ANALYTICS FRONTIERS CONFERENCE 2018

BROUGHT TO YOU BY:

Data Science Initiative
UNC CHARLOTTE

Bank of America
Introduction: Doug Ellis

Doug Ellis was co-founder of DecisionPoint in 1998 and has served as a Managing Partner since that time. His operational career was in the technology sector, prior to providing M&A advisory for the last 20 years. Ellis has been personally involved in successfully closing 50+ transactions in the software, telecommunications, and IT services sectors.

Prior to founding DecisionPoint, Ellis was head of global M&A for Stanford Keene, a boutique M&A advisory firm for technology companies. Before that, he served in various management roles with AT&T and Lucent Technologies, in the division that is now Avaya. Prior to that, Ellis was Director of Alliances for AMSCO Engineering Services, a healthcare BPO company that outsources biomedical engineering departments in hospitals.

Ellis received a BS in Business/Finance from Wake Forest University and his Cybersecurity Certification from Wake Forest’s MBA School. He is a regular speaker on assorted M&A topics at industry conferences. Ellis has been an undergraduate and graduate guest lecturer at the University of North Carolina – Chapel Hill, Wake Forest University, the University of North Carolina at Charlotte, and Winthrop University. He served on the Board of NC IDEA for six years, a not-for-profit organization which serves as a catalyst for young, high-growth, technology companies in the state of North Carolina. Ellis sits on the Advisory Board of Cydecor, a professional services firm that provides program and project management support to government and commercial clients. He also serves on the Finance Committee for New Charlotte Church. Doug is deeply involved in youth sports in the Charlotte area, which has given him the opportunity to have great times with his three great kids!

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Introduction: DecisionPoint

1. M&A Concentration
   We focus on M&A only which develops deeper relationships with strategic buyers.

2. Focus on Tech Companies
   Our firm’s operational experience in the technology industry is unparalleled.

3. Middle Market Proficiency
   We provide unique transaction insight for privately held clients while matching them with the best strategic buyer.

4. Senior Level Execution
   Our officer led process delivers senior executive advice developed over 160 transactions throughout the entire process.

5. Global Proficiency
   Our search for an optimal fit that maximizes value will span across the globe.
Introduction: DecisionPoint

Select Analytics Deals
The Market & Key Segments

**Bi and Reporting**
As traditional capabilities become more common, vendors look for growth through integration to enterprise applications and expansion of data handling capabilities.

**Predictive Analytics / Other**
Vendors are finding growth through providing in-database processing options to simplify the user interaction without losing functionality.

**Machine Learning**
As ML algorithms prove to no longer be enough, vendors seek to deliver capabilities to aid with the full data science lifecycle from development to deployment.

**Performance Management**
Integration continues to be a key for growth as vendors will struggle to convince customers to completely migrate from traditional applications.

$138.6bn
Market size by 2021
11.5%
CAGR between 2016-2021
Highlighted Transaction 1

October 26, 2017

Marlin Equity Partners has acquired Logi Analytics.

- EV: $130M
- TTM Rev: $35M
- 3.7x Rev. Multiple
- Estimated
“There is still work to be done in adopting and refining the use of more 'basic' analytics functionality before many enterprises can begin to come to grips with more advanced capabilities.”

- Matt Aslett, Research Director – Data Platforms and Analytics – 451 Research
There's been a renewal of interest in artificial intelligence, machine learning and deep learning over the past few years – largely driven by the availability, for the first time, of enough processing power to make it practical.
Examples of ML’s Widespread Adoption

01 ML and BI
The infusion of ML into analytic offerings

02 ML and CX
Personalized CX is capturing a larger share of IT budgets

03 ML and Chat
Chat bots can have dramatic impacts on cost to handle customer communication

04 ML and eCommerce
As eCommerce becomes more prevalent, ML helps combat fraud
Sales-enablement startups have been the targets of a recent spate of acquisitions after indulging in readily available venture capital for the burgeoning category.

Service-related providers, especially those with legacy voice technologies in contact-center markets that have matured into slow growth will be looking to expand their portfolios into adjacent markets.

Account-based marketing (ABM) will continue to attract attention for its strides using machine learning to identify optimal B2B leads and lift conversion rates on leads passed to sales teams from marketers.

Looking ahead, it’s clear that the new requirement will be investment in customer intelligence platforms (CIPs) that do more than consolidate a single view of the customer: they add a layer of data governance, synthesis and identity.
Highlighted Transaction 2

Ev $70M
3.5x Rev. Multiple
TTM Rev $20M

*Estimated

January 27, 2017

Symphony Technology Group Has Acquired Fishbowl
2018 Predicted Technology Acquisition Themes

Top-ranked themes for driving acquisition activity in coming year

Source: 451 Research Tech Banking Outlook Survey

<table>
<thead>
<tr>
<th>Technology</th>
<th>MORE</th>
<th>SAME</th>
<th>LESS</th>
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</thead>
<tbody>
<tr>
<td>AI/MACHINE LEARNING</td>
<td>92%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>INTERNET OF THINGS</td>
<td>90%</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>CLOUD COMPUTING</td>
<td>84%</td>
<td>11%</td>
<td>5%</td>
</tr>
<tr>
<td>BIG DATA</td>
<td>64%</td>
<td>33%</td>
<td>3%</td>
</tr>
<tr>
<td>CONVERGED IT INFRASTRUCTURE</td>
<td>56%</td>
<td>39%</td>
<td>5%</td>
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</tbody>
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AI / ML Specific M&A Trends

Key Drivers:
- Unique, proprietary data
- Data science talent
  - Enhance product development and ML talent
- Developed business models
Highlighted Transaction 4

December 8, 2016

Microsoft has acquired LinkedIn

EV $26.2B
TTM Rev $3.2B
8.2x Rev. Multiple
Acquisition Spending Forecast

Forecast change in acquisition spending in coming year

Source: 451 Research Tech Banking Outlook Survey
Enterprise Security M&A

Overall enterprise security M&A activity

Source: 451 Research’s M&A KnowledgeBase *Includes all disclosed and estimated deal values.
The fact that so many analytics- and data-related fields are now appearing under this heading speaks to the trend that analytics have become pervasive in security.

As the deepening security investment in analytics matures, it also means that core capabilities such as machine learning (ML) will increasingly need to be focused on specific problems.
AI in Cybersecurity

What’s driving AI-based cybersecurity technology adoption? *ESG research* indicates:

- **29%** of Enterprises want to use AI-based cybersecurity technology to accelerate incident detection.
  - In many cases, this means doing a better job of curating, correlating, and enriching high-volume security alerts to piece together a cohesive incident detection story across disparate tools.

- **27%** of Enterprises want to use AI-based cybersecurity technology to accelerate incident response.
  - This means improving operations, prioritizing the right incidents, and even automating remediation tasks.

- **24%** of Enterprises want to use AI-based cybersecurity technology to help their organization better identify and communicate risk to the business.
  - In this case, AI is used to sort through mountains of software vulnerabilities, configuration errors, and threat intelligence to isolate high-risk situations that call for immediate attention.

- **22%** of Enterprises want to use AI-based cybersecurity technology to gain a better understanding of cybersecurity situational awareness.
  - In other words, CISOs want AI in the mix to give them a unified view of security status across the network.
DecisionPoint Case Study
TIBCO’s mission for the past several years has been to bring BI to the estimated 75% of company employees that don’t use BI tools. The vendor targets users from data scientists to folks with knowledge of their data but no data-science smarts.

In the past year alone, TIBCO has made four acquisitions to round out its Augment Intelligence portfolio.
1. Alpine Data
2. Cisco’s data virtualization business
3. Nanoscale
4. Statistica

- Advanced analytics
- Visualization
- Live data models
- Data virtualization
- Master data management
- Scalable analysis
- Collaboration
- And more...
Acquirer Profile
TIBCO – Building an End-to-End Analytics Platform

Strengths

- TIBCO has proven that it has the knowledge and M&A expertise to assemble an analytics strategy that addresses genuine needs and, moreover, will be able to grow as organization’s requirements become more diverse and complex.

Weaknesses

- TIBCO’s analytics strategy is still more vision than reality as some of the components don’t talk to each other yet, and others aren’t available as a cloud service.

Opportunities

- Existing customers looking for additional analysis capabilities appear to be the low-hanging fruit. Enterprises are the opportunity the vendor is eyeing outside of its installed base.

Threats

- SAS, IBM, SAP, Oracle and Microsoft are the fellow big guns that TIBCO will have to do battle with for business in enterprises.
Analytics M&A
A look at over 1,700 Analytics deals between 2013 – 2017

3.27
Median Revenue Multiple

Median Multiples Paid By Acquirer Type

Analytics M&A Deal Volume

Data Analytics  Business Intelligence  CRM  SCM  Data Management  Integration
Acquirers to Watch

Most Active Acquirers (Top 10 Since 2013)

1. Google (7)
2. Enghouse Interactive (7)
3. Microsoft (8)
4. GENESYS (8)
5. salesforce (9)
6. MARLIN EQUITY PARTNERS (9)
7. VISTA EQUITY PARTNERS (9)
8. Apple (10)
9. IBM (11)
10. DESCARTES (12)

Others to Watch

 oracle
 infin\n sas\n ArcSight
 Hewlett Packard Enterprise
 McAfee
 NICE
 Verint
Recap: Most Value to Acquirers

1. Self service capabilities
2. Proprietary data
3. Automation
4. Integrations
5. Domain expertise
Q&A / Discussion