CLEARSIGHT
MONITOR

Cloud, Data, & Analytics – Q3 2019

Market Perspective

Sector Spotlight

M&A and Capital Raising Activity

Public Market Performance
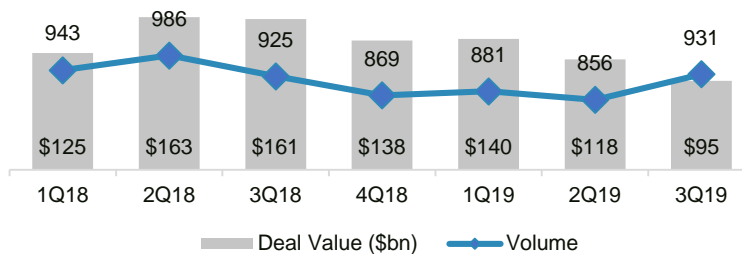
Sector Leadership

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As summer turned to autumn, third quarter deal volumes trended up slightly but on lower total spend. Expectations suggest valuations are stable with more downside than upside over the next twelve months (by a ratio of 5.4:1 according to a recent 451 Research survey). Cautious sentiments clearly hit the large cap M&A market in a more material way as fewer "above the fold" tech deals were announced in this past quarter. Information security remains hot and includes deals such as Broadcom's $10.7bn deal for Symantec's enterprise security business and VMware's $2.1bn deal for Carbon Black. Within the broader data and analytics ecosystem, Thoma Bravo printed a deal for data analytics and consumer intelligence provider J.D. Power for a reported $1.8bn. The partnership is expected to help J.D. Power accelerate new offerings and growth opportunities as it builds on its legacy as a pioneer in consumer intelligence. Splunk meanwhile paid $1.1bn for SignalFx (see Sector Spotlight) and VMware reached a deal to acquire Pivotal for $2.7bn.

Global Tech/Telecom M&A

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Volume	943	986	925	869	881	856	931
Deal Value ($bn)	$125	$163	$161	$138	$140	$118	$95

Nonetheless, the drivers of today's markets continue to be the availability of capital and a race to modernize capabilities. Rapid innovation and enterprise demand has made it clear that in a "buy vs. build" world, the obsolescence risk of building over time makes M&A the clear strategy of choice. We at Clearsight continue to see anecdotal evidence of aggressive behavior by both strategics and financial sponsors – suggestive that deal makers continue to be active and that we may see a strong final quarter in the tech M&A markets.

With warm regards,

Upcoming Conferences

Dec. 2-6, 2019
AWS re:Invent
Las Vegas, NV

Mar. 15-18, 2020
Strata Data Conference
San Jose, CA

Mar. 22-27, 2020
Enterprise Data World
San Diego, CA

Mar. 23-26, 2020
Gartner Data & Analytics Summit
Grapevine, TX

Apr. 6-8, 2020
Google Cloud Next
San Francisco, CA
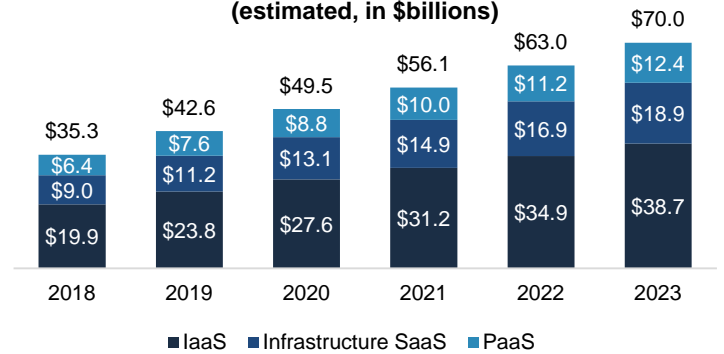
May 4-7, 2020
IBM Think
San Francisco, CA

Cloud Transformation of IT Infrastructure Creates Opportunities (and Challenges) for Data Analytics Incumbents

Rapid innovation and price competition by public cloud providers such as AWS and Azure has democratized the accessibility of core IT infrastructure and analytical models. A shifting landscape creates urgency to adapt existing products for cloud deployment and services models

Cloud "-aaS" Models Experience Rapid Growth

Data and analytics deployments benefit from cloud-based infrastructure, and public cloud in particular given the rapid evolution of low-cost , pre-built offerings in AI / ML, etc. Consumption based "-aaS" models has become the predominant IT strategy, a market expected to double and reach $70bn in annual revenue by 2023 – an implied annual growth rate of 15%. AWS continues to be the market leader for the largest component of the market (IaaS) and seemingly represents the default choice for companies constructing a data lake for analytics.

Cloud Computing as a Service Total Revenue (estimated, in $billions)

Year	IaaS	Infrastructure SaaS	PaaS	Total
2018	$19.9	$9.0	$6.4	$35.3
2019	$23.8	$11.2	$7.6	$42.6
2020	$27.6	$13.1	$8.8	$49.5
2021	$31.2	$14.9	$10.0	$56.1
2022	$34.9	$16.9	$11.2	$63.0
2023	$38.7	$18.9	$12.4	$70.0

■IaaS ■Infrastructure SaaS ■PaaS

Established Leaders Face Urgent Repositioning

Amid a transformational shift in IT delivery models, not all companies have the privilege of being born in the cloud. Most large, established technology leaders are repositioning their models to support workloads both on premise and in the cloud. (Preferences from enterprise IT buyers indeed show a reasonable balance, with 55% preferring on-premise as the primary location for workload execution.) Urgency is often a catalyst for M&A and indeed the pace of cloud-enabling acquisitions has accelerated in 2019 – a trend which no doubt has several years of runway ahead.

Cloud-Enabling Technology Acquisitions (total count)

Year	Count
2014	18
2015	43
2016	39
2017	32
2018	52
2019 (proj.)	107
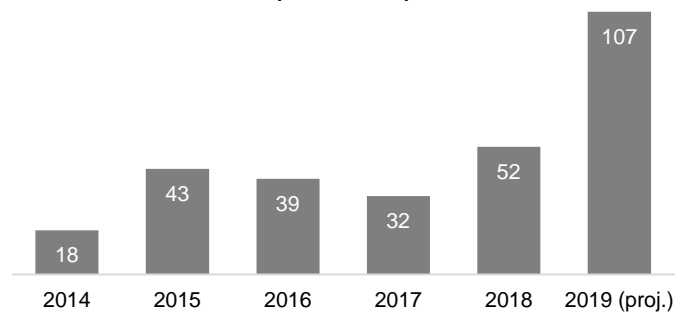
Case in Point: Splunk L3M Acquisitions

Splunk provides software solutions for real-time monitoring and analysis of machine data. The firm aims to empower organizations with operational intelligence. Its flagship product, Splunk Enterprise, can be deployed on-prem or in the cloud (public or private). The company offers a cloud services model, Splunk Cloud. In fiscal 2019 cloud services contributed 9.5% of the company's total revenues. Over the past three months, Splunk has deployed over $1.1bn of capital to support the continued development of cloud capabilities for its core product.

SignalFx

21-Aug-2019

$1.05bn

Real-time cloud monitoring solutions and data analytics software

omnition

04-Sep-2019

$90mm

Distributed tracing software for microservices application monitoring

streamlio

21-Oct-2019

Undisclosed

Real-time data stream processing and analytics software

Source: Public filings, 451 Research, Capital IQ, and company websites

Clearsight Client Intersys Acquired by ASGN's Apex Systems

On October 17, 2019, ASGN Incorporated (NYSE:ASGN) announced that its Apex Systems segment had acquired Intersys, an Austin, TX-based technology consultancy providing cutting edge data analytics and digital products development services for U.S. based enterprise clients

Transaction Summary

Founded in 2005 and headquartered in Austin, TX, Intersys combines cloud services expertise with data analytics and digital product development capabilities to modernize clients' applications and analytics infrastructure. The company offers a hybrid model featuring onsite consulting delivery paired with highly flexible nearshore delivery in Guadalajara, Mexico.

ASGN Incorporated, based in Calabasas, CA, is one of the foremost providers of IT and professional services in the technology, digital, creative, healthcare technology, engineering, life sciences, and government sectors. The acquisition of Intersys deepens and expands ASGN's capabilities in digital innovation and enterprise solutions. Intersys will become part of ASGN's Apex Systems division.

Market Insights

- The M&A market continues to be extremely competitive for high quality targets
- Professional services firms are seeing attractive valuations and deal terms from traditional and non-traditional buyers seeking an entry point
- A tight labor market for data engineering talent places a premium on targets offering well-credentialed consultants who can deliver in complex and cloud-based enterprise environments
- Certifications remain important and can help validate and quantify employee capabilities
- Well-scaled, Latin American delivery centers are sought after as complementary to an onshore consulting model or as a standalone offering
- Strong and experienced leadership can drive both market interest and transaction value

Clearsight Advisors Leadership in Advising Cloud, Data, & Analytics Companies

Target	Acquirer	Theme	Commentary
INTERSYS	ASGN Incorporated	☁ 🛢 📈	Data analytics and digital products consultancy Intersys was acquired by ASGN in a deal that strengthened Apex Systems' position as a market leader in providing high end technology services
Knowledgent	accenture	☁ 🛢 📈	Data intelligence company Knowledgent was acquired by Accenture to accelerate the data services capabilities of its Technology business unit
Gorilla Logic	SVERICA CAPITAL	☁	Nearshore software development and consulting services firm Gorilla Logic became a platform investment for Sverica; the firm specialized in enterprise digital transformations and Agile / DevOps
KOGENTiX	accenture	☁ 📈	Big Data and AI services and solutions company Kogentix was acquired by Accenture in a move to strengthen its Applied Intelligence business unit
DATASOURCE CONSULTING	EXL	🛢	Enterprise Data Management specialist Datasource Consulting was acquired by EXL to create an earlier entry point for clients and broaden the opportunities set within its global Analytics services offering

Target attributes include: ☁ **Cloud**   🛢 **Data**   📈 **Analytics**

Source: Public filings, 451 Research, Capital IQ, and company websites

FEATUREDTRANSACTIONS

Q3 2019 Select Cloud, Data, & Analytics Software M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
04-Sep-2019	MOVERE	Microsoft	• Movere provides clients with data and insights needed to plan cloud migrations and optimize, monitor, and analyze IT environments • Microsoft will use Movere's discovery and assessment capabilities to complement Azure Migrate in order to make cloud migration an easier process for customers
04-Sep-2019	*certain assets of* ARCADIA DATA	CLOUDERA	• Arcadia Data is a provider of cloud-native AI-powered business intelligence and real-time analytics • With this acquisition, Cloudera will accelerate its time-to-insight for Cloudera clients
04-Sep-2019	omnition	splunk>	• Omnition develops a tracing application for micro-service cloud-native applications • This acquisition will allow Splunk to offer tracing and logs within one advanced IT monitoring and analytics platform
26-Aug-2019	GENSCAPE	Wood Mackenzie A Verisk Analytics Business	• Genscape provides data analytics and software solutions to firms in the power, oil, natural gas, and biofuel industries • As part of Verisk, Wood Mackenzie will use Genscape's capabilities to expand its sector intelligence in energy data and analytics
22-Aug-2019	Pivotal.	vmware	• Pivotal provides a cloud-native application platform, Pivotal Cloud Foundry, which allows customers to easily develop cloud-native applications • With this acquisition, VMware will be able to deliver a comprehensive portfolio of products necessary to build applications on Kubernetes, an open-source container-orchestration system for automating application deployment
22-Aug-2019	Carbon Black.	vmware	• Carbon Black offers a predictive data and analytics platform which predicts and prevents cyber-attacks • This acquisition will allow VMware to launch a new Security Business unit within the company
21-Aug-2019	SignalFx	splunk>	• SignalFx provides cloud monitoring solutions to detect and pinpoint anomalies across infrastructure, applications, and business SLAs • Splunk will use SignalFx's platform to enhance their presence in the IT monitoring and analytics space
06-Aug-2019	BSSN Software	MilliPORE SiGMa	• BSSN Software is a lab informatics company that develops data management and integration software that collects scientific data for analyzing, processing, and sharing • Millipore Sigma had worked with BSSN Software since 2014 and decided to acquire it to grow its data management business
31-Jul-2019	LEVERTON	mri REAL ESTATE SOFTWARE	• Leverton is a developer of computational-linguistic software to process and manage contracts for clients in real estate and financial services sectors • Through this acquisition, MRI Software will be able to use Leverton's capabilities to streamline their data collection and management, enhancing client experience
30-Jul-2019	Parity Computing	ELSEVIER	• Parity Computing is a provider of data mining, analytics, and decision-support software solutions for publishers and enterprises in science and technology • Elsevier will leverage Parity's disambiguation technology to resolve ambiguities in entities and relationships that appear in publications
29-Jul-2019	BlueTalon	Microsoft	• BlueTalon develops data collaboration and data unification technology which allows clients to access all of their data without customizing any of their pre-existing databases • The acquisition of BlueTalon will allow Microsoft to empower enterprises across industries to undergo digital transformation with Azure while ensuring right use of data
22-Jul-2019	OpenAI	Microsoft	• OpenAI develops artificial intelligence applications • Microsoft invested $1 billion into OpenAI to further extend Microsoft Azure's capabilities in large-scale AI systems

Source: Public filings as of 30-Sep-2019, Capital IQ, Pitchbook

Q3 2019 Select Cloud, Data, & Analytics Software M&A Transactions (continued)

Announced	Target	Buyer	Target Description / Deal Rationale
17-Jul-2019	logical glue	TEMENOS	▪ Logical Glue provides a cloud-based machine learning and data visualizations an analytics platform for lenders and insurance companies ▪ Temenos' integration of Logical Glue's platform with their own will allow banks to make faster and more informed credit underwriting decisions based on AI
16-Jul-2019	CloudLanes	druva	▪ CloudLanes develops a cloud data platform which enables enterprises to move their data to or between clouds ▪ By integrating CloudLanes, Druva brings all the benefits of its cloud capabilities to on-premises environments, providing instant recovery and enhanced data security
11-Jul-2019	mnubo	aspentech	▪ Mnubo is a provider of data management and analytics for firms operating in the Internet of Things space, whether as a service provider or a device manufacturer ▪ With this acquisition, AspenTech will be able to accelerate the distribution of embedded AI in both its existing and future solutions

Q3 2019 Select Cloud, Data, & Analytics Software Capital Raise Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
25-Sep-2019	TigerGraph	SIG SUSQUEHANNA	▪ TigerGraph develops a scalable graph analytics platform and a database modelling tool which enables users to build database logic models and generate SQL script ▪ The company received $32 million of Series B funding led by Susquehanna International Group
24-Sep-2019	Fivetran	ANDREESSEN HOROWITZ	▪ FiveTran provides fully automated connectors which sync data from cloud applications, databases, and event logs into client warehouses ▪ The company raised $44 million of Series B funding led by Andreessen Horowitz
20-Aug-2019	H2O.ai	Goldman Sachs / PING AN	▪ H2O.ai offers an open source predictive analytics platform for data scientists, application developers, and business analysts who need in-memory machine learning ▪ The company raised $72.5 million of Series D funding led by Goldman Sachs and the Ping An Global Voyager Fund with continued investments from Wells Fargo, NVIDIA, and Nexus Venture Partners
15-Aug-2019	incorta.	SORENSON VENTURES	▪ Incorta provides an analytics platform which offers real-time operational analytics for the Oracle e-business suite ▪ Incorta received $30 million of Series C capital led by Sorenson Capital
14-Aug-2019	CloudCheckr	LEVEL EQUITY	▪ CloudCheckr is a developer of cloud management software solutions that help businesses manage and automate cost and security for their public cloud environment ▪ CloudCheckr secured $50 million in Series A funding from Level Equity
05-Aug-2019	scale	FOUNDERS FUND	▪ Scale AI accelerates the development of AI applications by helping computer vision teams generate high-quality ground truth data ▪ The company raised $100 million in Series C funding led by Founders Fund with participation from Accel, Index Ventures, Coatue Management, Spark Capital, and Thrive Capital
30-Jul-2019	DataRobot	SAPPHIRE VENTURES	▪ DataRobot provides a predictive analytics cloud and on-premises platform that offers a project-based curriculum to help users gain insights from data scientists ▪ DataRobot secured $206 million in Series E funding led by Sapphire Ventures
17-Jul-2019	ASCEND.IO	Accel	▪ Ascend.io offers an Autonomous Dataflow Service which enables engineers to build Apache Spark-based pipelines with 85% less code ▪ Ascend.io raised $19 million in Series A funding led by Accel with participation from Sequoia Capita, Lightspeed Venture Partners, and 8VC

Source: Public filings as of 30-Sep-2019, Capital IQ, Pitchbook

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Q3 2019 Select Cloud, Data, & Analytics Software Capital Raise Transactions (continued)

Announced	Target	Buyer	Target Description / Deal Rationale
17-Jul-2019	icertis	GREYCROFT	▪ Icertis runs an enterprise contract management platform which helps companies accelerate their business by helping them increase contract velocity ▪ Icertis received $115 million of Series E funding from Greycroft and Premji Invest
12-Jul-2019	BigID	Bessemer Venture Partners	▪ BigID develops security software solutions to protect and manage the privacy of personal data ▪ BigID raised $50 million of Series C funding led by Bessemer Venture Partners
10-Jul-2019	Stratasan	FULCRUM EQUITY PARTNERS	▪ Stratasan provides market intelligence to hospitals and healthcare systems through its software and services ▪ Stratasan secured $26 million in an investment round led by Fulcrum Equity Partners
09-Jul-2019	SINEQUA	Jolt capital	▪ Sinequa offers a software platform that uses statistical and semantic analysis to provide big data search and analytics for companies and government agencies ▪ Sinequa received $23 million in Series B funding led by Jolt Capital and Troismer

Q3 2019 Select Cloud, Data, & Analytics Services M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
24-Sep-2019	SEYVU	InterVision PROFESSIONAL SERVICES	▪ SeyVu is a provider of data analytics solutions and services as well as consulting services through data analysis ▪ With this acquisition, InterVision complements its existing cloud services practice by providing it with advanced machine learning / artificial intelligence capabilities
19-Sep-2019	1Strategy	TEKsystems	▪ 1Strategy is a consulting firm that provides customers with design, implementation, and migration services on the Amazon Web Services cloud ▪ The acquired equity stake was previously owned by and divested from Beyondsoft
10-Sep-2019	Pragsis Bidoop	accenture	▪ Pragsis Bidoop offers big data, artificial intelligence, and related information technology consulting services ▪ Integrating Pragsis Bidoop's capabilities will expand Accenture's Applied Intelligence division's capabilities in the European and Latin American markets
01-Aug-2019	think Data insights	LBMC MAKE A GOOD BUSINESS BETTER	▪ Think Data Insights provides data platform, analytics, and architecture services ▪ With this acquisition, LMBC will be able to couple its leading accounting and business consulting intelligence with data-driven insights
30-Jul-2019	J.D. POWER	THOMABRAVO	▪ J.D. Power offers marketing information based on independent consumer surveys of product and service quality, customer satisfaction, and buyer behavior ▪ Thoma Bravo acquired J.D. Power in order to assist them in expanding their cloud and AI capabilities

Q3 2019 Select Cloud, Data, & Analytics Services Capital Raise Transactions

Announced	Target	Investor	Target Description / Deal Rationale
10-Sep-2019	sourced	Round13 CAPITAL	▪ Sourced Group provides consulting services to migrate enterprise customers to hyper scale cloud providers with a focus on security, governance, and compliance ▪ Sourced Group secured $20 million in funding led by Round 13 Capital with participation from Comerica Bank and HSBC

Source: Public filings as of 30-Sep-2019, Capital IQ, Pitchbook

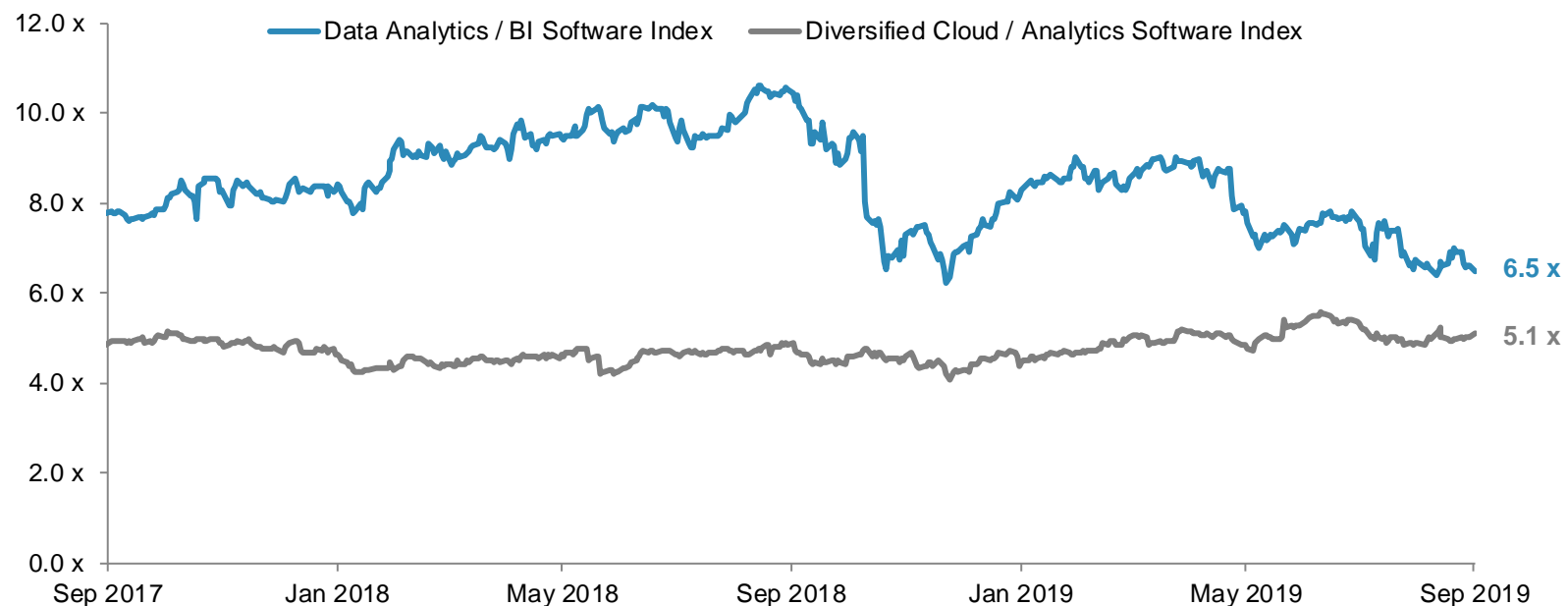## Cloud, Data, & Analytics Comparable Companies Analysis

Data Analytics / BI Software Index

Company	Closing Price 30-Sep-2019	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2019	2020	LTM	2019	2020	
Alteryx	$ 107.43	72.7 %	$ 7,026	$ 6,901	22.3 x	18.5 x	13.8 x	NMF	NMF	NMF	7.4 %
Cloudera	8.86	43.9	2,825	2,632	4.1	3.4	3.1	NMF	NMF	38.3	(28.9)
MicroStrategy	148.37	96.7	1,536	1,103	2.3	2.3	2.1	NMF	NMF	22.1	(0.5)
Splunk	117.86	82.0	19,275	18,565	9.1	8.0	6.6	NMF	NMF	NMF	(9.9)
Talend	33.98	48.3	1,138	1,137	5.0	4.6	3.8	NMF	NMF	NMF	(22.3)
Verisk	158.14	95.9	26,488	29,122	11.7	11.2	10.4	26.7	23.8	21.8	43.9
High		96.7 %	$ 26,488	$ 29,122	22.3 x	18.5 x	13.8 x	26.7 x	23.8 x	38.3 x	43.9 %
Median		77.4	4,925	4,766	7.1	6.3	5.2	26.7	23.8	22.1	(5.2)
Mean		73.2	9,715	9,910	9.1	8.0	6.6	26.7	23.8	27.4	(3.0)
Low		43.9	1,138	1,103	2.3	2.3	2.1	26.7	23.8	21.8	(28.9)

Diversified Cloud / Analytics Software Index

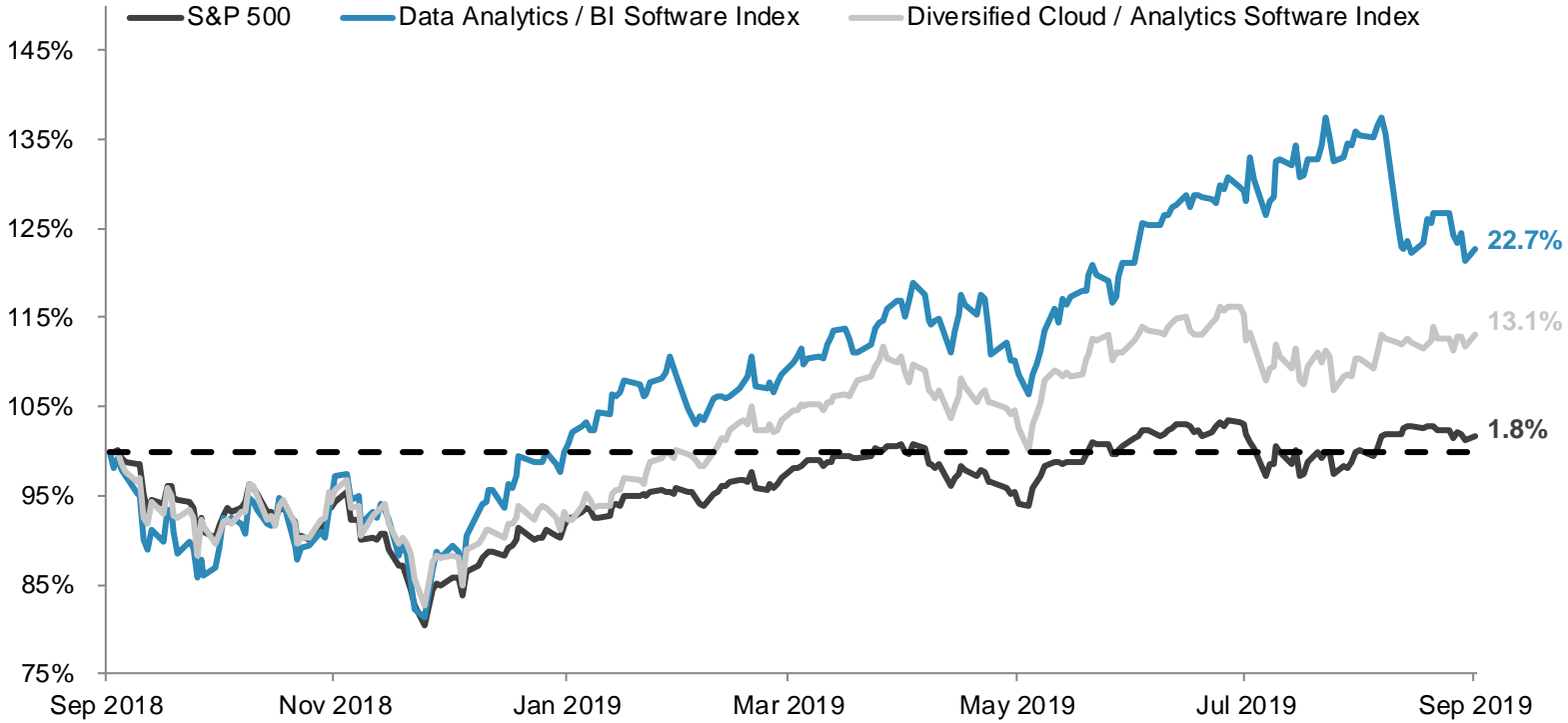| Company	Closing Price 30-Sep-2019	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2019	2020	LTM	2019	2020	
IBM	$ 145.42	94.2 %	$ 130,601	$ 198,224	2.6 x	2.5 x	2.4 x	11.9 x	11.1 x	10.3 x	21.6 %
Intel	51.53	86.5	232,673	254,322	3.6	3.7	3.6	7.9	8.1	7.8	45.6
Microsoft	139.03	97.7	1,061,551	1,001,654	7.7	7.6	6.8	17.4	17.3	15.5	44.2
Oracle	55.03	91.0	190,234	211,283	5.3	5.3	5.2	13.1	11.4	11.3	40.9
SAP	117.87	86.5	144,806	156,516	5.3	5.2	4.9	20.3	14.3	13.4	26.2
Teradata	31.00	62.7	3,637	3,643	1.8	1.8	1.8	NMF	9.3	7.9	1.3
VMWare	150.06	72.6	63,900	65,786	6.9	6.6	6.0	26.1	17.0	15.6	26.5
High		97.7 %	$ 1,061,551	$ 1,001,654	7.7 x	7.6 x	6.8 x	26.1 x	17.3 x	15.6 x	45.6 %
Median		88.7	167,520	204,754	4.5	4.5	4.2	13.1	11.2	10.8	33.5
Mean		86.4	293,917	304,274	4.4	4.4	4.1	14.1	11.9	11.0	30.0
Low		62.7	3,637	3,643	1.8	1.8	1.8	7.9	8.1	7.8	1.3

LTM EV / Revenue Multiple Trend – 2 Years[1]

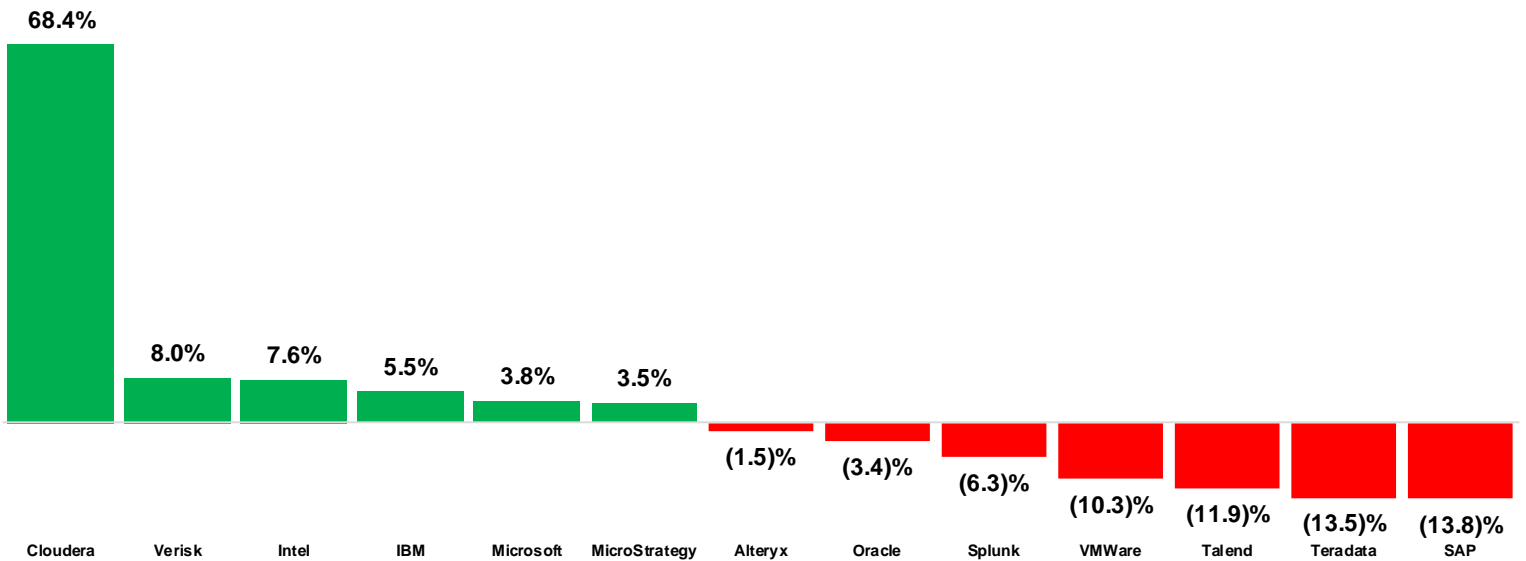*Source: Public filings as of 30-Sep-2019, Capital IQ*
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

PUBLICMARKETS

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Cloud, Data, & Analytics Market Indices Performance – 1 Year

Legend:
- S&P 500
- Data Analytics / BI Software Index
- Diversified Cloud / Analytics Software Index

Y-axis: 145%, 135%, 125%, 115%, 105%, 95%, 85%, 75%

End values:
- Data Analytics / BI Software Index: 22.7%
- Diversified Cloud / Analytics Software Index: 13.1%
- S&P 500: 1.8%

X-axis: Sep 2018 — Nov 2018 — Jan 2019 — Mar 2019 — May 2019 — Jul 2019 — Sep 2019

Q3 2019 Share Price Performance – 1 Quarter

Company	Performance
Cloudera	68.4%
Verisk	8.0%
Intel	7.6%
IBM	5.5%
Microsoft	3.8%
MicroStrategy	3.5%
Alteryx	(1.5)%
Oracle	(3.4)%
Splunk	(6.3)%
VMWare	(10.3)%
Talend	(11.9)%
Teradata	(13.5)%
SAP	(13.8)%

Source: Public filings as of 30-Sep-2019, Capital IQ

We would like to thank all of our clients, colleagues, and friends for helping to reinforce Clearsight as the *leader* in advising high-end technology and business services companies.

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ABOUT US

Clearsight Advisors is a premier, independent investment bank dedicated to providing world-class M&A and capital raising solutions exclusively to growth-oriented Technology and Business Services companies. Clearsight combines deep market insights across software, services, and data. This market knowledge combined with superior strategic and financial advice allows Clearsight to act as a catalyst, enabling entrepreneurs, private equity owners, and boards of directors to successfully advance their vision. Clearsight Capital Advisors, Inc., a wholly owned subsidiary, is a registered member of FINRA & SIPC. For more information, please visit www.clearsightadvisors.com

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