CLEARSIGHT ADVISORS

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MONITOR

Big Data – Q1 2018

Market Perspective

Sector Spotlight

M&A and Capital Raising Activity

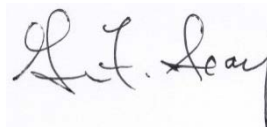**Public Market Performance**

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While the Big Data headlines continue to be dominated by topics such as artificial intelligence ("AI"), machine learning, and blockchain, Gartner's 2018 CIO Survey recently concluded some surprising phenomenon. For example, the #1 "top differentiating technology" for companies surveyed is still Business Intelligence (and has been for over a decade now), while AI came in at #7. Additionally, 451 Research recently forecasted the total data market would surpass $146 billion by 2022, representing a 10%+ CAGR (3x the growth rate expected for overall global IT spending through 2020) from the 2017 figure of $89 billion.

While AI, machine learning, and other next-generation analytics applications are certainly becoming more and more important, there are many large organizations globally that just haven't gotten to the point in their digital transformation journey where they can focus on those types of cutting-edge applications. Instead, a much larger focus for CIOs today is centered around cloud adoption and governance. However, only 20% of CIOs are looking to the cloud as a replacement strategy, while 80% of enterprises are managing heterogenous data portfolios that combine traditional data warehousing (e.g., IBM) with contemporary platforms like Hadoop combined with cloud services from Amazon / Google / Microsoft.

As the role of the CIO continues to evolve into being more focused on revenue generation and innovation, Clearsight expects increasing investment and M&A for digital leaders. Through the first four months of 2018, public companies alone have spent over $120 billion on technology acquisitions, which is more than any start to a year since 2006 (besides 2015).

Upcoming Conferences

June 17 - 21
DataWorks Summit
San Jose, CA

June 27 - 28
Real Business Intelligence
Boston, MA

July 10 - 20
Enterprise World
Toronto, CA

August 20 - 23
Gartner Catalyst
San Diego, CA

Q1 2018 – Salesforce Signs Definitive Agreement to Acquire MuleSoft

Transaction Summary

Salesforce (NYSE: CRM) and MuleSoft (NYSE: MULE), the provider of one of the leading platforms for building application networks, have entered into a definitive agreement under which Salesforce will acquire MuleSoft for an enterprise value of approximately $6.5 billion. MuleSoft will power the new Salesforce Integration Cloud, which will enable enterprises to uncover data to drive deep and intelligent customer experiences.

TARGET **MuleSoft**

MuleSoft is a developer of a cloud-based application integration platform designed to connect organizational applications, data, and devices. The company's platform offers an integration software suite for connecting any application, data source, or device using APIs.

BUYER **Salesforce**

Salesforce is a provider of customer relationship management software. The company offers a platform for customers and developers to build and run business applications. Based in San Francisco, the Company employs over 29,000 people.

Deal Overview	
Announced Date	20-Mar-2018
Deal Size	$6.5 bn
% of Cash	80%
% of Stock	20%
EV / TTM Revenue	21.9 x

Salesforce Share Price (2/1 – 4/1)

Announcement Date

$ 112.7

$ 115.3

Feb 2018   Mar 2018   Apr 2018
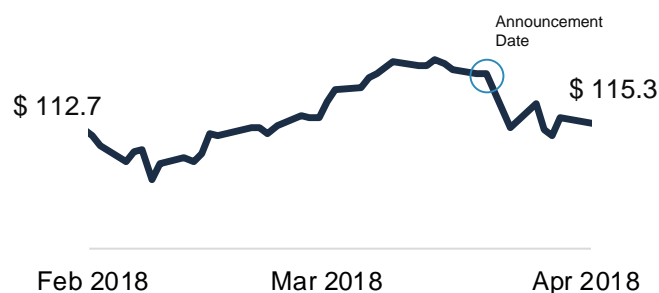
Deal Analysis

Salesforce's purchase of MuleSoft places the Company at the heart of digital transformation. The acquisition of MuleSoft will accelerate customers' digital transformations, enabling them to unlock data across legacy systems, cloud apps, and devices to make smarter, faster decisions, and create highly differentiated, connected customer experiences.

While some companies have already made inroads shifting to the cloud and digitizing business processes, many remain lagging due to the difficulty in integrating legacy infrastructure, automating processes, and managing data growth. Together, Salesforce and MuleSoft can play a large role for businesses that still have not formalized digital transformation strategies.

This transaction highlights a growing trend in the Big Data landscape of large strategic buyers aggressively pursuing next generation platforms in order to rapidly build their capabilities in emerging technologies.

With relatively low free cash flow compared to competitors, Salesforce will likely experience difficulty in future competitive acquisition opportunities. This has hurt Salesforce in the past, specifically during the bidding process of LinkedIn where Microsoft ultimately won out. Looking forward, Salesforce will have to become a picky buyer about large, transformational deals such as the MuleSoft transaction. Improving margins and cash flow will be a critical item not only for the Company's M&A strategy, but also for the sustainability of its high growth trajectory.

Source: Public Filings as of 31-Mar-2018, CapitalIQ, 451Research

FEATURED TRANSACTIONS

Q1 2018 Select Big Data / Data Analytics Software M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
3/27/2018	fluidOps	VERITAS	• fluid Operations offers an open platform allowing for the semantic integration of structured and unstructured data across business and IT stacks • The acquisition enhances Veritas' 360 Data Management strategy and brings additional capabilities to its portfolio in the areas of artificial intelligence and machine learning
3/23/2018	LAVASTORM analytics	infogix	• Lavastorm Analytics operates as an agile data management and analytics software company • The acquisition provides Infogix a deeper set of capabilities across data preparation and data analytics to help businesses gain a competitive advantage by swiftly unlocking the potential of their data
3/22/2018	ZODIAC	NIKE	• Zodiac provides a predictive analytics solution that accurately forecasts individualized customer lifetime value based on real-time sales data • The acquisition helps Nike accelerate its "Consumer Direct Offense" strategy to serve customers faster and more personally at scale
3/8/2018	plixer	BV Battery Ventures	• Plixer International develops and markets network traffic monitoring and analysis tools worldwide • Battery Ventures is a global, technology-focused investment firm with over $7.3 billion of capital under management
3/6/2018	KENSHO	S&P Global	• Kensho Technologies provides analytics, artificial intelligence, machine learning, and data visualization systems to global banks and investment institutions • The acquisition will strengthen S&P Global's emerging technology capabilities, enhance its ability to deliver essential, actionable insights, and accelerate efforts to improve efficiency and effectiveness of its core internal operations
2/20/2018	panjiva	S&P Global	• Through its Global Trade Intelligence Platform, Panjiva offers business intelligence and big data analytics of global supply chain activity and relationships • The transaction will enhance S&P Global Market Intelligence's robust data and analytical offerings
2/14/2018	PLACECAST	Emodo	• 1020 owns and operates Placecast, a location intelligence platform for data management, data analytics, and advertising services on mobile devices • The combined company creates a market-leading, data-driven business which specializes in monetizing mobile operator data to empower both advertisers and publishers
2/5/2018	ARGYLE DATA	MAVENIR	• Argyle Data offers a real-time big data analytics platform for the processing and analysis of time-critical data • The acquisition enhances Mavenir's existing 5G, security, and signaling machine learning suite to offer next generation revenue protection for mobile network operators and their subscribers
1/31/2018	performance matters	PEOPLEADMIN	• Performance Matters provides data warehousing and business intelligence solutions for various organizations • With Performance Matters' award-winning tools and analytics, the integrated company will be the first organization to directly link educator and student performance
1/30/2018	Angoss Predict. Act. Perform.	DATAWATCH	• Angoss Software provides predictive analytics software and solutions to a variety of industries • The acquisition will augment Datawatch's Monarch data intelligence offering with expanded capabilities that enable data scientists to perform predictive and prescriptive analytics in a wide variety of enterprise applications
1/29/2018	CallidusCloud	SAP	• CallidusCloud provides cloud-based sales, marketing, learning, and customer experience solutions worldwide • CallidusCloud is a synergistic addition to SAP's portfolio and significantly strengthens SAP's position in the customer relationship management space

Source: Public filings as of 31-Mar-2018, CapitalIQ

Q1 2018 Select Big Data / Data Analytics Software M&A Transactions (Cont.)

Announced	Target	Buyer	Target Description / Deal Rationale
1/23/2018	sqrrl	amazon web services	▪ Sqrrl Data, a threat hunting company, enables organizations to target, hunt, and disrupt advanced cyber threats ▪ The acquisition will expand AWS' services in providing advanced threat hunting capabilities
1/12/2018	X15	FireEye	▪ X15 Software develops a machine and log data management platform, which combines search and analytic query capabilities ▪ The transaction will add significant data management capabilities and provide customers with an open platform for integrating machine-generated data that can easily incorporate new security technologies and big data sources
1/3/2018	AVERE	Microsoft	▪ Avere Systems provides cloud file storage infrastructure products ▪ Avere's storage expertise with the power of Microsoft's cloud will benefit customers from industry-leading innovations that enable the largest, most complex high-performance workloads to run in Microsoft Azure

Q1 2018 Select Big Data / Data Analytics Software Capital Raise Transactions

Announced		Investor	Target Description / Deal Rationale
3/23/2018	T	T. Rowe Price	▪ Tempus offers a health care data analytics platform designed to improve patient outcomes, starting with cancer ▪ The company raised $80 million of Series D venture funding in a deal led by T. Rowe Price Associates
3/21/2018	Digital Reasoning	BNP PARIBAS	▪ Digital Reasoning offers an artificial intelligence cognitive computing platform ▪ The company received $30 million of Series D-1 and Series D-2 development capital from lead investor BNP Paribas
3/15/2018	SambaNova SYSTEMS	WALDEN International	▪ SambaNova Systems provides a computing platform designed to power machine learning and data analytics ▪ The company raised $57 million of Series A venture funding in a deal led by Walden International and GV
2/28/2018	Mist AI is in the AIR	KPCB KLEINER PERKINS CAUFIELD BYERS	▪ Mist Systems offers a wireless technology platform designed to automate enterprise IT operations ▪ The company raised $46 million of Series C funding in a deal led by Kleiner Perkins Caufield & Byers
1/31/2018	TRIFACTA	ACCEL PARTNERS	▪ Trifacta offers a platform created to radically improve the efficiency of wrangling data ▪ The company raised $48 million of Series D venture funding from Accel, DB1 Ventures and Ericsson Ventures
1/29/2018	DUCO	INSIGHT VENTURE PARTNERS	▪ Duco provides a cloud-based data engineering platform designed to make managing data easy ▪ The company raised $28 million of venture funding in a deal led by Insight Venture Partners and Eight Roads Ventures
1/25/2018	snowflake	ALTIMETER CAPITAL	▪ Snowflake provides a SaaS-based cloud data warehousing platform designed to safely and efficiently store, transform, and analyze business data ▪ The company raised $263 million of Series E venture funding in a deal led by Altimeter, ICONIQ Capital and Sequoia Capital
1/23/2018	dremio	NORWEST VENTURE PARTNERS	▪ Dremio offers a self-service data analytics platform designed to create a new approach to data analytics that prioritizes users experience, simplicity, and scalability ▪ The company raised $25 million of Series B venture funding in a deal led by Norwest Venture Partners
1/17/2018	C3 IoT	TPG GROWTH	▪ C3 IoT provides a next-generation, cloud-based enterprise Platform as a Service designed to rapidly deploy big data, AI, and IoT applications ▪ The company raised $106 million of Series F and Class A venture funding from TPG Growth, Sutter Hill and Breyer Capital
1/11/2018	Unbabel	SCALE Venture Partners	▪ Unbabel offers an artificial intelligence powered human translation platform created to build multilingual understanding between companies and their customers ▪ The company raised $23 million of Series B venture funding in a deal led by Scale Venture Partners

Source: Public filings as of 31-Mar-2018, CapitalIQ

FEATURED TRANSACTIONS

Q1 2018 Select Big Data / Data Analytics Services M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
3/22/2018	Cartesian	Blackstreet	▪ Cartesian provides consulting services and managed solutions to communications, digital media, and technology sectors ▪ Blackstreet Capital Management is a private equity firm based in Chevy Chase, MD
3/13/2018	HEDGEHOG ANALYTICS	glantus	▪ Hedgehog Analytics provides data science analytics and consultancy services to financial services, pharmaceuticals, marketing, and advertising sectors ▪ The deal provides Glantus with a significant footprint in the United States and presents an unique opportunity to scale in the coming years
2/7/2018	mettle TRUST ANALYTICS	REPUTATION INSTITUTE	▪ Mettle Consulting provides big data analytics and social media consulting services ▪ The acquisition will bring digital data science to Reputation Institute's RepTrak reputation measurement methodology
2/5/2018	liquidhub	Capgemini	▪ LiquidHub, a digital customer engagement firm, specializes in developing and delivering compelling customer experiences ▪ The acquisition reinforces Capgemini's Digital Consulting capabilities in North America and accelerates its portfolio shift in the region
1/30/2018	THOMSON REUTERS	Blackstone	▪ AF&R Business of Thomson Reuters Corporation comprises business segment supplying news, data, and analytics to banks and investment houses ▪ Blackstone is a multinational private equity firm with ~$450 billion of capital under management
1/10/2018	NORTHWEST CADENCE *where technology meets teamwork*	{X} 10TH MAGNITUDE	▪ Northwest Cadence offers cloud integration and data analytics services to software delivery teams ▪ The acquisition will accelerate and deepen 10th Magnitude's complete managed platform of transformed and automated infrastructure, applications, and data
1/10/2018	CBIG Consulting	TRIANZ	▪ CBIG Consulting provides business intelligence and big data analytics solutions ▪ The acquisition is part of Trianz' ongoing strategy to scale its digital transformation services portfolio comprising of Cloud, Analytics, Digitalization, Infrastructure, and Security services
1/9/2018	gcr	HKW	▪ GCR provides consulting services and technology solutions to corporations, governments, airports, utilities, and organizations worldwide ▪ Hammond, Kennedy, Whitney & Company is a middle market private equity firm with over $500 million of capital under management
1/2/2018	XDD XACT DATA DISCOVERY	JLL Partners	▪ Xcellence doing business as Xact Data Discovery, operates as a discovery and data management company in the United States and internationally ▪ JLL Partners is a private equity firm with over $5 billion of capital under management

Q1 2018 Select Big Data / Data Analytics Services Capital Raise Transactions

Announced	Target	Investor	Target Description / Deal Rationale
1/9/2018	cloud technology solutions	NORTH EDGE	▪ Cloud Technology Solutions provides cloud transformation services and software products that help design, build, and manage a scalable and secure cloud infrastructure ▪ The company received an undisclosed sum of development capital from NorthEdge Capital
1/16/2018	pillar	NEWSPRING	▪ Pillar is a high-tech consulting company that combines strategy, technology, innovation, digital experience, and marketing to develop software that drives innovative IoT and connected products ▪ The company received an undisclosed amount of development capital from NewSpring Capital

Source: Public filings as of 31-Mar-2018, CapitalIQ

Big Data Comparable Companies Analysis

Data Analytics / BI Software Index

Company	Closing Price 31-Mar-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples LTM	2018	2019	EV / EBITDA Multiples LTM	2018	2019	LTM EBITDA Margin	2018E Revenue Growth
Alteryx	$ 34.14	87.8 %	$ 2,163	$ 1,989	15.1 x	11.1 x	8.4 x	NMF	NMF	NMF	(10.9)%	35.7 %
Cloudera	21.58	92.4	3,769	3,379	10.0	7.3	6.0	NMF	NMF	NMF	(110.4)	26.8
Hortonworks	20.37	92.6	1,901	1,829	7.0	5.6	4.5	NMF	NMF	NMF	(72.6)	25.2
MicroStrategy	128.99	65.7	1,477	801	1.6	1.6	1.6	9.9	12.5	11.0	16.0	0.4
MuleSoft	43.98	98.7	6,662	6,458	21.8	15.7	11.9	NMF	NMF	NMF	(25.6)	38.7
Splunk	98.39	87.3	15,114	13,949	11.0	8.6	6.9	NMF	NMF	NMF	(17.1)	28.2
Tableau	80.82	92.3	7,383	6,529	7.8	6.8	6.0	NMF	NMF	NMF	(16.9)	10.1
Talend	48.12	92.4	1,481	1,395	9.4	6.9	5.4	NMF	NMF	NMF	(18.0)	35.6
Verisk	104.00	98.0	17,677	20,682	9.6	8.8	8.2	20.9	18.0	16.7	46.0	10.1
High		98.7 %	$ 17,677	$ 20,682	21.8 x	15.7 x	11.9 x	20.9 x	18.0 x	16.7 x	46.0 %	38.7 %
Median		92.4	3,769	3,379	9.6	7.3	6.0	15.4	15.3	13.9	(17.1)	26.8
Mean		89.7	6,403	6,334	10.4	8.0	6.5	15.4	15.3	13.9	(22.1)	23.4
Low		65.7	1,477	801	1.6	1.6	1.6	9.9	12.5	11.0	(110.4)	0.4

Diversified Analytics Software Index

Company	Closing Price 31-Mar-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples LTM	2018	2019	EV / EBITDA Multiples LTM	2018	2019	LTM EBITDA Margin	2018E Revenue Growth
IBM	$ 153.43	87.0 %	$ 143,147	$ 177,432	2.2 x	2.2 x	2.2 x	10.7 x	9.1 x	9.0 x	21.0 %	1.3 %
Intel	52.08	96.8	248,338	269,867	4.3	4.2	4.0	10.2	10.0	9.3	42.2	3.5
Microsoft	91.27	93.9	702,760	645,794	6.8	5.8	5.3	19.4	14.3	12.5	34.8	16.8
Oracle	45.75	85.5	198,404	189,147	4.8	4.7	4.5	12.2	10.0	9.6	39.2	4.0
SAP	104.83	84.6	121,425	124,568	4.4	4.2	3.9	17.3	12.4	11.4	25.6	6.4
Teradata	39.67	92.6	5,018	4,467	2.1	2.0	2.0	33.6	11.7	11.1	6.2	1.2
High		96.8 %	$ 702,760	$ 645,794	6.8 x	5.8 x	5.3 x	33.6 x	14.3 x	12.5 x	42.2 %	16.8 %
Median		89.8	170,775	183,289	4.4	4.2	3.9	14.8	10.8	10.3	30.2	3.8
Mean		90.1	236,515	235,213	4.1	3.8	3.7	17.2	11.2	10.5	28.2	5.5
Low		84.6	5,018	4,467	2.1	2.0	2.0	10.2	9.1	9.0	6.2	1.2

LTM EV / Revenue Multiple Trend – 2 Years
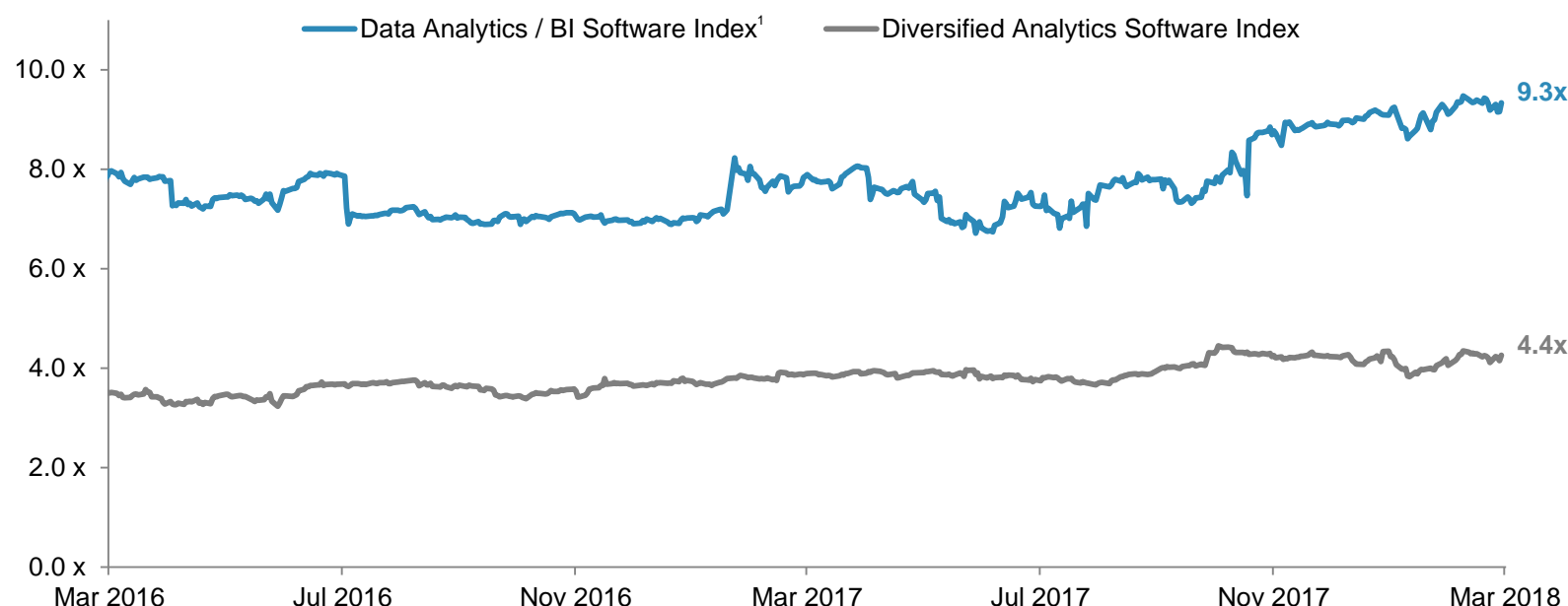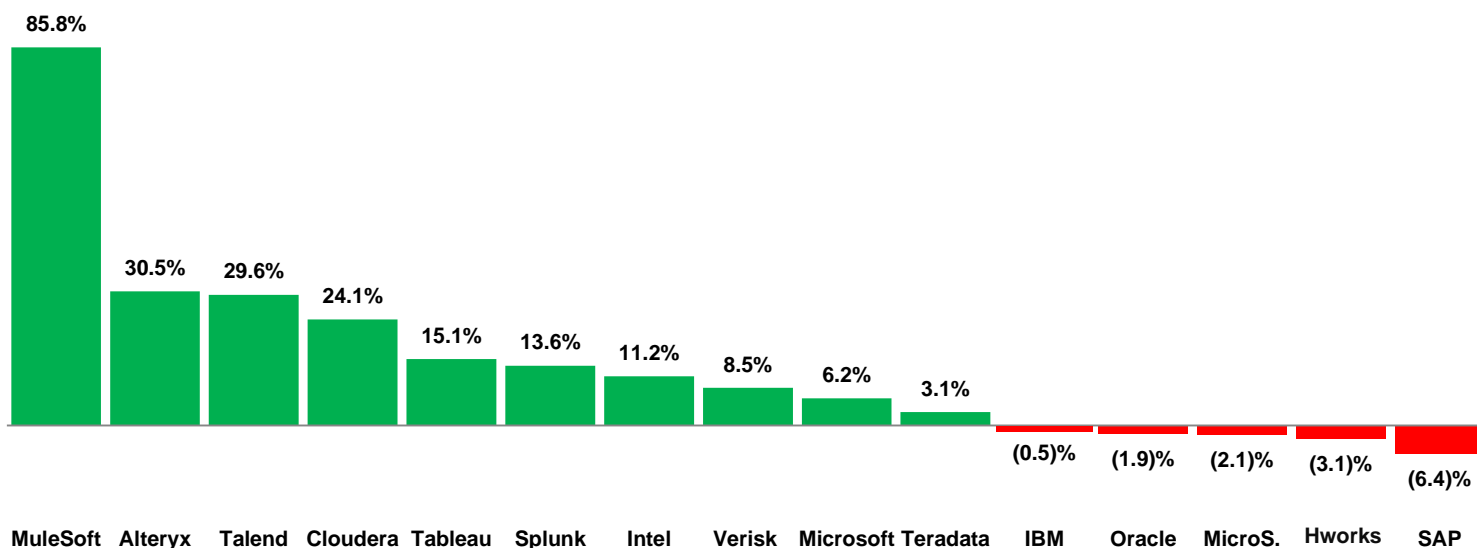

1. *Excludes Alteryx, Cloudera, Hortonworks, MuleSoft, and Talend.*
Source: Public filings as of 31-Mar-2018, CapitalIQ

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Big Data Market Indices Performance – 1 Year

Legend: S&P 500 | Data Analytics / BI Software Index[1] | Diversified Analytics Software Index

52.6%
26.9%
11.8%
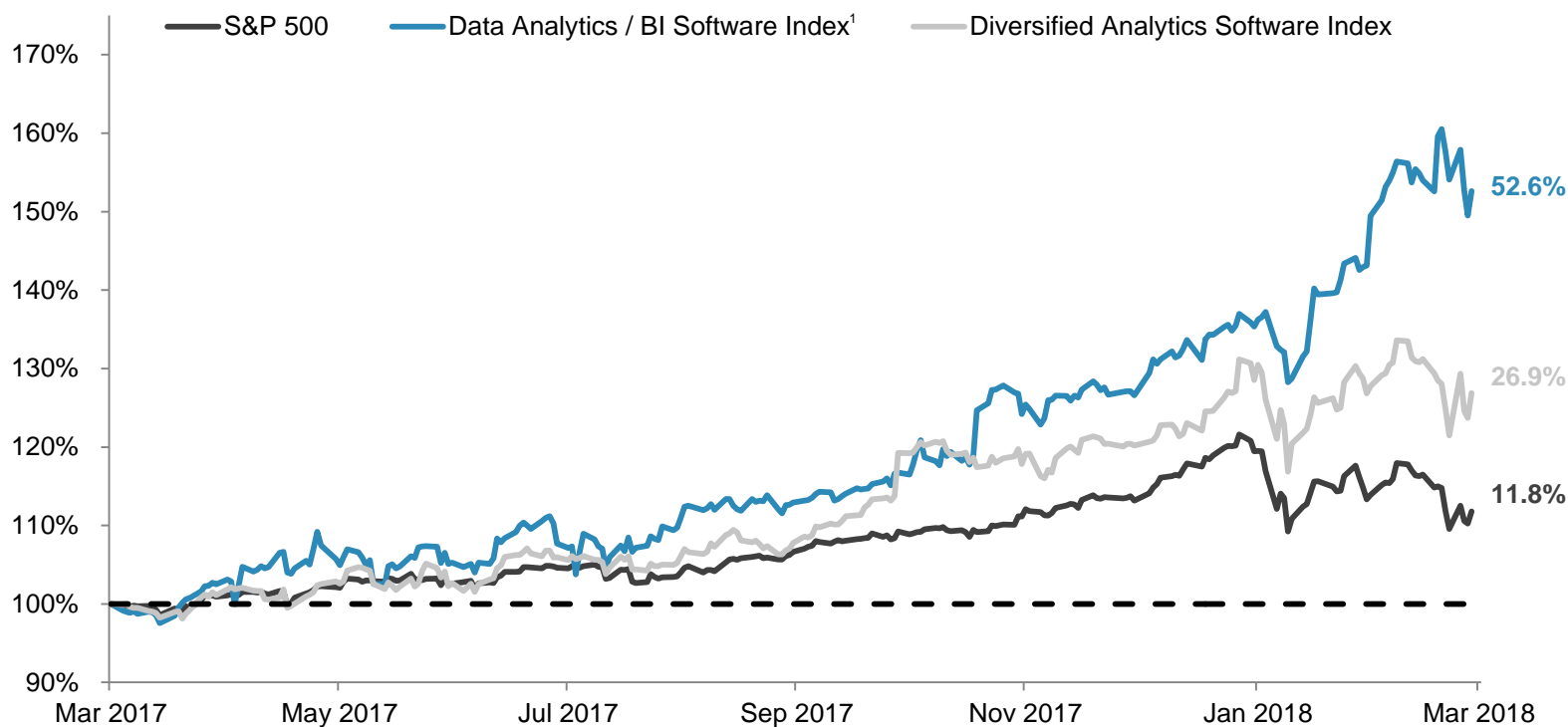
Q1 2018 Share Price Performance – 1 Quarter

Company	Performance
MuleSoft	85.8%
Alteryx	30.5%
Talend	29.6%
Cloudera	24.1%
Tableau	15.1%
Splunk	13.6%
Intel	11.2%
Verisk	8.5%
Microsoft	6.2%
Teradata	3.1%
IBM	(0.5)%
Oracle	(1.9)%
MicroS.	(2.1)%
Hworks	(3.1)%
SAP	(6.4)%

1. *Excludes Cloudera because they went public in the LTM period.*
Source: Public filings as of 31-Mar-2018, CapitalIQ

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