

CONFIDENTIAL

## **Technology-Enabled Business Services**

### Quarterly Update – 2017 Q3



# TEBS Overview

Cherry Tree has been tracking trends and activity in the Technology Enabled Business Services (TEBS) space for more than 15 years, including the TEBS 100 index

TEBS companies are defined as those that:

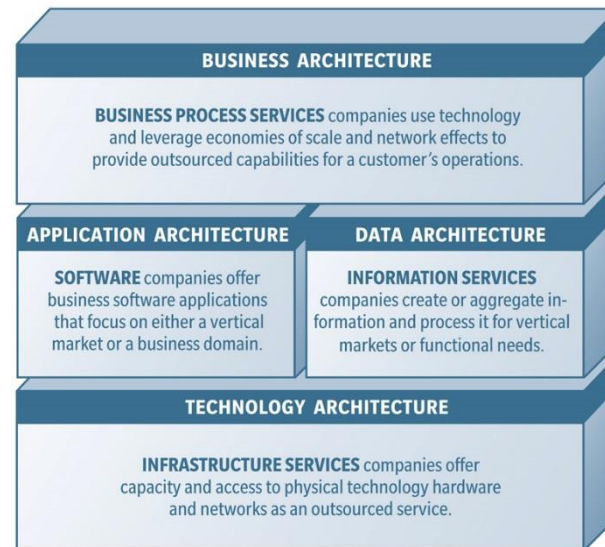
- Offer a solution, product or service that is delivered or enhanced via technology
- Generate revenue primarily from other businesses (“B2B”)
- Use their own intellectual property to differentiate their solution

The TEBS 100 is a broad index of 100 publicly-traded companies. The four segments of the TEBS 100 align with the open architecture framework:

- Business Process Services
- Software
- Information Services
- Infrastructure Services

TEBS companies are consistently valued at a premium to the overall market due to fundamental business advantages

- Recurring Revenue
- Operating Leverage
- High Switching Costs



Cherry Tree Research, The Open Group

Valuation Multiples – 9/30/2017		
TEBS Segment	EV/Revenue	EV/EBITDA
Software	5.5x	21.3x
Information Services	5.2x	16.4x
Business Process Services	2.2x	15.1x
Infrastructure Services	3.4x	15.6x
S&P 500	2.4x	12.3x

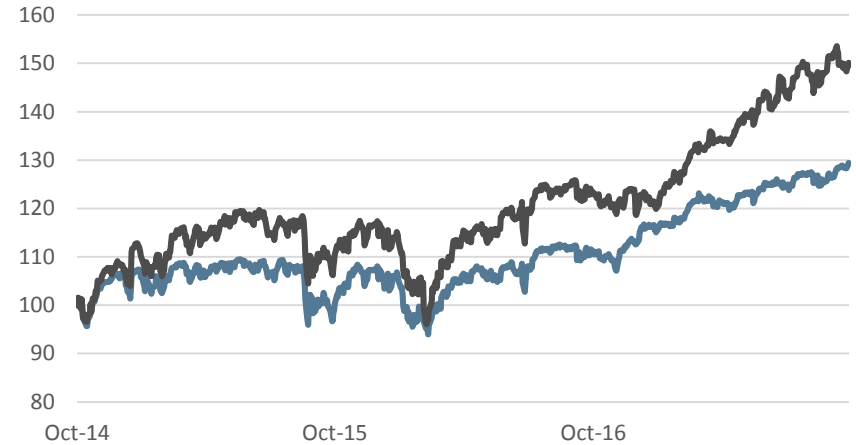
## TEBS 100

*An index of 100 publicly-traded Technology Enabled Business Services companies*

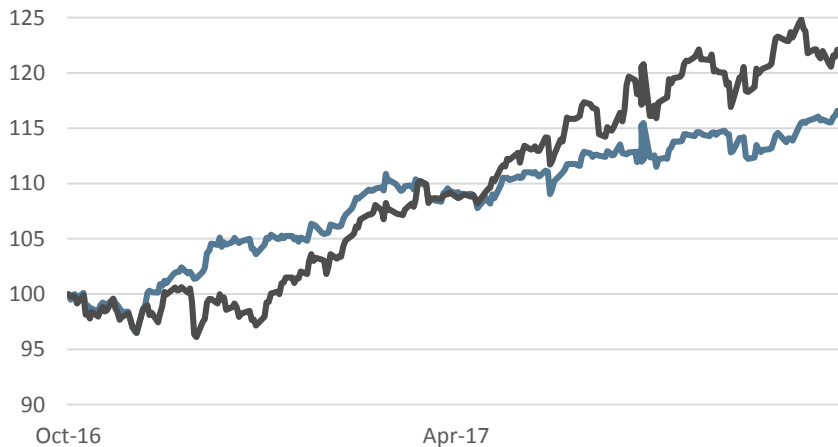
# TEBS 100 Index Performance

- The TEBS 100 continues to outperform the overall market over a three-year period (50% return over three years vs. 29% return)
- While the TEBS 100 has outperformed the S&P 500 in each of the last three years, much of the total outperformance has occurred during the last year
- The long-term outperformance is most likely due to superior revenue growth from the TEBS 100

3-Year TEBS 100 Performance vs. S&P 500



1-Year TEBS 100 Performance vs. S&P 500



3-Month TEBS 100 Performance vs. S&P 500



— S&P 500

— TEBS 100

# TEBS 100 Segment Operating Metrics

- The revenue growth of the TEBS 100 index and all its segments continue to significantly outperform the S&P 500
- Gross margins for the TEBS 100 are nearly twice as high as the median S&P 500 company, allowing for greater operating leverage and potential for higher overall profitability
- However, EBITDA margins continue to lag the S&P 500, likely due to reinvestment of profits to drive revenue growth

	Gross Margin		
	9/30/2015	9/30/2016	9/30/2017
Software	66.7%	66.3%	67.8%
Information Services	61.9%	64.7%	63.6%
Business Process Services	43.1%	43.2%	43.1%
Infrastructure Services	57.6%	57.4%	58.2%
<b>TEBS 100</b>	<b>61.9%</b>	<b>62.3%</b>	<b>62.3%</b>
<b>S&amp;P 500</b>	<b>32.9%</b>	<b>33.2%</b>	<b>32.3%</b>

	Revenue Growth		
	9/30/2015	9/29/2016	9/30/2017
Software	17.1%	21.2%	16.8%
Information Services	7.8%	11.4%	8.3%
Business Process Services	5.5%	7.5%	6.8%
Infrastructure Services	12.3%	23.0%	22.8%
<b>TEBS 100</b>	<b>11.3%</b>	<b>14.7%</b>	<b>14.0%</b>
<b>S&amp;P 500</b>	<b>1.0%</b>	<b>(1.6%)</b>	<b>5.0%</b>

	EBITDA Margin		
	9/30/2015	9/30/2016	9/30/2017
Software	9.8%	10.1%	10.3%
Information Services	26.2%	27.1%	27.0%
Business Process Services	16.5%	19.5%	18.8%
Infrastructure Services	16.6%	18.7%	21.4%
<b>TEBS 100</b>	<b>14.5%</b>	<b>15.6%</b>	<b>16.7%</b>
<b>S&amp;P 500</b>	<b>19.6%</b>	<b>19.1%</b>	<b>19.6%</b>

## TEBS 100 SEGMENT PERFORMANCE

*Software*

*Information Services*

*Business Process Services*

*Infrastructure Services*

# TEBS 100 Companies – Software

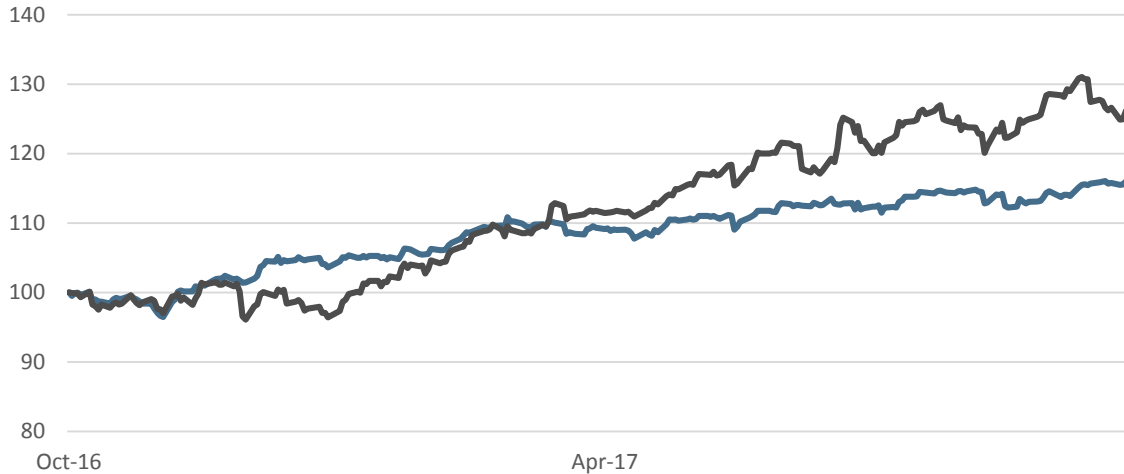
Company	Enterprise Value	LTM Revenue	Gross Margin	EBITDA Margin	EV/		Revenue Growth
					Revenue	EBITDA	
8x8, Inc.	\$1,062	\$262	76.0%	-0.1%	4.0x	n/m	18.5%
ACI Worldwide, Inc.	\$3,295	\$1,032	57.4%	16.8%	3.2x	19.0x	3.9%
Adobe Systems Incorporated	\$70,058	\$6,903	86.1%	33.6%	10.1x	30.2x	24.3%
Allscripts Healthcare Solutions, Inc.	\$4,284	\$1,657	49.6%	9.7%	2.6x	26.8x	15.7%
Amber Road, Inc.	\$221	\$76	51.5%	-14.4%	2.9x	n/m	9.5%
American Software, Inc.	\$254	\$106	53.6%	11.7%	2.4x	20.5x	-6.0%
athenahealth, Inc.	\$5,174	\$1,151	51.7%	11.1%	4.5x	n/m	13.8%
Atlassian Corporation Plc	\$7,438	\$620	80.8%	-2.6%	12.0x	n/m	35.6%
Benefitfocus, Inc.	\$1,102	\$248	50.8%	-2.6%	4.4x	n/m	16.8%
Blackbaud, Inc.	\$4,493	\$757	54.2%	17.4%	5.9x	34.1x	10.7%
Bottomline Technologies, Inc.	\$1,343	\$349	53.7%	8.6%	3.8x	n/m	1.8%
BroadSoft, Inc.	\$1,400	\$355	72.2%	6.8%	3.9x	n/m	13.1%
CA, Inc.	\$14,018	\$4,062	85.9%	30.7%	3.5x	11.3x	0.4%
Callidus Software Inc.	\$1,495	\$228	61.1%	-3.4%	6.6x	n/m	20.1%
Citrix Systems, Inc.	\$11,680	\$3,441	85.3%	28.7%	3.4x	11.8x	12.8%
Commvault Systems, Inc.	\$2,286	\$665	87.1%	1.4%	3.4x	n/m	9.4%
Cornerstone OnDemand, Inc.	\$2,272	\$445	69.1%	-10.2%	5.1x	n/m	14.3%
Ellie Mae, Inc.	\$2,490	\$394	64.9%	20.7%	6.3x	30.5x	32.3%
Enghouse Systems Limited	\$1,035	\$256	69.0%	26.0%	4.0x	15.5x	4.7%
FireEye, Inc.	\$2,945	\$730	63.8%	-22.1%	4.0x	n/m	5.3%
Fiserv, Inc.	\$31,584	\$5,591	46.4%	31.3%	5.6x	18.1x	4.0%
Five9, Inc.	\$1,306	\$180	59.0%	1.2%	7.3x	n/m	23.9%
Fortinet, Inc.	\$5,095	\$1,384	73.8%	10.3%	3.7x	35.8x	20.0%
HubSpot, Inc.	\$2,909	\$318	78.5%	-10.9%	9.1x	n/m	41.6%
Intuit Inc.	\$35,953	\$5,177	84.6%	31.4%	6.9x	22.1x	10.3%
Jack Henry & Associates, Inc.	\$7,895	\$1,431	43.0%	31.2%	5.5x	17.7x	5.6%
Manhattan Associates, Inc.	\$2,779	\$597	58.7%	33.8%	4.7x	13.7x	1.5%
Medidata Solutions, Inc.	\$4,470	\$509	76.1%	15.1%	8.8x	n/m	20.9%
Mimecast Limited	\$1,518	\$203	73.3%	2.4%	7.5x	n/m	35.5%

Company	Enterprise Value	LTM Revenue	Gross Margin	EBITDA Margin	EV/		Revenue Growth
					Revenue	EBITDA	
MINDBODY, Inc.	\$990	\$160	70.5%	-5.5%	6.2x	n/m	33.2%
NIC Inc.	\$1,001	\$327	40.9%	25.5%	3.1x	12.0x	7.1%
Oracle Corporation	\$188,589	\$38,320	58.5%	38.9%	4.9x	12.7x	3.0%
Paycom Software, Inc.	\$4,432	\$383	84.9%	19.3%	11.6x	n/m	34.6%
Pegasystems, Inc.	\$4,295	\$804	67.8%	9.4%	5.3x	n/m	9.4%
Proofpoint, Inc.	\$3,823	\$442	72.0%	-7.5%	8.6x	n/m	41.3%
PROS Holdings, Inc.	\$771	\$159	59.5%	-34.8%	4.9x	n/m	0.6%
Q2 Holdings, Inc.	\$1,641	\$173	49.1%	-10.0%	9.5x	n/m	34.7%
QAD Inc.	\$505	\$290	52.6%	3.7%	1.7x	n/m	6.5%
Quality Systems, Inc.	\$1,018	\$518	56.5%	11.8%	2.0x	16.6x	5.2%
RealPage, Inc.	\$3,369	\$611	58.1%	14.9%	5.5x	36.9x	18.8%
Red Hat, Inc.	\$18,771	\$2,644	85.2%	18.5%	7.1x	38.4x	18.3%
Salesforce.com, inc.	\$66,222	\$9,388	73.0%	4.9%	7.1x	n/m	25.6%
ServiceNow, Inc.	\$19,512	\$1,632	72.7%	-2.0%	12.0x	n/m	36.7%
Shopify Inc.	\$10,605	\$509	55.2%	-6.8%	20.8x	n/m	80.3%
Splunk Inc.	\$8,297	\$1,074	79.0%	-26.5%	7.7x	n/m	35.4%
SPS Commerce, Inc.	\$818	\$207	66.6%	11.1%	4.0x	35.7x	17.6%
Symantec Corporation	\$24,051	\$4,310	78.3%	16.6%	5.6x	33.7x	20.7%
Tableau Software, Inc.	\$4,931	\$869	87.9%	-10.8%	5.7x	n/m	16.9%
The Descartes Systems Group	\$2,041	\$216	73.0%	33.6%	9.4x	28.1x	11.0%
The Ultimate Software Group	\$5,554	\$861	61.7%	7.2%	6.5x	n/m	23.0%
Tyler Technologies, Inc.	\$6,423	\$796	47.3%	22.0%	8.1x	36.6x	17.5%
Upland Software, Inc.	\$455	\$83	64.9%	11.2%	5.5x	n/m	16.6%
Veeva Systems Inc.	\$7,208	\$617	69.3%	25.0%	11.7x	n/m	30.7%
VMware, Inc.	\$37,234	\$7,093	85.2%	26.1%	5.2x	20.1x	6.7%
Workday, Inc.	\$20,372	\$1,853	70.2%	-12.4%	11.0x	n/m	37.3%
<b>25th Percentile</b>	<b>\$1,371</b>	<b>\$276</b>	<b>55.8%</b>	<b>-2.6%</b>	<b>4.0x</b>	<b>16.3x</b>	<b>6.9%</b>
<b>Median</b>	<b>\$3,823</b>	<b>\$611</b>	<b>67.8%</b>	<b>10.3%</b>	<b>5.5x</b>	<b>21.3x</b>	<b>16.8%</b>
<b>75th Percentile</b>	<b>\$8,096</b>	<b>\$1,407</b>	<b>76.1%</b>	<b>21.4%</b>	<b>7.6x</b>	<b>33.8x</b>	<b>25.0%</b>

Source: Cherry Tree Research, Capital IQ: 9/30/2017  
\$ in millions

# Segment Performance – Software

## 1-Year Stock Performance vs. S&P 500

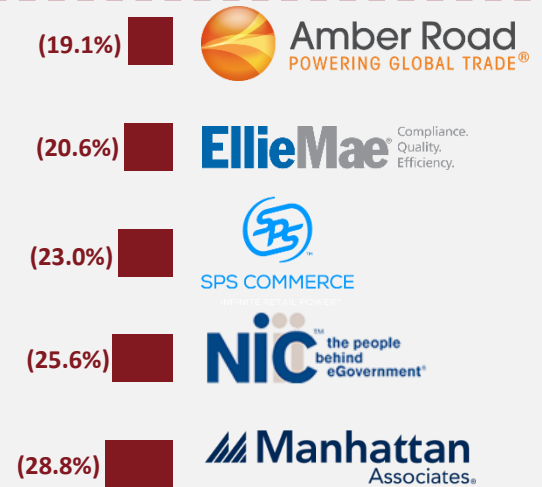
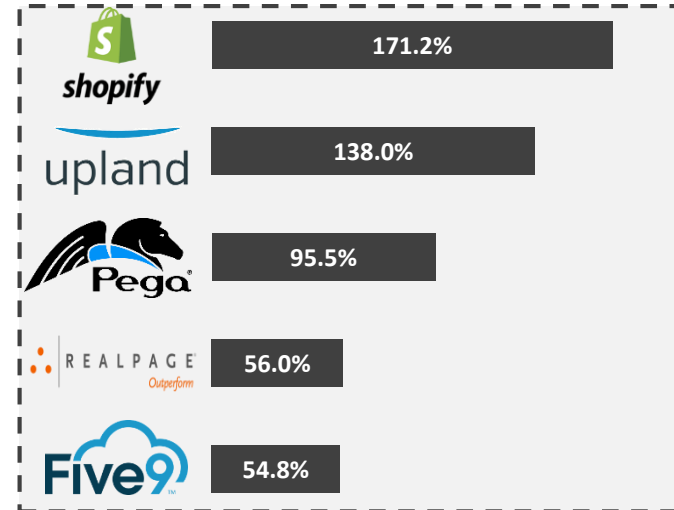


## 3-Month Stock Performance vs. S&P 500



— S&P 500      — TEBS Software

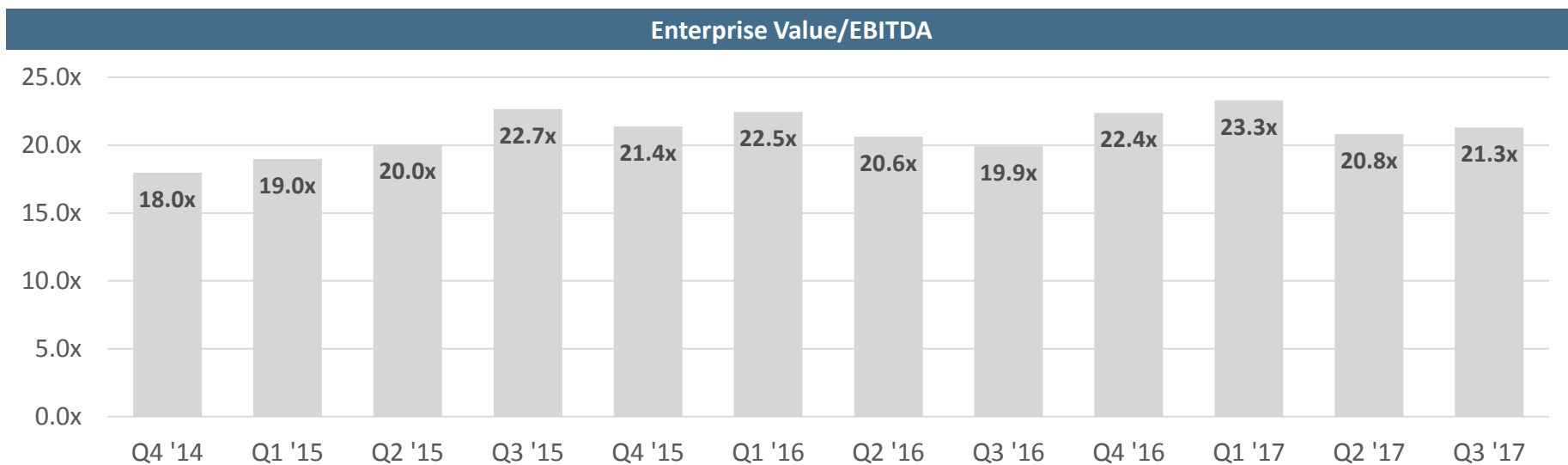
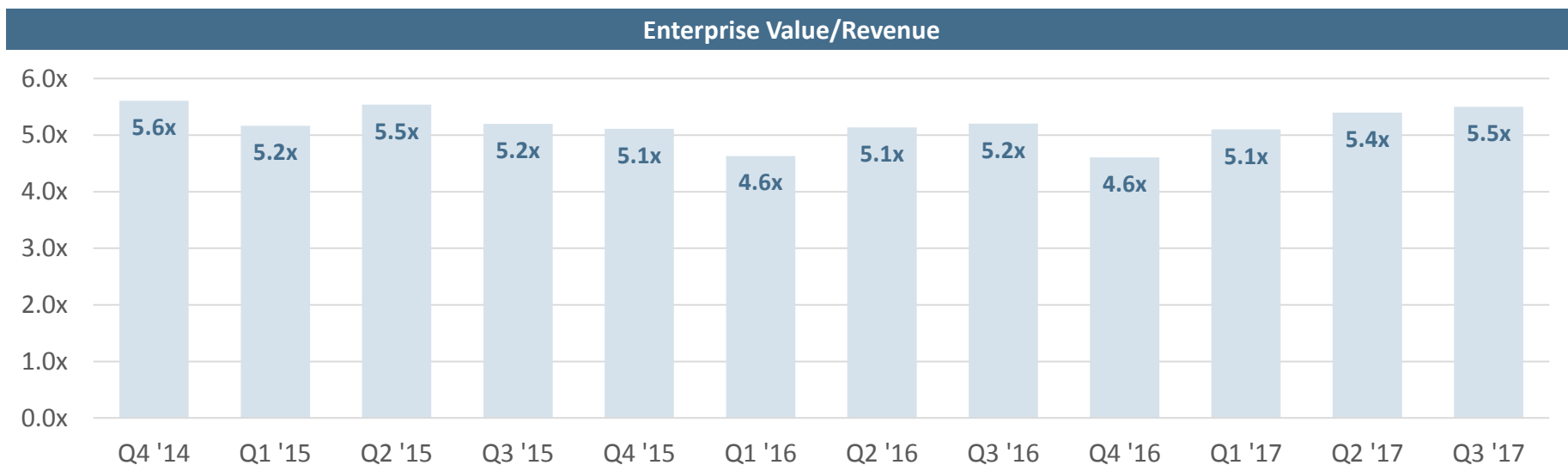
## Top Performers (1-Yr)



## Bottom Performers (1-Yr)



# Segment Valuation – Software

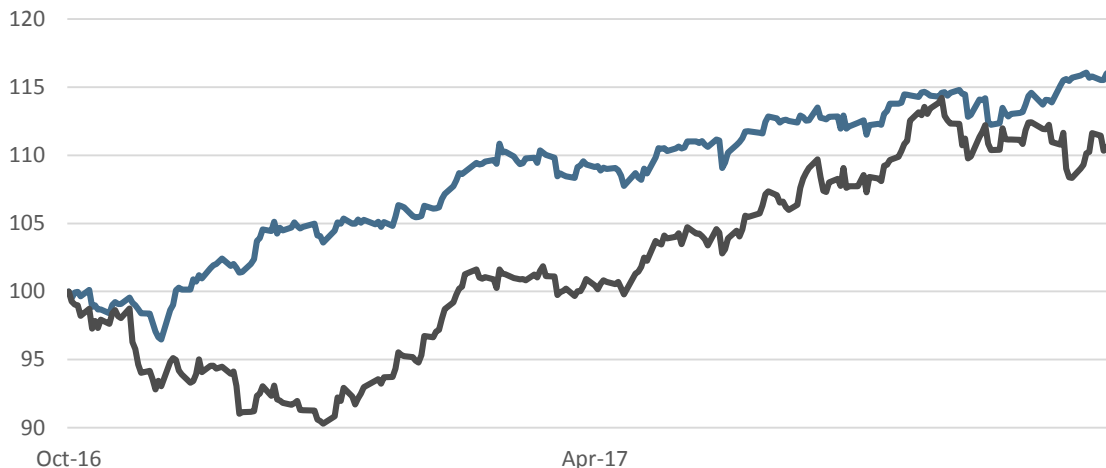


# TEBS 100 Companies – Information Services

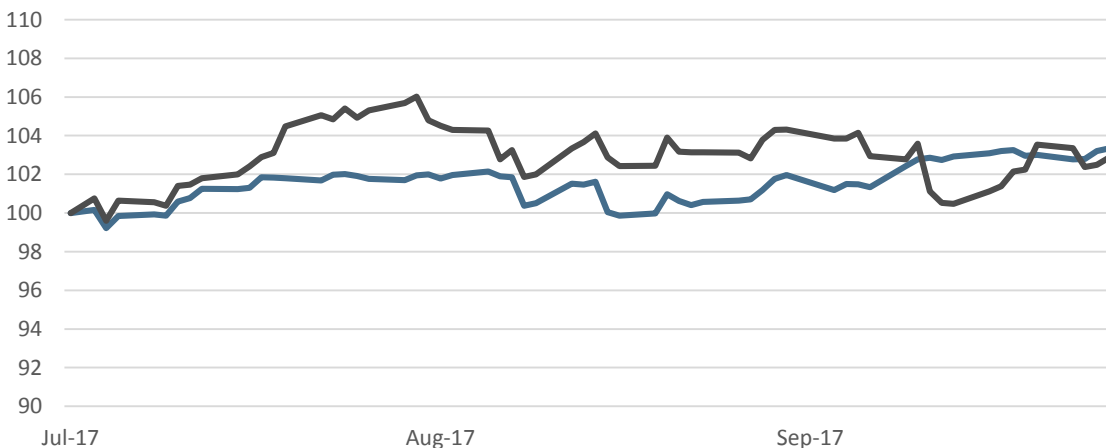
Company	Enterprise Value	LTM Revenue	Gross Margin	EBITDA Margin	EV/		Revenue Growth
					Revenue	EBITDA	
CoreLogic, Inc.	\$5,449	\$1,913	45.9%	21.2%	2.8x	13.5x	10.5%
CoStar Group, Inc.	\$8,544	\$895	78.2%	24.6%	9.5x	38.8x	13.4%
Equifax Inc.	\$15,247	\$3,294	64.5%	37.0%	4.6x	12.5x	14.7%
FactSet Research Systems Inc.	\$7,413	\$1,221	53.6%	32.8%	6.1x	18.5x	8.3%
Fair Isaac Corporation	\$4,785	\$915	68.7%	22.1%	5.2x	23.7x	4.2%
Forrester Research, Inc.	\$617	\$328	60.1%	11.5%	1.9x	16.4x	2.1%
Gartner, Inc.	\$14,110	\$2,746	60.2%	13.6%	5.1x	37.8x	18.8%
IHS Markit Ltd.	\$21,365	\$3,529	61.3%	30.8%	6.1x	19.7x	46.0%
Moody's Corporation	\$28,321	\$3,835	71.8%	47.9%	7.4x	15.4x	11.3%
Morningstar, Inc.	\$3,505	\$847	56.9%	27.0%	4.1x	15.4x	7.6%
Nielsen Holdings plc	\$22,997	\$6,396	58.6%	25.8%	3.6x	13.9x	2.5%
S&P Global Inc.	\$42,515	\$5,800	70.6%	45.9%	7.3x	16.0x	5.1%
The Dun & Bradstreet Corporation	\$5,620	\$1,717	67.6%	24.9%	3.3x	13.1x	2.3%
TransUnion	\$10,936	\$1,803	67.3%	35.3%	6.1x	17.2x	12.2%
Verisk Analytics, Inc.	\$15,948	\$2,030	63.6%	46.4%	7.9x	16.9x	4.7%
<b>25th Percentile</b>	<b>\$5,534</b>	<b>\$1,068</b>	<b>59.3%</b>	<b>23.4%</b>	<b>3.9x</b>	<b>14.6x</b>	<b>4.2%</b>
<b>Median</b>	<b>\$10,936</b>	<b>\$1,913</b>	<b>63.6%</b>	<b>27.0%</b>	<b>5.2x</b>	<b>16.4x</b>	<b>8.3%</b>
<b>75th Percentile</b>	<b>\$18,657</b>	<b>\$3,412</b>	<b>68.1%</b>	<b>36.2%</b>	<b>6.7x</b>	<b>19.1x</b>	<b>13.4%</b>

# Segment Performance – Information Services

### 1-Year Stock Performance vs. S&P 500



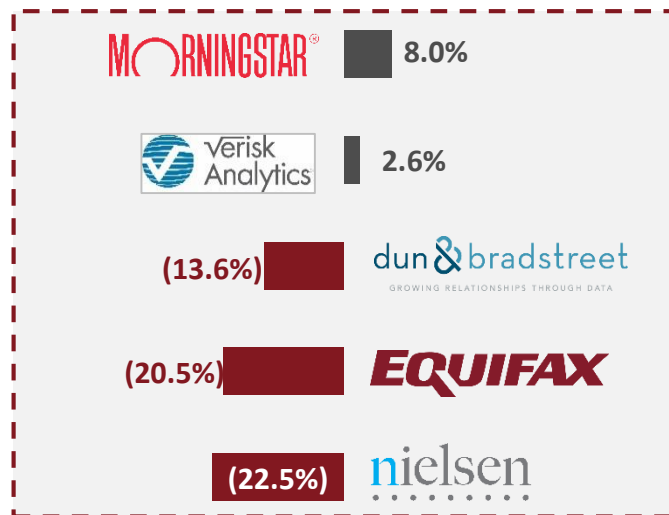
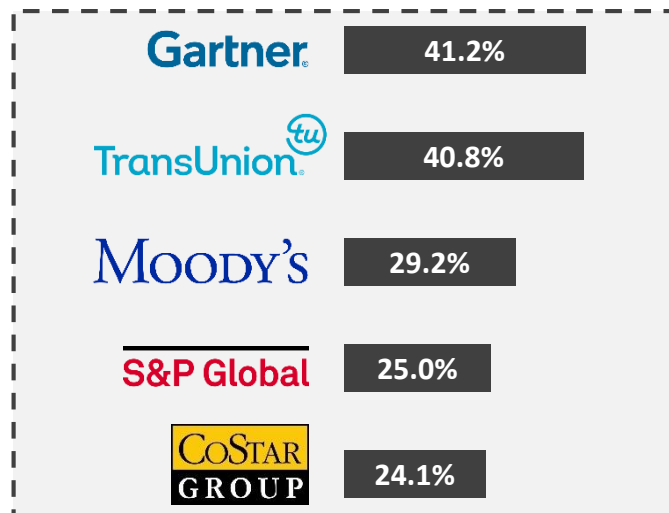
### 3-Month Stock Performance vs. S&P 500



— S&P 500

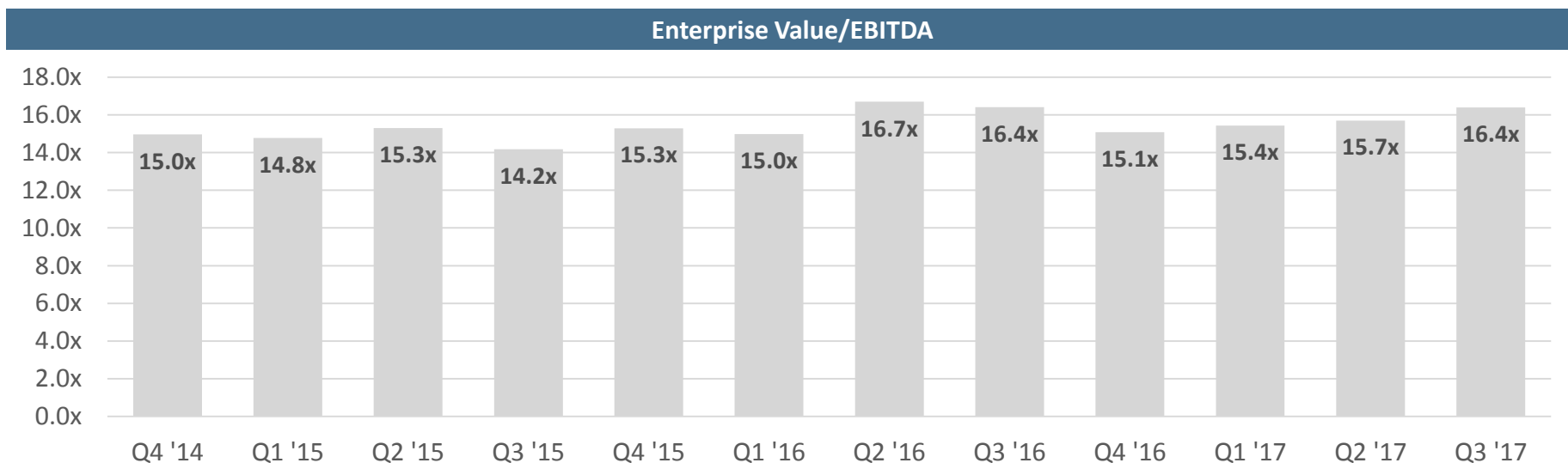
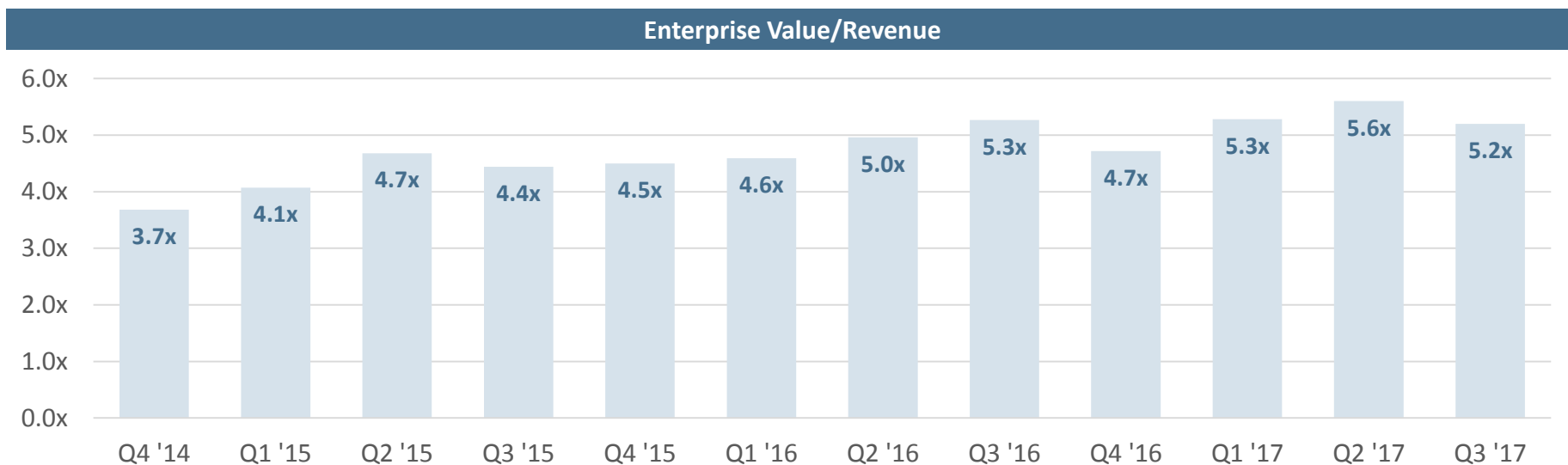
— TEBS Information Services

### Top Performers (1-Yr)



### Bottom Performers (1-Yr)

# Segment Valuation – Information Services



# TEBS 100 Companies – Business Process Services

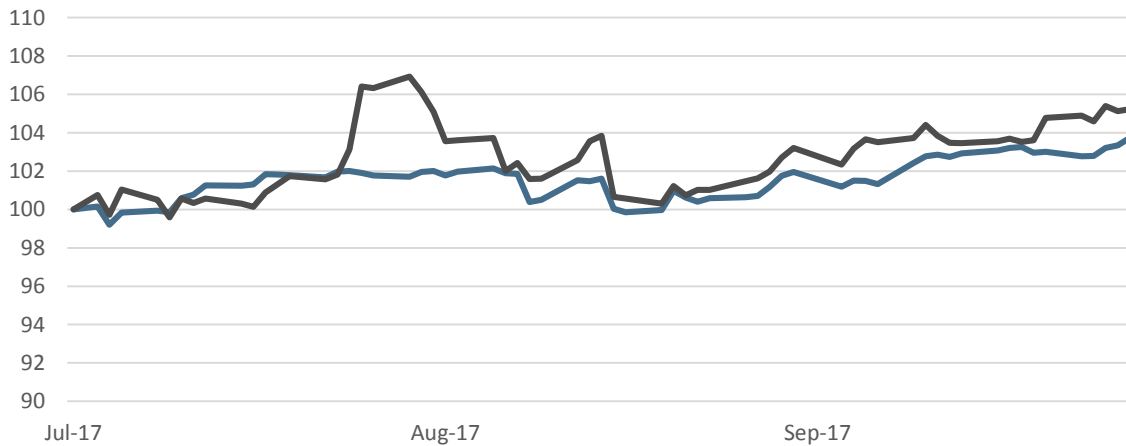
Company	Enterprise Value	LTM Revenue	Gross Margin	EBITDA Margin	EV/		Revenue Growth
					Revenue	EBITDA	
Amdocs Limited	\$8,386	\$3,828	35.2%	18.8%	2.2x	11.7x	3.3%
Automatic Data Processing, Inc.	\$47,803	\$12,380	43.1%	22.0%	3.9x	17.6x	6.1%
Broadridge Financial Solutions, Inc.	\$10,244	\$4,143	24.9%	17.0%	2.5x	14.5x	43.0%
Cimpress N.V.	\$4,090	\$2,135	51.4%	5.9%	1.9x	32.4x	19.4%
CSG Systems International, Inc.	\$1,438	\$770	49.6%	18.8%	1.9x	9.9x	1.2%
DST Systems, Inc.	\$3,827	\$1,847	23.1%	21.9%	2.1x	9.5x	21.0%
Global Payments Inc.	\$18,147	\$4,189	48.8%	27.4%	4.3x	15.8x	0.0%
InnerWorkings, Inc.	\$697	\$1,097	24.7%	4.2%	0.6x	15.1x	2.0%
Liquidity Services, Inc.	\$72	\$287	23.3%	(8.4%)	0.3x	n/m	-9.5%
Paychex, Inc.	\$21,180	\$3,151	70.8%	43.4%	6.7x	15.5x	6.8%
PFSweb, Inc.	\$193	\$283	26.8%	5.7%	0.7x	11.9x	8.6%
Teladoc, Inc.	\$1,682	\$157	75.0%	(25.7%)	10.7x	n/m	63.8%
TeleTech Holdings, Inc.	\$2,100	\$1,349	25.5%	12.7%	1.6x	12.3x	6.4%
Vantiv, Inc.	\$15,183	\$3,796	52.5%	23.2%	4.0x	17.3x	12.4%
WageWorks, Inc.	\$1,880	\$435	62.9%	18.8%	4.3x	23.0x	27.5%
<b>25th Percentile</b>	<b>\$1,560</b>	<b>\$602</b>	<b>25.2%</b>	<b>5.8%</b>	<b>1.7x</b>	<b>11.9x</b>	<b>2.0%</b>
<b>Median</b>	<b>\$3,827</b>	<b>\$1,847</b>	<b>43.1%</b>	<b>18.8%</b>	<b>2.2x</b>	<b>15.1x</b>	<b>6.8%</b>
<b>75th Percentile</b>	<b>\$12,714</b>	<b>\$3,812</b>	<b>52.0%</b>	<b>21.9%</b>	<b>4.2x</b>	<b>17.3x</b>	<b>21.0%</b>

# Segment Performance – Business Process Services

1-Year Stock Performance vs. S&P 500



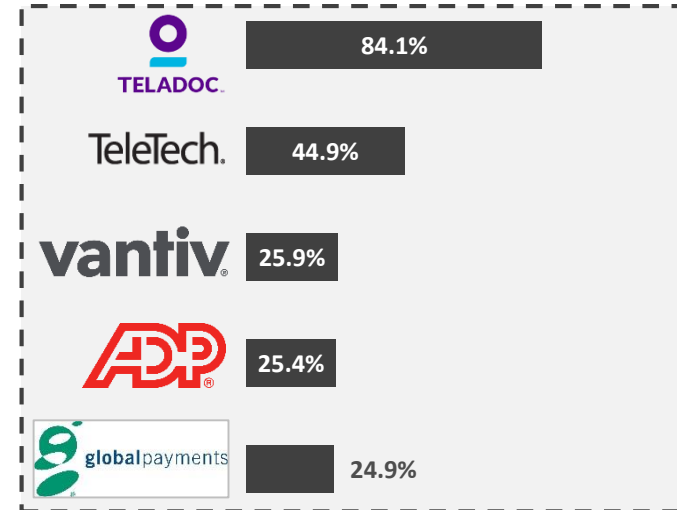
3-Month Stock Performance vs. S&P 500



— S&P 500

— TEBS Business Process Services

Top Performers (1-Yr)



cimpress | (2.6%)

CSG INTERNATIONAL | (3.2%)

(6.4%)

DST  
MASTER COMPLEXITY™

(6.8%)

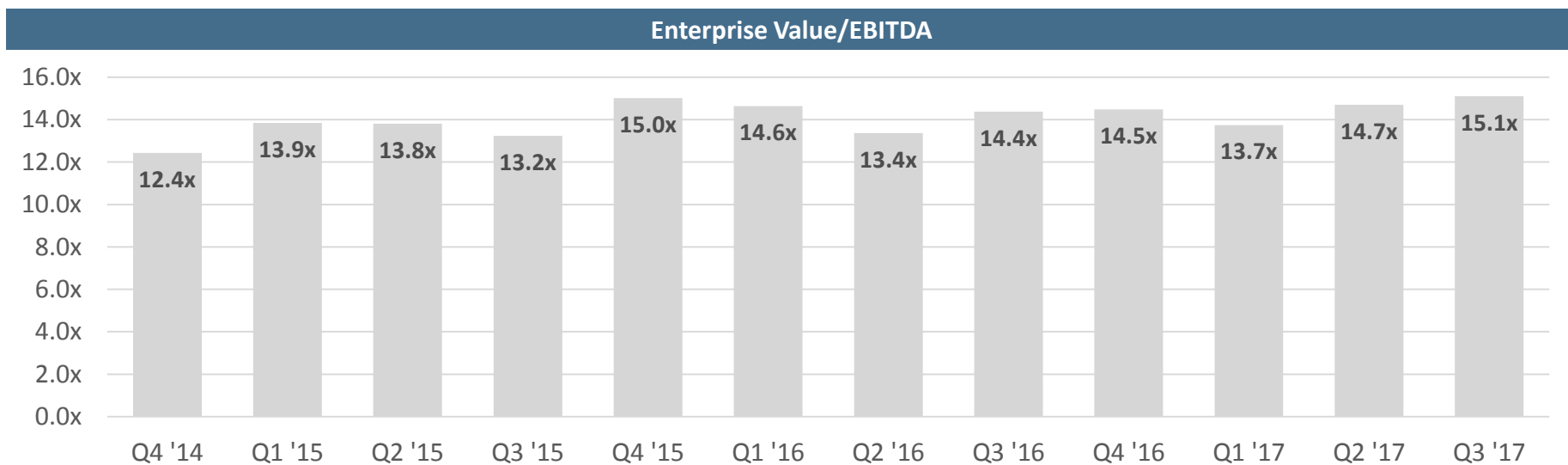
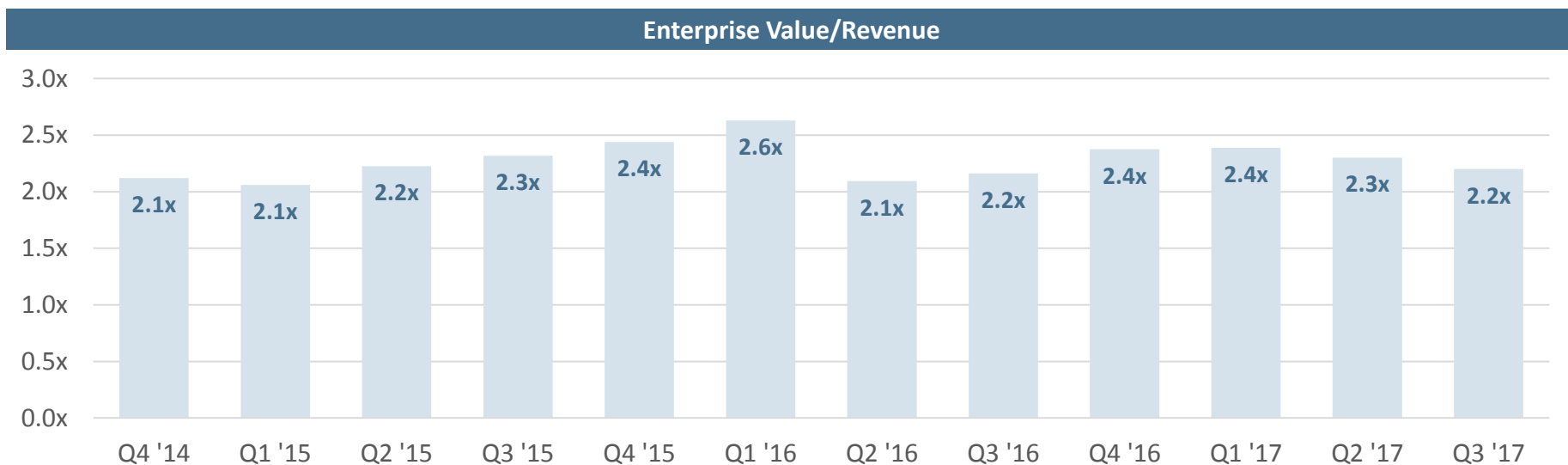
PFSweb

(45.3%)

LIQUIDITY SERVICES

Bottom Performers (1-Yr)

# Segment Valuation – Business Process Services



# TEBS 100 Companies – Infrastructure Services

Company	Enterprise Value	LTM Revenue	Gross Margin	EBITDA Margin	EV/		Revenue Growth
					Revenue	EBITDA	
Akamai Technologies, Inc.	\$8,320	\$2,418	65.7%	28.3%	3.4x	12.2x	6.5%
Boingo Wireless, Inc.	\$851	\$179	31.7%	21.4%	4.8x	22.2x	19.8%
Box, Inc.	\$2,502	\$453	73.0%	-26.0%	5.5x	n/m	29.6%
Carbonite, Inc.	\$595	\$222	70.2%	3.1%	2.7x	n/m	29.4%
Cogent Communications Holdings, Inc.	\$2,639	\$455	58.2%	31.5%	5.8x	18.4x	8.8%
Endurance International Group Holdings, Inc.	\$3,092	\$1,171	50.2%	24.0%	2.6x	11.0x	28.7%
Equinix, Inc.	\$43,012	\$3,883	50.4%	42.0%	11.1x	26.4x	22.8%
GoDaddy Inc.	\$8,066	\$2,006	64.4%	11.9%	4.0x	33.8x	16.2%
Gogo Inc.	\$1,529	\$645	53.4%	11.5%	2.4x	20.6x	16.6%
GTT Communications, Inc.	\$2,356	\$637	49.1%	23.7%	3.7x	15.6x	36.9%
Internap Corporation	\$812	\$290	49.6%	24.5%	2.8x	11.4x	-5.7%
Limelight Networks, Inc.	\$373	\$173	55.6%	4.0%	2.2x	n/m	2.1%
Pure Storage, Inc.	\$2,859	\$832	65.3%	-19.5%	3.4x	n/m	42.3%
Web.com Group, Inc.	\$1,787	\$750	68.8%	20.1%	2.4x	11.9x	23.4%
Zayo Group Holdings, Inc.	\$13,903	\$2,200	64.4%	45.5%	6.3x	13.9x	27.8%
<b>25th Percentile</b>	<b>\$1,190</b>	<b>\$371</b>	<b>50.3%</b>	<b>7.8%</b>	<b>2.7x</b>	<b>12.0x</b>	<b>8.8%</b>
<b>Median</b>	<b>\$2,502</b>	<b>\$645</b>	<b>58.2%</b>	<b>21.4%</b>	<b>3.4x</b>	<b>15.6x</b>	<b>22.8%</b>
<b>75th Percentile</b>	<b>\$5,579</b>	<b>\$1,588</b>	<b>65.5%</b>	<b>26.4%</b>	<b>5.1x</b>	<b>21.4x</b>	<b>29.4%</b>

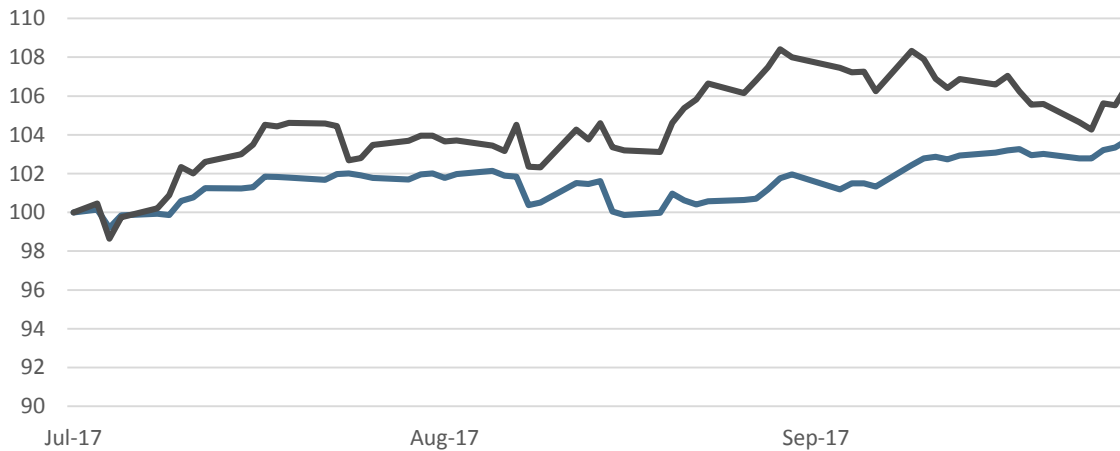


# Segment Performance – Infrastructure Services

1-Year Stock Performance vs. S&P 500 – Update Chart

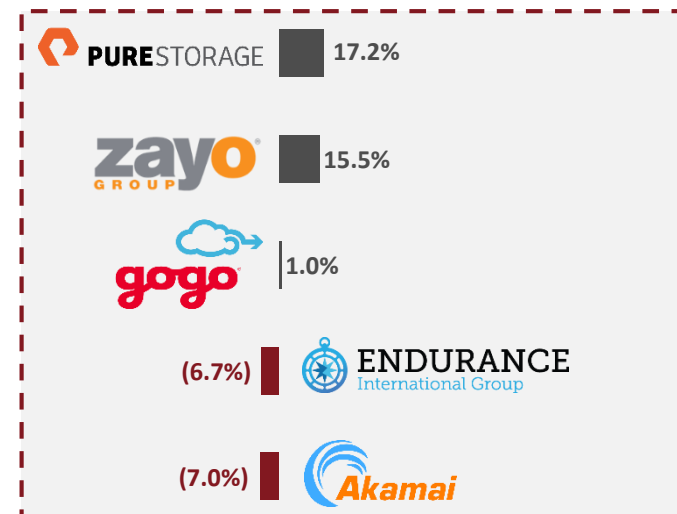
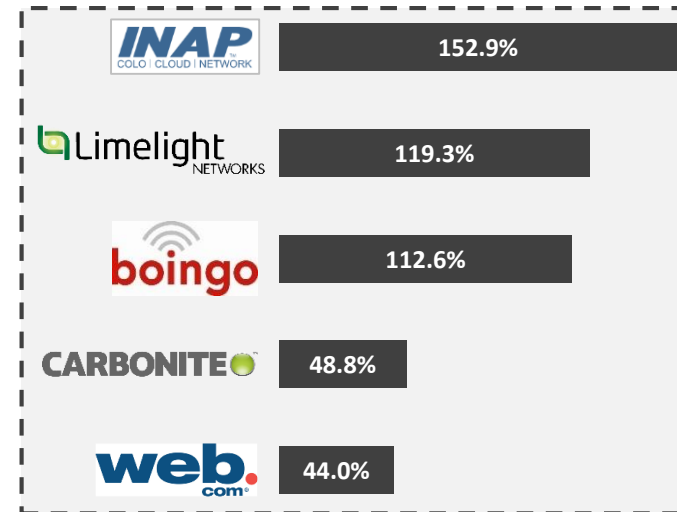


3-Month Stock Performance vs. S&P 500



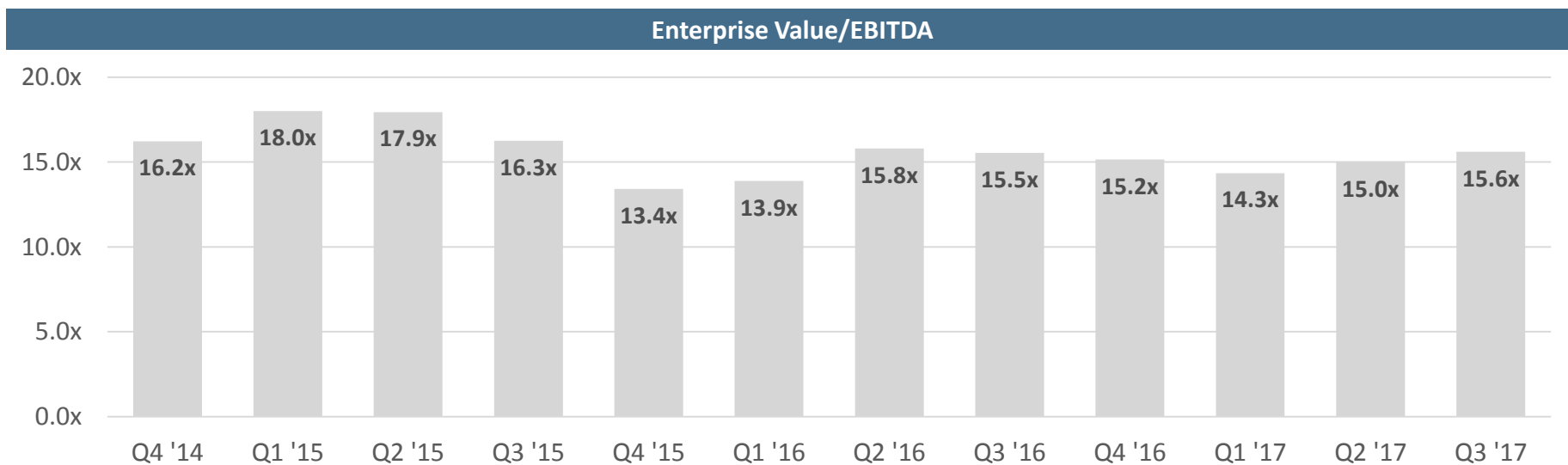
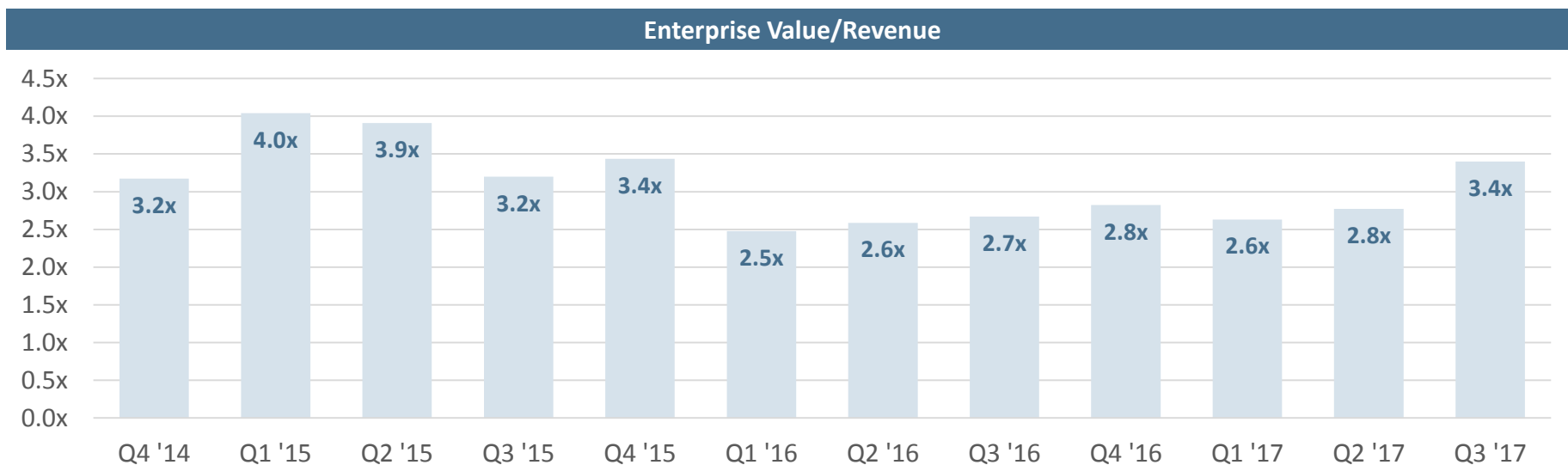
— S&P 500 — TEBS Infrastructure Services

Top Performers (1-Yr)



Bottom Performers (1-Yr)

# Segment Valuation – Infrastructure Services



## M&A ACTIVITY

# Select M&A Transactions

Date	Target	Acquirer	Enterprise Value	EV/		Revenue	EBITDA	EBITDA Margin	Segment
				Revenue	EBITDA				
7/3/2017	Bankrate (NYSE:RATE)	Red Ventures	\$1,434.7	3.0x	14.2x	\$477.0	\$101.2	21.2%	Info Services
7/5/2017	Archway Technology Partners	SEI Investments (Nasdaq:SEIC)	\$88.0	4.9x	24.4x	\$17.9	\$3.6	20.1%	BPS
7/5/2017	Worldpay Group (LSE:WPG)	Vantiv (NYSE:VNTV)	\$8,921.8	7.5x	19.7x	\$1,185.0	\$452.2	38.2%	BPS
7/18/2017	Rocket Fuel	Sizmek	\$147.3	0.4x		\$420.5	-\$16.6	-3.9%	BPS
7/18/2017	PlusServer	BC Partners	\$385.0	3.9x		\$100.0			Infra Services
7/24/2017	WebMD	Internet Brands	\$2,641.2	3.7x	14.3x	\$709.0	\$184.5	26.0%	Info Services
7/25/2017	Intacct	The Sage Group (LSE:SGE)	\$807.0	9.2x		\$88.0			Software
7/26/2017	Guidance Software	OpenText (Nasdaq:OTEX)	\$256.2	2.4x		\$108.6	-\$0.9	-0.9%	Software
7/27/2017	G2 Web Services	Verisk Analytics (Nasdaq:VRSK)	\$112.0						BPS
7/27/2017	ShoreTel	Mitel Networks (Nasdaq:MITL)	\$420.7	1.2x	46.8x	\$357.8	\$9.0	2.5%	Infra Services
7/28/2017	FORTRUST	Iron Mountain (NYSE:IRM)	\$128.0						Infra Services
8/14/2017	Zoom Information	Great Hill Partners	\$240.0						Info Services
8/15/2017	MacroPoint	Descartes Systems Group (TSX:DSG)	\$106.6	8.5x		\$12.5			Software
8/21/2017	Sequel	Verisk Analytics (Nasdaq:VRSK)	\$250.0	9.6x	20.8x	\$26.0	\$12.0	46.6%	Software
8/21/2017	Springpath	Cisco (Nasdaq:CSCO)	\$320.0						Infra Services
8/24/2017	LCI	Verisk Analytics (Nasdaq:VRSK)	\$151.0						Info Services
8/28/2017	MaxPoint Interactive (Nasdaq:MXPT)	Valassis	\$95.1	0.7x		\$144.4	-\$8.9	-6.2%	BPS
8/28/2017	Birch Communications Cloud/Business	Fusion Telcommun. (Nasdaq:FSNN)	\$281.0						Infra Services
8/29/2017	Advisory Board (Nasdaq:ABCO)	OptumInsight, Vista Equity Partners	\$2,895.9	3.6x	14.0x	\$799.1	\$207.3	25.9%	Info Services
8/30/2017	CashStar	Blackhawk Network (Nasdaq:HAWK)	\$175.0						BPS
8/31/2017	RevStream	Aptitude Software	\$12.2	4.5x		\$2.7			Software
8/31/2017	Velocify	Ellie Mae (NYSE:ELLI)	\$128.0	2.8x		\$45.2			Software
9/5/2017	YuMe (NYSE:YUME)	RhythmOne	\$111.0	0.7x	11.0x	\$159.8	\$10.1	6.3%	BPS
9/5/2017	eVestment Alliance	Nasdaq (Nasdaq:NDAQ)	\$705.0	8.9x		\$79.3			Info Services
9/7/2017	Institutional Shareholder Services	Genstar Capital	\$720.0	4.9x		\$147.0			Info Services
9/12/2017	ForRent.com	Apartments.com	\$385.0	3.9x	25.7x	\$100.0	\$15.0		Info Services
9/18/2017	Silver Spring Networks (NYSE:SSNI)	Itron (Nasdaq:ITRI)	\$840.4	1.9x		\$452.3	-\$19.7	-4.4%	Software
9/18/2017	Infozen	ManTech (Nasdaq:MANT)	\$180.0	1.8x		\$100.0			Infra Services
9/21/2017	Edge Hosting	DataBank Holdings	\$44.0	2.5x		\$17.9			Infra Services
9/25/2017	FolioDynamix	Envestnet (NYSE:ENV)	\$195.0	4.9x		\$40.0			Software
9/25/2017	Nets A/S (CPSE:NETS)	Hellman & Friedman, etc.	\$6,430.6	5.5x	19.8x	\$1,168.3	\$325.3	27.8%	BPS
9/26/2017	automotiveMastermind	IHS Markit (Nasdaq:INFO)	\$392.0	16.9x		\$23.2			BPS
9/28/2017	Exa Corporation (Nasdaq:EXA)	Dassault Systems (ENXTPA:DSY)	\$381.9	5.3x	258.0x	\$72.7	\$1.5	2.0%	Software

## ABOUT CHERRY TREE & ASSOCIATES

# Cherry Tree & Associates Overview

*Cherry Tree & Associates provides a broad array of M&A advisory services to owner-operators, private equity firms, corporations, management teams and public companies.*

## M&A Services

- Sell-side Advisory
- Recapitalizations
- Non-core Divestitures
- Management-led Buyouts
- Buy-side Advisory

## Highlights

- Based on over 30 years of growing and advising hundreds of entrepreneurial companies
- Been advisor or principal in more than 300 transactions
- Completed over \$3 billion in transactions in the past 10 years
- Expertise in multiple industries
- Experience completing transactions globally
- Cherry Tree professionals have closed deals with leading private equity and venture capital firms
- 13 M&A professionals

## RECENT M&A ENGAGEMENTS

### Sell-side Advisory



Acquired by

**TOYS FOR TRUCKS**  
CAR TRUCK AND REP ACCESSORIES

SALE TO A STRATEGIC



Acquired by

**BLACKHAWK INDUSTRIAL**

A Portfolio Company of

**BRAZOS**

SALE TO A STRATEGIC




Acquired by

**U.S. LBM**

A Portfolio Company of


**BLACK EAGLE**

SALE TO A STRATEGIC



Acquired by

An entity formed by management and



SALE TO PRIVATE EQUITY

### Recapitalizations



Acquired by



SALE TO PRIVATE EQUITY


### Non-core Divestitures



A joint venture of

Animal Health

and




has sold its dairy hygiene chemical business to

**ECOLAB**

SALE TO A STRATEGIC

### Management-led Buyouts



Recapitalization and management-led buyout

RECAPITALIZATION


### Buy-side Advisory




Acquired



STRATEGIC ADVISORY



Acquired

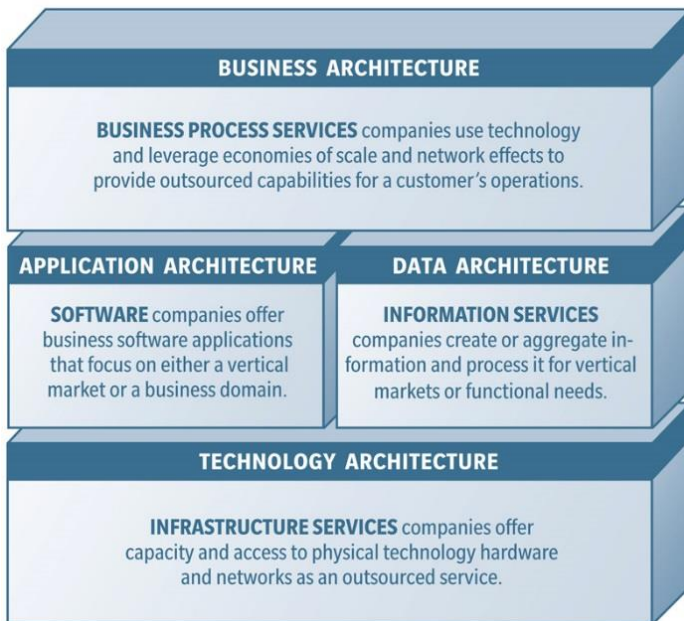


STRATEGIC ADVISORY

# TEBS Expertise

Cherry Tree has been tracking trends and activity in the Technology Enabled Business Services (TEBS) space for more than 15 years. TEBS companies are defined as those that:

- Offer a solution, product or service that is delivered or enhanced via technology
- Generate revenue primarily from other businesses (“B2B”)
- Use their own intellectual property to differentiate their solution



## SELECT TRANSACTIONS

 Acquired  <b>STRATEGIC ADVISORY</b>	 Has Partnered With  Norwest Equity Partners <b>PRIVATE EQUITY TRANSACTION</b>	 (OTC:CTIG) Acquired by  Software engineered for results <b>SALE TO A STRATEGIC</b>
 Welcomes as an Equity Partner  <b>SALE TO PRIVATE EQUITY</b>	 Acquired  <b>STRATEGIC ADVISORY</b>	 Acquired  <b>STRATEGIC ADVISORY</b>
  Acquired by  <b>SALE TO A STRATEGIC</b>	Marquette Companies The operating group of  Has completed the sale of  to LaSalle Capital <b>SALE TO PRIVATE EQUITY</b>	 Acquired  <b>STRATEGIC ADVISORY</b>

# Cherry Tree TEBS Team

***Each of our senior investment bankers has many years of transaction experience as either an operating executive or private equity professional, in addition to deep investment banking experience.***



**Mik Gusenius**  
*Director*

- Joined Cherry Tree & Associates in 2007
- Over 10 years of middle market investment banking experience
- Completed more than 30 M&A transactions totaling more than \$1 billion of transaction value
- B.A., Economics, Gustavus Adolphus College
- M.B.A., University of Minnesota – Carlson School of Management



**Elmer Baldwin**  
*Managing Director*

- Joined Cherry Tree & Associates in 2015
- Previously the President and CEO of five information technology companies (20 years)
- Strategic advisor and consultant to over 100 companies over last 30+ years
- Experience working with publicly-traded companies, private-equity syndicates, and owner-operator situations
- B.B.A., Finance, Loyola Marymount University



**Dave Latzke**  
*Managing Director*

- Joined Cherry Tree & Associates in 2007
- Previously the CFO for two publicly-traded enterprise software companies (13 years)
- Previously with Arthur Andersen (11 years)
- B.A., Accounting, University of Northern Iowa
- Certified Public Accountant (inactive)



**Matt Otto**  
*Senior Associate*

- Joined Cherry Tree & Associates in 2010
- Over six years of middle market investment banking experience
- Completed 20 M&A transactions
- Member of equity research team that won the Minnesota CFA Global Investment Research Challenge
- B.S., Finance, University of Minnesota – Carlson School of Management



**Ben Ikeda**  
*Senior Associate*

- Joined Cherry Tree & Associates in 2012
- Completed 18 M&A transactions
- Previously with Sterling Partners' Education Opportunity Fund, UnitedHealth Group and Mayo Clinic Ventures
- B.A., Economics, *magna cum laude* and *Phi Beta Kappa*, Gustavus Adolphus College
- M.B.A. Candidate, University of Chicago Booth School of Business



# Important Disclosures

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