

SOFTWARE SECTOR REVIEW

3Q 2014

TECHNOLOGY • MEDIA • TELECOM GROUP:

Boston
Two International Place
24 Floor
Boston, MA 02110
617-482-7501

Jeff Bistrong
jbistrong@harriswilliams.com

San Francisco
575 Market Street
31 Floor
San Francisco, CA 94105
415-288-4260

Mike Wilkins
mwilkins@harriswilliams.com

London
63 Brook St
London, W1K 4HS
United Kingdom
Phone: +44 (0) 20 7518 8900

Thierry Monjauze
tmonjauze@harriswilliams.com

Harris Williams & Co.
middle market®

Technology • Media • Telecom

Investment banking services are provided by Harris Williams LLC, a registered broker-dealer and member of FINRA and SIPC, and Harris Williams & Co. Ltd, which is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. is a trade name under which Harris Williams LLC and Harris Williams & Co. Ltd conduct business.

To subscribe please email:
tmt_reader@harriswilliams.com

TABLE OF CONTENTS



| | |
|----|--------------------------------------|
| 2 | HW&CO. TMT GROUP OVERVIEW |
| 3 | DEAL SPOTLIGHT |
| 4 | WHAT WE'VE BEEN READING |
| 5 | NOTEWORTHY SOFTWARE TRANSACTIONS |
| 6 | SOFTWARE M&A ACTIVITY |
| 8 | SOFTWARE SECTOR OVERVIEWS |
| 12 | SOFTWARE PRIVATE PLACEMENTS OVERVIEW |
| 16 | SOFTWARE IPO OVERVIEW |
| 18 | MIDDLE MARKET DEBT OVERVIEW |

HARRIS WILLIAMS & Co. OVERVIEW

HW&Co. GLOBAL PRESENCE



- 20+ YEAR HISTORY
- EIGHT OFFICES
- APPROXIMATELY 225 EMPLOYEES
- 10 INDUSTRY GROUPS
- STRATEGIC RELATIONSHIPS IN ASIA AND INDIA

Technology • Media • Telecom

- ★ Boston
- ★ San Francisco
- ★ London
- Richmond
- Minneapolis
- Philadelphia
- Cleveland
- Frankfurt

★ TMT office



HW&Co. TMT GROUP FOCUS AREAS

SOFTWARE

- Application and Enterprise Software
- Data and Informatics
- Healthcare IT
- Infrastructure Software
- IT & Tech-Enabled Services
- Telecom and Data Center Solutions
- Vertical-Specific Applications

INTERNET & DIGITAL MEDIA

- AdTech and Marketing Services
- Consumer Internet
- Digital Media, Content and Gaming
- eCommerce
- Education Tech
- Information and Analytics
- Mobile

KEY FOCUS THEMES

- Big Data / Analytics
- Cloud
- Mobilization
- Network Optimization
- SaaS and Subscription Models
- Vertical-Specific Solutions

SELECTED 2014 HW&Co. TMT TRANSACTIONS

MicroEdge
a portfolio company of
 Vista Equity Partners
and
 BregalSagemount
has been acquired by
 blackbaud

SOLECTRIA RENEWABLES
has been acquired by
 YASKAWA

Capario
a portfolio company of
 MARLIN EQUITY PARTNERS
has been acquired by
 emdeon

HighJump
a portfolio company of
 BV Battery Ventures
has merged with
 Accellos
a portfolio company of
 ACCEL **KKR**

talent PARTNERS
a portfolio company of
 ABRY
has been acquired by
 THE CARLYLE GROUP

ORSYP
a portfolio company of
 ARGOS SODITIC
has been acquired by
 Automic
a portfolio company of
 EQT

upstream
has received a significant investment from
 Actis

ECI Software Solutions
a portfolio company of
 INSIGHT VENTURE PARTNERS
and
 ACCEL NEA
has been acquired by
 THE CARLYLE GROUP

double negative visual effects
has merged with
 PRIME FOCUS


DEAL SPOTLIGHT – MICROEDGE

HW&Co. advised MicroEdge’s shareholders in the company’s sale to Blackbaud (NASDAQ: BLKB), complementing Blackbaud’s offering in the philanthropic giving and corporate social responsibility sectors.

\$160,000,000




a portfolio company of



Vista Equity Partners

and



has been acquired by



October 1, 2014



- Acquisition unites MicroEdge’s comprehensive technology solutions for grantmaking, corporate social responsibility, and foundation management with Blackbaud’s portfolio of software and services for nonprofits.
- Combining Blackbaud’s 33 years of research and development with MicroEdge’s deep experience will position the combined company to expand its addressable market, while offering unprecedented solutions to address the needs of funders, nonprofits, and organizations.
- The combined company is uniquely positioned to serve the entire spectrum of the philanthropic sector worldwide.



FOR MORE INFORMATION, PLEASE CONTACT:

Jeff Bistrong, Managing Director
jbistrong@harriswilliams.com

Mike Wilkins, Managing Director
mwilkins@harriswilliams.com

Tyler Dewing, Director
tdewing@harriswilliams.com

- ▶ Leading provider of mission-critical software solutions for the philanthropic giving community.
- ▶ MicroEdge’s SaaS-based solution suite delivers a powerful, integrated and open framework for efficient and effective charitable giving.
- ▶ Longstanding relationships with thousands of philanthropic foundations and corporations.
- ▶ Successful track record of migrating existing on-premise clients to SaaS-based solutions.

WHAT WE'VE BEEN READING

Marketing Tech: \$50B in Investment, But Top Tools Only Have 4.1% Penetration

VentureBeat, 10/1/14

- ▶ An analysis of over 3.2 million businesses finds that, despite significant investments in the space, the top 25 marketing technology products across 151 industries have only 4.1% penetration, leaving plenty of room for growth in the industry.
- ▶ Marketing technology tools, platforms and products have grown from only 100 a few years ago to over 1,400 today, with no clear market leader across categories, signifying continuing evolution of the space in the coming years.

Read the full article [here](#).

Big Buyout Firms Are Returning to Middle Market

Pensions & Investments, 9/15/14

- ▶ P&I reports that large buyout firms, such as The Carlyle Group, are investing in middle market private equity opportunities.
- ▶ Many believe the combined \$16.2 billion in closed middle market funds only scratches the surface of the capital seeking to be invested in the middle market.
- ▶ Some investors worry that the flood of new money will continue to increase competition for investment opportunities.

Read the full report [here](#).

Tech M&A Conditions Good for Blockbuster Year

Investors.com, 8/21/14

- ▶ With \$119 billion in M&A transactions registered in the first half of 2014, E&Y estimates that 2014 could end with \$264 billion in total M&A value, 40% above 2013 and the highest in the last seven years.
- ▶ According to E&Y, technology is among the most active sectors in terms of M&A volume and aggregate deal values in 2014.

Read the full article [here](#).

Data Analytics: What Utilities Are Investing in Now

Greentech Media, 8/18/14

- ▶ According to Greentech Media, Consumer Analytics technologies represented 61% of all Soft Grid Deployments for utilities between 2010 and 2014.
- ▶ Potential drivers for these investments include state mandates for energy efficiency and consumer data presentation. Further investment is expected as utilities lag behind other private- and public-sector industries when it comes to extending digital technology to their customers.

Read the full article [here](#).

VC Funds Prioritize Financial Technology, with 61% Increase in Investment This Year

LeapRate, 7/28/14

- ▶ A study conducted by CB Insights revealed that VC investment in FinTech increased by 61% between 2010 and 2013.
- ▶ The largest VC firms appear to be particularly bullish on the personal financial management and payments technologies.

Read the full article [here](#).

Five Technologies Drive Health Care M&A

Mergers & Acquisitions, 7/21/14

- ▶ As the Affordable Care Act increases the need to pare down costs and improve efficiencies, health care providers and investors are turning to technology companies for solutions.
- ▶ Five technologies are fueling M&A in the health care sector, including cloud computing, data analytics, electronic health records, medical devices, and project management software.

Read the full report [here](#).

OTHER NOTEWORTHY SOFTWARE TRANSACTIONS – 3Q 2014



Ent. Value: \$310M
Revenue: NA



EV / Revenue: NA
EV / EBITDA: NA

Veritas Capital's pending acquisition of BeyondTrust Software

Announced 9/3/14

- ▶ BeyondTrust is the leading provider of context-aware solutions for privilege and vulnerability management.
- ▶ BeyondTrust, which has experienced 20%+ annual revenue growth since 2008, serves the needs of more than half of the companies listed on the Dow Jones Industrial Average.
- ▶ Veritas plans to leverage the BeyondTrust platform to execute on an investment thesis that involves bolt-on acquisitions and international expansion.



Ent. Value: \$178M
Revenue: \$54M



EV / Revenue: 3.3x
EV / EBITDA: 28.9x

Omnitracs' pending take-private acquisition of XRS Corporation

Announced 9/2/14

- ▶ XRS Corporation provides compliance and fleet management solutions to the commercial trucking industry in the United States and Canada.
- ▶ The acquisition enhances Omnitracs' solution suite, enabling the company to advance its position as the leading provider of software to the transportation and logistics industry.
- ▶ Omnitracs hopes to build on their recent acquisition of Roadnet Technologies from December of 2013.



Ent. Value: \$2.5B
Revenue: \$714M

THOMA BRAVO

EV / Revenue: 2.9x
EV / EBITDA: 24.5x

Thoma Bravo's pending acquisition of Compuware

Announced 9/2/14

- ▶ Compuware Corporation provides software solutions for information technology departments of large organizations worldwide.
- ▶ As a private-equity backed company, Compuware is now best suited to focus on its core mainframe and APM businesses where it can continue to serve customers in a competitive environment with greater flexibility to take a long-term approach.



Ent. Value: NA
Revenue: NA

ORACLE

EV / Revenue: NA
EV / EBITDA: NA

Oracle's pending acquisition of TOA Technologies

Announced 7/31/14

- ▶ TOA Technologies provides cloud-based field service solutions that manage and optimize the last mile of customer service for enterprises by coordinating activities between dispatchers, mobile employees and customers.
- ▶ TOA's solutions manage over 120 million service events annually in more than 20 countries.
- ▶ The addition of TOA expands Oracle's ability to provide end-to-end personalized customer service solutions, enabling visibility into customer history throughout the customer relationship lifecycle.



Ent. Value: NA
Revenue: NA



EV / Revenue: NA
EV / EBITDA: NA

Hexagon AB acquires Vero Software

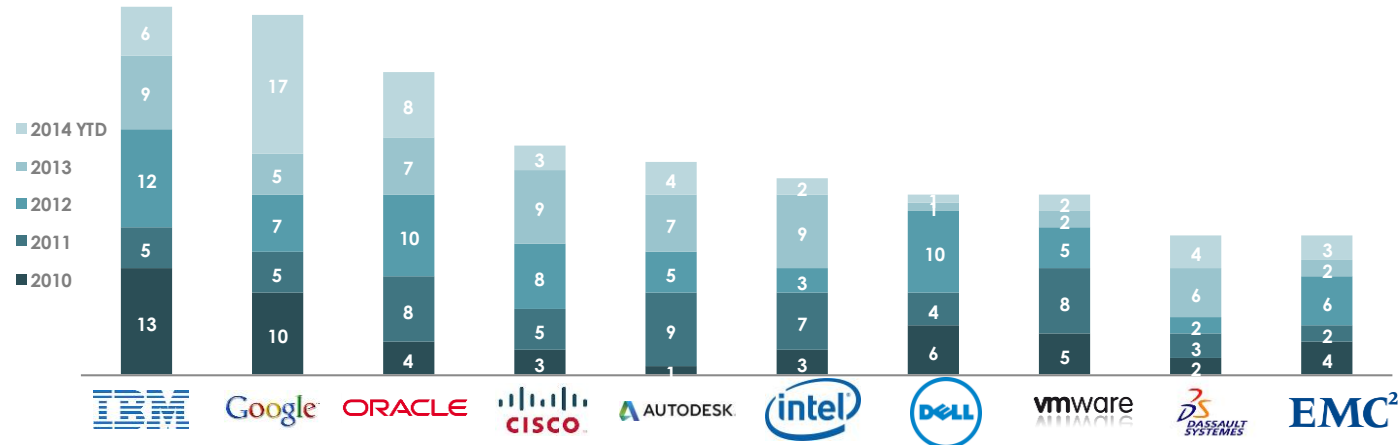
Announced 7/21/14

- ▶ UK-based Vero Software is a leading provider of computer aided design and manufacturing software, with a portfolio of several well-known brands such as Alphacam, Cabinet Vision, Edgecam, Radan, SURFCAM, VISI, and WorkNC.
- ▶ The acquisition strengthens Hexagon's CAD/CAM software offering, enabling it to integrate all data and processes across the manufacturing lifecycle.

STRATEGIC SOFTWARE ACQUISITION ACTIVITY

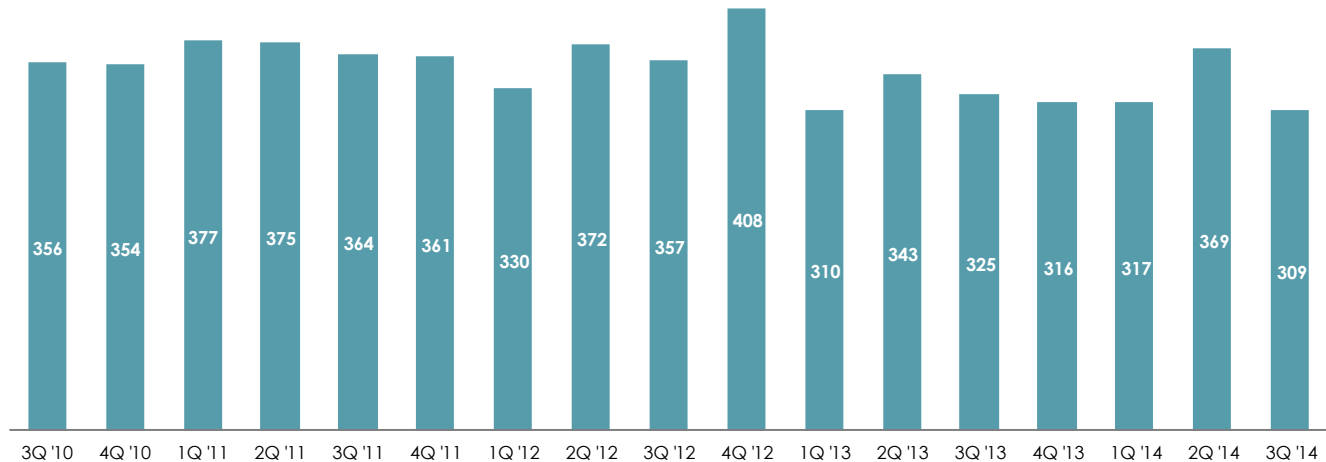
- ▶ In 2014, Google has been the most active strategic acquirer of software assets, completing 17 acquisitions to date.
- ▶ IBM and Oracle continue to exhibit strong appetites for M&A, as they supplement their global growth and expand product portfolios.
- ▶ Autodesk and Dassault continue to drive consolidation in the PLM and design software sectors.

MOST ACTIVE STRATEGIC SOFTWARE M&A ACTIVITY BY VOLUME⁽¹⁾⁽²⁾



- ▶ Global strategic software M&A continued at levels consistent with the previous 18 months.
- ▶ Substantial cash balances and attractive public equity performance are providing strong strategic currency.

GLOBAL STRATEGIC ACQUIRER SOFTWARE M&A ACTIVITY BY VOLUME⁽²⁾

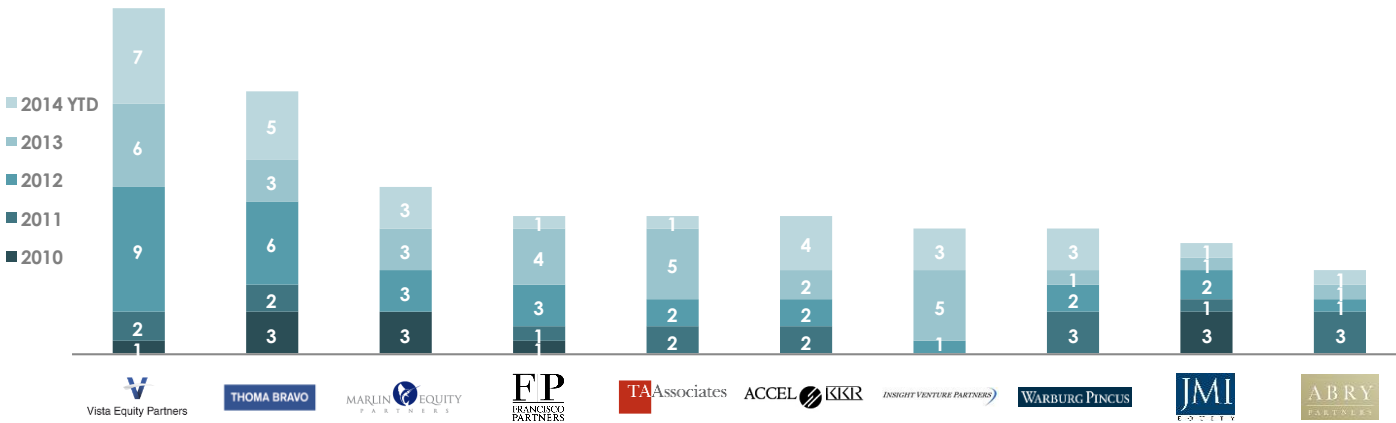


(1) This analysis compiles software M&A transactions for the most active strategic acquirers from 2010 to 3Q 2014.
 (2) Non-control, private placement transactions are excluded from this analysis.
 Source: Capital IQ and HW&Co. research.

PRIVATE EQUITY SOFTWARE ACQUISITION ACTIVITY

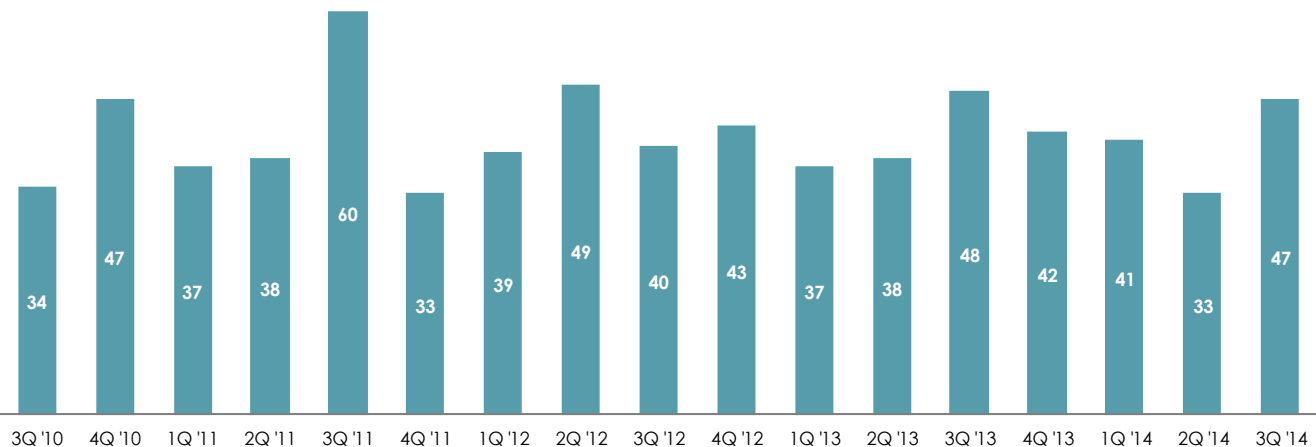
- ▶ Vista Equity and Thoma Bravo remain among the most active in acquiring new software platform companies.
- ▶ There is an active set of other private equity firms that are adding new software platform investments, often with add-on acquisition strategies as a core component to future growth.

NEW PLATFORM PRIVATE EQUITY SOFTWARE ACQUISITION VOLUME⁽¹⁾⁽²⁾



- ▶ Overall, global private equity software M&A registered a strong quarter in 3Q 2014.
- ▶ SaaS-based, subscription models in key growth verticals remain among the most sought after acquisition targets for private equity investors.

GLOBAL NEW PLATFORM PRIVATE EQUITY SOFTWARE ACQUISITION VOLUME⁽²⁾



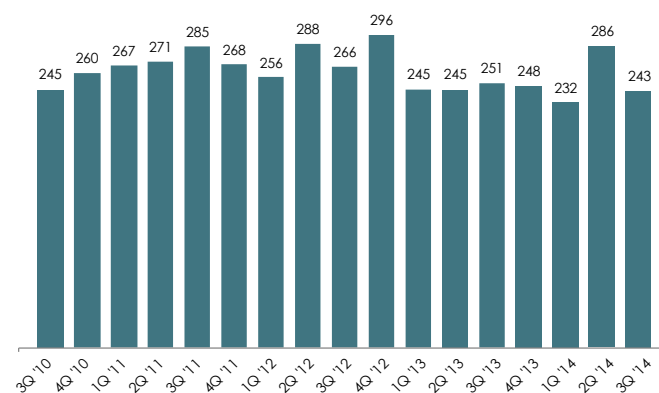
(1) This analysis compiles software M&A transactions for the most active, financial acquirers from 2010 to 3Q 2014.
 (2) Non-control, private placement and portfolio company transactions are excluded from this analysis.
 Source: Capital IQ and HW&Co. research.

APPLICATION SOFTWARE – M&A MARKET SUMMARY

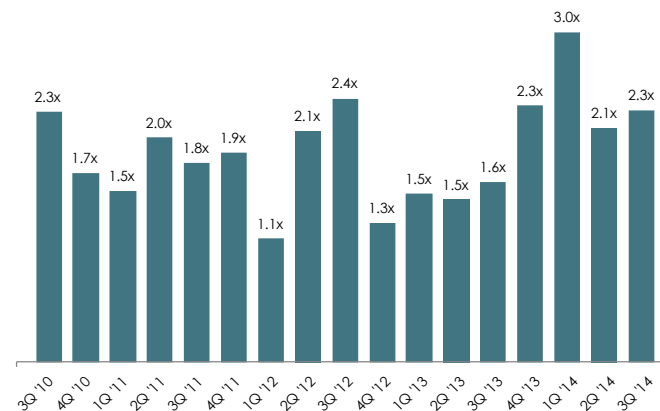
- ▶ Application Software continues to be a hot area of interest for both strategic and financial buyer acquisitions.
- ▶ Valuations for Application Software transactions remain at historically high levels in 2014.

APPLICATION SOFTWARE M&A VOLUME

GLOBAL



MEDIAN M&A REVENUE MULTIPLES



- ▶ Oracle's acquisition of MICROS Systems is the company's largest since it acquired BEA Systems in 2008. The acquisition will deepen Oracle's presence in the hospitality and retail sectors, providing significant cross-selling opportunities.

NOTABLE APPLICATION SOFTWARE M&A TRANSACTIONS

| Date Closed | Acquirer | Target | Description | Enterprise Value (\$mm) | Revenue Multiple |
|-----------------------------|---------------------------------|---|---|-------------------------|------------------|
| Application Software | | | | | |
| Pending | Sage Software, Inc. | PAI Services, LLC (Great Hill Partners) | Application performance and mainframe management software solutions. | \$158 | NA |
| 09/08/14 | Oracle Corporation | MICROS Systems, Inc. | Hotel and retail enterprise software solutions. | \$4,604 | 3.4x |
| 09/04/14 | Heartland Payment Systems, Inc. | TouchNet Information Systems, Inc. | Commerce management software for higher education institutions. | \$375 | NA |
| 08/19/14 | Trimble Navigation Limited | Manhattan Software Group Limited | Property, asset, and facility management software and systems. | NA | NA |
| 08/18/14 | Changepoint Corporation | Daptiv, Inc. | Portfolio management software solutions. | NA | NA |
| 08/07/14 | Hexagon AB | Vero Software Limited | Computer aided design and computer aided manufacturing software. | NA | NA |
| 07/28/14 | Thoma Bravo, LLC | Sparta Systems, Inc. | Enterprise quality management software solutions. | NA | NA |
| 07/25/14 | Accellos, Inc. | HighJump Software Inc. | Supply chain management software solutions. | Confidential | |
| 07/16/14 | WEX Inc. | Evolution1, Inc. | Electronic payment, on-premise, and cloud computing healthcare solutions. | \$533 | 6.0x |
| 06/16/14 | Intuit Inc. | Check, Inc. | Mobile finance applications. | \$360 | NA |
| 06/16/14 | Cadence Design Systems Inc. | Jasper Design Automation, Inc. | Semiconductor design and verification software. | \$170 | NA |
| 06/03/14 | Delltek, Inc. | Axiom XTS Corporation | Project-focused software for architectural and engineering firms. | NA | NA |
| 06/03/14 | The Carlyle Group LP | Talent Partners, Inc. | Talent payment software. | Confidential | |
| 05/02/14 | SAP AG (nka:SAP SE) | Fieldglass, Inc. | Human capital management solutions. | \$1,000 | NA |
| 04/28/14 | Dassault Systemes SA | Accelrys Inc. | Scientific business intelligence software and solutions. | \$683 | 4.1x |
| Median | | | | \$368 | 3.4x |

Source: Capital IQ and HW&Co. proprietary information.

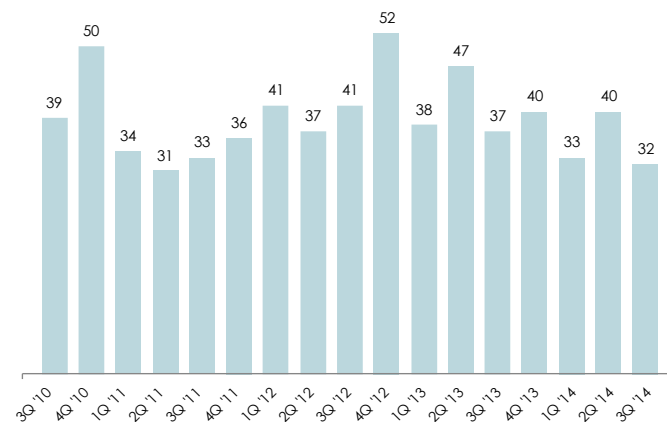
SAAS - M&A MARKET SUMMARY

► SaaS acquisition volume decreased in 3Q 2014 over the prior quarter but remains in line with 2012 and 2013 averages.

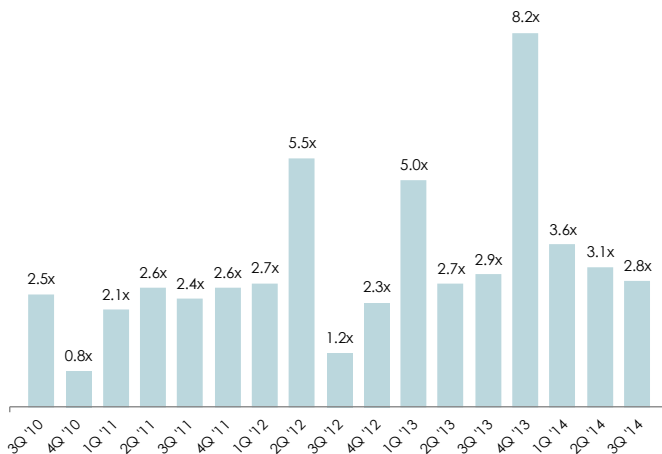
► Growing SaaS companies continue to trade at highly attractive multiples.

SAAS M&A VOLUME

GLOBAL



MEDIAN M&A REVENUE MULTIPLES



► SAP's acquisition of Concur and Zillow's acquisition of Trulia join Priceline's acquisition of OpenTable as recent multi-billion dollar SaaS transactions with double-digit revenue multiples.

NOTABLE SAAS M&A TRANSACTIONS

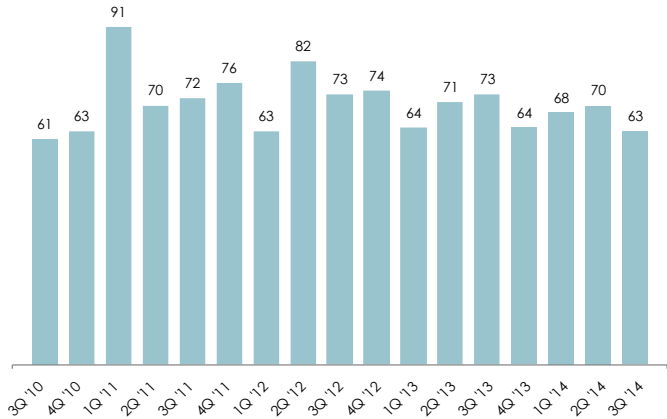
| Date Closed | Acquirer | Target | Description | Enterprise Value (\$mm) | Revenue Multiple |
|---------------|-----------------------------|---------------------------|--|-------------------------|------------------|
| SaaS | | | | | |
| Pending | Insight Venture Partners | iParadigms, LLC | Cloud-based educational technologies. | \$752 | NA |
| Pending | Omnitracs, LLC | XRS Corporation | Compliance and fleet management solutions. | \$178 | 3.3x |
| Pending | Salesforce.com, Inc | RelateIQ, Inc. | Online relationship management platform. | \$391 | NA |
| Pending | Zillow, Inc. | Trulia, Inc. | Software tools to research homes and neighborhoods. | \$3,091 | 14.8x |
| Pending | SAP America, Inc. | Concur Technologies, Inc. | Integrated travel and expense management solutions. | \$7,652 | 11.5x |
| 10/01/14 | Blackbaud Inc. | MicroEdge, LLC | Grants management and employee engagement software solutions. | Confidential | |
| 09/09/14 | Dassault Systèmes BV | Quintiq Holding B.V. | Supply chain planning and optimization software platform. | \$337 | 3.3x |
| 08/11/14 | PTC Inc. | Axeda Corporation | Cloud-based service and software for managing connected products and machines. | \$170 | NA |
| 07/31/14 | Oracle Corporation | TOA Technologies, Inc. | On-demand mobile workforce management and field service management solutions. | NA | NA |
| 07/30/14 | GTCR, LLC | XIFIN, Inc. | Health economics optimization solutions. | NA | NA |
| 07/24/14 | The Priceline Group Inc. | OpenTable, Inc. | Restaurant reservation solutions. | \$2,496 | 12.6x |
| 07/21/14 | Emdeon Inc. | Capario, Inc. | Revenue cycle management solutions. | Confidential | |
| 07/09/14 | Vista Equity Partners | Social Solutions, Inc. | Performance management software for human service organizations. | NA | NA |
| 06/04/14 | E2open, Inc. | Serus Corporation | Intelligent operations management solutions. | \$26 | NA |
| 06/02/14 | Marin Software Incorporated | NowSpots, Inc. | Digital advertisement platform. | \$23 | NA |
| 05/30/14 | GTCR, LLC | Vocus Inc. | Marketing and public relations software. | \$442 | 2.4x |
| Median | | | | \$337 | 3.9x |

Source: Capital IQ and HW&Co. proprietary information.

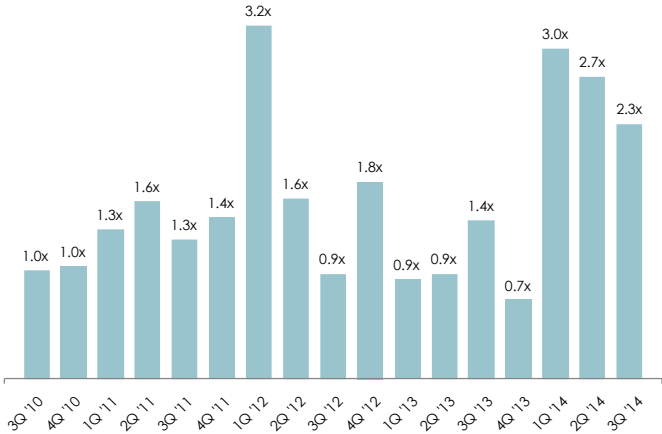
DATA AND ANALYTICS – M&A MARKET SUMMARY

- Data and Analytics software M&A volume in 3Q 2014 remains in line with prior quarters.
- Median M&A revenue multiples for Data and Analytics companies remain above historical averages.

DATA AND ANALYTICS M&A VOLUME
GLOBAL



MEDIAN M&A REVENUE MULTIPLES



- Strategic buyers are prioritizing data-oriented acquisition targets as customers remain hungry for ways to capitalize on ever increasing data.
- Oracle continues to be among the most active Data and Analytics software buyers, completing three transactions in 2014.

NOTABLE DATA AND ANALYTICS M&A TRANSACTIONS

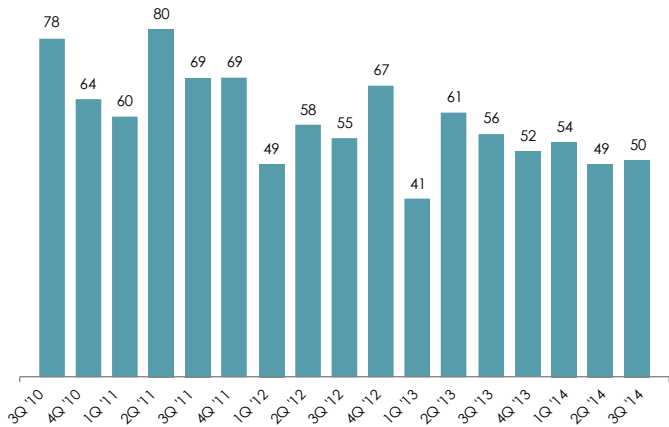
| Date Closed | Acquirer | Target | Description | Enterprise Value (\$mm) | Revenue Multiple |
|---------------------------|-----------------------------|----------------------------|---|-------------------------|------------------|
| Data and Analytics | | | | | |
| Pending | Vista Equity Partners | TIBCO Software Inc. | Data integration and business intelligence software. | \$4,056 | NA |
| Pending | Oracle Corporation | Collective Intellect, Inc. | Web-based, automated, real-time text mining and analytics software. | NA | NA |
| 09/03/14 | Teradata Corporation | Think Big Analytics, Inc. | Big data and advanced analytics consulting services. | NA | NA |
| 07/21/14 | Vista Equity Partners | AGDATA LP | Agricultural and animal health data and analytical solutions. | NA | NA |
| 07/01/14 | Acxiom Corporation | LiveRamp, Inc. | Data onboarding platform. | \$310 | NA |
| 06/13/14 | Informatica Corporation | Strikelron, Inc. | Cloud-based infrastructure for delivering business data. | NA | NA |
| 06/03/14 | Cloudera, Inc. | Gazzang, Inc. | Cloud-enabling data encryption and protection solutions. | NA | NA |
| 06/02/14 | Oracle Corporation | GreenBytes, Inc. | Inline data deduplication data storage solutions. | NA | NA |
| 04/28/14 | TIBCO Software Inc. | Jaspersoft Corporation | Open source business intelligence software. | \$185 | NA |
| 04/17/14 | Actis Capital, LLP | Upstream S.A. | Mobile marketing and analytics technology platform. | Confidential | |
| 03/28/14 | Meter Readings Holding, LLC | Aclara Technologies LLC | Utility management communications software. | \$130 | NA |
| 03/14/14 | GSI Group Corporation | JADAK Technologies, Inc. | Data collection technologies. | \$93 | NA |
| 03/14/14 | Oracle Corporation | Blue Kai, Inc. | Cloud-based data management platform for marketing applications. | \$400 | NA |
| 02/03/14 | Verint Systems Inc. | KANA Software, Inc. | Cloud-based customer service solutions. | \$514 | NA |
| 10/29/13 | NeuStar, Inc. | Aggregate Knowledge, Inc. | Campaign and audience analytics for advertisers, trading desks, and publishers. | \$117 | NA |
| 10/25/13 | inVentiv Health | Catalina Health | Personalized health data driving medication adherence and improved outcomes. | Confidential | |
| 08/28/13 | Datawatch Corporation | Panopticon Software AB | Visual data monitoring and analysis software tools. | \$27 | 5.5x |
| Median | | | | \$173 | 4.8x |

INFRASTRUCTURE SOFTWARE – M&A MARKET SUMMARY

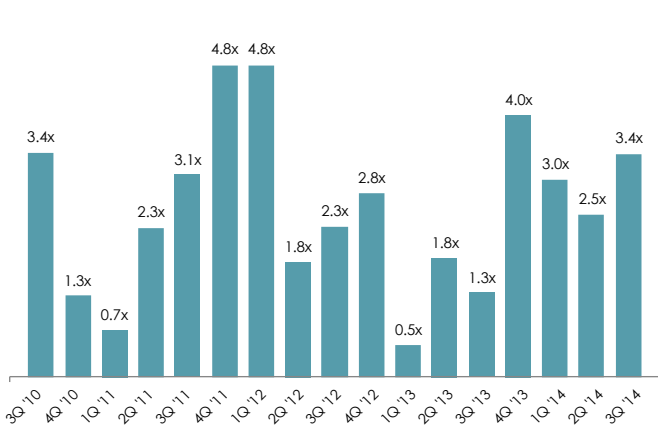
- ▶ In 3Q 2014, Infrastructure Software M&A volume was slightly below historical levels, while in line with the prior quarters.
- ▶ Over the last 12 months, reported Infrastructure Software transaction multiples have increased nearly threefold, driven by strong activity in the IT security sector.

INFRASTRUCTURE SOFTWARE M&A VOLUME

GLOBAL



MEDIAN M&A REVENUE MULTIPLES



- ▶ Recent private equity investments in Infrastructure Software have gone to support platforms with acquisition-driven growth strategies.

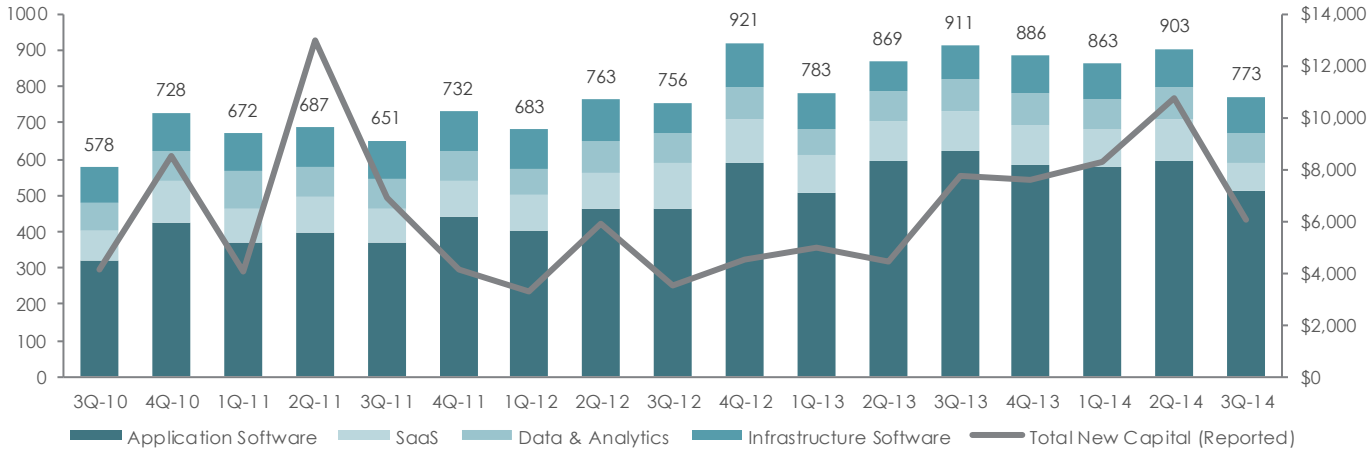
NOTABLE INFRASTRUCTURE SOFTWARE M&A TRANSACTIONS

| Date Closed | Acquirer | Target | Description | Enterprise Value (\$mm) | Revenue Multiple |
|--------------------------------|----------------------------------|-------------------------------------|--|-------------------------|---------------------|
| Infrastructure Software | | | | | |
| Pending | Sphere 3D Corporation | Overland Storage Inc. | Unified data management and data protection solutions. | \$84 | 1.6x |
| Pending | Marlin Equity Partners, LLC | CA Technologies (Arcserve Business) | Backup and recovery software solutions. | NA | NA |
| Pending | Gemalto NV | SafeNet, Inc. | Data protection and software monetization solutions. | \$890 | NA |
| Pending | Thoma Bravo, LLC | Compuware Corporation | Software solutions and application practices for information technology organizations. | \$2,091 | 2.9x |
| Pending | Veritas Capital | BeyondTrust Software, Inc. | Privileged account management and vulnerability management software. | \$310 | NA |
| 08/13/14 | Hitachi Data Systems Corporation | Sepaton, Inc. | Disk-based data protection solutions. | NA | NA |
| 05/28/14 | Automic Software GmbH | ORSYP S.A.S. | IT operations management solutions. | | Confidential |
| 05/20/14 | Proofpoint, Inc. | NetCitadel, Inc. | Security orchestration platform for development of security infrastructure. | \$24 | NA |
| 04/16/14 | HGGC, LLC | Serena Software, Inc. | Software products for mainframe change management. | \$436 | 2.4x |
| 03/24/14 | Synopsys Inc. | Coverity, Inc. | Source code analysis tools. | \$350 | NA |
| 03/21/14 | Sphere 3D Corporation | V3 Systems, Inc. | Desktop cloud management solutions. | \$16 | NA |
| 03/04/14 | Zayo Colocation, Inc. | CoreXchange, Inc. | Data center and networking solutions. | \$18 | NA |
| 02/24/14 | VMware, Inc. | AirWatch, LLC | Mobile security and enterprise mobility management solutions. | \$1,545 | NA |
| 02/18/14 | Akamai Technologies, Inc. | Prolexic Technologies, Inc. | Distributed denial of service (DDoS) detection solutions. | \$403 | NA |
| 01/07/14 | Juniper Networks, Inc. | WANDL, Inc. | Network planning and management software. | \$29 | NA |
| 01/06/14 | JDS Uniphase Corporation | Network Instruments, LLC | Network troubleshooting and performance management software. | \$200 | 5.0x |
| Median | | | | \$255 | 2.4x |

PRIVATE PLACEMENT ACTIVITY BY SOFTWARE SECTOR

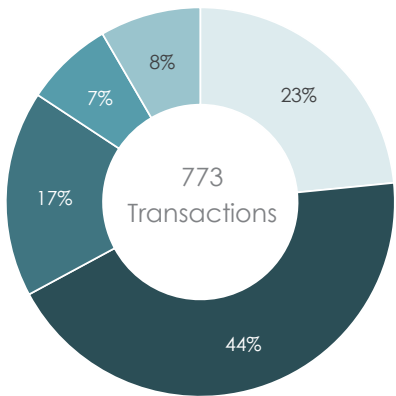
- ▶ Software private placements remained active during 3Q 2014 with 773 deals and over \$6.1bn invested.
- ▶ SaaS and Infrastructure Software assets continue to command premium pre-money valuations.
- ▶ In 3Q 2014, 84% of private placements and 52% of total private capital raised was deployed in early stage rounds (Seed – Series B).

PRIVATE PLACEMENTS BY SOFTWARE SECTOR AND NEW CAPITAL RAISED
\$ IN MILLIONS



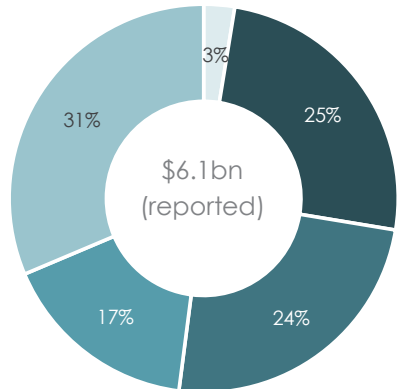
3Q 2014 PRIVATE PLACEMENT VOLUME BY ROUND

Seed Series A Series B Series C Series D / or later








3Q 2014 PRIVATE PLACEMENT CAPITAL RAISED BY ROUND

Seed Series A Series B Series C Series D / or later



Source: Capital IQ and HW&Co. proprietary information.

SELECTED RECENT SOFTWARE PRIVATE PLACEMENTS

| Date | Company | Sector | Round | Round Size (\$M) | Total Raised (\$M) | Investors | Commentary |
|-----------|--|-------------------------|------------|------------------|--------------------|---|---|
| 9/22/2014 |  DUO:SECURITY | Infrastructure Software | B | \$12.0 | \$17.0 | Benchmark Capital, Google Ventures, Radar Partners, True Ventures | Provides two-factor authentication as a service to prevent account takeover and data theft. |
| 9/16/2014 |  PRIVIA HEALTH | Application Software | C | \$400.0 | \$414.1 | Brighton Health Partners LLC, Cardinal Partners, Goldman Sachs Group, Merchant Banking Division, Health Enterprise Partners, Morgan Noble Healthcare Partners, Pamplona Capital Management, Llc | Physician-based wellness and care management company that partners with doctors to keep people healthy and better manage care in-between office visits. |
| 9/16/2014 |  docker | Infrastructure Software | C | \$40.0 | \$71.2 | Benchmark Capital, Greylock Partners, Insight Venture Partners, Sequoia Capital, Trinity Ventures | Provides dotCloud multi-language Platform-as-a-Service for software developers. |
| 9/11/2014 |  PingIdentity® | Infrastructure Software | Late Stage | \$35.0 | \$142.0 | Appian Ventures Inc., Draper Fisher Jurvetson, General Catalyst Partners, Kohlberg Kravis Roberts & Co. L.P., SAP Ventures, Ten Eleven Ventures, Triangle Peak Partners, LP, Volition Capital LLC, W Capital Partners | Provides cloud-based identity security and management solutions. |
| 9/3/2014 |  sandlot solutions | Data & Analytics | A | \$23.3 | \$23.3 | Lemhi Ventures Fund II, L.P., Lemhi Ventures, Inc., North Texas Specialty Physicians, Santa Rosa Holdings, LLC | Provides health information exchange (HIE) and data analytics tools and services for streamlining data sharing between providers, hospital systems, and health plans. |
| 8/27/2014 |  MetricStream | Application Software | Late Stage | \$60.0 | \$137.3 | Goldman Sachs Group, Kaiser Permanente Ventures, Sageview Capital LP | Provides enterprise governance, risk, compliance, (GRC) and quality management software, content, and consulting services. |
| 8/26/2014 |  NUTANIX | Infrastructure Software | Late Stage | \$145.0 | \$318.0 | Fidelity Investments, Wellington Management, and other non-disclosed investors | Develops converged compute and storage infrastructure for virtualized data centers. |
| 8/21/2014 |  GLOBALTRANZ SUPPLY CHAIN MANAGEMENT | Application Software | C | \$40.0 | \$50.0 | Providence Equity, Susquehanna Capital | Provides warehouse management system that offers real-time inventory visibility, purchase order creation, emailed tracking numbers, and report generation/analytics. |
| 8/18/2014 |  MEDALLIA | SaaS | B | \$50.0 | \$85.0 | Sequoia Capital | Provides Software-as-a-Service customer experience management solutions. |
| 8/13/2014 |  lookout MOBILE SECURITY | Infrastructure Software | Late Stage | \$150.0 | \$281.0 | Accel Partners, Andreessen Horowitz LLC, Bezos Expeditions, LLC, Goldman Sachs Group, Index Ventures, Khosla Ventures, Mithril Capital Management LLC, Morgan Stanley Investment Management, T. Rowe Price Associates, Inc. | Provides cloud-connected applications that offer solutions to protect mobile phones from viruses, malware, spyware, fraud, hackers, and identity theft. |
| 8/5/2014 |  comprehend | Application Software | B | \$21.0 | \$30.6 | Lightspeed Venture Partners, Sequoia Capital | Provides clinical data reporting and visualization tools for the pharmaceutical industry. |

Source: Capital IQ, PitchBook, and HW&Co. proprietary information.

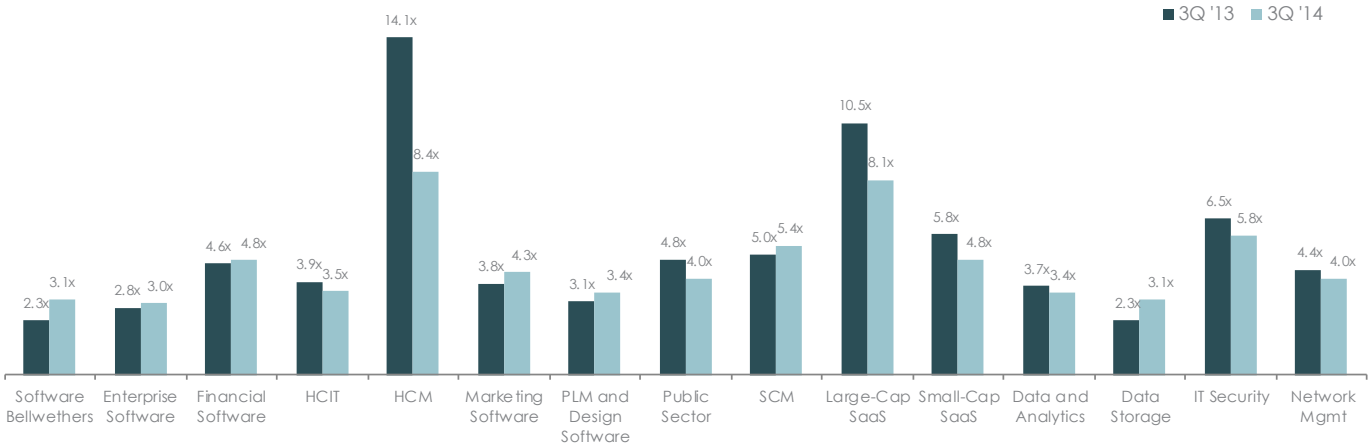
PUBLIC SOFTWARE VALUATION MULTIPLES BY SECTOR

Over the last 12 months, several high growth sectors such as HCM, SaaS, and Data and Analytics have experienced slight decreases in median revenue multiples, which is due in part to the larger scale and slower relative revenue growth of certain high flying companies (e.g., Workday, Marketo, SPS, and Splunk).

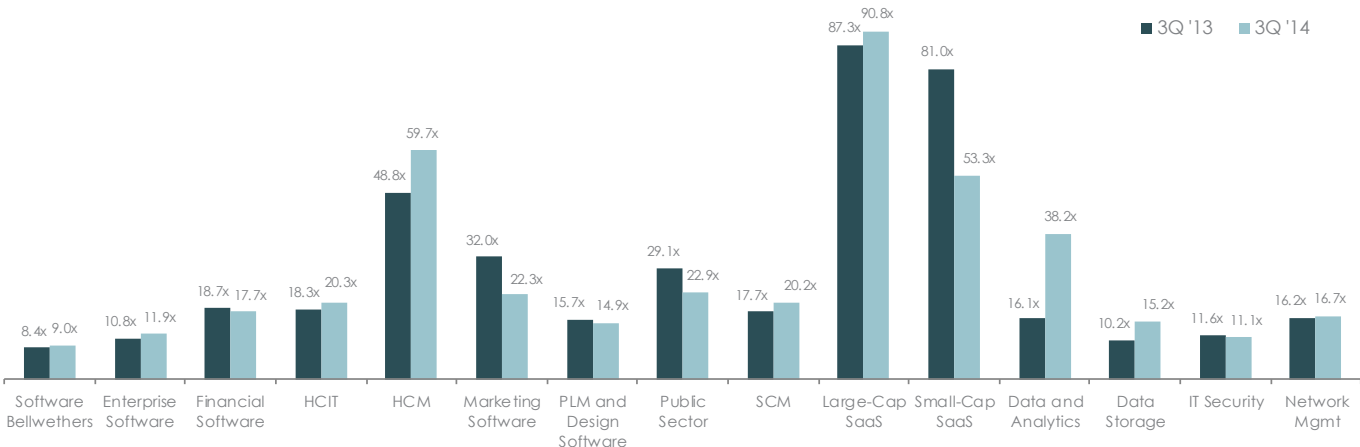
For example, within the growth-minded HCM sector, Workday experienced 104% growth for the year ended January 2013, versus 71% for the year ended January 2014, thus contributing to the decline in the sector's median revenue multiple. HCM EBITDA multiples remain high as this sector continues to invest in revenue growth at the expense of earnings generation.

For mature software sectors (e.g., enterprise software and SCM), EBITDA multiples experienced modest increases. Enterprise values for larger tech companies – Oracle, SAP, and IBM – have generally increased along with higher overall enterprise software spending growth (6.9% in 2014E vs. 4.9% in 2013, according to Gartner).

REVENUE MULTIPLE ANALYSIS 3Q 2013 VS. 3Q 2014



EBITDA MULTIPLE ANALYSIS 3Q 2013 VS. 3Q 2014



Note: Large-Cap SaaS companies have market capitalizations greater than \$2.0bn, while Small-Cap SaaS companies have market capitalizations less than \$2.0bn. Source: Capital IQ and HW&Co. proprietary information. Trading multiples are as of 9/30/2014.

KEY METRICS BY SECTOR – PUBLIC SOFTWARE COMPANIES

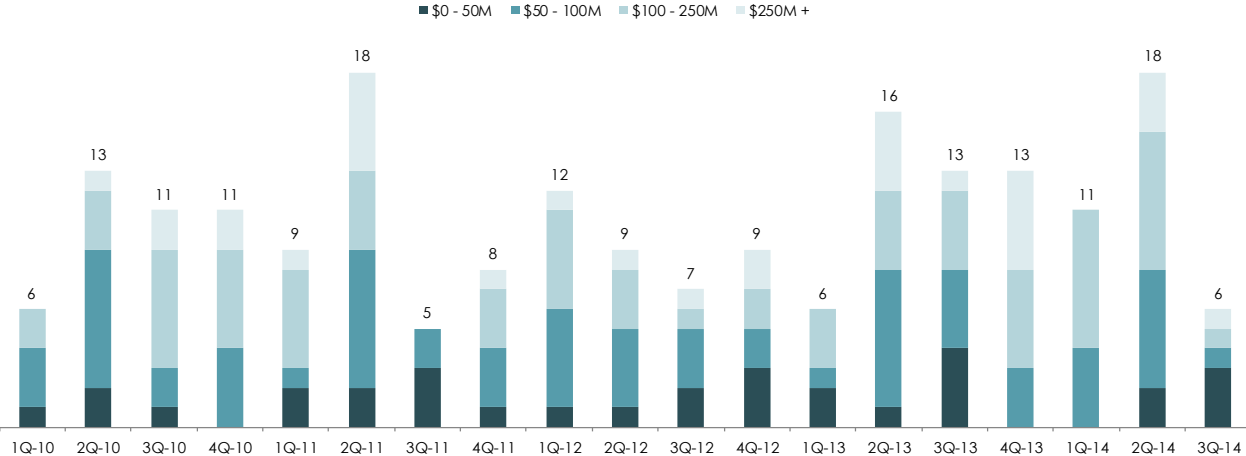
| | EV / LTM Revenue Multiple | LTM Revenue Growth | Correlation with EV/R Multiple | LTM EBITDA Growth | Correlation with EV/R Multiple | LTM EBITDA Margin | Correlation with EV/R Multiple |
|-------------------------|---------------------------|--------------------|--------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
| HCM | 8.4x | 36% | 92% | NM | NM | -10% | -60% |
| Large-Cap SaaS | 8.1x | 35% | 64% | -7% | -60% | 5% | -77% |
| IT Security | 5.8x | 15% | 89% | 3% | 8% | 21% | -68% |
| SCM | 5.4x | 17% | 66% | 26% | 68% | 10% | -8% |
| Financial Software | 4.8x | 6% | 20% | 27% | 29% | 21% | 58% |
| Small-Cap SaaS | 4.8x | 25% | 80% | 16% | -14% | NM | NM |
| Marketing Software | 4.3x | 24% | 97% | NM | NM | NM | NM |
| Public Sector | 4.0x | 13% | 31% | 9% | 45% | 15% | 57% |
| Network Mgmt | 4.0x | 13% | 79% | 13% | -4% | 25% | 47% |
| HCIT | 3.5x | 3% | 89% | -13% | 38% | 17% | -14% |
| PLM and Design Software | 3.4x | 6% | -36% | 5% | -32% | 21% | 74% |
| Data and Analytics | 3.4x | 17% | 91% | 2% | 78% | 5% | -71% |
| Data Storage | 3.1x | 16% | 92% | 6% | -81% | 16% | -87% |
| Software Bellwethers | 3.1x | 3% | 74% | 3% | 80% | 30% | 71% |
| Enterprise Software | 3.0x | 5% | -16% | 7% | -15% | 24% | 82% |

Note: Large-Cap SaaS companies have market capitalizations greater than \$2.0bn, while Small-Cap SaaS companies have market capitalizations less than \$2.0bn.
Source: Capital IQ and HW&Co. proprietary information, data shown as of 9/30/2014.

SUMMARY OF TECHNOLOGY IPOs

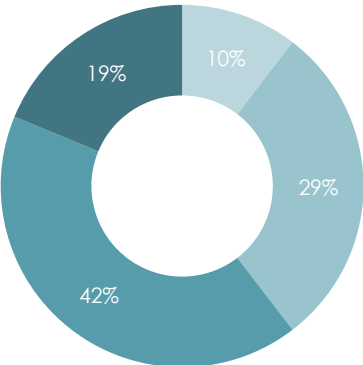
- ▶ 2014 continues to be a solid year for technology IPOs, despite a notable slowdown in 3Q.
- ▶ 35 tech companies have gone public on U.S. exchanges in 2014.
- ▶ Over the last four quarters, over 60% of technology IPOs raised over \$100 million.

RECENT U.S. IPO ACTIVITY (BY OFFERING SIZE)



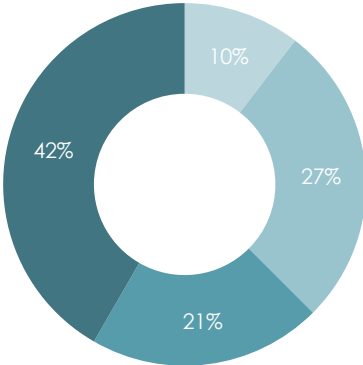
OFFERING SIZE AT IPO

■ \$0 - 50M ■ \$50 - 100M ■ \$100 - 250M ■ \$250M +



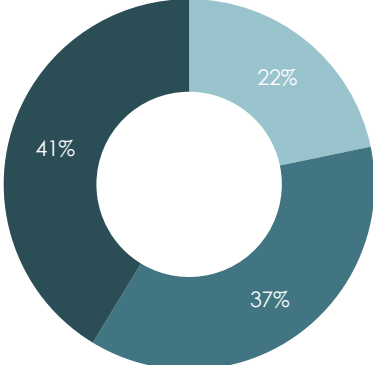
MARKET CAP AT IPO

■ \$0-50M ■ \$50-500M ■ \$500M-\$1B ■ \$1B+



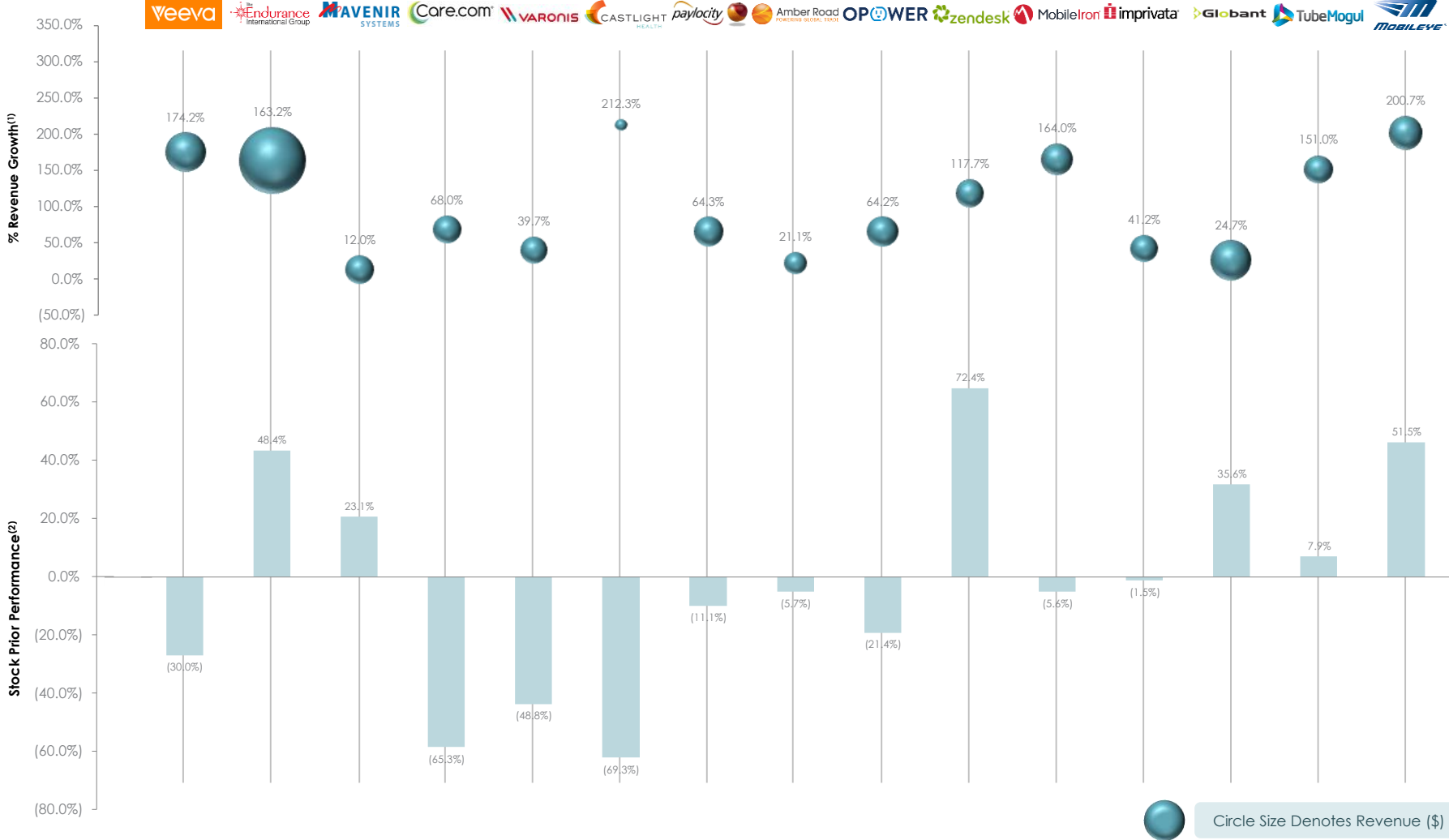
REVENUE GROWTH (1YR PRIOR)

■ < 25% ■ 25 - 75% ■ > 75%



Note: Analysis includes all technology IPOs on U.S. exchanges. Source: Capital IQ.

KEY PERFORMANCE METRICS FOR RECENT SOFTWARE IPOs



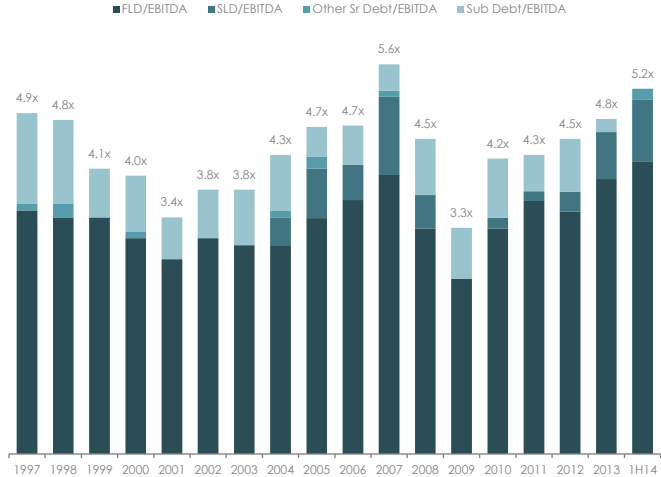
| IPO Date | 10/15/2013 | 10/24/2013 | 11/6/2013 | 1/23/2014 | 2/27/2014 | 3/13/2014 | 3/18/2014 | 3/20/2014 | 4/3/2014 | 5/14/2014 | 6/11/2014 | 6/25/2014 | 7/17/2014 | 7/18/2014 | 7/31/2014 |
|-------------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue Growth ⁽¹⁾ | 174.2% | 163.2% | 12.0% | 68.0% | 39.7% | 212.3% | 64.3% | 21.1% | 64.2% | 117.7% | 164.0% | 41.2% | 24.7% | 151.0% | 200.7% |
| Revenue at IPO ⁽³⁾ | \$168.0 | \$500.9 | \$90.9 | \$81.5 | \$74.6 | \$13.0 | \$90.5 | \$52.5 | \$98.3 | \$83.2 | \$108.0 | \$76.3 | \$179.1 | \$85.7 | \$121.2 |
| Offering Size ⁽³⁾ | \$260.9 | \$252.6 | \$54.5 | \$91.0 | \$105.6 | \$177.6 | \$119.8 | \$96.1 | \$115.9 | \$100.0 | \$100.0 | \$77.5 | \$58.5 | \$71.9 | \$889.7 |

(1) Revenue growth based on LTM prior to IPO Date. Offering size and revenue at IPO are shown in millions.
 (2) Stock price performance based on current prices as of 9/30/2014 versus price at IPO.
 (3) Dollars in millions.
 Source: Capital IQ.

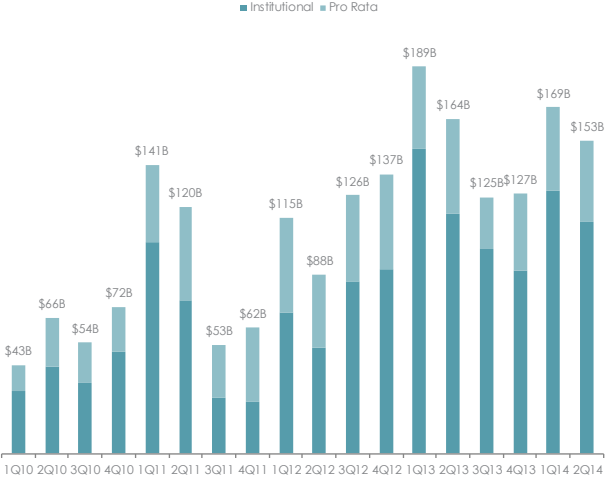
MIDDLE MARKET DEBT / LBO MARKET OVERVIEW

- ▶ The middle market debt market continues to be very active, with lenders seeking high quality software credits.
- ▶ Middle market LBO loan multiples have steadily increased since their low in 2009 and are approaching 2007 levels.
- ▶ In 1H 2014, technology companies were the third largest recipients of new LBO loans, signifying strong interest from the private equity community.

MIDDLE MARKET LBO LOAN MULTIPLES⁽¹⁾

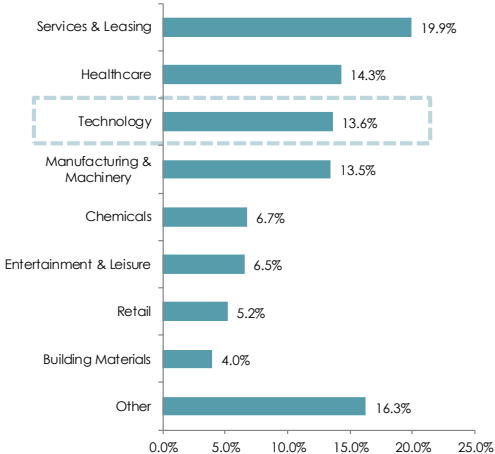


MIDDLE MARKET LOAN VOLUME⁽¹⁾



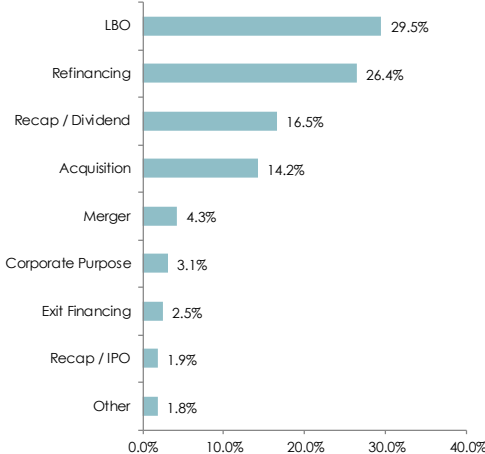
LBO LOAN VOLUME BY INDUSTRY⁽²⁾

1H 2014 Volume: \$52.7 Billion



SPONSORED LOAN VOLUME BY PURPOSE⁽²⁾

1H 2014 Volume: \$179.0 Billion



(1) PNC Capital Markets.
(2) S&P LCD stats.

HW&Co. SOFTWARE SECTOR PUBLIC COMPANY UNIVERSE

Comparable Public Companies

| | | | | | | | | | | | |
|-------------------------|--------------------------------|------------|---------------|---------------|---------------|----------------|------------|------------------|-------------|-------------|-------------|
| | Software Bellwethers | Google | Microsoft | IBM | Oracle | Intel | Cisco | SAP | HP | EMC | |
| Application Software | Enterprise Software | IBM | Oracle | SAP | TOTVS | IFS | Sage | Pegasystems | Exact | | |
| | Financial Software | SS&C | Advent | Envestnet | Fidessa | | | | | | |
| | Healthcare IT (HCIT) | Cerner | athenahealth | Allscripts | Medidata | HMS | MedAssets | Quality Systems | CPSI | | |
| | Human Capital Management (HCM) | Workday | Ultimate | Cornerstone | ClickSoftware | | | | | | |
| | Marketing Software | Salesforce | Marketo | CTCT | Bazaar | Callidus | | | | | |
| | PLM and Design Software | Dassault | Autodesk | Ansys | Synopsys | Cadence Design | PTC | Mentor Graphics | Aveva | | |
| | Public Sector Software | Tyler Tech | Constellation | NIC | K12 | | | | | | |
| | Supply Chain Management (SCM) | Manhattan | Descartes | SPS | SciQuest | E2open | Amber Road | American | | | |
| SaaS | Large-Cap SaaS | Salesforce | Workday | NetSuite | Concur | athenahealth | Ultimate | Guidewire | Medidata | Dealertrack | Cornerstone |
| | Small-Cap SaaS | Zendesk | Proofpoint | Marketo | RealPage | Fleetmatics | Cvent | LogMeIn | RingCentral | SPS | Qualys |
| | Small-Cap SaaS (cont'd) | Bazaar | inContact | Callidus | SciQuest | E2open | | | | | |
| | Data and Analytics | Teradata | Splunk | Informatica | Tableau | Qlik | Verint | MicroStrategy | Actuate | | |
| Infrastructure Software | Network Management | VMware | CA | Citrix | Red Hat | F5 Networks | SolarWinds | NetScout Systems | Progress | Infoblox | Radware |
| | Data Storage | EMC | NetApp | Iron Mountain | CommVault | Nimble Storage | Barracuda | Carbonite | | | |
| | IT Security | Symantec | Check Point | VeriSign | FireEye | Trend Micro | Fortinet | Imperva | Proofpoint | AVG Tech | Qualys |

HW&Co. CONTACT INFORMATION AND DISCLAIMER

Harris Williams & Co. (www.harriswilliams.com) is a preeminent middle market investment bank focused on the advisory needs of clients worldwide. The firm has deep industry knowledge, global transaction expertise, and an unwavering commitment to excellence. Harris Williams & Co. provides sell-side and acquisition advisory, restructuring advisory, board advisory, private placements, and capital markets advisory services.

Investment banking services are provided by Harris Williams LLC, a registered broker-dealer and member of FINRA and SIPC, and Harris Williams & Co. Ltd, which is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. is a trade name under which Harris Williams LLC and Harris Williams & Co. Ltd conduct business.

THIS REPORT MAY CONTAIN REFERENCES TO REGISTERED TRADEMARKS, SERVICE MARKS AND COPYRIGHTS OWNED BY THIRD-PARTY INFORMATION PROVIDERS. NONE OF THE THIRD-PARTY INFORMATION PROVIDERS IS ENDORSING THE OFFERING OF, AND SHALL NOT IN ANY WAY BE DEEMED AN ISSUER OR UNDERWRITER OF, THE SECURITIES, FINANCIAL INSTRUMENTS OR OTHER INVESTMENTS DISCUSSED IN THIS REPORT, AND SHALL NOT HAVE ANY LIABILITY OR RESPONSIBILITY FOR ANY STATEMENTS MADE IN THE REPORT OR FOR ANY FINANCIAL STATEMENTS, FINANCIAL PROJECTIONS OR OTHER FINANCIAL INFORMATION CONTAINED OR ATTACHED AS AN EXHIBIT TO THE REPORT. FOR MORE INFORMATION ABOUT THE MATERIALS PROVIDED BY SUCH THIRD PARTIES, PLEASE CONTACT US AT +1-804-648-0072.

The information and views contained in this report were prepared by Harris Williams & Co. ("Harris Williams"). It is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. The information contained herein is believed by Harris Williams to be reliable, but Harris Williams makes no representation as to the accuracy or completeness of such information. Harris Williams and/or its affiliates may be market makers or specialists in, act as advisers or lenders to, have positions in and effect transactions in securities of companies mentioned herein and also may provide, may have provided, or may seek to provide investment banking services for those companies. In addition, Harris Williams and/or its affiliates or their respective officers, directors and employees may hold long or short positions in the securities, options thereon or other related financial products of companies discussed herein. Opinions, estimates and projections in this report constitute Harris Williams' judgment and are subject to change without notice. The financial instruments discussed in this report may not be suitable for all investors, and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Also, past performance is not necessarily indicative of future results. No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams' prior written consent.

Copyright © 2014 Harris Williams & Co., all rights reserved.