

CLEAR SIGHT MONITOR

Big Data – Q4 2018

Market Perspective

Sector Spotlight

M&A and Capital Raising Activity

Public Market Performance



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Every industry vertical is experiencing disruptive changes in the way business is executed due to the vast amounts of available data and real-time information of today's world. According to a report from the IDC, stored data is projected to grow by 61% by 2025, equating to an incredible 175 zettabytes of stored information. Despite the incredible amount of data available, fewer than half of organizations say they are competing on data and analytics or have created a data-driven organization¹.

How can organizations most quickly adopt data-driven corporate cultures and create new, modern revenue streams? How can firms separate from the pack and differentiate their solutions? Over 90% of companies plan to increase the pace of their Big Data and AI investments in 2019¹ but a much lower percentage of executives from those companies surveyed could properly articulate the difference between AI, Machine Learning, and legacy BI solutions.



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Director

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In order to ensure investments in AI translate into meaningful ROI, enterprises around the globe are relying on firms like Knowledgegent, Kogentix, and others to better understand their a) business challenges, b) data strategy roadmap, and c) technology stack optimization specific to their desired business outcomes. Clearsight had the pleasure of advising both [Knowledgegent](#) and [Kogentix](#) in their separate sales to Accenture and are bullish on their continued growth and impact on leading global enterprises.

We have a strong pipeline of exciting AI and Big Data services and software businesses exploring strategic alternatives in 2019. The M&A market continues to be robust for quickly growing, differentiated firms that are niche industry leaders. Stay tuned for even more deal announcements and real-time insights coming out of Clearsight in 2019!

Upcoming Conferences

March 17 - 22

Enterprise Data World
Boston, MA

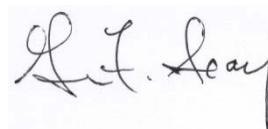
March 18 - 21

Gartner Data & Analytics Summit
Orlando, FL

March 25 - 28

Strata Data Conference
San Francisco, CA

1. NewVantage Partners.

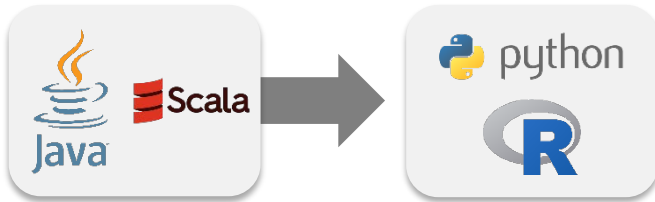


SECTOR SPOTLIGHT

Several Megatrends Drive Potential Defensive “Merger of Equals”, Create a Shift in the Big Data Ecosystem

Pushed by faster, cheaper, scalable, more-flexible solutions, the big data / data analytics marketplace has outpaced legacy Hadoop infrastructure solutions – Cloudera & Hortonworks’ recent merger announcement confirms foreseeable transformation of the big data industry

1



Python / R Running on Containers & Kubernetes

- The Java-centric nature (*Scala-centric for Spark*) of Hadoop implementors is at odds with today’s data scientists doing primarily machine learning in Python and R
- These new programs provide a more flexible and powerful framework for *Containerization*

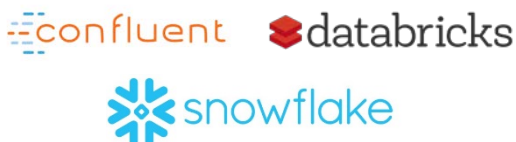
2



Rise of the Public Cloud

- Large cloud providers offer big data Hadoop / Spark services... in addition to a myriad of other ML / AI, visualization, and data storage capabilities
- A lower cost of acquisition, cheaper pay-as-you-go preferences, and the ability to be flexible (scaling based on need) presents cloud as viable alternative to traditional on-premises infrastructure and software

3

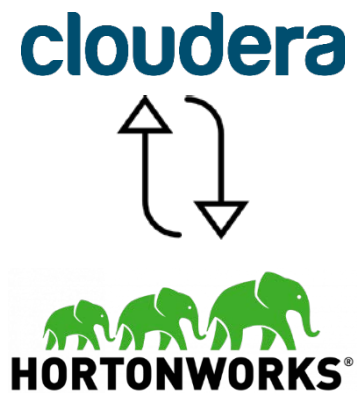
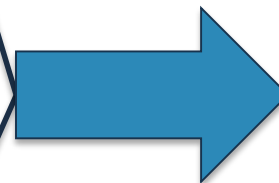


New Entrants & Industry Disrupters

- Separating from the limitations of larger organizations, many Cloudera and Hortonworks veterans identify “next wave” opportunities and develop unique, *innovative* solutions

Deal Summary & Analysis

- In the first week of October, Cloudera and Hortonworks, the two largest, competing commercial providers of software and services based on the Hadoop big data open-source project, announced that they would merge
- *ClearSight Perspective:* Ongoing innovation in the big data space is changing market dynamics and decelerating demand for Hadoop and associated solutions. A source close to the deal noted that Hortonworks initially wanted to be sold for a premium but took an at-market deal because it was all-stock, evidencing the quick consolidation in the sector. Anticipating falling behind in the rapidly transforming market, Cloudera and Hortonworks hope to combine their leading positions in the market to create a powerhouse entity which can withstand and adapt to changing market trends












Transaction Information

Announced Date	10/03/2018
Deal Type	Merger of Equals
Deal Size	\$2.1 bn
Deal Metrics	6.1x LTM Revenue
<i>Cloudera (NYSE: CLDR)</i>	
Year Founded	2008
HQ	Palo Alto, CA
<i>Hortonworks (NASDAQ: HDP)</i>	
Year Founded	2011
HQ	Santa Clara, CA

Source: Public Filings, Capital IQ, CNBC, and Company Websites

FEATURED TRANSACTIONS

Q4 2018 Select Big Data / Data Analytics Software M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
12/11/2018			<ul style="list-style-type: none"> 7Park Data provides data analytics software and leading performance indicators to sophisticated financial institutions and Fortune 500 companies The transaction will provide significant resources for 7Park Data to continue its growth trajectory, accelerate product and technology innovation, enter new customer verticals, and execute strategic acquisitions
12/10/2018			<ul style="list-style-type: none"> Ruf Strategic Solutions is a marketing intelligence, consumer analytics, and automation provider The combination of the two companies will offer marketers a deeper understanding of their consumers to optimize data-driven business decisioning for their acquisition, retention, and optimization strategies
12/4/2018			<ul style="list-style-type: none"> Quandl provides a global database of alternative, financial, and public data, including information on capital markets, energy, healthcare, education, and economics The acquisition of Quandl aligns with Nasdaq's strategy to expand their technology and analytics offering
11/30/2018			<ul style="list-style-type: none"> Q-Centrix is a provider of outsourced quality data management solutions for hospital and healthcare providers With the benefit of TPG's global network and resources, Q-Centrix will look to enhance operations, drive additional revenue streams, and improve clinical quality and patient safety
11/27/2018			<ul style="list-style-type: none"> BlueData is a provider of software that transforms how enterprises deploy artificial intelligence and big data analytics By seamlessly combining BlueData's platform with HPE's existing software-defined infrastructure, HPE can help customers accelerate their digital transformation by providing an all-encompassing solution for AI/ML and big data analytics
11/15/2018			<ul style="list-style-type: none"> Canopy Labs is a Canadian-based customer-focused predictive analytics software provider The combination of Drop's direct-to-consumer model of ingesting financial data and Canopy Labs' machine learning technology will allow for the build of a best-in-class product for both consumers and merchants
10/31/2018			<ul style="list-style-type: none"> Liaison Technologies is a provider of cloud-based enterprise application integration and data management solutions The acquisition of Liaison is expected to further enhance OpenText's offerings in digital ecosystem and business-to-business integration solutions, application-to-application integration, and master data management capabilities
10/17/2018			<ul style="list-style-type: none"> goBalto is a provider of cloud solutions that accelerate clinical trials by streamlining and automating the selection and set up of the top-performing clinical research sites Together, Oracle and goBalto will provide the most complete end-to-end cloud platform dedicated to unifying action and accelerating results for the life sciences industry
10/10/2018			<ul style="list-style-type: none"> Imperva is a global provider of best-in-class cybersecurity solutions on-premises, in the cloud, and across hybrid environments The acquisition, which takes Imperva private at an approximate value of \$2.1 billion, will allow Imperva the flexibility to focus on execution and drive more profitable growth
10/8/2018			<ul style="list-style-type: none"> Rocket Software is a global technology provider and leader in developing and delivering enterprise modernization and optimization solutions Bain acquired a majority stake in the company for approximately \$2 billion and provides Rocket Software the flexibility and resources to focus on global research and development efforts
10/3/2018			<ul style="list-style-type: none"> Hortonworks is a provider of an enterprise-grade, global data management platform, services, and solutions that deliver actionable intelligence for clients Cloudera and Hortonworks combined in an all-stock merger of equals for approximately \$2 billion and as a combined entity, create the world's largest data platform provider and establish the industry standard for cloud data management










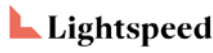







Source: Public Filings as of 31-Dec-2018, Capital IQ

FEATURED TRANSACTIONS

Q4 2018 Select Big Data / Data Analytics Software M&A Transactions (Cont.)

Announced	Target	Buyer	Target Description / Deal Rationale
10/3/2018		ByteCubed  backed by 	<ul style="list-style-type: none"> InterKn is a technology platform that connects buyers with suppliers by dynamically surfacing available funding, technology needs, and data insights The acquisition of InterKn is a reinforcement of ByteCubed's commitment to inorganic growth as evidenced by their recent transaction of CHIEF
10/2/2018			<ul style="list-style-type: none"> Intelligent Platforms is a division of General Electric that provides industrial automation for machine control, industrial computing, and other hardware and software systems The acquisition expands opportunities for Emerson in machine control and discrete applications across process industries and target hybrid markets
10/2/2018		anju  backed by PROVIDENCE EQUITY	<ul style="list-style-type: none"> Zephyr Health provides a cloud-based platform designed to organize and visualize global health data for physicians and institutions When combined, Zephyr Health and Anju will provide one of the most comprehensive data solutions available to the healthcare market


Q4 2018 Select Big Data / Data Analytics Software Capital Raise Transactions

Announced	Target	Investor	Target Description / Deal Rationale
12/19/2018			<ul style="list-style-type: none"> Dataiku develops a centralized collaborative data science platform designed to explore, prototype, build, and deliver data products efficiently The company raised \$101 million of Series C venture funding led by ICONIQ Capital
12/12/2018		Morgan Stanley INVESTMENT MANAGEMENT	<ul style="list-style-type: none"> AtScale provides a business intelligence platform designed to make business analytics work on big data The company raised \$50 million of Series D venture funding in a deal led by Morgan Stanley Investment Management
12/6/2018		PREMIJI INVEST	<ul style="list-style-type: none"> Looker develops a business intelligence and big data analytics platform designed to bring better insights and data-driven decisions to every business The company raised \$103 million of Series E venture funding in a deal led by Premji Invest
11/26/2018			<ul style="list-style-type: none"> Automation Anywhere provides robotic process automation driven by artificial intelligence designed to work with people to handle repetitive routines and tasks The company raised \$300 million through a combination of Series A1 and Series A2 venture funding from SoftBank Group
11/19/2018			<ul style="list-style-type: none"> GoodData provides business intelligence software designed to enable a full spectrum of data-driven transactional and strategic decisions The company raised \$24 million through a combination of debt and Series F venture funding led by Zendesk
10/30/2018			<ul style="list-style-type: none"> AppZen provides an artificial intelligence-based platform designed to offer back-office automation services The company raised \$35 million of Series B venture funding in a deal led by Lightspeed Venture Partners
10/29/2018		PROVIDENCE EQUITY	<ul style="list-style-type: none"> Conversica provides an artificial intelligence-driven lead engagement software platform designed to help companies find and secure customers The company raised \$31 million of Series C venture funding from Kennet Partners, Providence Equity Partners, and Savano Capital Partners
10/25/2018			<ul style="list-style-type: none"> DataRobot develops a machine learning automation platform designed to deploy accurate predictive models The company raised \$100 million of Series D venture funding in a deal led by Meritech Capital Partners and Sapphire Ventures
10/11/2018			<ul style="list-style-type: none"> Snowflake develops a SaaS-based cloud data warehousing platform to safely and efficiently store, transform, and analyze business data The company raised \$450 million of Series F venture funding in a deal led by Sequoia Capital
10/4/2018			<ul style="list-style-type: none"> ZipRecruiter develops an online job portal leveraging data and artificial intelligence The company raised \$156 million of Series B venture funding in a deal led by Wellington Management and IVP





Source: Public Filings as of 31-Dec-2018, Capital IQ, Pitchbook

FEATURED TRANSACTIONS

Q4 2018 Select Big Data / Data Analytics Services M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
12/20/2018	 Knowledgent		<ul style="list-style-type: none"> Knowledgent is a data intelligence consultancy that enables enterprises to become digital and intelligent by innovating in and through data The acquisition of Knowledgent helps amplify Accenture's data strategy practice
12/17/2018			<ul style="list-style-type: none"> Clinical Insights is a data science organization providing data analytics and predictive analysis to healthcare companies The acquisition will add a bedrock of rich data to each of Alira Health's practice areas, including innovation, regulatory, clinical, strategy, and transaction advisory services
11/22/2018			<ul style="list-style-type: none"> Noah Data offers digital services across big data, advanced analytics, blockchain development, and full stack development The merging of these two growing entities will provide organizations a one-stop solution for a menu of advanced data, analytics, and IT solutions
11/15/2018		 backed by Norvestor Equity	<ul style="list-style-type: none"> Radpoint provides operating services related to cybersecurity, network, and secure and cloud data centers The acquisition of Radpoint expands NetNordic's solution and service portfolio and positions the combined company to become a leading industry player in the Nordic region
11/14/2018			<ul style="list-style-type: none"> Inpuls is a Belgian consultancy specialized in data strategy, data governance, privacy, big data, and analytics The acquisition of Inpuls expands BearingPoint's expertise in data governance and data sciences
11/12/2018			<ul style="list-style-type: none"> athenahealth is a provider of data and network-enabled services for hospitals and ambulatory customers athenahealth, acquired for approximately \$5.7 billion, will be combined with Virence Health, the former GE healthcare value-based care assets acquired by Veritas in April 2018, to become one of the nation's leading healthcare IT services companies
11/12/2018		 backed by THE CARLYLE GROUP	<ul style="list-style-type: none"> Berico delivers innovative, technology-enabled cloud engineering, data analytics, and IT modernization solutions to customers in the intelligence community Acquiring Berico is a continuation of Novetta's strategy for growth and enables expansion of the company's cloud and data engineering capabilities
11/6/2018			<ul style="list-style-type: none"> ConvergeOne is a leading global IT and data managed services provider The transaction, valued at approximately \$1.8 billion, will allow ConvergeOne to continue growth both organically and inorganically through CVC's proven M&A strategy
10/22/2018			<ul style="list-style-type: none"> Orion is a provider of global IT services, with a focus on engineering data-driven business processes utilizing digital technologies and big data The new investment from OEP will be used to accelerate Orion's growth within the fast-growing digital consulting, application transformation, product engineering, and infrastructure-cloud market segments

Q4 2018 Select Big Data / Data Analytics Services Capital Raise Transactions

Announced	Target	Investor	Target Description / Deal Rationale
12/12/2018			<ul style="list-style-type: none"> Techtonic provides outsourced domestic software development services designed to deliver end-to-end software applications The company raised \$2 million of Series A2 funding from undisclosed investors; the company's primary investors from previous rounds include University Ventures and Zoma Capital
11/20/2018			<ul style="list-style-type: none"> Catalyte is an agile software development services provider leveraging machine learning, proprietary algorithms, and big data The company raised \$35 million of Series A3 funding led by Revolution, Cross Culture Ventures, Outcome Capital, Expon Capital, and Palm Drive Capital

Source: Public Filings as of 31-Dec-2018, Capital IQ, Pitchbook

Big Data Comparable Companies Analysis

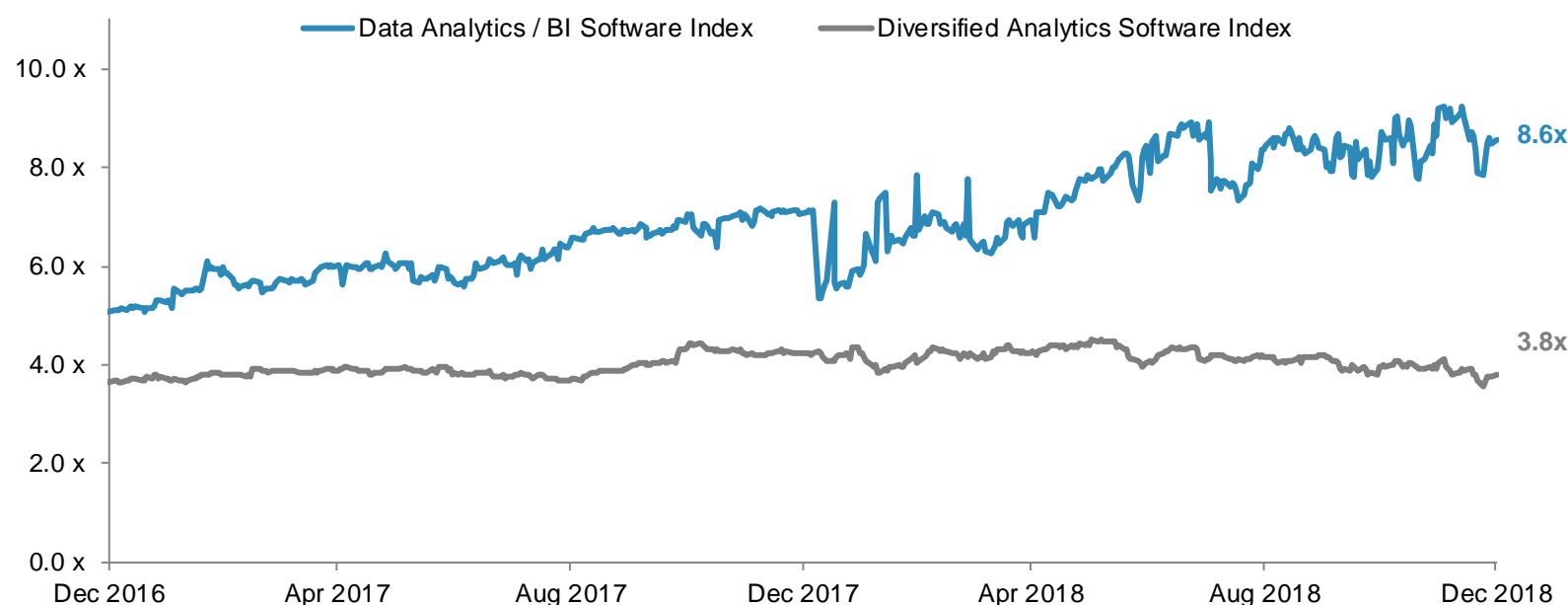
Data Analytics / BI Software Index

Company	Closing Price 31-Dec-2018	% 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	\$ 59.47	88.2 %	\$ 3,924	\$ 3,767	20.7 x	13.8 x	10.6 x	NMF	NMF	NMF	(6.8)%
Cloudera	11.06	49.3	1,988	1,598	3.7	3.0	2.5	NMF	NMF	NMF	(32.3)
MicroStrategy	127.75	84.5	1,465	766	1.5	1.5	1.5	NMF	24.5	24.7	1.5
Splunk	104.85	80.7	16,808	15,752	9.8	7.3	6.0	NMF	NMF	NMF	(15.9)
Tableau	120.00	91.0	11,179	10,223	9.6	7.6	6.4	NMF	NMF	NMF	(8.6)
Talend	37.08	50.4	1,164	1,076	5.7	4.3	3.5	NMF	NMF	NMF	(18.7)
Verisk	109.04	86.5	18,409	20,993	8.9	8.2	7.7	19.9	17.2	15.9	44.9
High		91.0 %	\$ 18,409	\$ 20,993	20.7 x	13.8 x	10.6 x	19.9 x	24.5 x	24.7 x	44.9 %
Median		84.5	3,924	3,767	8.9	7.3	6.0	19.9	20.8	20.3	(8.6)
Mean		75.8	7,848	7,739	8.6	6.5	5.4	19.9	20.8	20.3	(4.2)
Low		49.3	1,164	766	1.5	1.5	1.5	19.9	17.2	15.9	(32.3)

Diversified Analytics Software Index

Company	Closing Price 31-Dec-2018	% 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	\$ 113.67	66.4 %	\$ 104,642	\$ 136,662	1.7 x	1.7 x	1.7 x	7.7 x	6.9 x	7.0 x	22.2 %
Intel	46.93	81.5	218,605	240,431	3.4	3.3	3.2	7.5	7.3	6.9	45.2
Microsoft	101.57	87.4	779,674	720,024	6.3	5.5	5.0	15.1	13.0	11.1	41.4
Oracle	45.15	84.4	168,806	177,936	4.5	4.4	4.3	11.2	9.6	9.2	39.9
SAP	99.83	80.4	115,671	118,702	4.2	3.9	3.6	14.6	11.3	10.1	28.7
Teradata	38.36	86.7	4,700	4,429	2.0	2.1	2.0	NMF	11.3	10.3	7.0
High		87.4 %	\$ 779,674	\$ 720,024	6.3 x	5.5 x	5.0 x	15.1 x	13.0 x	11.1 x	45.2 %
Median		83.0	142,238	157,299	3.8	3.6	3.4	11.2	10.5	9.7	34.3
Mean		81.1	232,016	233,031	3.7	3.5	3.3	11.2	9.9	9.1	30.7
Low		66.4	4,700	4,429	1.7	1.7	1.7	7.5	6.9	6.9	7.0

LTM EV / Revenue Multiple Trend – 2 Years¹

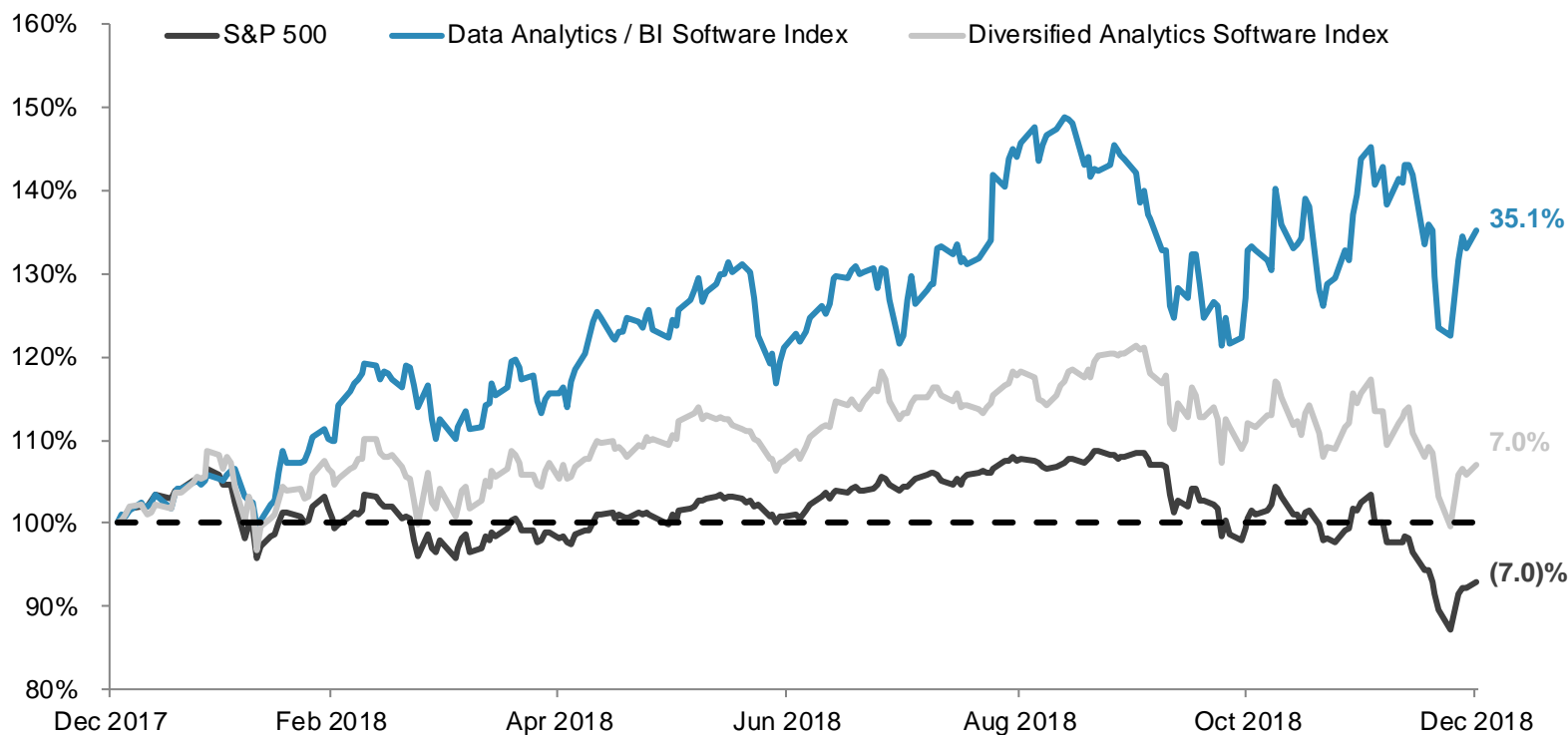


1. Excludes Alteryx, Cloudera, and Talend

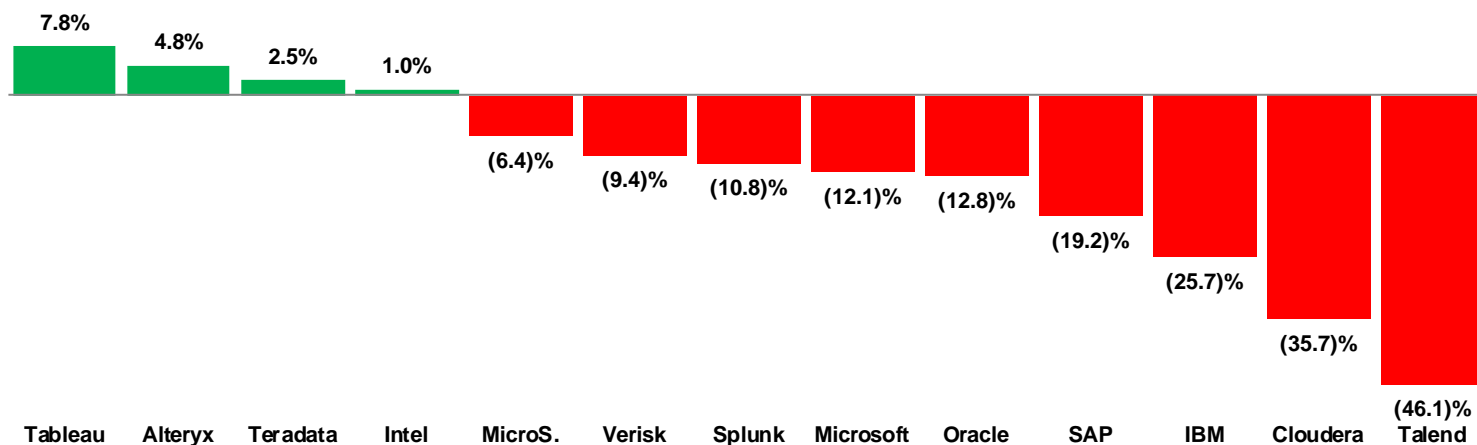
Source: Public Filings as of 31-Dec-2018, Capital IQ

Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

Big Data Market Indices Performance – 1 Year



Q4 2018 Share Price Performance – 1 Quarter



Source: Public Filings as of 31-Dec-2018, Capital IQ



roundCorner

has been acquired by



a subsidiary of



SELL-SIDEADVISOR


Knowledgegent

has been acquired by



SELL-SIDEADVISOR


Gorilla Logic

has received a growth investment from



SELL-SIDEADVISOR



has been acquired by



SELL-SIDEADVISOR



a portfolio company of



has been acquired by



SELL-SIDEADVISOR



has been acquired by



a portfolio company of

SELL-SIDEADVISOR


INSIGHT2PROFIT

has received a growth investment from

DFW CAPITAL PARTNERS

SELL-SIDEADVISOR



has been acquired by



SELL-SIDEADVISOR



has been acquired by



SELL-SIDEADVISOR



has been acquired by



SELL-SIDEADVISOR

We would like to thank all of our clients, colleagues and friends for helping to reinforce Clearsight as the *leader* in advising high-end consulting firms



ABOUT US

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