$3B mcap) (cont'd)</b>																		
RP	RealPage	30.00	2,414	2,371	650	14%	23.3%	11%	3.6x	3.3x	21.0x	18.7x	5%	17%	34%	13.17	1.3%	31%
RST	Rosetta Stone	8.91	197	166	197	3%	1.1%	na	0.8x	na	na	na	10%	5%	33%	0.66	3.5%	3%
SALE	RetailMeNot	9.30	451	292	294	5%	20.1%	5%	1.0x	0.9x	12.0x	11.8x	1%	-6%	-6%	3.20	1.7%	10%
SNCR	Synchronoss	38.30	1,736	1,899	815	28%	35.2%	22%	2.3x	1.9x	30.6x	14.0x	-21%	-7%	9%	21.53	4.6%	8%
SPSC	SPS Commerce	69.89	1,191	1,073	227	18%	14.4%	19%	4.7x	4.0x	70.6x	56.4x	1%	-5%	0%	7.10	3.7%	1%
SREV	ServiceSource	5.68	494	431	274	8%	6.9%	11%	1.6x	1.4x	na	17.7x	-4%	16%	23%	1.64	6.6%	2%
STMP	Stamps.com	114.65	1,955	2,133	413	16%	47.2%	16%	5.2x	4.5x	12.9x	10.7x	8%	21%	5%	40.13	22.3%	8%
TNGO	Tangoe	7.88	311	276	234	0%	na	na	1.2x	na	na	na	-1%	-4%	-6%	1.25	7.8%	6%
TWOU	2U	30.15	1,419	1,238	268	31%	3.1%	30%	4.6x	3.6x	na	na	-9%	-21%	8%	14.36	14.0%	2%
UPLD	Upland Software	8.95	160	163	78	5%	21.1%	4%	2.1x	2.0x	14.9x	11.7x	-5%	2%	27%	0.22	0.3%	17%
WEB	Web.com Group	21.15	996	1,749	754	4%	25.2%	5%	2.3x	2.2x	13.2x	11.4x	33%	22%	6%	8.82	6.5%	4%
WK	Workiva	13.65	563	521	209	18%	na	20%	2.5x	2.1x	na	49.8x	-8%	-25%	-22%	2.80	5.1%	51%
XTLY	Xactly	11.00	345	304	114	20%	na	23%	2.7x	2.2x	na	na	-22%	-25%	29%	3.19	5.3%	4%
ZEN	Zendesk	21.20	2,021	1,728	411	32%	3.5%	27%	4.2x	3.3x	na	36.1x	0%	-31%	-20%	31.59	5.8%	4%
<b>Select Small Cap (\$150M-\$3B mcap) Median</b>					<b>239</b>	<b>16%</b>	<b>13%</b>	<b>18%</b>	<b>3.0x</b>	<b>2.6x</b>	<b>27.0x</b>	<b>21.8x</b>	<b>-1%</b>	<b>-5%</b>	<b>11%</b>	<b>7.12</b>	<b>5.2%</b>	<b>7%</b>
<b>Select Micro Cap (&lt;\$150M mcap)</b>																		
ARIS	ARI Network Services	5.41	94	99	56	12%	18.1%	na	1.8x	na	na	na	2%	22%	20%	0.16	0.1%	18%
ASUR	Asure Software	8.51	70	84	42	15%	21.4%	24%	2.0x	1.6x	23.4x	na	-4%	32%	89%	0.88	4.0%	12%
CCUR	Concurrent Computer	5.35	53	30	na	na	na	na	na	na	na	na	-4%	-3%	8%	0.14	0.6%	15%
COVS	Covisint	1.90	78	42	na	na	na	na	na	na	na	na	-16%	-13%	-24%	0.11	1.0%	2%
COYN	COPsync	0.82	7	7	12	85%	na	32%	0.6x	0.5x	na	na	-19%	17%	-60%	0.04	0.7%	14%
EVOL	Evolving Systems	4.10	49	48	28	11%	36.1%	9%	1.7x	1.6x	na	na	4%	-6%	-25%	0.14	0.1%	32%
GSB	GlobalSCAPE	4.07	86	67	na	na	na	na	na	na	na	na	7%	15%	1%	0.15	0.0%	20%
INLX	Intellinetics	0.90	15	14	na	na	na	na	na	na	na	na	32%	2%	0%	0.01	0.0%	55%
INUV	Inuvo	1.67	42	37	85	19%	4.8%	na	0.4x	na	na	na	37%	31%	-38%	0.17	0.5%	20%
IPAS	iPass	1.65	109	88	72	14%	6.4%	25%	1.2x	1.0x	na	na	2%	1%	65%	0.19	0.3%	6%
LVT	LiveTiles	0.09	33	22	na	na	na	na	na	na	na	na	-24%	-37%	-51%	0.01	0.0%	65%
MFON	Mobivity Holdings	0.85	28	28	na	na	na	na	na	na	na	na	13%	13%	8%	0.02	0.0%	20%
PYDS	Payment Data Systems	1.85	23	10	na	na	na	na	na	na	na	na	10%	-23%	-7%	0.07	0.3%	45%
SCIL	Scientific Learning	0.57	14	16	na	na	na	na	na	na	na	na	0%	21%	107%	0.01	0.0%	1%
SMSI	Smith Micro Software	1.57	19	14	39	30%	na	na	0.4x	na	na	na	11%	-23%	-46%	0.10	1.5%	14%
SPRT	Support.com	0.86	48	(7)	60	-2%	na	na	na	na	na	na	20%	2%	-15%	0.19	0.3%	10%
WSTL	Westell Technologies	0.65	40	19	71	1%	1.4%	na	0.3x	na	na	na	20%	27%	-48%	0.08	0.3%	33%
<b>Select Micro Cap (&lt;\$150M) Median</b>					<b>56</b>	<b>14%</b>	<b>12.2%</b>	<b>24%</b>	<b>0.9x</b>	<b>1.3x</b>	<b>23.4x</b>	<b>na</b>	<b>4%</b>	<b>2%</b>	<b>-7%</b>	<b>0.11</b>	<b>0.3%</b>	<b>18%</b>
<b>Select Horizontal (Industry-Neutral Solutions) Median</b>					<b>305</b>	<b>18%</b>	<b>18.1%</b>	<b>21%</b>	<b>3.2x</b>	<b>3.0x</b>	<b>26.3x</b>	<b>21.8x</b>	<b>-3%</b>	<b>-9%</b>	<b>-0.3%</b>	<b>3.36</b>	<b>4.2%</b>	<b>12%</b>
<b>Select Vertical (Industry-Specific Solutions) Median</b>					<b>211</b>	<b>17%</b>	<b>18.6%</b>	<b>17%</b>	<b>3.0x</b>	<b>2.8x</b>	<b>30.6x</b>	<b>18.7x</b>	<b>0.0%</b>	<b>-0.4%</b>	<b>9%</b>	<b>5.64</b>	<b>4.7%</b>	<b>7%</b>
<b>Select Faster Growth (2018E Rev. Growth &gt;20%) Median</b>					<b>238</b>	<b>28%</b>	<b>11.0%</b>	<b>26%</b>	<b>4.3x</b>	<b>3.4x</b>	<b>36.2x</b>	<b>35.3x</b>	<b>-8%</b>	<b>-11%</b>	<b>-1%</b>	<b>9.32</b>	<b>7.3%</b>	<b>11%</b>
<b>Select Slower Growth (2018E Revenue Growth &lt; 20%) Median</b>					<b>271</b>	<b>13%</b>	<b>20.0%</b>	<b>13%</b>	<b>2.5x</b>	<b>2.6x</b>	<b>24.9x</b>	<b>19.2x</b>	<b>0%</b>	<b>-3%</b>	<b>7%</b>	<b>3.07</b>	<b>2.9%</b>	<b>9%</b>
<b>Select Overall Group Median</b>					<b>#REF!</b>	<b>17%</b>	<b>18.3%</b>	<b>19%</b>	<b>3.0x</b>	<b>2.7x</b>	<b>27.0x</b>	<b>20.9x</b>	<b>-1%</b>	<b>-4%</b>	<b>7%</b>	<b>5.58</b>	<b>4.5%</b>	<b>9%</b>

Data Source: S&P Capital IQ | EV = enterprise value | EBITDA = earnings before int., tax, depr., amort. | FCF = free cash flow

## December M&A Activity – SaaS Software Cloud

Date	Buyer	Target	Price (\$M)	EV / LTM Revenue	EV / LTM EBITDA	Target Description
12/29/16	Where Food Comes From	SureHarvest	\$2.8	-	-	SureHarvest, Inc. provides software technology, consulting services, and third-party certifications.
<b>12/23/16</b>	<b>The Descartes Systems Group</b>	<b>Datamyne</b>	<b>52.7</b>	-	-	<b>Datamyne, Inc. provides a searchable database covering the import/export trade of the Americas, Asia, Africa, and the European Union.</b>
12/23/16	Ebix	Wdev Soluções em Tecnologia	-	-	-	Wdev Soluções em Tecnologia S.A. provides information technology consulting services for the insurance market.
12/22/16	SNM Global Holdings	Green	0.5	-	-	Green, Inc. develops and provides a cloud based closed loop digital payments technology that enables cashless way to process transactions to the cannabis industry.
12/20/16	Undisclosed Buyer	Omtool	-	-	-	Omtool, Ltd. provides document capture, fax, and workflow solutions.
12/20/16	FactSet Research Systems	CYBA Technologies	8.0	-	-	CYBA Technologies Limited develops and delivers business solutions for asset management and hedge fund sectors.
12/20/16	FactSet Research Systems	Vermilion Software	67.0	-	-	Vermilion Software Inc. develops and offers client reporting and communications software and services to the financial asset management industry.
12/20/16	InterDigital	Hillcrest Laboratories	-	-	-	Hillcrest Laboratories, Inc., also known as Hillcrest Labs, Inc., engages in the supply of software and hardware based on a Freespace technology that transforms sensor data into contextual and application-ready motion information.
12/19/16	Automated Systems	Grid Dynamics International	118.0	-	-	Grid Dynamics International, Inc. provides eCommerce technology solutions for the retail industry.
12/19/16	Akamai Technologies	Cyberfend	-	-	-	CyberFend develops and offers real time web and mobile security solutions.
<b>12/19/16</b>	<b>Guidewire Software</b>	<b>ISCS</b>	<b>160.0</b>	-	-	<b>ISCS, Inc. designs and develops a Web based policy administration suite.</b>
12/19/16	Xura	Ranzure Networks	-	-	-	Ranzure Networks Inc. offers wireless service to support Internet of things and communication devices.
<b>12/19/16</b>	<b>Vmware</b>	<b>PLUMgrid</b>	-	-	-	<b>PLUMgrid, Inc. develops and sells network infrastructure software solutions.</b>
12/16/16	Arthur J. Gallagher	National Ethics Bureau	-	-	-	National Ethics Bureau, Inc., doing business as National Ethics Association, operates a platform that connects consumers and businesses and promotes business ethics in financial services industry.
12/16/16	Dalian Zeus Entertainment	Pocket Technology	153.3	-	-	Pocket Technology develops and sells specialized software for Personal Digital Assistants.
12/16/16	Provision Information	MetaEdge Corporation	1.6	-	-	MetaEdge Corporation develops and offers business analytical software that harnesses value of corporate data.
12/15/16	Nokia Corporation	DeepField	-	-	-	DeepField, Inc. provides data analytic and cloud intelligence services.
12/15/16	JUST EAT	SkipTheDishes Restaurant Services	82.1	-	-	SkipTheDishes Restaurant Services Inc., a technology company, develops and operates an application that connects people to local restaurants and food couriers.
12/15/16	Bayport International	Pacific Retail Group	-	-	-	Pacific Retail Group, LLC legally retails cannabis online.
12/15/16	Sports New Media	Breaking Data	-	14.5x	NM	Breaking Data Corp. operates as a technology provider of semantic and local mobile search for consumers and businesses in Canada and the United States.
12/15/16	NETGEAR	Placemeter	-	-	-	Placemeter, LLC operates a platform that senses and unlocks data about activity in physical places, and delivers real-time data worldwide.
12/14/16	GIC Special Investments	NeuStar	2,926.8	2.3x	6.4x	NeuStar, Inc. provides hard-to-replicate data sets and proprietary analytics worldwide.
12/13/16	Precise Biometrics	NexID Biometrics	32.0	-	-	NexID Biometrics LLC provides spoof mitigation and liveness detection solutions for the biometric authentication industry.
12/13/16	T. Rowe Price Associates	Indra Sistemas	-	0.8x	NM	Indra Sistemas, S.A. designs, develops, produces, integrates, operates, maintains, repairs, and markets information technology systems, and solutions and products.
<b>12/13/16</b>	<b>salesforce.com</b>	<b>Twin Prime</b>	-	-	-	<b>Twin Prime, Inc. develops a technology that speeds up data transfer over mobile wireless networks of their users through software that developers can include in their applications.</b>
12/12/16	H.I.G. Capital	Lionbridge Technologies	459.1	0.7x	10.6x	Lionbridge Technologies, Inc., together with its subsidiaries, provides language, content, and testing solutions worldwide.
12/12/16	West Corporation	911 ETC	10.0	-	-	911 ETC, Inc. provides enhanced management database service solutions to ensure safety while addressing the mandated E911 statutes in the United States.
12/12/16	First Republic Bank	Gradifi	-	-	-	Gradifi, Inc. develops online programs to pay student loan debt.
12/12/16	Fiserv	Online Banking Solutions	-	-	-	Online Banking Solutions, Inc. provides Web cash management and business banking technology solutions for financial institutions, commercial and community banks, and credit unions in the United States.
<b>12/12/16</b>	<b>Web.com Group</b>	<b>Dattatec.com</b>	-	-	-	<b>Dattatec.com SRL provides web hosting, cloud servers, dedicated servers, email marketing, and domains services.</b>
12/12/16	FARO Technologies	mwf-technology	-	-	-	mwf-technology GmbH develops Augmented Reality (AR) software for mobile devices.

## December M&A Activity – SaaS Software Cloud (Cont'd)

Date	Buyer	Target	Price (\$M)	EV / LTM Revenue	EV / LTM EBITDA	Target Description
12/12/16	<b>Model N</b>	<b>Revitas</b>	<b>60.0</b>	-	-	<b>Revitas Inc. provides integrated solutions for contract, revenue, and compliance management.</b>
12/10/16	Adecco Group	Talentoday	-	-	-	Talentoday Inc. provides online career guidance solutions to companies, schools, and organizations worldwide.
12/09/16	Oasis Group	C21 Data Services	-	-	-	C21 Data Services Limited provides secure records management and document scanning services in the North of Scotland.
12/08/16	Motorola Solutions	Cyfas Systems (MACS)	-	-	-	Cyfas Systems Mobile Assets Communications System (MACS) And Related Assets comprises cloud-based communications platform.
12/07/16	Vista Equity Partners	SunGard Public Sector and Education Businesses	850.0	-	-	Fidelity National Information Services Inc, SunGard Public Sector and Education Businesses comprises enterprise software developing business for public administration, public safety, and education officials
12/06/16	Shoes For Crews	Keuka Footwear	-	-	-	Keuka Footwear, Inc. online retails footwear for men and women.
12/06/16	<b>Synchronoss Technologies</b>	<b>IntraLinks Holdings</b>	<b>902.4</b>	<b>2.7x</b>	<b>39.4x</b>	<b>IntraLinks Holdings, Inc. provides SaaS solutions for secure enterprise content collaboration within and among organizations in the United States and internationally.</b>
12/06/16	Roper Technologies	Deltek	2,800.0	-	-	Deltek, Inc. provides enterprise software and information solutions for project-based businesses in the professional services and government contracting markets worldwide.
12/06/16	Equinix	Verizon Communications (24 Data Center Sites)	3,600.0	-	-	Verizon Communications Inc., Portfolio of 24 Data Center Sites comprises data center buildings.
12/06/16	American Express	InAuth	-	-	-	InAuth, Inc. provides data driven authentication and fraud detection solutions.
12/06/16	Undisclosed Buyer	Sequential Technology	146.0	-	-	Sequential Technology International, LLC offers business process outsourcing services The company is based in the United States.
12/06/16	Resolver	Wynyard Group (Risk Management Products)	-	-	-	As of December 6, 2016, Risk Management Suite of Products of Wynyard Group Limited was acquired by Resolver Inc. Risk Management Suite of Products of Wynyard Group Limited comprises risk management software applications.
12/05/16	GTN	Radiate Media Holding	15.0	-	-	Radiate Media Holding Company provides software and services that enable local media and businesses to find and capture audiences.
12/05/16	<b>RhythmOne</b>	<b>Perk</b>	<b>42.0</b>	<b>0.4x</b>	<b>15.8x</b>	<b>Perk Inc. operates as a cloud-based mobile rewards platform provider in the United States, Canada, and India.</b>
12/05/16	<b>Shopify</b>	<b>Tiny Hearts</b>	-	-	-	<b>Tiny Hearts Limited operates as an application studio and maker of iPhone applications.</b>
12/05/16	The Mobile Majority	Gimbal	-	-	-	Gimbal, Inc. develops and delivers mobile contextual awareness solutions to enhance mobile engagement.
12/05/16	<b>GoDaddy</b>	<b>Lifetime Value</b>	-	-	-	<b>Lifetime Value, LLC provides WordPress support services to customers in the United States and internationally.</b>
12/02/16	LSC Communications	Continuum-MPS	-	-	-	Continuum-MPS, Inc. provides print management solutions.
12/02/16	DigitalTown	Epik	-	-	-	Epik, LLC operates an online appointment booking and event scheduling software for business owners and consumers.
12/02/16	Software AG	Zementis	-	-	-	Zementis, Inc., a software company, provides on-premise and cloud based software solutions for the agile deployment, integration, and execution of predictive analytics for data scientists, analytic consultants, quantitative modelers, information technology professionals, and business decision makers.
12/02/16	Undisclosed Buyer	JcbNext Berhad	15.8	17.5x	9.9x	JcbNext Berhad, an investment holding company, primarily engages in the provision of interactive marketing services.
12/01/16	Visa	CardinalCommerce	-	-	-	CardinalCommerce Corporation provides payment authentication solutions in the United States and internationally.
12/01/16	Juniper Networks	AppFormix	-	-	-	AppFormix Inc. develops a software solution that automatically detects and eliminates resource contention among applications on shared infrastructure.
12/01/16	Thomson Reuters	BestX	-	-	-	BestX, Ltd., a software company, provides trade technology and analytics products and solutions that enable clients to define, achieve, and demonstrate execution.
<b>Median</b>			<b>67.0</b>	<b>2.3x</b>	<b>10.6x</b>	
<b>Average</b>			<b>543.7</b>	<b>5.6x</b>	<b>16.4x</b>	
<b>Minimum</b>			<b>0.5</b>	<b>0.4x</b>	<b>6.4x</b>	
<b>Max</b>			<b>3,600.0</b>	<b>17.5x</b>	<b>39.4x</b>	

Data Source: S&P Capital IQ | EV = enterprise value | EBITDA = earnings before int., tax, depr., amort. | LTM = last twelve months | Median, Average, Min, Max were applied to the above M&A data



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