
“A Wall Street View of The Channel & Channel Partners”



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Prepared for HP American Partners Conference 2011

Presented by:

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martinwolfsecurities

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Member FINRA, SIPC

Four Key Takeaways

1. Lifestyle business vs. value creation
2. Not GOBOSH, rather, go big or go deep
3. Always look for strategic partnerships
4. Vendors are *sometimes* your friend



Four Key Takeaways

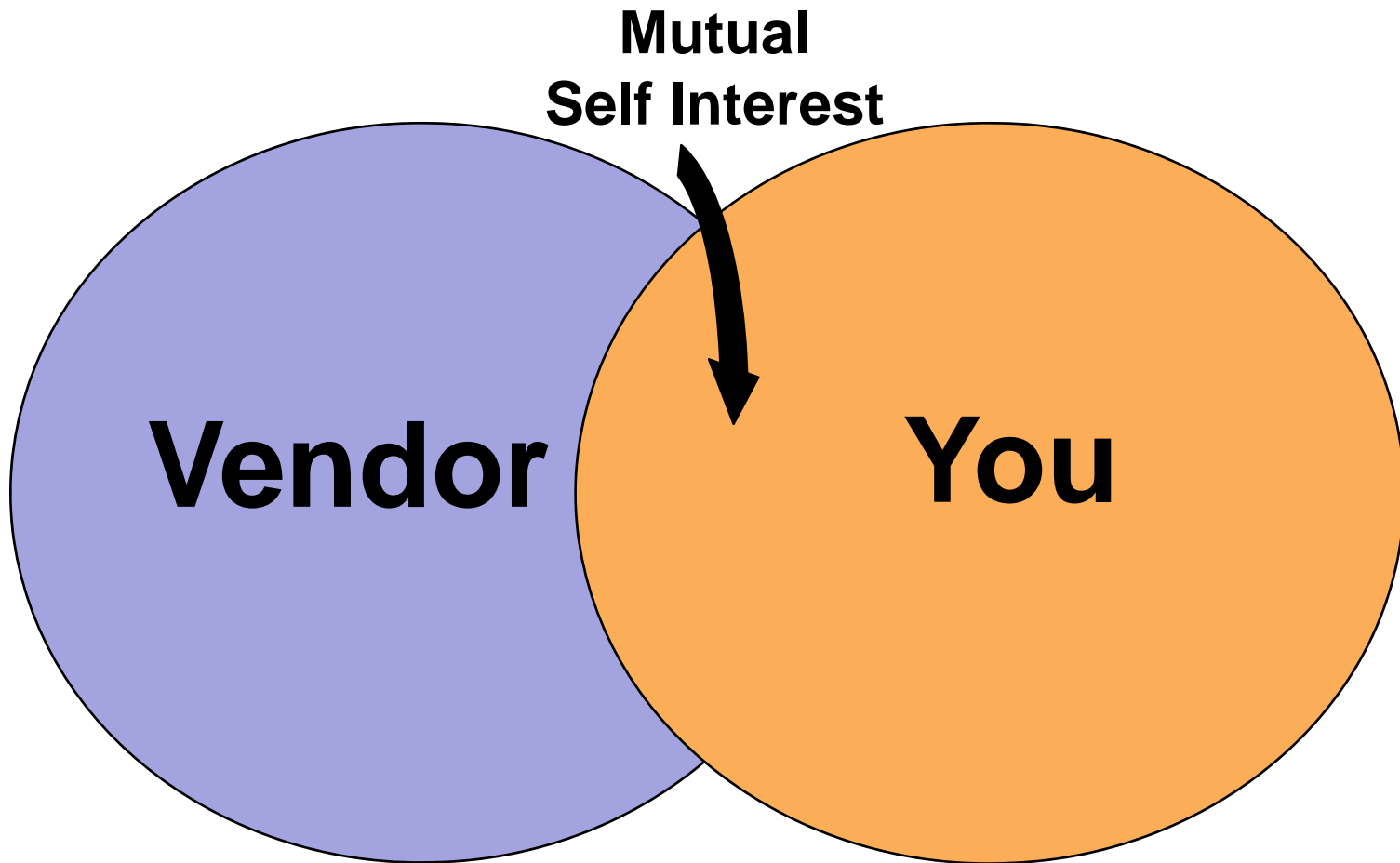
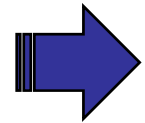


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II. M&A Market Overview

III. Valuation Trends

IV. Industry Trends

V. Valuation Drivers

VI. Q&A



Martin Wolf Securities Overview

➤ **Vertically Focused**

- IT Services
- IT BPO
- IT Supply Chain

➤ Services offered: **M&A Advisory** {only}

➤ Completed over **100 IT Transactions**

➤ **Cross-border Transaction Expertise**

- Closed transactions across Canada, France, India, South Africa, United Kingdom and the United States

➤ Founded in 1997, **headquartered in the San Francisco Bay Area.**

➤ Member FINRA, SIPC

➤ Referral Partner of:



MWS Representative Clients



MergerTech Overview

- **MergerTech** is an advisory firm that facilitates mergers and acquisitions opportunities for small to medium sized technology companies
- **Client Focus:**
 - IT software, solutions and services
 - Outsourcing & managed service providers
 - Consulting and ERP firms
 - Solution providers and integrators
 - Internet, mobile and digital media
- Defined methodology with **deep understanding of M&A** process from start to finish
- Completed **more than 25 transactions**
- **Expert Bankers:** Each banker has 10+ years of experience
- **Buyer knowledge:** Worldwide reach to more than 1200 buyers

Selected Transactions



Acquired by
Advent Global
Solutions, Inc.



Sold certain assets to
SARCOM, Inc.



Acquired by Logicalis
Group



Acquired by Black Box
Corporation



Acquired by
GSS America
Infotech Limited



Acquired by
Technology Capital Inc.



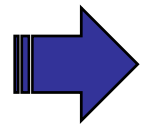
Acquired by Milestone
Technologies Inc.



Sold certain assets to
ePlus, Inc.

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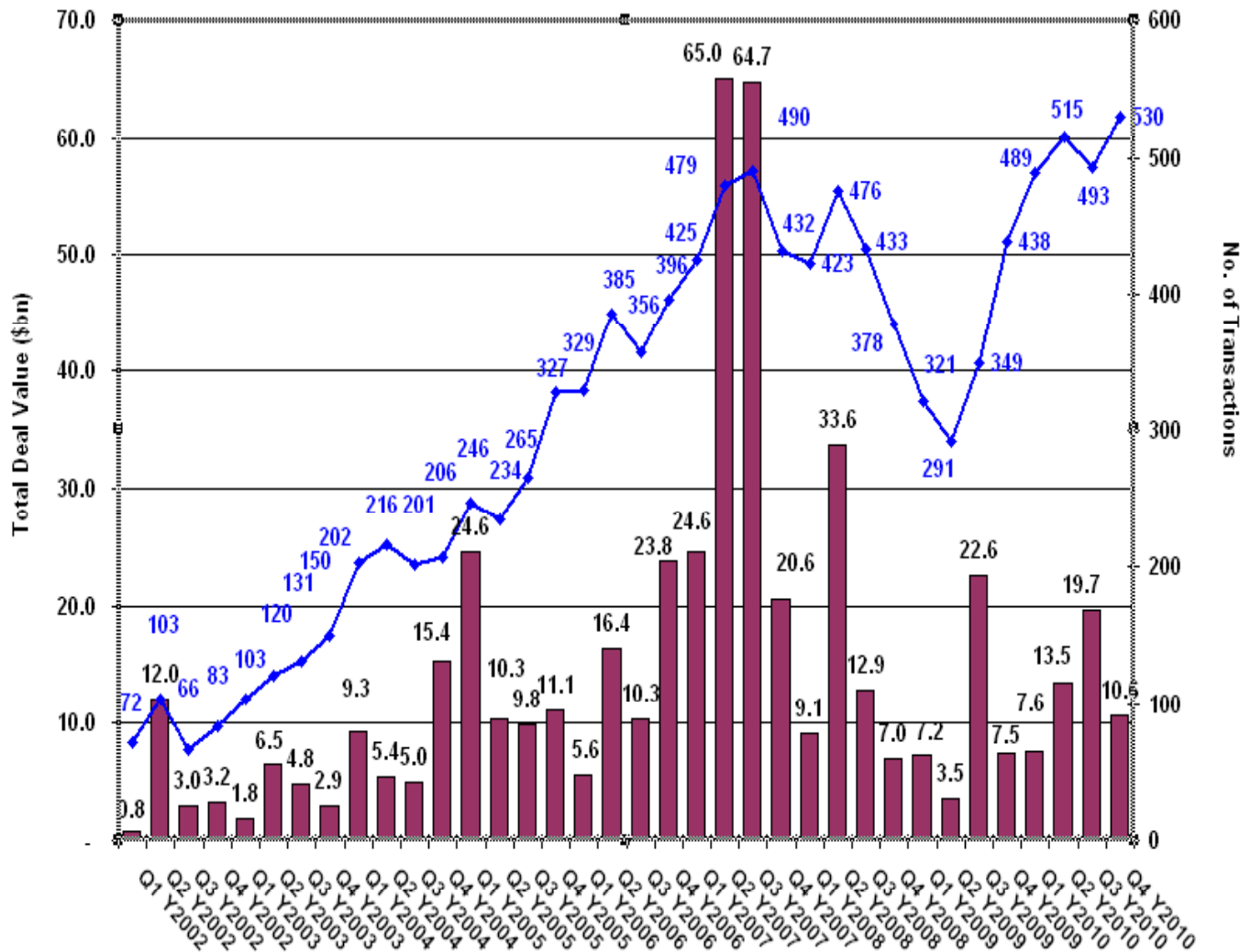
Macroeconomic Trends: 2011

- Global economy will continue to suffer from a **lack of aggregate demand**
- 2011 will be a year of **US political gridlock**
- State and local governments will face continued **budget pressures** in the face of a moderate recovery as housing prices will not recover in 2011
- Unemployment rates will remain high and corporations will continue to **focus on improving margins**
- US recovery from this **recession will continue to be less robust** than after previous recessions because Americans will continue to reduce debt and focus on building up assets
- **India and China** will continue to see robust economic growth and will be best markets for M&A activity

Implications for Mid-market IT Businesses

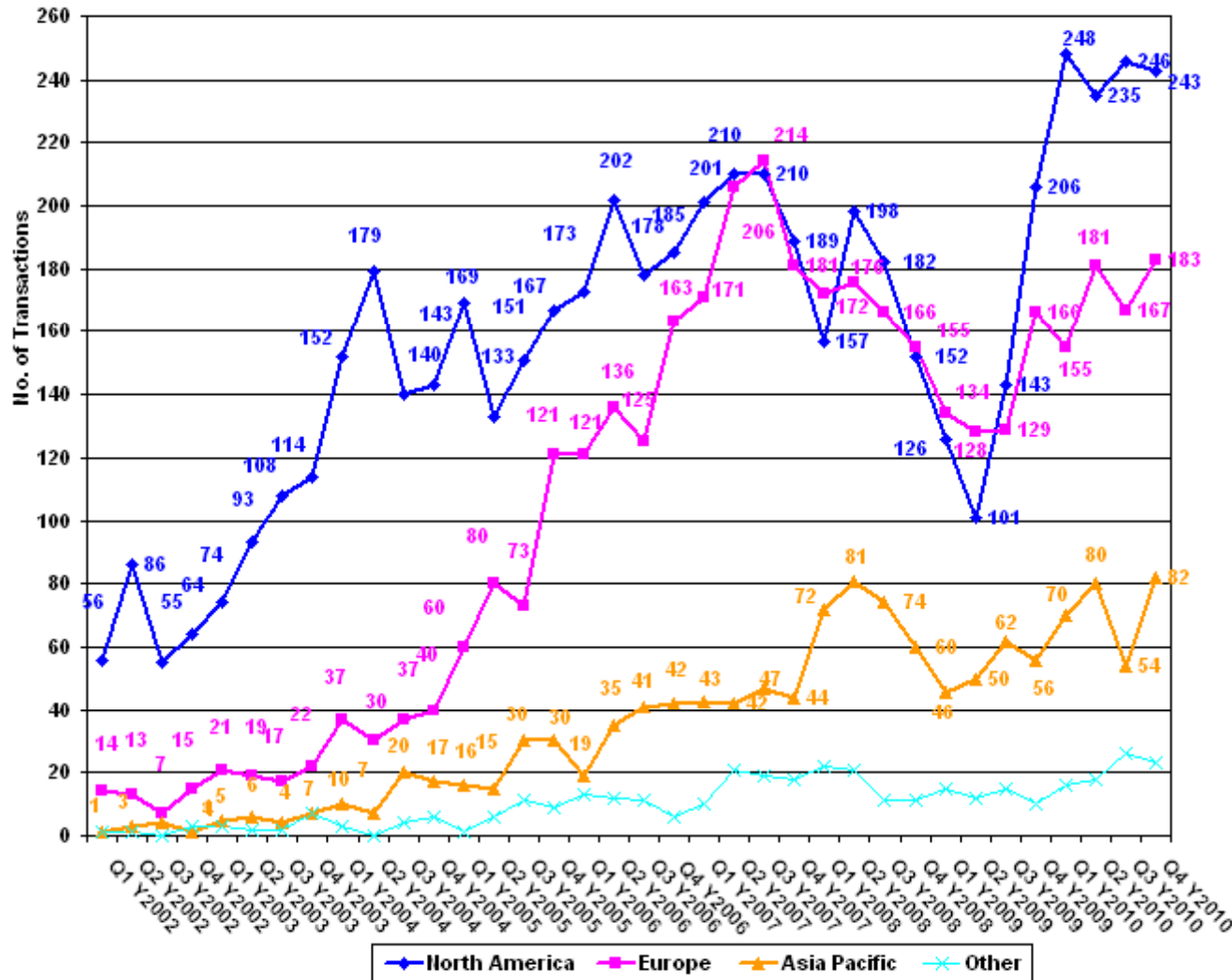
- Business investments in computers and related software will continue to grow as businesses continue to **focus on improving productivity**
- **Adoption of cloud computing, managed services and SaaS** based delivery models will continue to gain momentum
- **Software** is predicted to enter 2011 with strong growth, fueled by the cloud computing buzz (Oracle)
- **Businesses with state and local governments** should look at alternate avenues for generating meaningful growth
- **Staffing companies** will continue to see robust growth in 2011
- Organic growth in outsourcing will remain stagnant and **M&A activity will increase**

Global IT Services, Supply Chain M&A Activities



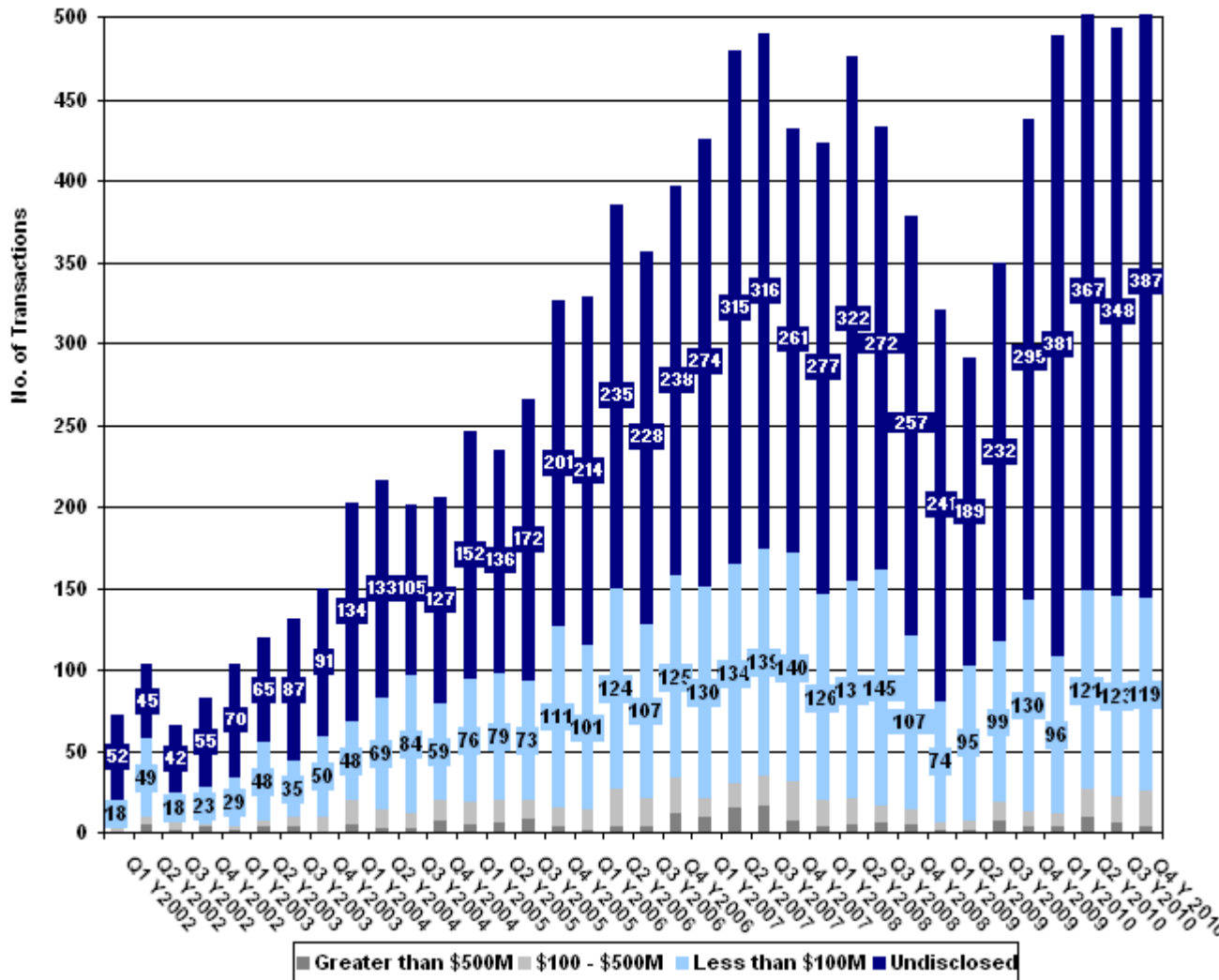
- Dramatic volume rebound from 2009 low
- Transaction value up dramatically over 2009
- Q1 2011 will be strong

Global IT Services, Supply Chain M&A Activities by Geography



- North America deal volume at maximum levels
- North America represents half the world's M&A activities
- Q1 2011 will be strong

Global IT Services, Supply Chain M&A Activities by Size



- Q4 2010 undisclosed (small) transaction volume up 30% from a year ago
- Q4 2010 less than \$100M transaction volume up 24% from a year ago
- Q1 2011 will be strong

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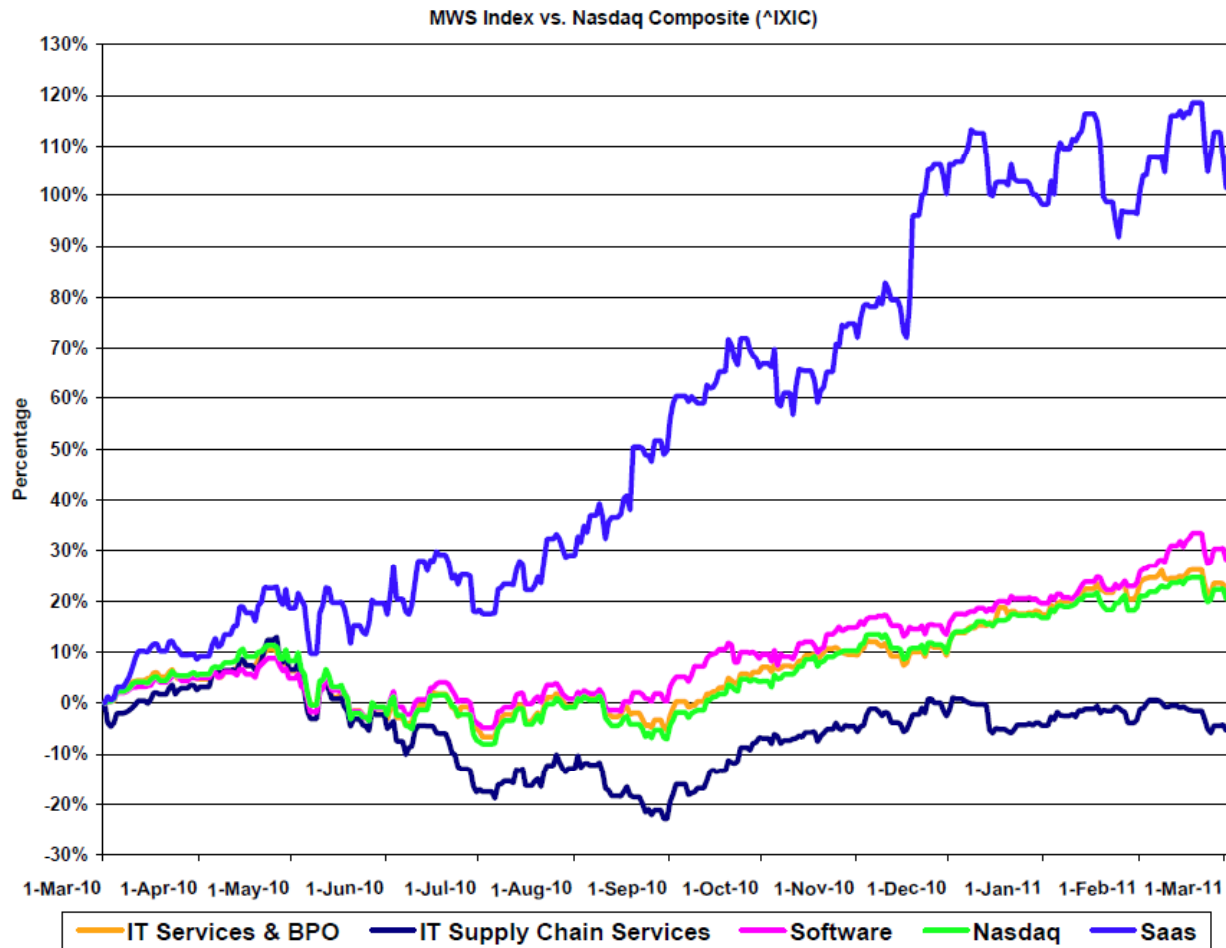
IV. Industry Trends

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VI. Q&A



MWS Index®



- IT Supply Chain below March 2010 levels
- IT Services and Software are in line with Nasdaq Composite
- SaaS grew 100%+ over the last one year

MWS Scoreboard

Valuation Summary

	Revenue Growth%	GM%	EBITDA%	Debt / Asset %	P/S	P/E	EV/Revenue	EV/EBITDA
IT & IT-ENABLED OUTSOURCED SERVICES								
Healthcare IT	20.0%	50.7%	20.2%	3.8%	4.15	37.1	4.39	18.7
Managed Services	15.9%	48.0%	24.1%	46.1%	3.20	103.7	4.40	12.1
Financial IT Services	9.0%	44.2%	26.0%	15.9%	2.06	19.3	2.28	8.9
IT Outsourcing	5.4%	30.5%	13.9%	16.7%	1.27	15.1	1.19	9.0
Governmental IT Professional Services	13.4%	24.3%	8.9%	11.3%	0.59	15.5	0.64	7.7
Commercial IT Professional Services	7.9%	29.6%	5.7%	0.0%	0.41	26.2	0.46	9.2
IT Staff Augmentation	11.8%	25.6%	2.8%	0.7%	0.51	32.0	0.42	12.2
IT SUPPLY CHAIN SERVICES								
IT Retailers	0.1%	27.4%	5.1%	17.2%	0.20	16.0	0.31	7.0
IT Products Distributors	17.2%	10.2%	4.1%	7.6%	0.24	11.1	0.27	7.0
IT Resellers	-1.5%	21.9%	0.1%	21.8%	0.22	10.7	0.22	10.7
IT Direct Marketers	17.2%	13.4%	2.4%	3.6%	0.13	10.2	0.12	4.4
BUSINESS PROCESS OUTSOURCING								
Business Process Outsourcing - Non-voice	5.4%	35.4%	20.7%	29.4%	1.26	22.6	1.42	9.4
Business Process Outsourcing - Voice	0.0%	27.9%	10.8%	5.4%	0.75	18.8	0.58	6.3
SaaS								
SaaS	19.3%	69.5%	10.2%	0.1%	6.14	115.7	5.60	38.4

MWS Scoreboard

➤ **What *you* do matters**

- Reseller EV/Rev 0.22x vs. SaaS 5.60x

➤ **Vertical specialty matters**

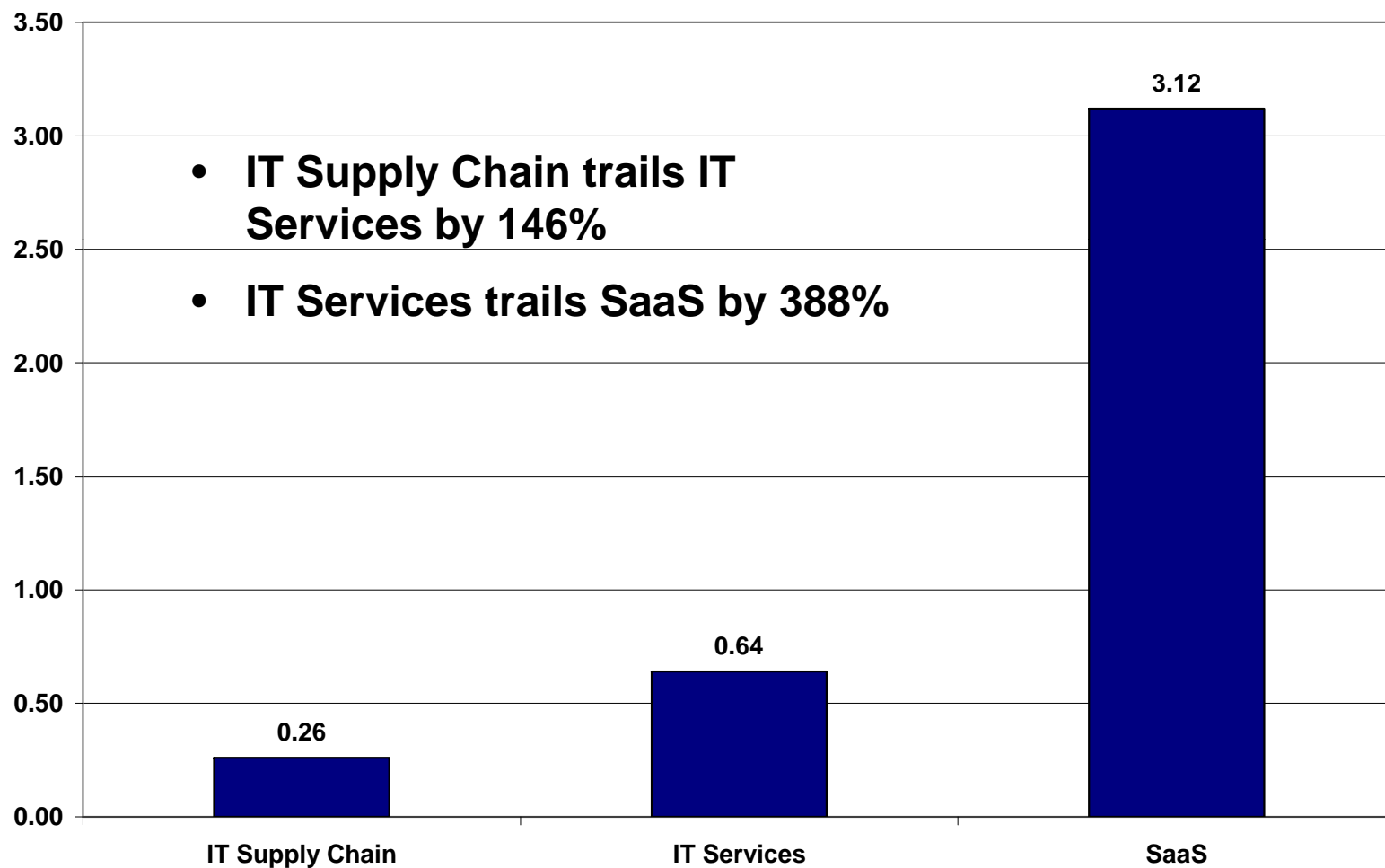
- Commercial Professional Services EV/Rev 0.46x vs. Healthcare IT Services 4.39x

➤ **Growth & Profitability matters**

- Reseller Growth 1.5% vs. SaaS 19.3%
- Commercial Professional Services EBITDA Margin 5.7% vs. Healthcare IT Services 20.2%

2009-2010 Valuation Differentials

Valuation Multiple - Enterprise Value/Rev



Transaction Comparables – IT Supply Chain

Date	Target	Target and Transaction descriptions	Buyer	EV	EV/Rev	EV/EBITDA
3/17/2011	ValCom Technology	ValCom Technology provides products, staffing, and IT services solutions. Its product solutions include software licensing solutions, procurement services systems, storage solutions, networking, software solutions and peripherals. The company also provides security services, such as security design and implementation, security health check, compliance services, digital forensics, management intrusion detection and prevention, and security autoscan services.	PC Connection	11.6	-	-
2/9/2011	XETA Technologies Inc. (NasdaqGM:XETA)	XETA Technologies, Inc. operates as an integrator of advanced communications technologies in the United States. The company operates in three segments: Services, Commercial System Sales, and Hospitality System Sales. Quagga Corporation entered into a merger agreement to acquire XETA Technologies Inc. (NasdaqGM: XETA) from Greg D. Forrest, XETA's Chief Executive Officer and a Director, Ronald L. Siegenthaler and Ozarslan A. Tanguin, Directors of XETA and other shareholders for \$60.6 million in cash on February 8, 2011. Under the terms of the agreement, each issued and outstanding share of XETA Technologies common stock will be	Guagga Corporation	63.1	0.73	16.6
1/4/2011	ProSys Information Systems, Inc.	ProSys Information Systems, Inc. engages in the assessment, design, acquisition, implementation, and support of information technology hardware and software solutions. The company offers data storage, virtualized data, and data center and computer room power/cooling consulting; communications, security, wireless, storage, and general infrastructure; and systems architecture consulting, design, implementation, and support services. The financial terms of the deal were not disclosed.	Applied Computer Solutions, Inc.	-	-	-
10/29/2010	Midland Systems, Inc.	Midland Systems, Inc., doing business as MSI Systems Integrators, Inc., provides system integration services in the United States. It provides hardware, software, and services. The company also offers information technology optimization, business continuity, unified communications, enterprise security, content management, business integration, business intelligence, and open source solutions. The financial terms of the transaction were not disclosed.	Sirius Computer Solutions, Inc.	-	-	-
10/26/2010	Jeskill, Inc.	Jeskill, Inc. offers information technology (IT) solutions for commercial, government, and educational organizations. The company offers IBM server platforms, storage systems, software, and services. The company provides AIX servers and AIX solutions that deliver computing solutions in the entry, midrange, and high-end UNIX market segments; System z, an IBM mainframe designed to deliver business resiliency, virtualization, workload management, integration, and data serving capabilities; and System x, Intel and AMD processor-based IBM servers for Microsoft Windows and Linux. The financial terms of the transaction were not disclosed.	Principals of CAS Saverne	-	-	-
10/25/2010	LOGOS Communications, Inc.	LOGOS Communications, Inc. designs, develops, implements, and supports voice, video, security, storage, and wireless technologies for businesses and government agencies in the United States. The company sells, implements, and supports IP telephony solutions, video collaboration systems, mobility computing systems, network security hardware and software, and internetworking products. The financial terms of the transaction were undisclosed.	Black Box Corp. (NasdaqGS:BBOX)	-	-	-
10/11/2010	S & I Systems Pte. Ltd.	S & I Systems Pte. Ltd. provides IT solutions. It sells and distributes enterprise servers and storage infrastructure, system software solutions, and middleware solutions. The company also offers infrastructure planning and implementation, system and operations maintenance, recovery and disaster recovery, business continuity, IT talent management, and education services.	TeleChoice International Ltd. (SGX:T41)	14.8	0.33	-
8/5/2010	Shared Technologies Inc.	Shared Technologies, Inc. supplies converged and Internet protocol telephony technology solutions to the enterprise business community in North America. It sells, installs, and maintains voice, data, and converged products. The company offers voice networking, converged networking, data networking, unified communication, voice mail and unified messaging, custom development application, contact center, disaster recovery, and security management solutions. The financial terms of the transaction were not disclosed.	Arrow Electronics, Inc. (NYSE:ARW)	252.8	1.00	-
7/15/2010	Dimension Data Holdings plc (JSE:DDT)	Dimension Data Holdings plc provides information technology (IT) solutions and services in the Americas, Asia, Australia, Europe, the Middle East, and Africa. Its solutions enable clients to plan, build, support, and manage their IT infrastructures. Nippon Telegraph & Telephone Corp. (TSE: 9432) made an offer to acquire Dimension Data Holdings plc (JSE: DDT) from VenFin DD Holdings Limited, Allan Gray Unit Trust Management Limited, Legal & General Investment Management, Legal & General Investment Management, Public Investment Corporation Ltd. and other shareholders. for £2.1 billion in cash on July 15, 2010. Nippon Telegraph & Telephone Corp. will pay £1.2 for each share of Dimension Data Holdings plc.	Nippon Telegraph & Telephone Corp. (TSE:9432)	2,887.6	0.69	10.4
6/8/2010	Network Services Plus, Inc.	Network Services Plus, Inc. provides outsourced managed information technology (IT) support services for commercial businesses in the United States. Its managed services include proactive and reactive, and IT systems monitoring and management services. The company's data center hosting services comprise fully/partially managed hosting solutions, dedicated servers, and server cloud services.	SARCOM, Inc.	9.1	-	-

Note: MWS closed transactions highlighted in blue. MWS involved with transactions highlighted in yellow. MergerTech closed transactions highlighted in green.

Transaction Comparables – IT Supply Chain

Date	Target	Target and Transaction descriptions	Buyer	EV	EV/Rev	EV/EBITDA
5/19/2010	Digital China Holdings Ltd. (SEHK:861)	Digital China Holdings Limited, through its subsidiaries, engages in the distribution of information technology (IT) products and provision of IT services in Mainland China. The company operates through three segments: Distribution, Systems, and Services. The Distribution segment sells and distributes IT products, such as notebook computers, desktop computers, PC servers, data projectors, peripherals, accessories, and consumer IT products. Guo Wei, an Executive Director, Chairman and Chief Executive Officer of Digital China Holdings Ltd. (SEHK: 861) entered into sale and purchase agreement to acquire 9.8% stake in Digital China Holdings Ltd. (SEHK: 861) from Right Lane Limited for HKD 1 billion in cash on May 19, 2010.	Management Buyout	946.7	0.15	7.8
5/8/2010	Adaptec, Inc., Channel Storage Business	Adaptec, Inc., Channel Storage Business provides redundant array of independent disks (RAID) storage product line, global value added reseller customer base, board logistics capabilities, and solid-state drive (SSD) cache performance solutions.	PMC-Sierra Inc. (NasdaqGS:PMCS)	34.0	-	-
3/28/2010	Bell Microproducts Inc. (NasdaqGM:BELM)	Bell Microproducts Inc. distributes storage products and systems, and computer products and peripherals to original equipment manufacturers, value-added resellers, and dealers in the United States, Canada, Latin America, and Europe. The company offers storage products and related software, including direct attached storage products, network attached storage products, storage area network products, fiber channel and Ethernet networking products and systems, tape libraries, disk drive subsystems, and tape subsystems, as well as storage-related software products.	Avnet Inc. (NYSE:AVT)	592.8	0.20	10.9
12/28/2009	Coleman Technologies, Inc.	Coleman Technologies, Inc. provides information technology and systems engineering services, and custom solutions for networking, telephony, data center, tracking, surveillance, and military defense markets. It develops DOD weapons systems, federal systems, ballistic missile defense, weapons systems and target vehicles, and project office support/SETA solutions; network solutions, which include network, unified communications, contact center, mobility, information security, data center, managed service, software engineering, strategic sourcing, situational awareness, video, and lifecycle solutions; and engineering and integration solutions, such as federal information technology, information assurance, telepresence, situational awareness, wireless, contact center, and unified communications for federal, state, and local agencies.	Presidio, Inc.	-	-	-
12/15/2009	Data Systems Worldwide, Inc.	Data Systems Worldwide, Inc., an information technology solutions company, designs, builds, and manages enterprise application infrastructure. It offers scalable systems, extensible applications, secure networks, strategic services, and application hosting. The company specializes in developing customized technology solutions for businesses. The financial terms of the transaction were not disclosed.	SARCOM, Inc.	-	-	-
10/21/2009	Incentra, LLC, Reseller Business	Incentra, LLC, Reseller Business offers spans consulting, technology, and customer support services.	Datalink Corp. (NasdaqGM:DTLK)	8.8	-	-
10/15/2009	DLT Solutions, Inc.	DLT Solutions, Inc. distributes technology solutions to federal, state, and municipal governments and businesses. The company offers enterprise applications, platforms, and data management; infrastructure and peripherals; and Autodesk government solutions. The company also provides SAIC GeoRover software products to government agencies.	TZP Group	-	-	-
9/25/2009	Pomeroy IT Solutions Inc.	Pomeroy IT Solutions, Inc. provides information technology solutions (IT) in the United States. It offers a range of hardware, software, and technical staffing services, as well as infrastructure and lifecycle services. The company's services include IT outsourcing and out-tasking services, which comprise desktop and mobile computing, and server and network environments; and supply chain management services consisting of product acquisition, product distribution, asset management, advanced integration, end-of-life services, and software licensing and logistics services.	Platinum Equity, LLC	42.5	0.09	-
4/30/2009	Canvas Systems, LLC	Canvas Systems, LLC supplies refurbished and used information technology equipment and systems worldwide. Its products include servers, storage equipment, Internet protocol telephony products, and software, as well as networking equipment, such as routers, switches, access servers, and security products. Canvas Systems, LLC also provides integration services, including network, security, and Internet protocol telephony, virtualization and system migrations, and storage optimization and backup/recovery, as well as offers information technology equipment rentals and leasing, data center relocation, disaster recovery and business continuity, and asset management services	Platinum Equity, LLC	-	-	-
				Median	0.33	10.6
				Average	0.43	11.4
				High	1.00	16.6
				Low	0.09	7.8

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Transaction Comparables – IT Services

Date	Target	Target Description	Buyer	EV	EV/Rev	EV/EBITDA
2/1/2011	NaviSite Inc. (NasdaqCM:NAVI)	NaviSite, Inc. provides information technology hosting, outsourcing, and professional services for mid-market organizations. It offers NaviCloud Managed Cloud Services, a utility platform that provides compute, memory, storage, network, security, and band	Time Warner Cable Inc. (NYSE:TWC)	314.8	2.44	11.9
1/27/2011	Terremark Worldwide, Inc. (NasdaqGS:TMRK)	Terremark Worldwide, Inc. and its subsidiaries provide managed information technology (IT) solutions with data centers in the US, Europe, and Latin America. It delivers a suite of managed solutions, including colocation, managed hosting, managed network,	Verizon Communications Inc. (NYSE:VZ)	1735.4	5.41	23.2
12/26/2010	CMAC, Inc.	CMAC, Inc., a logistics consulting and systems integration company, provides supply chain solutions. It offers integration services, including warranty tracking and non-warranty repair; and consulting services in the areas of data collection, mobile computing, wireless networking, and warehouse management software.	Decisionpoint Systems, Inc	-	-	-
12/13/2010	speakTECH, Inc.	speakTECH, Inc. operates as an interactive design and solution integration firm that delivers solutions in the areas of Web-based, enterprise, and social computing. It offers SharePoint Governance Kit solutions that include software and services that allow users to deploy, monitor, and control SharePoint implementation, as well as proactively maintain and archive SharePoint sites.	Perticient Inc. (NasdaqGS:PRFT)	15.0	-	-
12/2/2010	Network Infrastructure Corporation	Network Infrastructure Corporation designs, installs, and supports data communication systems for voice, video, and data networks. It provides consulting services for analyzing business processes, developing technology plans, and designing network systems. The company also offers procuring, engineering, and installing network systems, including IP telephony, network security, content delivery, data system storage, Internet access, remote access, building management, security alarm, audio/video, data infrastructure, and structured cabling and wireless systems. In addition, it provides post-installation training and support for network functioning, such as network maintenance, and monitoring and administration.	Logicalis, Inc.	-	-	-
11/22/2010	Akibia	Akibia, Inc. provides IT solutions that enable companies to optimize, secure, manage and support their infrastructure. It provides consulting, integration and support services for users of UNIX, Linux and Windows NT client-server networks.	Zensar Technologies, inc.	66.0	0.61	-
11/1/2010	TechTeam Global Inc. (Nasdaq:TEAM)	TechTeam Global, Inc. provides information technology (IT) outsourcing and business process outsourcing (BPO) services to large and medium sized businesses, and government organizations in the Americas, Europe, Latin America, and Asia. It provides IT infrastructure support services, including desk side support, remote management, asset management, security administration, and network monitoring services, as well as single point of contact service desk services; and BPO services.	Stefanini IT Solutions	96.6	0.49	11.5
10/29/2010	Keane, Inc.	Keane, Inc. provides information technology consulting and outsourcing services. It offers business services, such as business consulting, business process outsourcing, strategy, and program and performance management services; and technology services, including application, architecture, enterprise application, and infrastructure services. The company also provides DynAMO, an application management outsourcing solution that delivers recommendations and execution plans for business performance; and Open2Test Designer for software quality assurance testing process to generate test automation scripts by	NTT Data Corporation (TSE:9613)	-	-	-
10/1/2010	The SI Organization, Inc.	The SI Organization, Inc. offers system engineering services, architecture, integration services, and support to a broad range of government customers.	Veritas Capital	815	1.30	-
8/23/2010	Diamond Management & Technology Consultants, Inc. (Nasdaq:DTPI)	Diamond Management & Technology Consultants, Inc. and its subsidiaries provide management and technology consulting services. The company offers skills in strategy, information technology, operations, and program management. It provides managing technology and business transformation, information management strategies, and compliance and risk management services, as well as assesses various technologies for financial services industry.	PricewaterhouseCoopers LLP	314.9	1.39	14.5
6/14/2010	Intelligroup, Inc.	Intelligroup, Inc., an IT service company, provides consulting, technology, and outsourcing services. It offers IT strategy, business process enhancement, business process management, business intelligence, testing, customer and supplier relationship management, financial management, human capital management, supply chain management, product life cycle management, IT infrastructure, and e-learning consulting services; and enterprise resource planning (ERP), SAP ERP, and process systems integration services.	NTT Data International, LLC	173.8	1.35	10.7

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Transaction Comparables – IT Services

Date	Target	Target Description	Buyer	EV	EV/Rev	EV/EBITDA
5/12/2010	DecisionOne Corporation	DecisionOne Corporation provides information technology support services. It offers onsite services, including data center maintenance, workgroup maintenance, deployments, managed desktop services, network and communications maintenance and support, operating system support, back line support, and specialty equipment services.	Glodyne Technoserve Ltd (BSE:532672)	104.0	0.52	6.5
4/27/2010	Burntsand Inc. (TSX:BRT)	Open Text Corporation develops, markets, sells, licenses, and supports Enterprise Content Management (ECM) solutions primarily in North America and Europe. The company's ECM software and solutions help customers manage their critical business content, including version revisions and compliance with regulatory requirements.	Open Text Corp. (Nasdaq:OTEX)	6.6	0.32	-
4/27/2010	Kerdock Consulting, LLC	Kerdock Consulting, LLC operates as a systems integrator for Oracle enterprise performance management and e-business solutions. It implements Hyperion Planning solution, a database for managing the planning process with tools to provide budgeting and forecasting in an enterprise; Hyperion Consolidations, an automated consolidations tool; and Essbase Analytics, a financial analysis tool.	Perficient Inc. (Nasdaq:PRFT)	8.2	1.02	-
2/26/2010	California Software Company Ltd (NSE:CALSOFT)	California Software Company Limited operates as outsourced product engineering and enterprise solutions company in India and internationally. Its product engineering services include product development, testing and quality assurance, sustenance, embedded engineering services, and embedded systems design.	Singfuel Investment Pte Ltd	12.1	0.19	-
2/1/2010	COMSYS Partners, Inc. (Nasdaq:CITP)	COMSYS IT Partners, Inc. provides information technology (IT) staffing, technical, and business process solutions. Its IT staffing solutions include on demand delivery of contract IT resources and project/program managers; short-term and long-term IT staffing services; contract-to-hire and permanent placement solutions; and timeline staffing and ramp-up services.	Manpower Inc. (NYSE:MAN)	413.4	0.64	15.7
1/6/2010	Halifax Corporation of Virginia (OTCPK:HALX)	Halifax Corporation of Virginia provides enterprise logistic maintenance services and solutions in the United States. It offers enterprise logistics and supply chain solutions, such as front-office customer interaction, back-office reverse logistics, end-to-end customer support and fulfillment, critical inventory optimization and management, Web-based customized reporting, onsite repair, and depot repair and warranty management services.	Global Equity Capital, LLC	6.7	0.22	4.9
12/21/2009	Anacomp Inc.	Anacomp, Inc. provides information outsourcing services, maintenance support, and imaging and print solutions for businesses and organizations in financial services and insurance sectors worldwide. Its information management solutions provide secure capture, management, storage/preservation, and delivery of information.	DecisionOne Corporation	-	-	-

Median	0.64	11.7
Average	1.22	12.4
High	5.41	23.2
Low	0.19	4.9

Note: MWS involved with transactions highlighted in yellow.

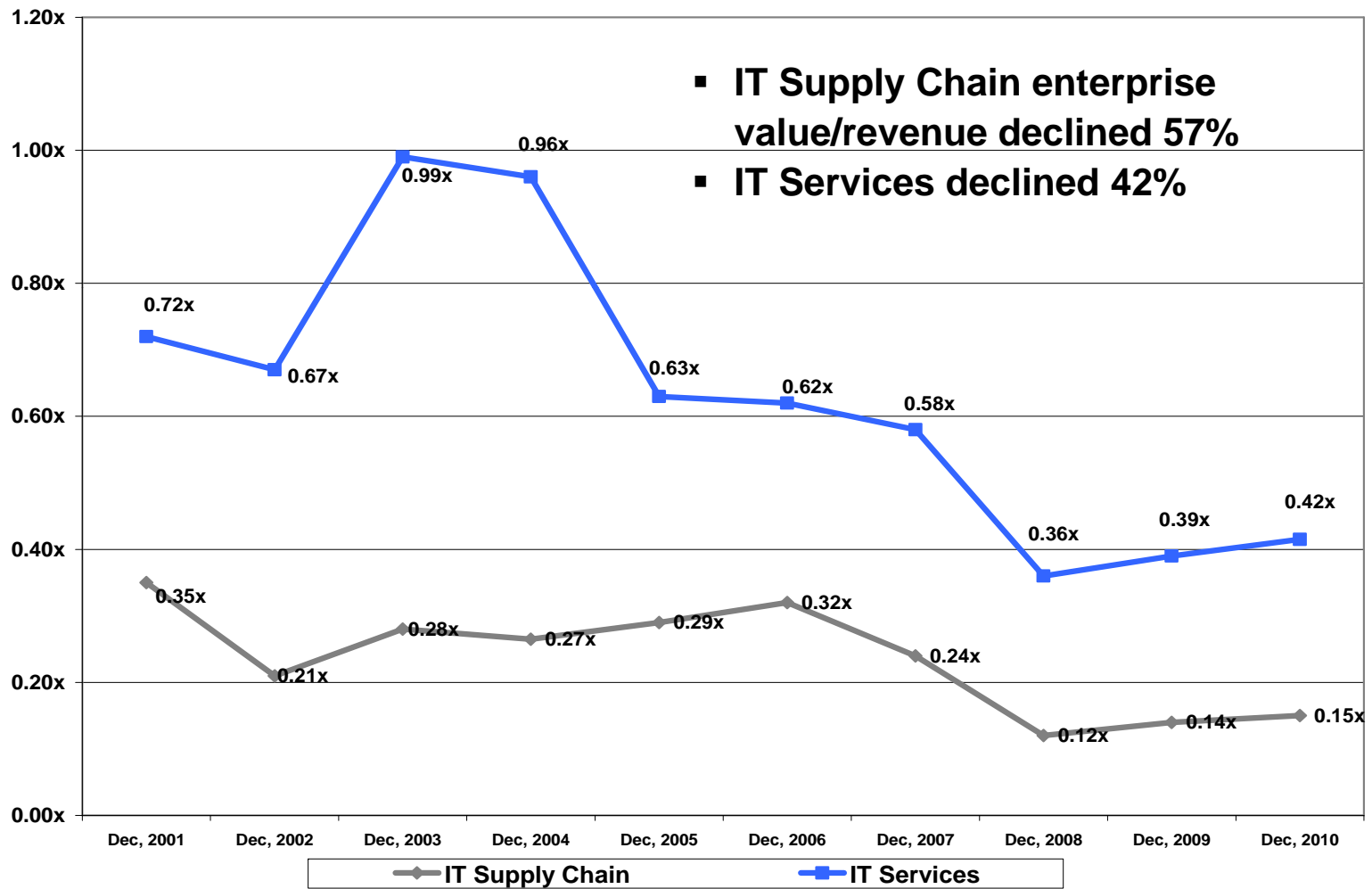
Transaction Comparables – SaaS

Date	Target	Target description	Buyer	EV	EV/Rev	EV/EBITDA
3/11/2011	Benefits XML	BenefitsXML, Inc. provides employee benefits administration solutions. The company offers Benefits Real-time Information eXchange (BRUX), an employee benefits administration platform that consolidates an employer's employee benefit information into a database. It also provides Data Exchange Hub that allows an entity, which collects employee enrollment and eligibility data to transmit that information to carriers.	SS&C Technologies Holdings Inc. (NasdaqGS:SSNC)	-	-	-
1/18/2011	Q-Go.com b.v.	Q-Go.com b.v. provides Website search solutions in a software-as-a-service model. It also offers services, such as advice, implementation, application management, training, and support. The company serves various industries, such as banking, insurance, telecom operators, government agencies, and logistic companies in the Netherlands and internationally.	Rightnow Technologies Inc. (NasdaqGS:RNOW)	34.0	-	-
1/6/2001	Dimdim, Inc.	Dimdim, Inc. designs and develops web conferencing solutions. The company's products include Dimdim Pro and Dimdim Enterprise.	Salesforce.com (NYSE:CRM)	31.0	-	-
12/8/2010	Loyalty Lab, Inc.	Loyalty Lab, Inc. offers customer relationship management (CRM) solutions. The company offers CRM suite, a software-as-a-service solution, which provides a Web-based solution for marketing. Its CRM suite provides online travel retailers and service companies an integrated and on-demand loyalty program management, email messaging, promotions and incentives management systems, and campaign management solutions.	Tibco Software Inc. (NasdaqGS:TIBX)	23.0	-	-
9/1/2010	Learn.com, Inc.	Learn.com, Inc. provides cloud-based learning and talent management software applications in North America. The company's software applications enable organizations to develop, deliver, and manage online training to employees, customers, partners, and resellers. It primarily sells its software product as a software as a service solution.	Taleo Corp. (Nasdaq:TLEO)	112.5	5.24	-
7/29/2010	Galaxy Technologies, Inc.	Galaxy Technologies, Inc. develops and provides labor and workforce management systems for mid and small market businesses and industries in the United States and internationally. The company offers licensed and Software-as-a-Service (SaaS) solutions, including advanced employee self-service and workforce automation tools; and services from initial consultation through implementation and ongoing technical support.	Adminstaff Inc.(NYSE:ASF)	10.2	1.57	-
4/21/2010	Jigsaw Data Corp.	Jigsaw Data Corporation operates an online business directory that provides company information and business contacts. It offers a suite of APIs and a toolkit that allow developers to deliver company profiles and contact data from inside their Web, desktop, or mobile applications. The company also provides a developer program for companies to offer Jigsaw data to their customers. It helps sales people, recruiters, marketers, researchers, job seekers, and small business owners to take decisions on various matters, such as sales, marketing, customer service, and recruiting.	Salesforce.com (NYSE:CRM)	162.9	-	-
3/10/2010	Nimsoft, Inc.	Nimsoft, Inc. provides performance and availability monitoring software solutions for physical and virtualized information technology infrastructure. The company offers business service management, service level management, application monitoring, end user response time monitoring, server monitoring, database monitoring, and network monitoring solutions, as well as business service dashboards.	CA Technologies (Nasdaq:CA)	353.0	-	-
6/15/2009	Cura Risk Management Software Ltd.	CURA Technologies Limited provides enterprise and collaborative solutions, and diversified information technology services. The company offers governance, risk, and compliance enterprise applications; restructured accelerated power development and reforms programs to analyze energy consumption data, find out losses, and compare energy performance against industry bench-marks; power quality management systems.	Cura Technologies Ltd (BSE:532332)	19.0	2.38	-
5/5/2008	Vurv Technology LLC	Vurv Technology, LLC provides on-demand talent management applications and related support and services. Its applications help businesses to automate their activities of the talent management process, such as initial sourcing and recruitment of employees, as well as ongoing development, assessment, compensation, retention, and workforce optimization. The company was formerly known as Recruitmax Software, Inc. and changed its name to Vurv Technology, Inc. in February 2006.	Taleo Corp. (Nasdaq:TLEO)	102.2	3.85	-
11/1/2006	Netsmart Technologies, Inc.	Netsmart Technologies, Inc. provides on demand and enterprise-wide software solutions to health and human services providers and payers in the United States. It offers behavioral health solutions, which provide an enterprise system that automates financial, clinical, and management processes; public health solutions that address public health needs; and vital records system, a vital records management software solution to automate vital records departments.	Bessemer Venture Partners; Insight Venture Partners	115.0	2	12.9

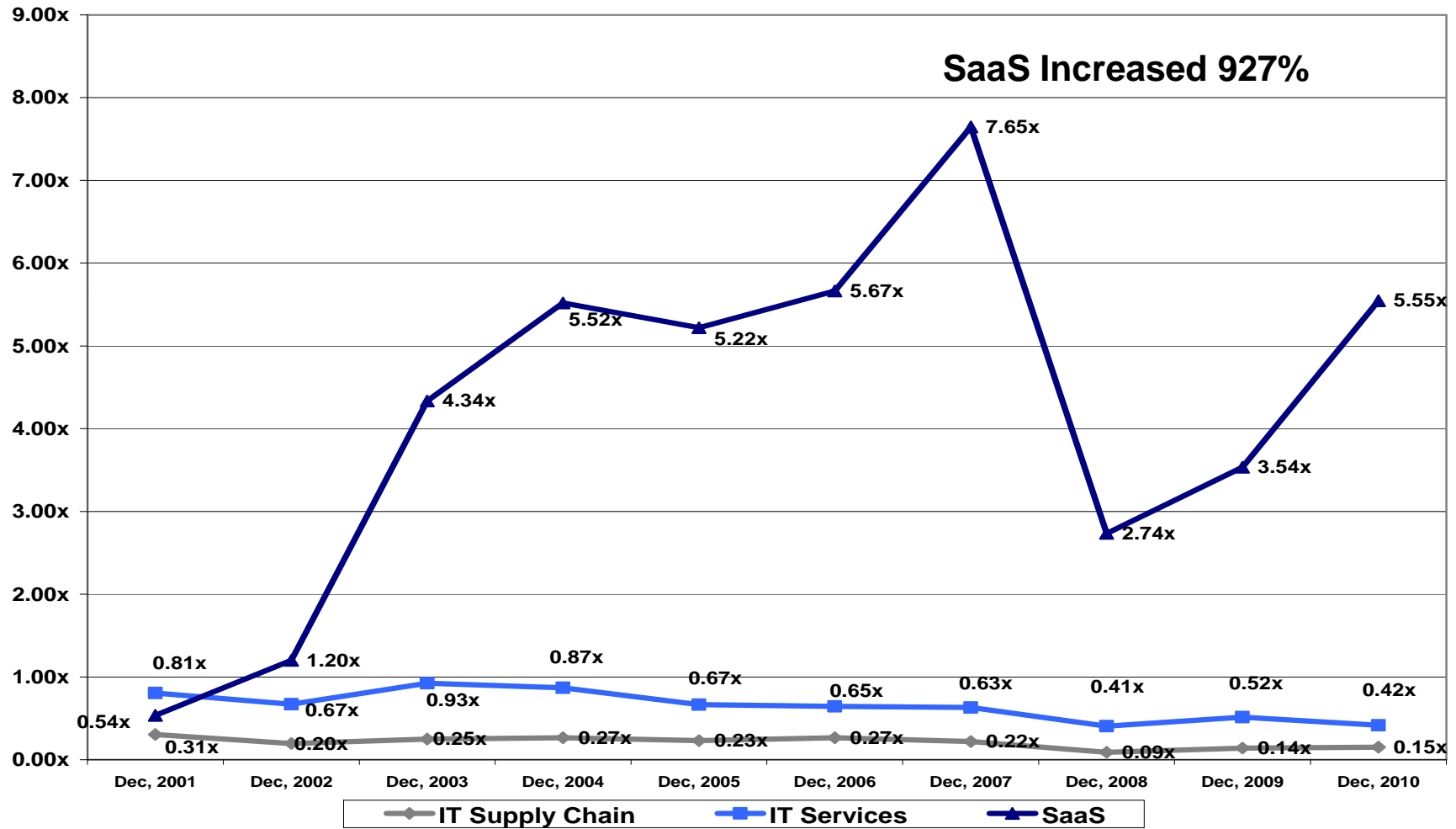
Median	2.38
Average	3.01
High	5.24
Low	1.57

Note: MWS closed transactions highlighted in blue

Last 10-Year Median Enterprise Value/Revenue

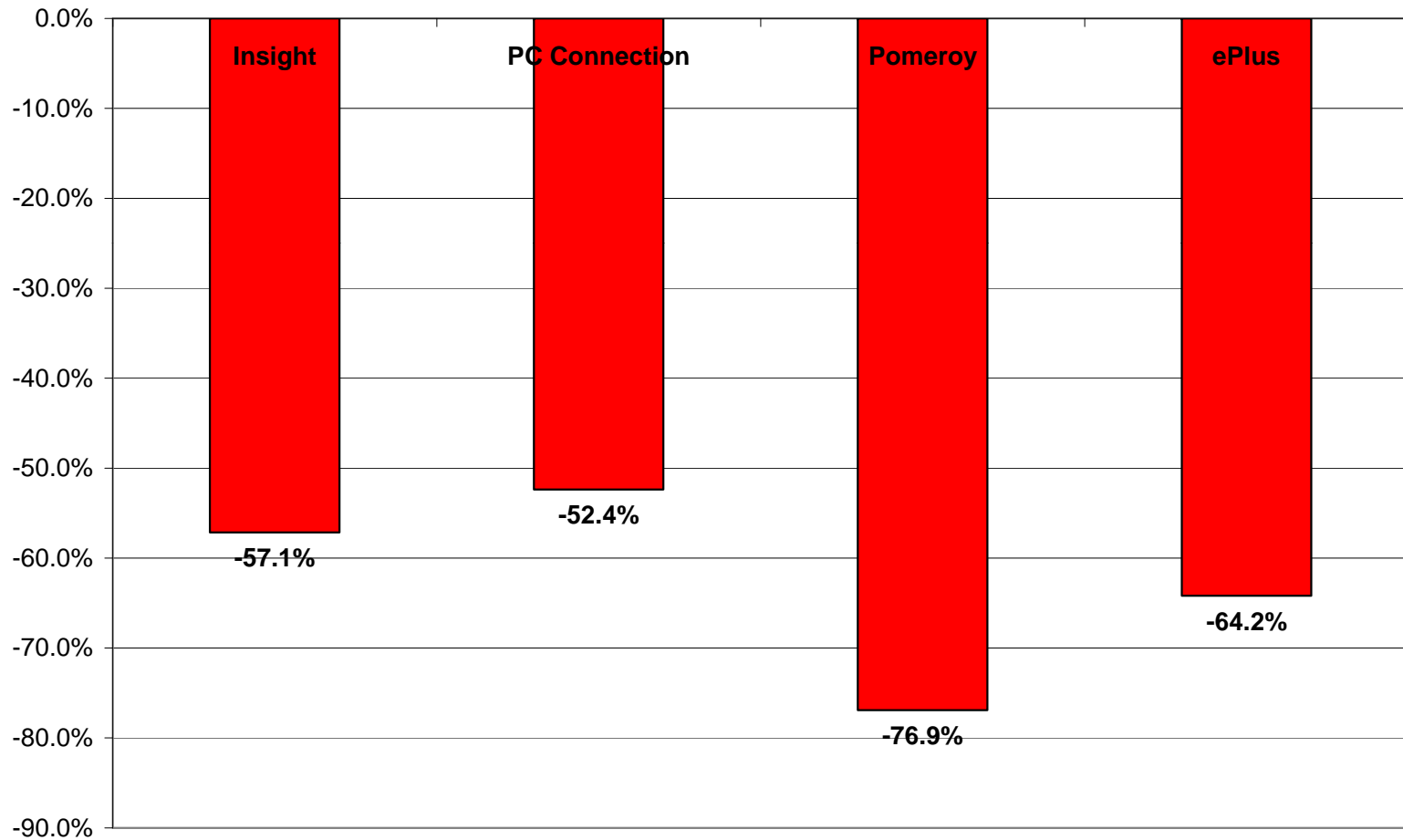


Last 10-Year Median Enterprise Value/Revenue with SaaS



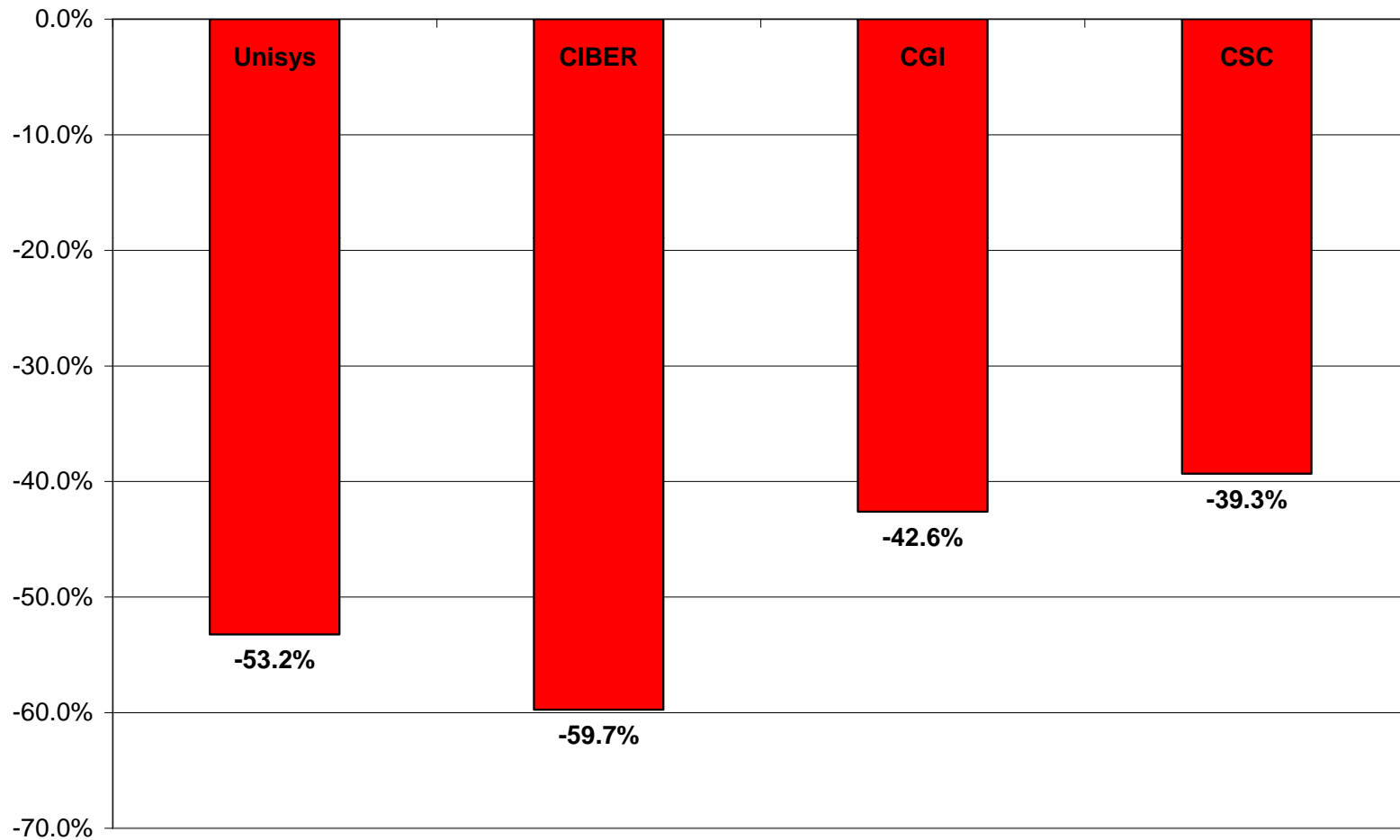
IT Supply Chain Last Ten Years - Enterprise Value/Revenue

Change of Enterprise Value/Revenue



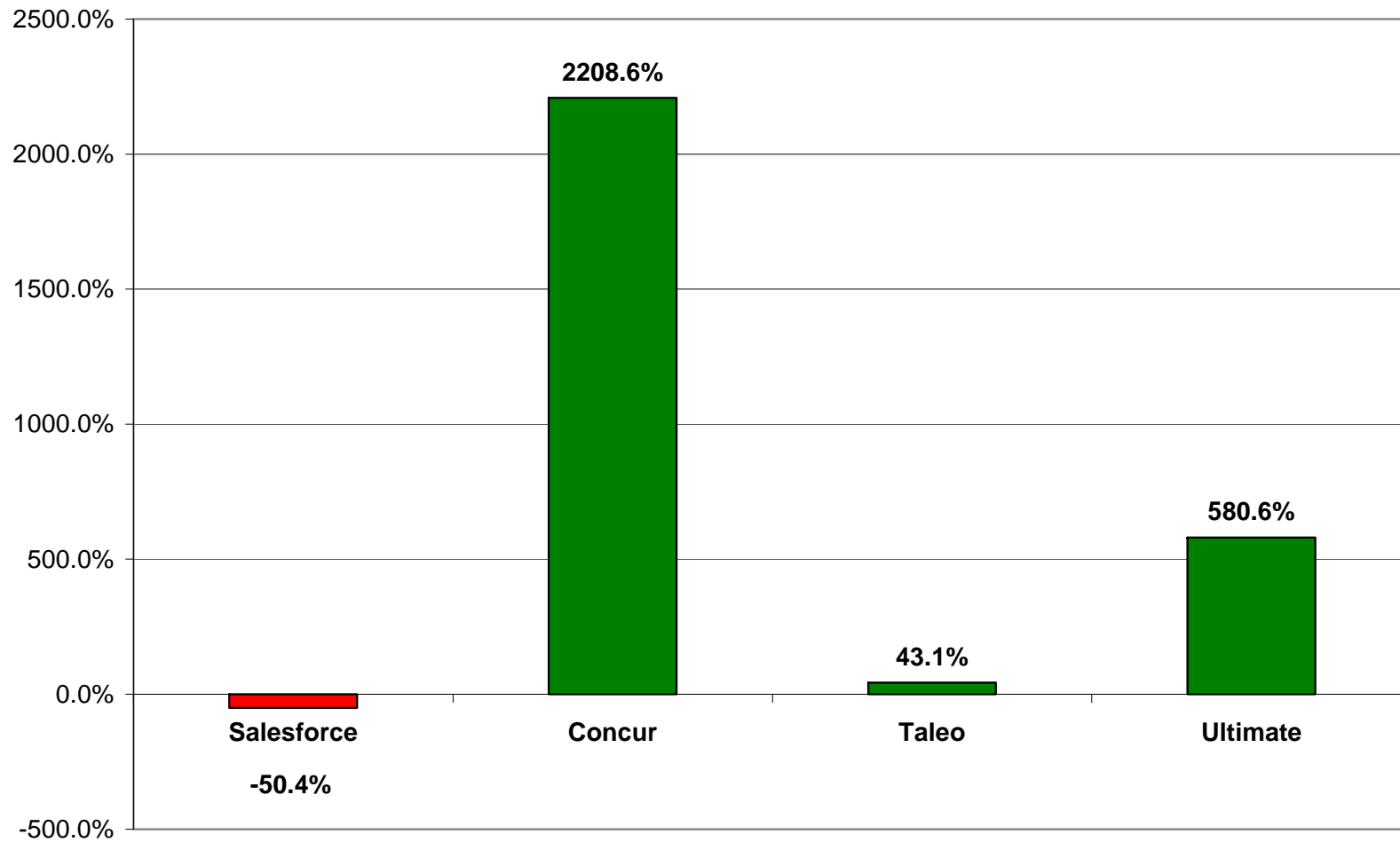
IT Services Last Ten Years - Enterprise Value/Revenue

Change of Enterprise Value/Revenue



SaaS Last Ten Years - Enterprise Value/Revenue

Change of Enterprise Value/Revenue



Guess the Value

Company	Revenue (ltm, \$M)	Revenue Growth % (ltm)	Debt / Assets %
Company X	1974.20	25.8	0.7
Company Y	1071.3	3.2	12.4
Company Z	1,657.1	26.9	16.1






Your first clue



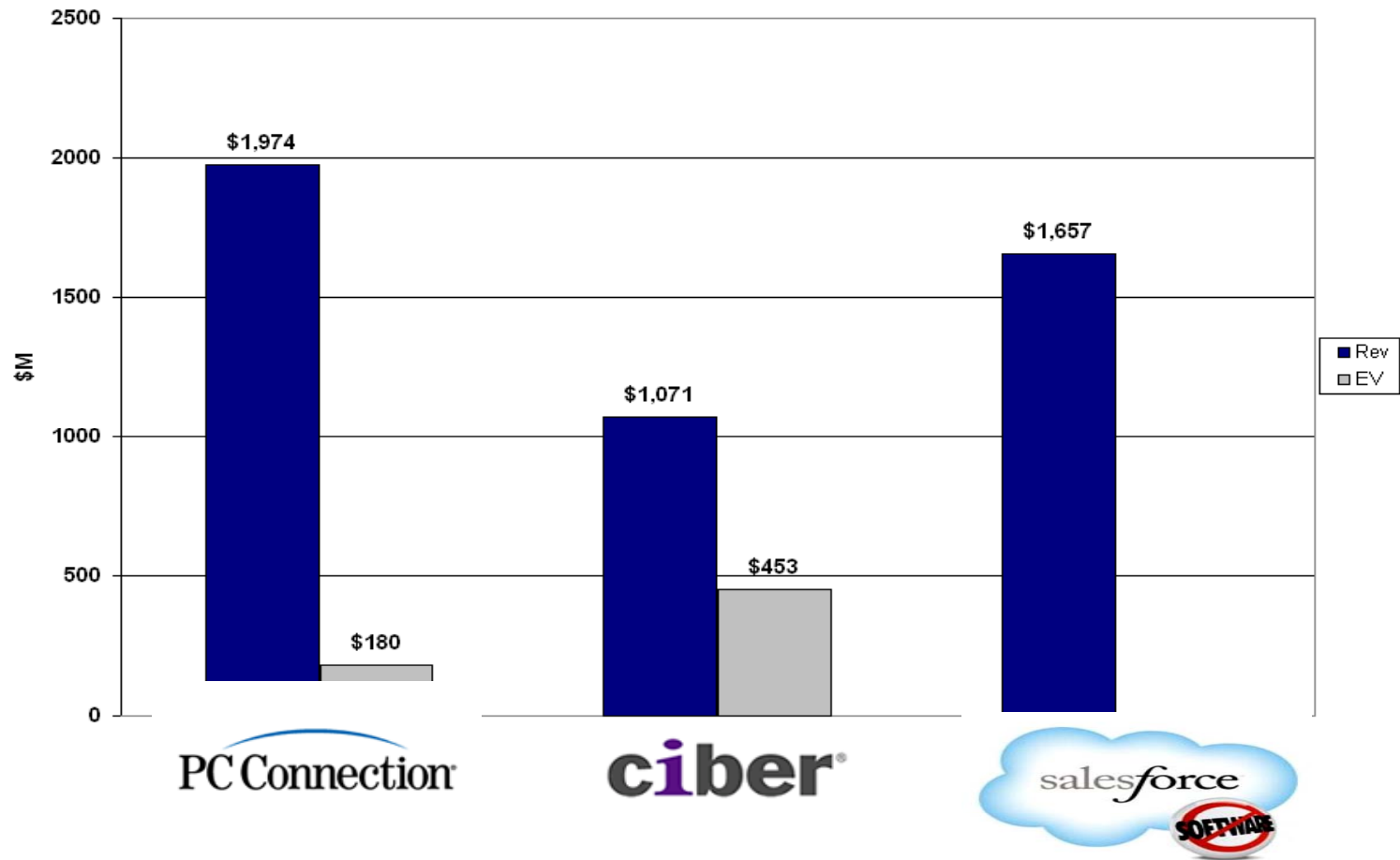
Your last clue

Company	Revenue (ltm, \$M)	Revenue Growth % (ltm)	Debt / Assets %	Category	Revenue Mix
Company X	1974.20	25.8	0.7	IT Supply Chain	84.4% - Products Resale 15.6% - Services
Company Y	1071.3	3.2	12.4	IT Services	95.7% - Services 4.3% - Other
Company Z	1,657.1	26.9	16.1	SaaS	93.5% - Subscription & Support 6.5% - Services & Other

Company	Revenue (ltm, \$M)	Revenue Growth % (ltm)	Debt / Assets %	Category	Revenue Mix	Enterprise Value (\$M)	EV/LTM Revenue	EV/LTM EBITDA	Gross Margin %	EBITDA%
	1974.20	25.8	0.7	IT Supply Chain	84.4% - Products Resale 15.6% - Services	179.5	0.09	4.1	11.6	2.2
	1071.3	3.2	12.4	IT Services	95.7% - Services 4.3% - Other	452.6	0.42	18.1	24.5	2.3
	1657,1	26.9	16.1	SaaS	93.5% - Subscription & Support 6.5% - Services & Other	15770.4	9.52	91.0	80.5	10.5

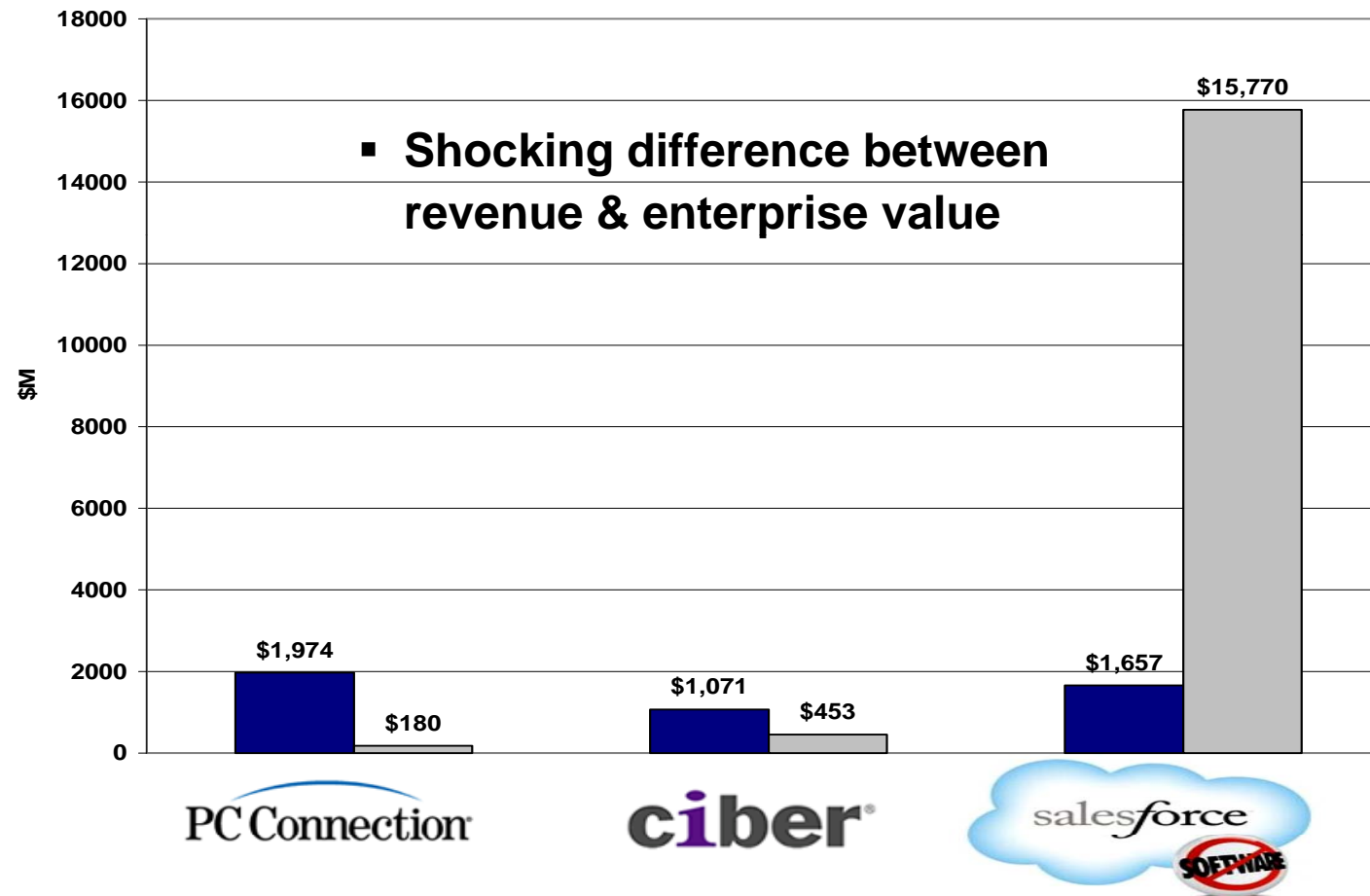
Public Valuation Multiple Comparison

Revenue vs Enterprise Value



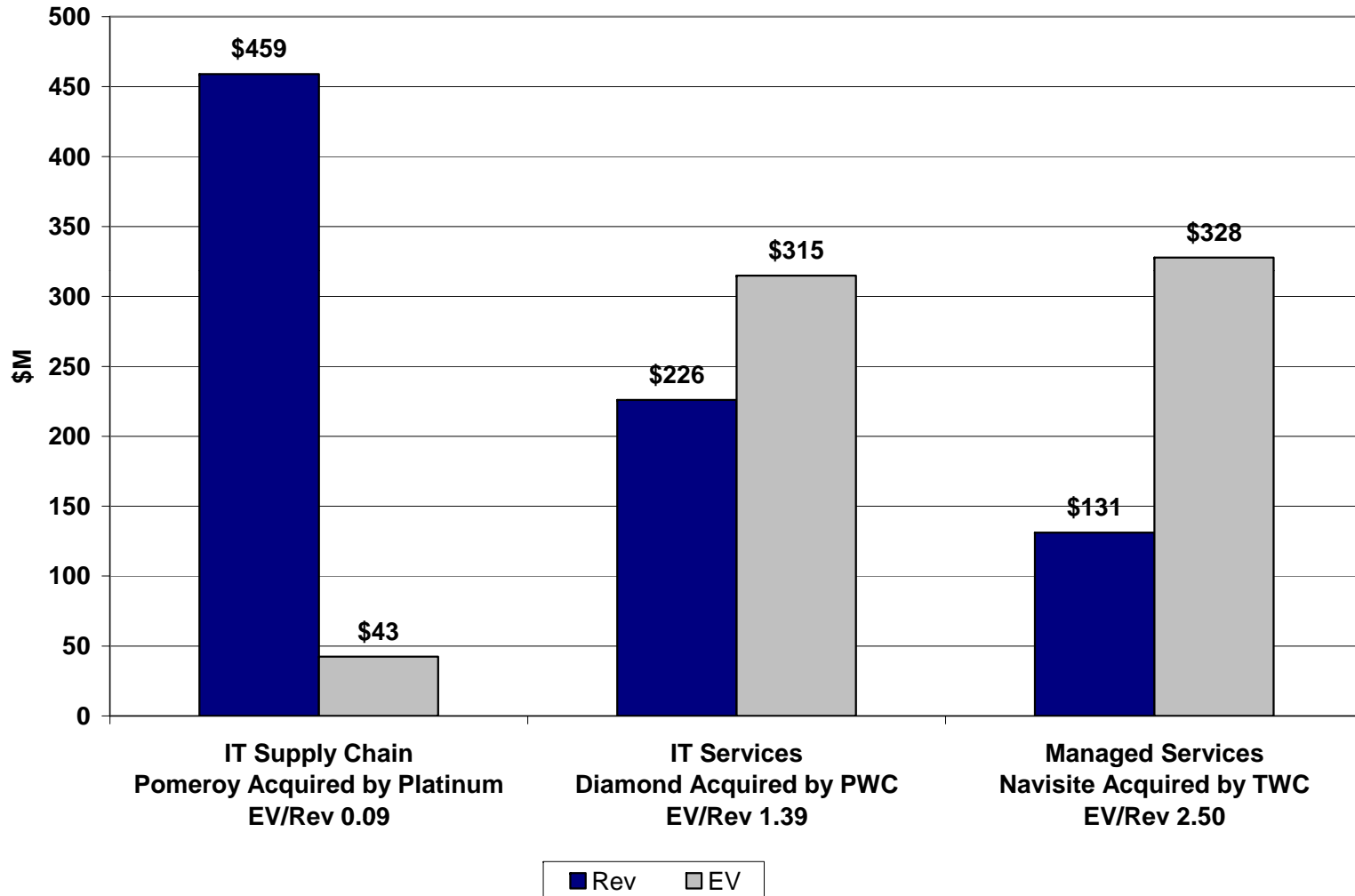
Public Valuation Multiple Comparison

Revenue vs Enterprise Value



Transaction Valuation Multiple Comparison

Revenue vs Enterprise Value



Transaction Valuation Multiple Comparison

	Category	Rev Growth %	GM%	EBITDA %
Pomeroy	IT Supply Chain	-24.9	13.6	-0.2
Diamond	IT Services	28.2	25.3	9.6
Navisite	Managed Services	8.3	50.6	18.5

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Industry Trends

- **Growth**
- **Gross Margin Management**
- **Scale**
- **Real Solution Selling**
- **Consolidation**

Industry Trends

	# of Acquisitions	Size (\$Bn)
HP	23	27
Oracle	26	10
IBM	32	5

Note: Mar 2008 - Mar 2011

Industry Trends

Announced Date	Role	Target	Seller Business	Size (\$mm)
Feb-14-2011	Buyer	Vertica Systems, Inc.	Data management software	-
Sep-13-2010	Buyer	ArcSight, Inc.	Risk management software	1,654.16
Aug-26-2010	Buyer	Stratavia Corporation	Data center automation	-
Aug-23-2010	Buyer	3PAR, Inc.	Storage hardware	2,320.13
Aug-17-2010	Buyer	Fortify Software, Inc.	Security software	-
Jul-14-2010	Buyer - Parent	Accenture Outsourcing Srl, Business Unit	IT outsourcing	-
Jul-12-2010	Buyer - Parent	Motionbox, Inc.	Online video sharing	-
Jul-02-2010	Buyer	Medical Staffing Network Holdings Inc.	Medical staffing	84.12
Jun-23-2010	Buyer	Melodeo, Inc.	Mobile podcasting	-
Jun-04-2010	Buyer	Phoenix Technologies Ltd.Certain Assets	Internet software	11.8
Apr-28-2010	Buyer	Palm, Inc.	Mobile products	1,808.19
Apr-08-2010	Buyer - Parent	Fortify Infrastructure Services, Inc.	Infrastructure services	27.74
Nov-11-2009	Buyer	3Com Corporation	Network equipment	3,400.7
Aug-19-2009	Buyer - Parent	System of Electronic Data (CIS) LLC	IT services	-
Aug-12-2009	Buyer - Parent	AIG Systems Solutions Pvt. Ltd.	IT services	-
Jul-22-2009	Buyer - Parent	CSC Computer Sciences Italia S.p.A., Company Division	IT services	-
Jul-17-2009	Buyer	IBRIX, Inc.	File serving software	-
May-14-2009	Buyer - Parent	Fastweb SpA, Some Assets	Telecommunication services	-
Sep-30-2008	Buyer	LeftHand Networks Inc.	Data storage	347.0
Aug-11-2008	Buyer - Parent	Colubris Networks, Inc.	Wireles network	-
Jun-03-2008	Buyer - Parent	Servicios Telefónicos y Back-Office Avanzados	Telephone banking	-
May-13-2008	Buyer	Electronic Data Systems Corporation	IT services	16,987.39
Mar-31-2008	Buyer	TOWER Software Engineering Pty Ltd.	IT outsourcing	99.68

Industry Trends

➤ Non-traditional Competitors

Announced Date	Buyer	Seller	Size (\$MM)
Feb-01-2011	Time Warner Cable	Navisite	315
Jan-27-2011	Verizon Communications	Terremark Worldwide	1,735

Industry Trends

➤ Non-traditional Competitors

➤ Cross Border

Announced Date	Buyer	Seller	Size (\$MM)
Oct-29-2010	NTT Data Corp	Keane	Unknown
Jul-15-2010	NTT Data Corp	Dimension Data	2,888
Jun-14-2010	NTT Data Corp	Intelligroup	174
Jan-04-2011	Hitachi Consulting Corp	Sierra Atlantic	97
Nov-01-2010	Stefanini Solutions	TechTeam Global	Unknown

Industry Trends

➤ **Non-traditional Competitors**

➤ **Cross Border**

➤ **ASP Declines +**

➤ **Verticalization**

➤ **Cloud**

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Valuation Drivers

1. Growth
2. Gross Margin
3. IP
4. Revenue Mix
5. Customer
6. Niche
7. Recurring Revenue
8. Size
9. Geography
10. Management



Four Key Takeaways

1. Lifestyle business vs. value creation
2. Not GOBOSH, rather, go big or go deep
3. Always look for strategic partnerships
4. Vendors are *sometimes* your friend



Q&A

