

Street Wise

Big Data
Cloud Computing
Cybersecurity
Technical Review

Fall 2016

[*Street Wise*] Industry Sectors Overview

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Big Data is a term for data sets that are so large or complex that traditional data processing applications are inadequate to deal with them. Cloud Computing and Cybersecurity are two sectors that have significant overlap with the Big Data sector and the similarities among the three led us to conduct an analysis of each sector individually.

This volume of *Street Wise* presents an overview of the trends within the massive Big Data, Cloud Computing and Cybersecurity spaces.

- **Big Data**
 - Big Data often refers simply to the use of predictive analytics or data analytics methods that extract value from data, which formerly would have been too large to analyze and too complex to extract information from.
- **Cloud Computing**
 - Cloud Computing is the practice of using a network of intangible remote servers within the “Cloud” to store, manage and process data, removing the need for tangible hardware on hand to store data.
- **Cybersecurity**
 - Cybersecurity is the collection of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access.

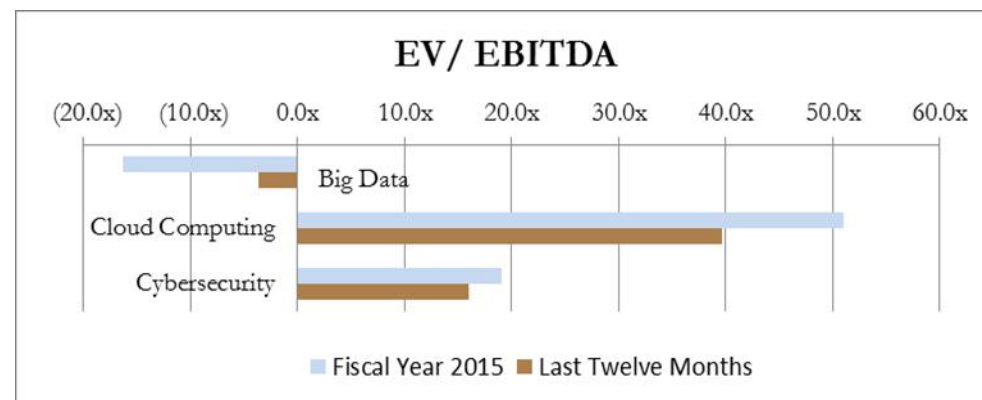
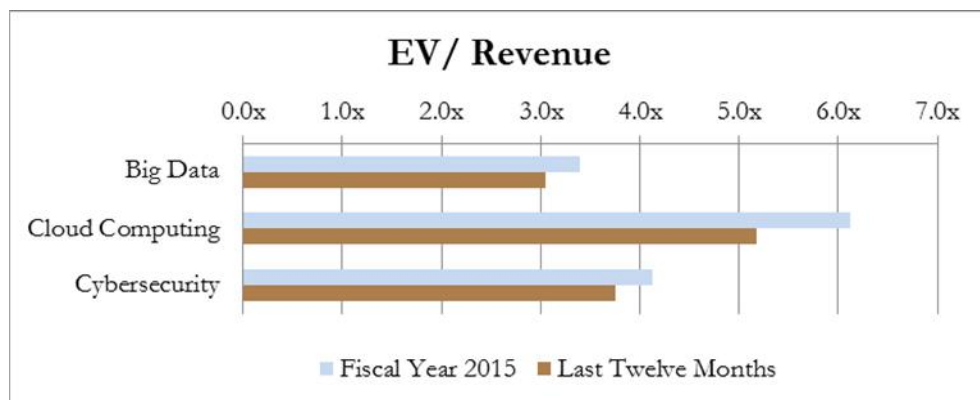
Tobin Point

In this issue we highlight three sectors that continue to attract attention from strategic buyers and financial sponsors alike. Consolidation has become widespread across the board as larger conglomerates continue to acquire smaller firms to enhance their competitive advantage.

Revenue and EBITDA

Multiples by Sector

Big Data • Cloud Computing • Cybersecurity



Sector Valuation Comparison Summary *Of Sample Companies – see page 4 for more detail.

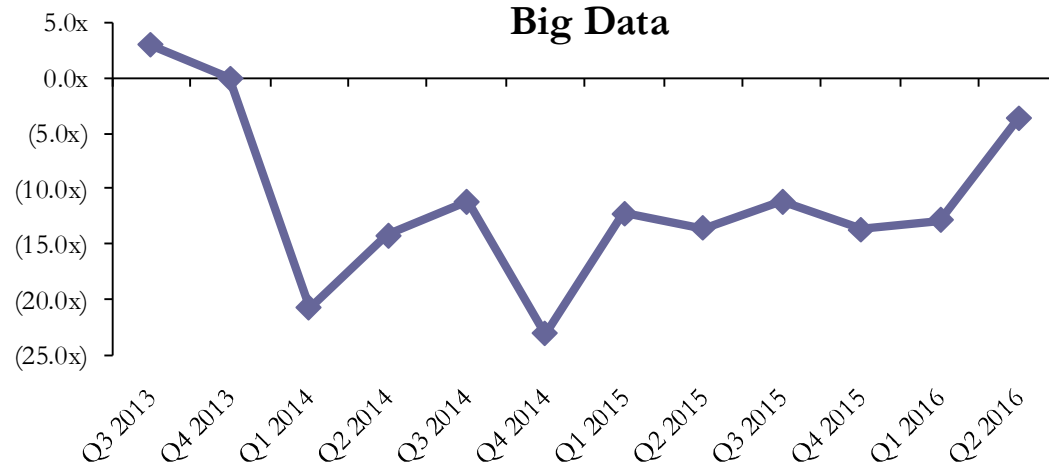
Industry	Mean Market Value (\$ mm)	Mean Enterprise Value (\$ mm)	Revenue (\$ mm)	Multiples			
				EV/Revenue		EV/EBITDA	
				FY	LTM	FY	LTM
Big Data	\$800.7	\$725.2	\$356.5	3.4x	3.0x	(16.4x)	(3.6x)
Cloud Computing	\$2,124.8	\$2,011.3	\$281.8	6.1x	5.2x	51.0x	39.7x
Cybersecurity	\$1,228.4	\$1,211.5	\$258.8	4.1x	3.7x	19.0x	16.0x
Mean				4.5x	4.0x	17.9x	17.3x
Median				4.1x	3.7x	19.0x	16.0x

Company financial information sourced from financial statements filed at the Securities and Exchange Commission (SEC)

Tobin Point

- The Big Data companies that we selected for our sample have impressive revenue growth across the board, although the majority have reported negative earnings for the past three years due to increased operating expenses as a percent of revenue.
- The application of Data Analytics across different business lines is an increasingly popular trend within the Big Data sector. Participating companies will continue to apply their capabilities across a wide range of services, such as Cloud Computing and the Internet of Things (IoT).
- As competition within this sector increases, consolidation between firms will continue to rise as firms attempt to sustain their competitive advantage and benefit from economies of scale.

3 YR EV/EBITDA Multiple Medians Big Data



Within our sample, **Big Data** companies are trading at 3.4x 2015 Revenue and (3.6x) EBITDA, with EBITDA multiples ranging from (25.0x) to 5.0x.

Sector Valuation Comparison

Big Data Sample

Company Name	Ticker	*Share Price (\$)	Market Value (\$ mm)	Enterprise Value (\$ mm)	Revenues (\$ mm)		EBITDA Margin		Multiples			
					FY	LTM	FY	LTM	EV/Revenue		EV/EBITDA	
									FY	LTM	FY	LTM
Hortonworks, Inc.	HDP	7.32	635.5	597.7	121.9	154.7	(143.60%)	(142.95%)	4.9x	3.9x	(3.4x)	(2.7x)
Interactive Intelligence Group	ININ	60.26	959.6	852.7	390.9	382.5	2.60%	0.04%	2.2x	2.2x	84.0x	n/a
Nimble Storage, Inc.	NMBL	8.10	641.1	446.8	322.2	354.3	(31.98%)	(34.57%)	1.4x	1.3x	(4.3x)	(3.6x)
Splunk	SPLK	57.20	8,027.4	7,617.4	668.4	793.1	(40.16%)	(38.68%)	11.4x	9.6x	(28.4x)	(24.8x)
Teradata Corporation	TDC	29.64	3,443.0	3,116.0	2,530.0	2,469.0	(0.99%)	9.44%	1.2x	1.3x	(124.6x)	13.4x
Varonis Systems, Inc.	VRNS	28.69	641.8	585.7	127.2	144.2	(13.72%)	(10.66%)	4.6x	4.1x	(33.5x)	(38.1x)

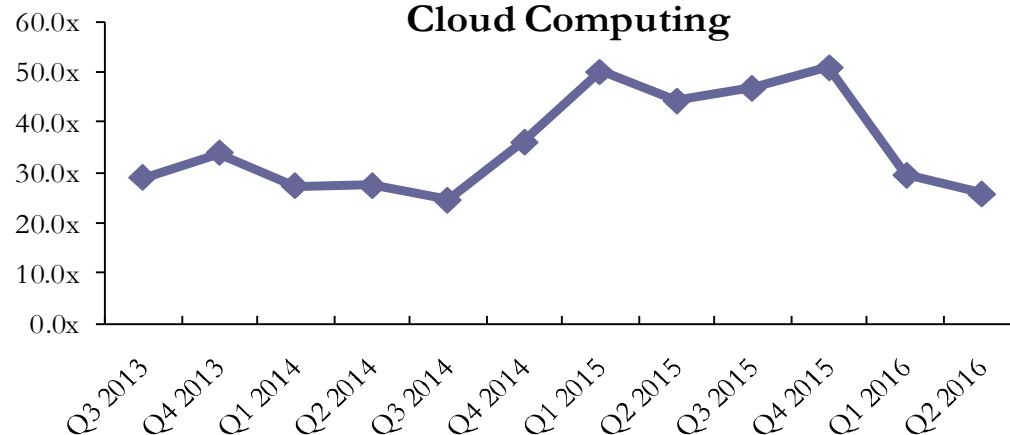
*Share price is the 10-day average share price as of October 26, 2016.

Mean	(37.97%)	(36.07%)	4.3x	3.7x	(18.4x)	(11.2x)
Median	(22.85%)	(22.62%)	3.4x	3.0x	(16.4x)	(3.6x)

Tobin Point

- The Cloud Computing sector consists of a variety of software solutions designed to solve technological issues related to data storage, cost reduction and efficient resource utilization.
- Firms from every conceivable industry are moving their entire infrastructure and data ecosystems into the “cloud” in an effort to offer superior customer service and to move away from obsolete hardware systems.
- Cloud Computing services provide innumerable opportunities for cost savings as traditional technology expenses for firms such as software, data backup and storage facilities as well as installation costs are all diminished.

3 YR EV/EBITDA Multiple Medians Cloud Computing



Within our sample, **Cloud Computing** companies are trading at 6.1x 2015 Revenue and 39.7x EBITDA, with EBITDA multiples ranging from 0.0x to 60.0x.

Sector Valuation Comparison

Cloud Computing Sample

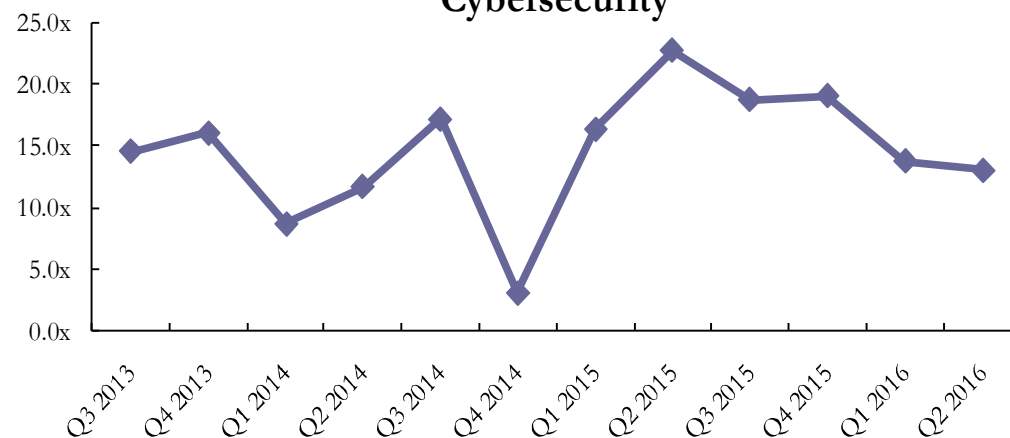
Company Name	Ticker	*Share Price (\$)	Market Value (\$ mm)	Enterprise Value (\$ mm)	Revenues (\$mm)		EBITDA Margin		Multiples					
					FY	LTM	FY	LTM	EV/Revenue		EV/EBITDA			
									FY	LTM	FY	LTM		
BroadSoft, Inc.	BSFT	45.77	1,335.4	1,347.8	278.8	287.4	11.15%	12.7%	4.8x	4.7x	43.4x	36.9x		
Fleetmatics Group	FLTIX	59.90	2,346.5	2,152.3	284.8	286.9	23.75%	26.34%	7.6x	7.5x	31.8x	28.5x		
Jive Software	JIVE	3.99	329.8	222.1	195.8	196.1	(9.71%)	(8.04%)	1.1x	1.1x	(11.7x)	(14.1x)		
LogMeIn	LOGM	90.11	2,191.7	2,011.3	271.6	354.9	10.95%	10.81%	7.4x	5.7x	67.6x	52.4x		
Mediadata Solutions	MDSO	50.24	3,134.3	3,072.3	392.5	402.9	10.2%	11.49%	7.8x	7.6x	76.7x	66.4x		
Realpage	RP	25.39	2,057.9	2,011.2	468.5	482.9	7.32%	9.81%	4.3x	4.2x	58.7x	42.5x		
							Mean		8.94%	10.52%	5.5x	5.1x	44.4x	35.4x
							Median		10.58%	11.15%	6.1x	5.2x	51.0x	39.7x

*Share price is the 10-day average share price as of October 26, 2016.

Tobin Point

- “Hacktivism” and the increasing rate at which IT security breaches occur, have resulted in cyber security becoming an extremely attractive sector over the past four years within the technology space.
- Corporate and government spending on cybersecurity totaled approximately \$77b during 2015, not to mention an additional \$491b recovering from cyber-attacks.
- The funds spent on data recovery suggest that although some cybersecurity firms are trading at extremely high multiples, institutions will continue to pay for security as a precautionary measure and possibly spend more to protect their company from being a victim of cybercrime.

3 YR EV/EBITDA Multiple Medians Cybersecurity



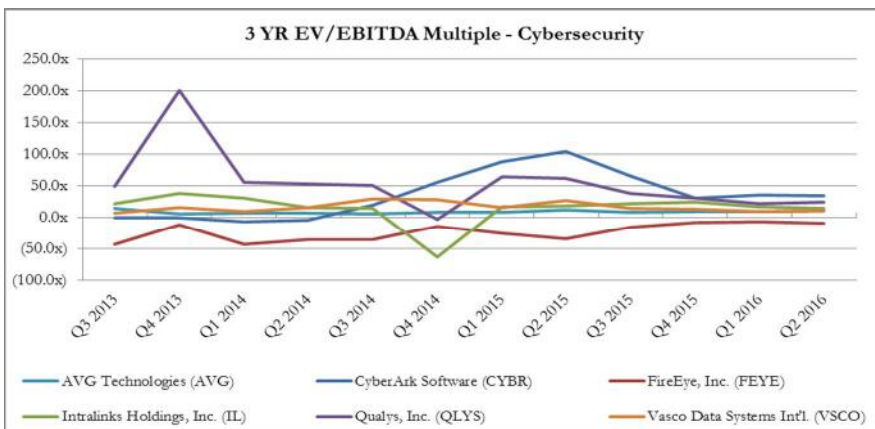
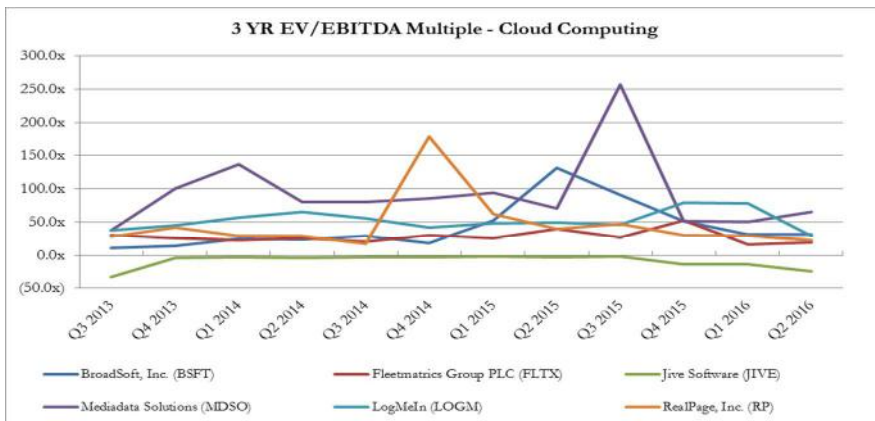
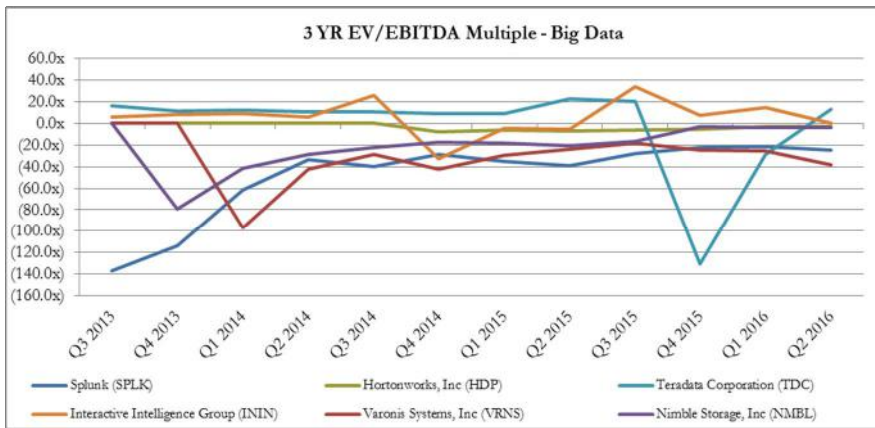
Within our sample, **Cybersecurity** companies are trading at 4.7x 2015 Revenue and 19.0x EBITDA, with EBITDA multiples ranging from 0.0x to 25.0x.

Sector Valuation Comparison

Cybersecurity Sample

Company Name	Ticker	*Share Price (\$)	Market Value (\$ mm)	Enterprise Value (\$ mm)	Revenues (\$ mm)		EBITDA Margin		Multiples				
					FY	LTM	FY	LTM	EV/Revenue		EV/EBITDA		
									FY	LTM	FY	LTM	
AVG Technologies	AVG	25.11	1,274.8	1,359.3	428.3	425.5	28.96%	28.26%	3.1x	3.2x	11.0x	11.3x	
CyberArk Software	CYBR	46.51	1,944.0	1,765.6	160.8	113.9	22.06%	25.69%	11.0x	15.5x	49.8x	60.3x	
FireEye, Inc.	FEYE	12.53	2,558.0	3,097.9	623.0	630.0	(63.52%)	(52.78%)	5.0x	4.9x	(7.8)x	(9.3)x	
Intralinks Holdings, Inc.	IL	9.69	468.3	510.4	276.2	278.4	10.49%	10.53%	1.8x	1.8x	17.6x	17.4x	
Qualys, Inc.	QLYS	37.65	1,182.4	1,064.2	164.3	166.5	23.84%	24.79%	6.5x	6.4x	27.2x	25.8x	
Vasco Data Security International	VDSI	16.26	681.2	645.6	241.4	249.0	23.51%	23.97%	2.7x	2.6x	11.4x	10.8x	
							Mean	7.56%	9.98%	5.3x	5.2x	19.2x	17.3x
							Median	22.78%	24.38%	4.1x	4.1x	14.2x	14.0x

*Share price is the 10-day average share price as of October 26, 2016.



Tobin Point

- These graphs provide a visual representation of the EBITDA multiple expansion and contraction for the companies we have chosen in each sector.
- As shown in the top graph, Big Data EBITDA multiples have been negative for the majority of the past three years due to significant expense increases offsetting revenue growth, which has resulted in negative earnings and multiples well below zero.
- Volatility has been a major theme in the Cloud Computing sector throughout the past few years, and this can be attributed to choppy stock prices and additional share issuances in 2014 and 2015 as reflected in the wide range of multiples.
- Cybersecurity multiples have been less volatile relative to Big Data and Cloud Computing, and the only exception to the correlation between company multiples was in Q4 2014, when earnings across the board spiked aside from CyberArk who went public that quarter.

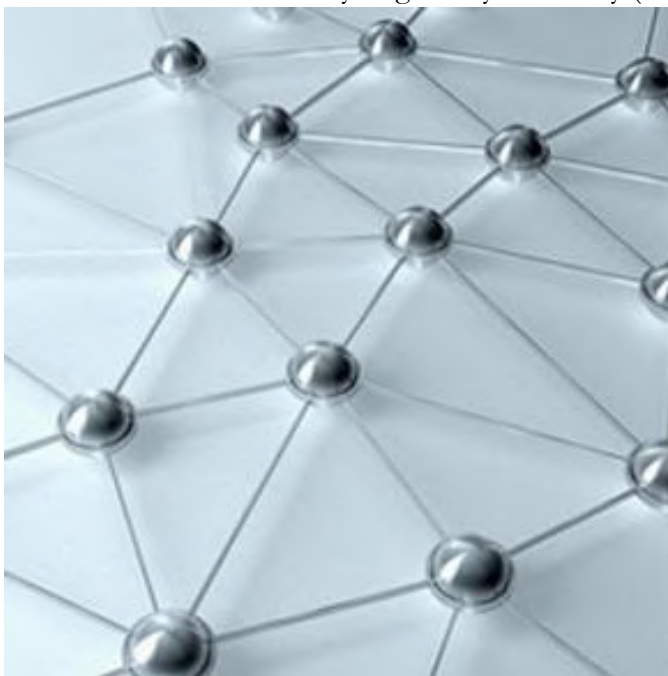
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Please contact us.*

112 SOUTH TRYON STREET
SUITE 1760
CHARLOTTE, NC 28284

P: 704-334-2772
E: justine@tobinandco.com

