

CLEAR SIGHT MONITOR

Market Perspective

Sector Spotlight

M&A and Capital Raising Activity

Public Market Performance

Big Data – Q4 2017



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IDC states worldwide revenues for Big Data and business analytics will grow from \$130 billion in 2016 to over \$203 billion in 2020, at a CAGR of ~12%. In addition, Forrester predicts **70% of enterprises will implement AI over the next 12 months** (up from 40% in '16 and 51% in '17). This is a huge shift but a natural evolution of Big Data!

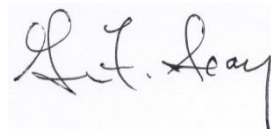
As we put the wrap on 2017 and look to 2018, who will be the winners in this AI/Machine Learning landscape? Companies that focus on specific business outcomes will be the big winners. Much like early Big Data days, the focus has been on customer insights and predicting customer behavior. However, enterprises are now looking to deploy AI across their operations from supply chain to equipment maintenance. As AI use cases widen, companies seek to better understand the complex and confusing AI solution landscape. AI solution providers that can address multiple business problems and use cases and are growing revenue at 40%+ will command the attention of the most active consolidators, while startups that require tens of millions of dollars of funding to amass their first enterprise use case will struggle to exit effectively. ClearSight believes 2018 is the year for AI M&A as strategic buyers have identified the gaps in their software and services offerings and are eager to find proven targets.



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Upcoming Conferences

March 5-8
Strata Data Conference
San Jose, CA

March 6-9
Gartner Data and Analytics Summit
Grapevine, TX

April 22-27
Enterprise Data World
San Diego, CA

May 22-23
Data Summit
Boston, MA

Q4 2017 acquisitions advance Splunk's market-leading machine learning platform

Splunk ramped its acquisition activity in 2017 helping drive its stock price up 60%+ for the full year. In Q4 alone, the company completed two transactions totaling \$40mm+ in value. The acquisitions of SignalSense and Rocana's technology and IP assets fit into Splunk's strategy of enhancing their leadership position as the #1 Operational Intelligence platform.



Splunk Acquires Signal Sense

Target

Transaction Summary

 **SIGNAL SENSE**

On October 17, Splunk announced it had acquired SignalSense, a privately held technology company offering cloud-based advanced data collection and breach detection solutions that leverage machine learning. These machine learning technologies are applied to signal processing and make cyber intelligence practical and effective for businesses of any size. Seattle-based SignalSense will join Splunk's Products organization in its growing Seattle office. The acquisition was funded with cash from Splunk's balance sheet.

Buyer

 **splunk**

Transaction Information

Announced Date	10/17/2017
Deal Type	Acquisition
Deal Size	\$12.2 mm

Target Information

Year Founded	2013
Target HQ	Seattle, WA

Deal Analysis

- *ClearSight Perspective: The acquisition of SignalSense builds upon Splunk's ongoing strategy to further advance its machine learning capabilities and its market-leading machine data platform. SignalSense's expertise in building modern cloud applications and applying machine learning to data complements Splunk's product capabilities.*

Deal Commentary

"Splunk is the perfect platform for our team to make a big impact on Splunk's substantial customer base"

Brad Lovering
Chief Engineering Officer, SignalSense

Splunk Acquires Rocana Assets

Target

Transaction Summary

 **rocana**

On October 9, Splunk announced it had acquired select assets of Rocana, a privately held technology company offering analytics solutions for the IT market. A number of technical employees from Rocana will also be joining Splunk as part of the transaction, which was funded with cash from Splunk's balance sheet.

Buyer

 **splunk**

Transaction Information

Announced Date	10/9/2017
Deal Type	Acquisition
Deal Size	\$30.2 mm

Target Information

Year Founded	2014
Target HQ	San Francisco, CA

Deal Analysis

- *ClearSight Perspective: The acquisition of Rocana's technology and intellectual property assets comes after Splunk's recent commitment to innovate through a build, buy, and partner approach. Splunk will leverage Rocana's assets to advance its machine data platform and machine learning capabilities. Furthermore, Rocana's team of technical employees will strengthen Splunk's IT Operations leadership.*

Deal Commentary

"We are thrilled to join the Splunk team and help contribute to its vision of helping customers turn data into answers"

Eric Sammer
Chief Technical Officer, Rocana

Other Notable Splunk Acquisitions in 2017



May 2017: Splunk acquired Drastin, a provider of conversational analytics technology intended to help non-technical users gain critical business insights from massive amounts of data.

The acquisition of Drastin expands Splunk's search-driven analytics capabilities and enhances Splunk's ability to provide an intuitive search experience for customers.

Source: Public Filings as of 31-Dec-2017, CapitalIQ

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FEATURED TRANSACTIONS







Q4 2017 Select Big Data / Data Analytics Software M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
12/20/2017	 innowera Enterprise-class Data Management	 MAGNITUDE SOFTWARE	<ul style="list-style-type: none"> Innowera provides global software enabling users to more efficiently manage SAP processes and workflows for productivity and data management The acquisition, via its financial sponsor The Audax Group, expands Magnitude's portfolio of solutions in the SAP marketplace, provides access to additional target users, and complements key solutions
12/18/2017	 net health.	 THE CARLYLE GROUP	<ul style="list-style-type: none"> Net Health's software offers end-to-end services that include practice management tools, clinical workflow documentation, revenue cycle management and analytics Private equity firms, The Carlyle Group and Level Equity, completed the acquisition of Net Health Systems
12/5/2017	 Madrone	 solovis	<ul style="list-style-type: none"> Madrone Software & Analytics provides portfolio, risk analytics, and market intelligence solutions for the asset management industry Following the acquisition, Solovis' clients will gain access to advanced fund analytics, detailed risk analysis, and operational and investment due diligence capabilities
11/27/2017	 Halo	 LOGILITY	<ul style="list-style-type: none"> Halo Business Intelligence supplies advanced analytics and business intelligence solutions for the supply chain market The acquisition will help clients move from projections to predictive and prescriptive analytics to increase visibility and accelerate decision-making across the supply chain
11/17/2017	 VIEWICS	 Roche	<ul style="list-style-type: none"> Viewics provides analytics software focused on laboratory business analytics, allowing efficient integration of big data from a variety of IT systems The transaction will provide data-driven lab business analytics and add further digital capabilities along the laboratory value chain
11/15/2017	 ALPINE DATA	 TIBCO	<ul style="list-style-type: none"> Alpine Data offers a cloud-based data science and social collaboration platform The addition of Alpine Data will bolster TIBCO's data science technology and analytics portfolio
11/9/2017	 QUMRAM	 dynatrace	<ul style="list-style-type: none"> Qumram offers advanced session replay technology for mobile and web applications The transaction will further expand Dynatrace's digital experience capabilities by providing the ability to visually replay a user session within the existing platform
11/6/2017	 zyme The New Smart Channel	 E2OPEN	<ul style="list-style-type: none"> Zyme, a channel data management company, enables organizations to have deep visibility into their indirect sales channels The combination will give global manufacturers unprecedented visibility and control of their manufacturing and sales operations
10/26/2017	 Logi ANALYTICS	 MARLIN EQUITY PARTNERS	<ul style="list-style-type: none"> Logi Analytics provides embedded business intelligence and analytics software solutions that create engaging analytic applications Marlin Equity Partners is a global investment firm with over \$6.7 billion of capital under management
10/19/2017	 PERSPICA	 AppDynamics	<ul style="list-style-type: none"> Perspica is a developer of SaaS analytics and observability products designed to ingest and understand the high volume, velocity, and variety of big data Perspica's domain knowledge around machine learning and streaming data will greatly enhance the capabilities of AppDynamics engineering teams
10/17/2017	 SIGNALSENSE	 splunk	<ul style="list-style-type: none"> SignalSense provides machine learning technologies for signal processing, designed to make cyber intelligence practical and effective for businesses of any size The addition of SignalSense will help expand Splunk's product leadership and drive customer value


Source: Public filings as of 31-Dec-2017, CapitalIQ

FEATURED TRANSACTIONS

Q4 2017 Select Big Data / Data Analytics Software M&A Transactions (Cont.)

Announced	Target	Buyer	Target Description / Deal Rationale
10/10/2017	 eBureau®	 TransUnion®	<ul style="list-style-type: none"> eBureau provides custom-analytic solutions with both credit-risk and anti-fraud applications The acquisition continues to build upon TransUnion's success as a source of versatile data and analytics capabilities
10/6/2017	 CYENCE	 GUIDEWIRE	<ul style="list-style-type: none"> Cyence offers an analytics platform designed to quantify the financial impact of cyber risk, through data collection, machine learning, and economic / risk modeling The \$275m transaction will enable Guidewire to provide P&C insurers with cloud-based data listening and risk analytics solution for managing modern-day threats
10/5/2017	 COMPOSITE SOFTWARE	 TIBCO®	<ul style="list-style-type: none"> Composite Software offers solutions that power enterprise-scale virtualization and associated consulting and support services TIBCO's analytics users will benefit from improved data agility, enhanced scalability, and better business insights

















Q4 2017 Select Big Data / Data Analytics Software Capital Raise Transactions

Announced	Target	Investor	Target Description / Deal Rationale
12/19/2017	 Anodot	 REDLINE Capital Management	<ul style="list-style-type: none"> Anodot provides a SaaS real time analytics & automated anomaly detection system designed to detect & turn outliers in time series data into valuable business insights The company raised \$23 million of Series B venture funding in a deal led by Redline Capital Management
11/30/2017	 UPTAKE	 BAILLIE GIFFORD	<ul style="list-style-type: none"> Uptake offers a predictive analytics platform designed to transform data into measurable business value The company raised \$117 million of Series D venture funding in a deal led by Baillie Gifford
11/29/2017	 Callminer Eureka	 ESCALATE CAPITAL PARTNERS	<ul style="list-style-type: none"> CallMiner provides a cloud based customer analytics platform designed to offer a fundamental driver of positive customer experiences The company raised an estimated \$5.5 million of Series D2 funding in a deal led by Escalate Capital Partners
11/3/2017	 DataRobot	 NEA	<ul style="list-style-type: none"> DataRobot offers a machine learning automation platform designed to deploy accurate predictive models The company raised ~\$68 million of Series C venture funding in a deal led by New Enterprise Associates
11/2/2017	 Ayla	 Run Liang Tai Fund	<ul style="list-style-type: none"> Ayla operates as a cloud platform-as-a-service connectivity solution designed to provide the flexibility and modularity to enable rapid changes to any type of device The company raised \$60 million of Series D venture funding in a deal led by Run Liang Tai Fund and Sunsea Telecommunications
10/23/2017	 ACTIONIQ	 ANDREESSEN HOROWITZ	<ul style="list-style-type: none"> ActionIQ provides a SaaS enterprise customer data platform that helps marketers with the flow and scale of data, analytics, and marketing campaigns The company raised \$30 million of Series B venture funding in a deal led by Andreessen Horowitz
10/18/2017	 MAPR	 LIGHTSPEED VENTURE PARTNERS	<ul style="list-style-type: none"> MapR Technologies provides an enterprise-grade distributed data platform to store and process Big Data The company raised \$61 million of funding in a round led by Lightspeed Venture Partners
10/7/2017	 PETUUM	 SoftBank Group	<ul style="list-style-type: none"> Petuum operates as a machine learning infrastructure platform designed to make even the most advanced AI technology accessible and affordable The company raised \$93 million of Series B venture funding in a round led by SoftBank Group
10/3/2017	 atscale	 ATLANTIC BRIDGE	<ul style="list-style-type: none"> AtScale provides a business intelligence platform designed to make business analytics work on Big Data The company raised \$25 million of Series C funding in a deal led by Atlantic Bridge
10/3/2017	 INFINIDAT	 Goldman Sachs	<ul style="list-style-type: none"> Infinidat provides data storage management technology designed to support data intensive enterprises The company raised \$95 million of Series C venture funding in a deal led by Goldman Sachs Private Capital Investing Group




Source: Public filings as of 31-Dec-2017, CapitalIQ

FEATURED TRANSACTIONS

Q4 2017 Select Big Data / Data Analytics Services M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
12/15/2017			<ul style="list-style-type: none"> SQS Software Quality Systems provides software quality assurance services via software testing and software certification services The \$335 million transaction will enhance Assystem's products and services in software testing solutions, quality assurance, and change management support
12/5/2017			<ul style="list-style-type: none"> Alliance Life Sciences provides a range of services including contract analysis, enterprise contract life-cycle management, clinical data review and analysis, and managed services The Access Group, via its financial sponsor, Water Street Healthcare Partners, made the acquisition to build out its global life sciences' commercialization services platform
12/1/2017			<ul style="list-style-type: none"> CRM manager provides salesforce.com cloud application implementation, integration, and customization services in the United States This acquisition continues Simplus' acquisition trend, which began with the purchase of BaldPeak in 2016 and then EDL Consulting and Basati earlier in 2017
11/28/2017			<ul style="list-style-type: none"> FuturTech Consulting provides quality, cost-effect IT and computing services to clients The companies have merged to create a full service IT cloud solutions company uniquely positioned to take clients from their desktop to the cloud
11/1/2017			<ul style="list-style-type: none"> Bug Insights provides market research, human capital analysis, and consulting services The acquisition will help Deloitte deliver essential employee insights into total rewards offerings
10/19/2017			<ul style="list-style-type: none"> AutoCont provides information and communication services including enterprise infrastructure, enterprise information systems, IT, and cloud services KKCG Investment Group became a majority shareholder owning ~70% of the company
10/18/2017			<ul style="list-style-type: none"> RiskVision provides integrated solutions for operational and security risk intelligence for businesses RiskVision's capabilities, including threat and vulnerability management, IT risk, and vendor risk, perfectly complement Resolver's existing market offerings
10/17/2017			<ul style="list-style-type: none"> DataScope Analytics offers data science consulting and designing services The acquisition expands IDEO's core offerings, creating a new service called "Design for Augmented Intelligence" and a new discipline around data science
10/10/2017			<ul style="list-style-type: none"> GeoFields provides data management solutions for the data integration, analysis, and regulatory needs of the oil and gas pipeline industry The acquisition of GeoFields helps further position Emerson as a comprehensive solutions provider for pipeline operations management

Q4 2017 Select Big Data / Data Analytics Services Capital Raise Transactions

Announced	Target	Investor	Target Description / Deal Rationale
12/21/2017			<ul style="list-style-type: none"> Catalyte leverages machine learning, proprietary algorithms, and Big Data to provide agile software development services The company received ~\$13 million of development capital from Cross Culture Ventures
10/31/2017			<ul style="list-style-type: none"> Onica is a technology consulting firm offering services in cloud consulting, infrastructure, security and compliance, data analytics, and managed services The company raised \$20 million of growth equity funding from Sunstone Partners

Big Data Comparable Companies Analysis

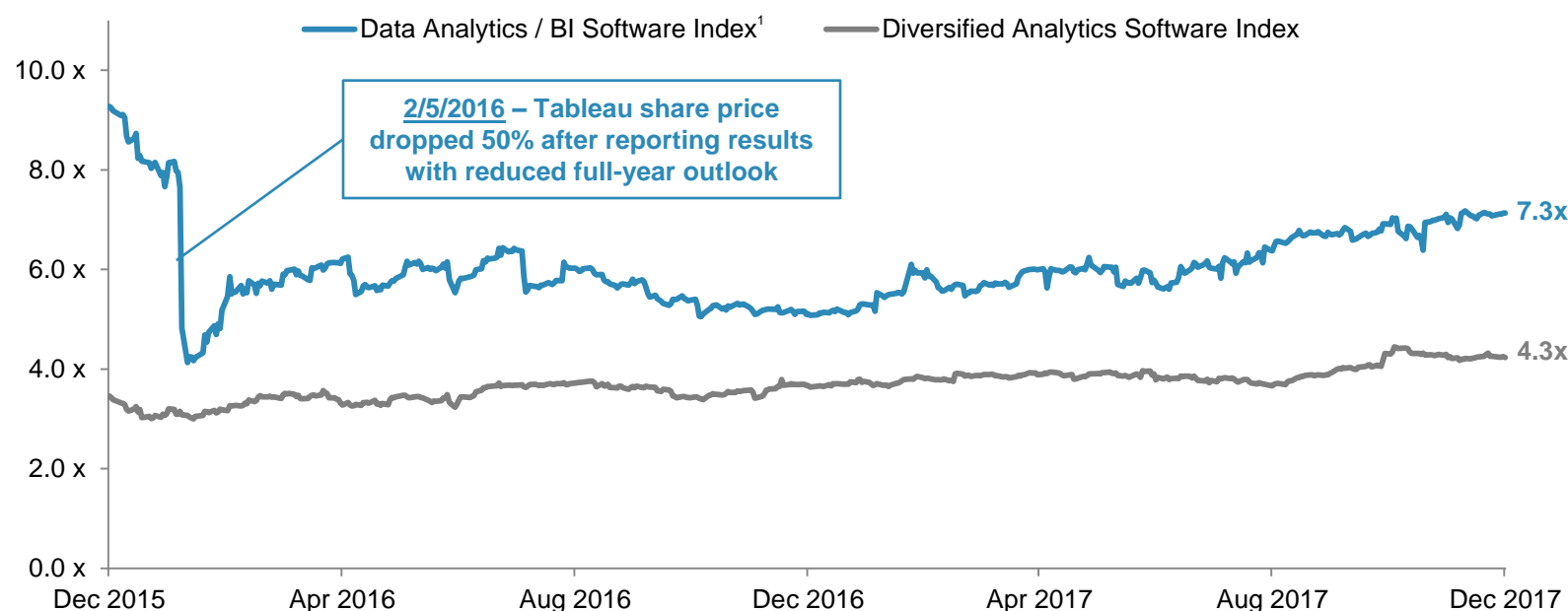
Data Analytics / BI Software Index

Company	Closing Price 31-Dec-2017	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	2017E Revenue Growth
					LTM	2017	2018	LTM	2017	2018		
Verisk	\$ 96.00	97.4 %	\$ 16,272	\$ 19,482	9.2 x	9.1 x	8.5 x	19.9 x	18.7 x	17.3 x	46.3 %	6.8 %
Splunk	82.84	97.6	12,724	11,666	10.1	9.4	7.5	(45.7)	80.1	55.9	(22.1)	30.7
Tableau	69.20	84.1	6,236	5,381	6.4	6.2	5.7	(38.0)	94.2	72.5	(16.9)	5.1
MuleSoft	23.26	80.2	3,023	2,841	10.8	9.8	7.2	(44.7)	(49.7)	(47.2)	(24.2)	55.0
Cloudera	16.52	70.7	2,861	2,472	7.3	6.8	5.4	(6.6)	(24.5)	(28.7)	(110.4)	38.9
Hortonworks	20.11	95.8	1,728	1,655	6.3	6.4	5.1	(8.7)	(21.2)	(41.3)	(72.3)	39.4
Alteryx	25.27	86.7	1,603	1,447	12.3	11.2	8.2	(82.1)	(220.9)	(201.6)	(14.9)	50.2
MicroStrategy	131.30	63.8	1,503	828	1.6	1.7	1.7	10.2	8.1	12.1	16.0	(2.4)
Talend	37.48	80.9	1,151	1,056	7.7	7.1	5.5	(48.5)	(57.4)	(1,034.3)	(15.8)	40.2
High		97.6 %	\$ 16,272	\$ 19,482	12.3 x	11.2 x	8.5 x	19.9 x	94.2 x	72.5 x	46.3 %	55.0 %
Median		84.1	2,861	2,472	7.7	7.1	5.7	(38.0)	(21.2)	(28.7)	(16.9)	38.9
Mean		84.1	5,233	5,203	8.0	7.5	6.1	(27.1)	(19.2)	(132.8)	(23.8)	29.3
Low		63.8	1,151	828	1.6	1.7	1.7	(82.1)	(220.9)	(1,034.3)	(110.4)	(2.4)

Diversified Analytics Software Index

Company	Closing Price 31-Dec-2017	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	2017E Revenue Growth
					LTM	2017	2018	LTM	2017	2018		
Microsoft	\$ 85.54	97.8 %	\$ 659,906	\$ 606,193	6.5 x	6.0 x	5.5 x	17.6 x	15.2 x	13.7 x	37.1 %	16.1 %
Oracle	47.28	89.0	205,342	194,870	5.0	5.0	4.8	12.9	10.9	10.3	38.9	4.7
Intel	46.16	96.9	221,011	235,126	3.8	3.8	3.7	9.4	9.2	8.7	40.5	4.5
IBM	153.42	83.9	144,790	179,031	2.3	2.3	2.3	10.6	9.4	9.0	21.5	(1.6)
SAP	112.32	93.0	134,660	135,345	4.9	4.8	4.5	19.4	13.8	13.4	25.2	21.4
Teradata	38.46	97.8	4,810	4,458	2.1	2.1	2.1	26.2	12.1	11.7	7.9	(7.8)
High		97.8 %	\$ 659,906	\$ 606,193	6.5 x	6.0 x	5.5 x	26.2 x	15.2 x	13.7 x	40.5 %	21.4 %
Median		94.9	175,066	186,951	4.3	4.3	4.1	15.3	11.5	11.0	31.2	4.6
Mean		93.0	228,420	225,837	4.1	4.0	3.8	16.0	11.8	11.1	28.5	6.2
Low		83.9	4,810	4,458	2.1	2.1	2.1	9.4	9.2	8.7	7.9	(7.8)

LTM EV / Revenue Multiple Trend – 2 Years

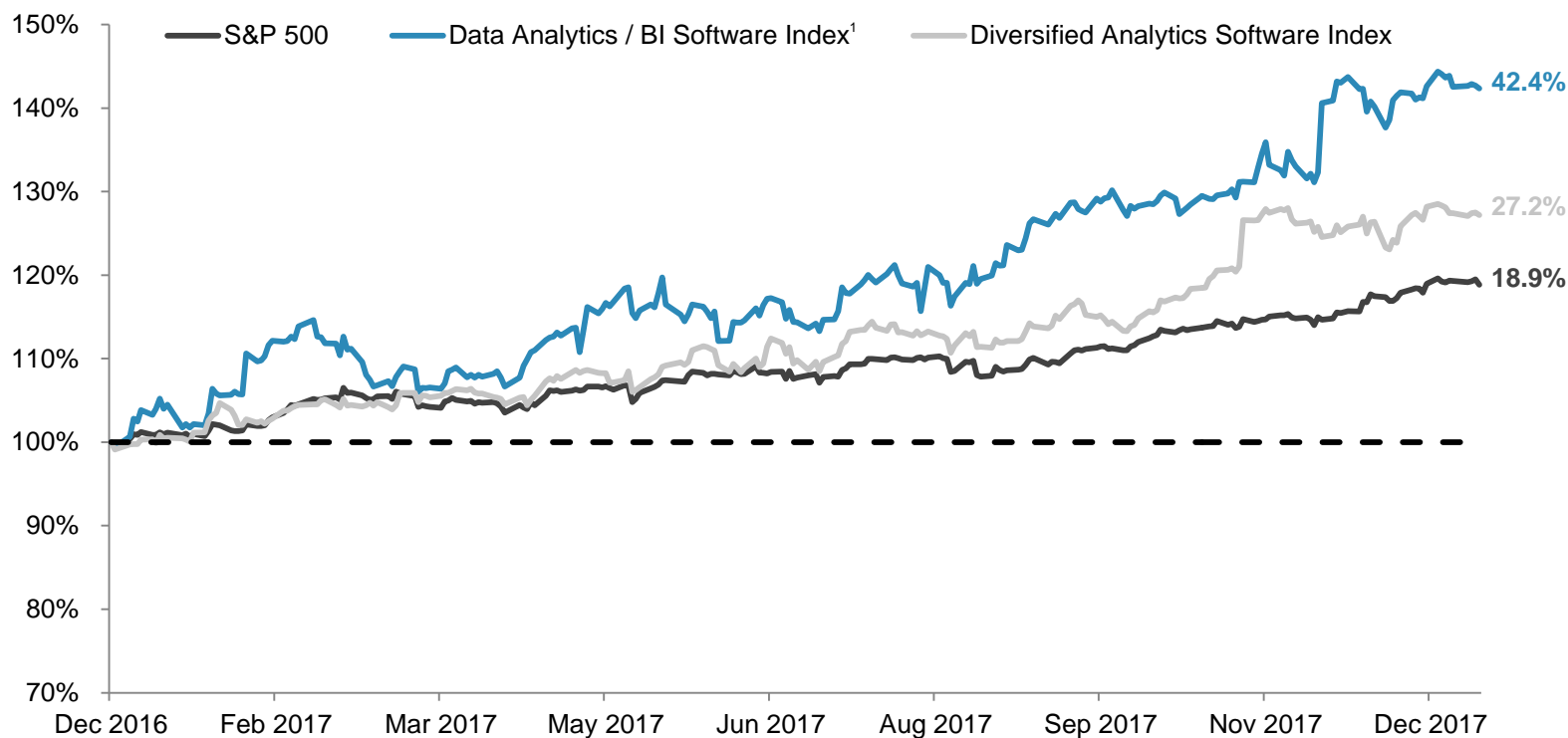


Note: Cloudera went public in April of 2017.

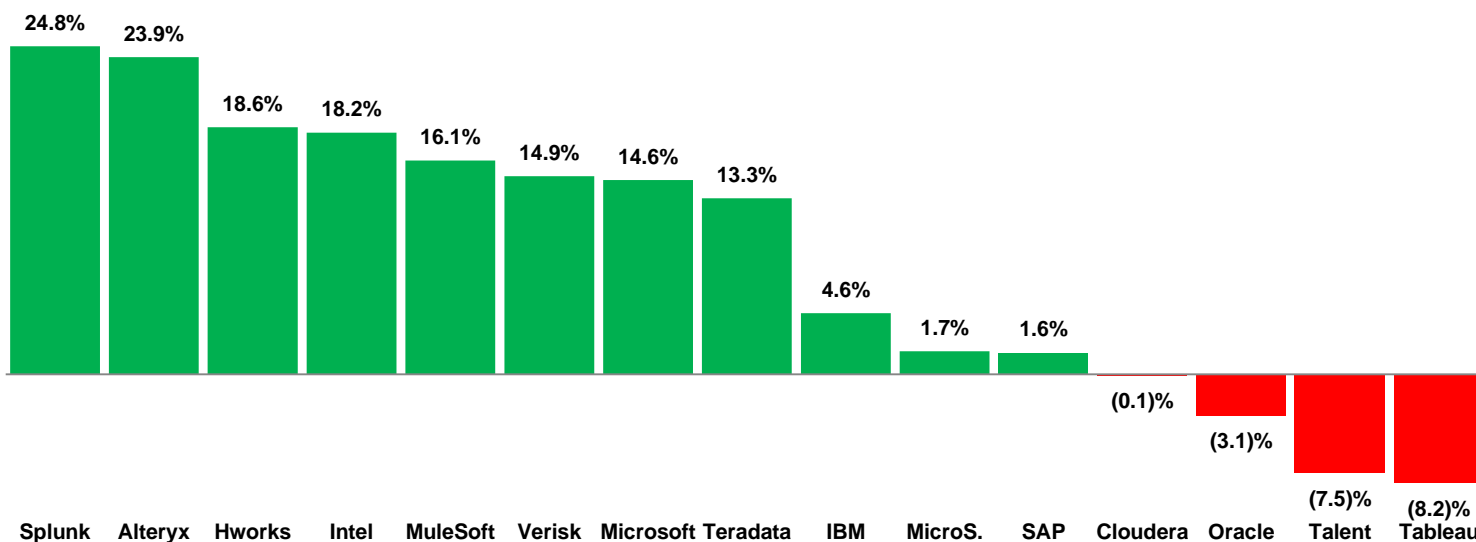
1. Excludes Alteryx, Cloudera, Hortonworks, MuleSoft, and Talend.

Source: Public filings as of 31-Dec-2017, CapitalIQ

Big Data Market Indices Performance – 1 Year



Q4 2017 Share Price Performance – 1 Quarter



1. Excludes Alteryx, Cloudera, and MuleSoft because they went public in the LTM period.

Source: Public filings as of 31-Dec-2017, CapitalIQ

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