

Q1 2015 Security & Risk Market Snapshot

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Signal Hill at a Glance

Signal Hill, named *2014 Boutique Investment Bank of the Year* by the Global M&A Network, is a leading independent advisory boutique serving the M&A and private capital raising needs of growth companies. Signal Hill's experienced bankers provide deep domain expertise and an unyielding commitment to clients in our sectors: Internet & Digital Media, Internet Infrastructure, Services and Software. With more than 600 completed transactions and offices in Baltimore, Bangalore, Boston, Mumbai, Nashville, New York, Reston and San Francisco, Signal Hill leverages deep strategic industry and financial sponsor relationships to help our clients achieve Greater Outcomes®.

Recent Mergers & Acquisitions, Strategic Advisory Transactions

- Mergers & Acquisitions
- Equity Private Placements
- Restructurings
- Strategic Advisory
- Special Committee Advisory
- Fairness Opinions

 <small>HAS RECEIVED GROWTH EQUITY INVESTMENT FROM</small> <small>APRIL 2015</small>	 <small>GÉOLOCALISER POUR MIEUX GÉRER</small> <small>HAS BEEN ACQUIRED BY</small> <small>APRIL 2015</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>APRIL 2015</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>APRIL 2015</small>	 <small>TO BE ACQUIRED BY</small> <small>MARCH 2015</small>	 <small>HAS RECEIVED AN INVESTMENT FROM</small> <small>MARCH 2015</small>	 <small>HAS RECEIVED EQUITY INVESTMENT LED BY</small> <small>MARCH 2015</small>	 <small>World of Business Ideas Inspiring Ideas</small> <small>HAS BEEN ACQUIRED BY</small> <small>MARCH 2015</small>
 <small>HAS RECEIVED GROWTH EQUITY INVESTMENT FROM</small> <small>FEBRUARY 2015</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>FEBRUARY 2015</small>	 <small>HAS ACQUIRED</small> <small>JANUARY 2015</small>	 <small>HAS RECEIVED GROWTH EQUITY INVESTMENT FROM</small> <small>DECEMBER 2014</small>	 <small>RECEIVED A SIGNIFICANT GROWTH EQUITY INVESTMENT</small> <small>DECEMBER 2014</small>	 <small>HAS SOLD GANNETT HEALTHCARE GROUP TO</small> <small>DECEMBER 2014</small>	 <small>THE LEADER IN GAMIFICATION</small> <small>HAS RECEIVED GROWTH EQUITY INVESTMENT FROM</small> <small>NOVEMBER 2014</small>	 <small>HAS ACQUIRED</small> <small>NOVEMBER 2014</small>
 <small>HAS ACQUIRED</small> <small>NOVEMBER 2014</small>	 <small>HAS MADE A STRATEGIC INVESTMENT IN</small> <small>OCTOBER 2014</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>OCTOBER 2014</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>SEPTEMBER 2014</small>	 <small>HAS RECEIVED GROWTH EQUITY INVESTMENT FROM</small> <small>AUGUST 2014</small>	 <small>HAS SOLD RISOFT TO</small> <small>AUGUST 2014</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>JULY 2014</small>	 <small>HAS RECEIVED A SIGNIFICANT INVESTMENT FROM</small> <small>JULY 2014</small>
 <small>DIVESTITURE OF</small> <small>KNOWLES ASSISTED LIVING & ADULT DAY SERVICES</small> <small>JULY 2014</small>	 <small>HAS MERGED WITH</small> <small>JUNE 2014</small>	 <small>HAS SOLD CERTAIN ASSETS TO</small> <small>JUNE 2014</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>JUNE 2014</small>	 <small>HAS RECEIVED GROWTH EQUITY INVESTMENT FROM</small> <small>JUNE 2014</small>	 <small>COMPLETES SALE OF SELECT BUSINESSES TO</small> <small>JUNE 2014</small>	 <small>RECEIVED MAJORITY INVESTMENT FROM</small> <small>JUNE 2014</small>	 <small>HAS BEEN ACQUIRED BY</small> <small>JUNE 2014</small>

Signal Hill's Security & Risk Practice

 HAS RECEIVED AN INVESTMENT FROM  MARCH 2015	 HAS BEEN ACQUIRED BY  FEBRUARY 2015	 RECEIVED MAJORITY INVESTMENT FROM  JUNE 2014	 HAS BEEN ACQUIRED BY  MAY 2014	 HAS MERGED WITH  APRIL 2014	 HAS BEEN ACQUIRED BY  FEBRUARY 2014	 HAS RECEIVED AN INVESTMENT FROM  DECEMBER 2013	 HAS RECEIVED AN EQUITY INVESTMENT FROM  OCTOBER 2013	 HAS BEEN ACQUIRED BY  AUGUST 2013
 HAS BEEN ACQUIRED BY  OCTOBER 2012	 HAS BEEN ACQUIRED BY  JANUARY 2012	 PRIVATE PLACEMENT  NOVEMBER 2011	 HAS BEEN ACQUIRED BY  SEPTEMBER 2011	 HAS BEEN ACQUIRED BY  MAY 2011	 HAS BEEN ACQUIRED BY  FEBRUARY 2011	 HAS BEEN ACQUIRED BY Large Public Security Vendor FEBRUARY 2011	 HAS BEEN ACQUIRED BY  JANUARY 2011	 HAS BEEN ACQUIRED BY  OCTOBER 2010
 HAS MERGED WITH  SEPTEMBER 2010	 HAS BEEN ACQUIRED BY  MAY 2010	 HAS BEEN ACQUIRED BY  FEBRUARY 2010	 HAS BEEN ACQUIRED BY  FEBRUARY 2010	 HAS BEEN ACQUIRED BY  JULY 2009	 ACQUIRED THE ASSETS OF  MARCH 2009	 HAS BEEN ACQUIRED BY  JANUARY 2009	 HAS MERGED WITH  NOVEMBER 2008	 HAS BEEN ACQUIRED BY  SEPTEMBER 2008
 HAS BEEN ACQUIRED BY  AUGUST 2008	 HAS BEEN ACQUIRED BY  JUNE 2008	 HAS ACQUIRED  JANUARY 2008	 HAS BEEN ACQUIRED BY  DECEMBER 2007	 HAS BEEN ACQUIRED BY  APRIL 2007	 HAS MERGED WITH  AUGUST 2007	 HAS BEEN ACQUIRED BY  SEPTEMBER 2007	 HAS RECEIVED STRATEGIC INVESTMENT FROM  JULY 2007	 HAS BEEN ACQUIRED BY  DECEMBER 2006

Q1 2015 Security & Risk M&A Overview

We tracked 29 announced deals in the Security & Risk sector in Q1 2015 totaling \$2.9 billion of announced deal value – above average quarterly transaction volume over the last four quarters. Median announced deal size increased from the prior quarter to \$83.5M, while the median EV/TTM revenue multiple of 3.7x was roughly in line with the past three quarters and higher than Q4 2014. It should also be noted that a significant number of transactions do not have disclosed valuations or multiples. Signal Hill closed two cyber security transactions in Q1 (and a third in Q2) and sees continuing sector strength in M&A, venture/growth finance and prospective IPOs.

<i>Source: Signal Hill</i>	Q1 2014 ⁽¹⁾	Q2 2014	Q3 2014	Q4 2014 ⁽²⁾	Q1 2015 ⁽³⁾
Number of Deals	28	32	30	30	29
<i>% change from prior quarter</i>	-	14.3%	-6.3%	0.0%	-3.3%
Total Announced Enterprise Value (\$M)	\$3,496.4	\$158.9	\$1,705.2	\$4,516.5	\$2,948.2
<i>% change from prior quarter</i>	-	-95.5%	973.1%	164.9%	-34.7%
Median Announced Deal Size (\$M)	\$141.3	\$13.3	\$31.2	\$77.5	\$83.5
<i>% change from prior quarter</i>	-	-90.6%	134.6%	148.4%	7.8%
Median EV/TTM Revenue Multiple	9.7x	3.8x	3.1x	3.1x	3.7x

(1) Includes \$1,540.0M AirWatch / VMware transaction and \$989.4M Mandiant / FireEye transaction

(2) Includes \$2,600.0M Danaher Corporation / NetScout Systems transaction

(3) Includes \$2,400.0M Blue Coat Systems / Bain Capital transaction

To see a comprehensive review of the 2014 Security & Risk landscape, please click [here](#).

Notable Q1 2015 Security & Risk M&A Transactions

Select Security & Risk Transactions, Q1 2015



**Rsam Recapitalized by
JMI Equity**

Signal Hill advised Rsam. Rsam, a premier, rapid time-to-value provider of Governance, Risk and Compliance (GRC) software solutions, has been recapitalized by JMI Equity, a growth equity firm focused on investing in leading software and services companies.



**Courion Strategic
Investment from K1
Capital Management**

Signal Hill advised Courion. Courion, a longstanding Gartner Research leader in intelligent identity governance and administration (IGA) solutions, has received a strategic equity investment from K1 Investment Management.



**Blue Coat Systems to
be Acquired by Bain
Capital**

EV: \$2,400.0M
Revenue Multiple: 3.7x

Blue Coat Systems, a major enterprise vulnerability management and threat protection solutions vendor, has agreed to be acquired by Bain Capital from another private equity firm, Thoma Bravo.



Notable Q1 2015 Security & Risk M&A Transactions

Select Security & Risk Transactions, Q1 2015



MegaPath (Managed Services Business) to be Acquired by GTT
 EV: \$152.3M
 Revenue Multiple: 1.2x

MegaPath's Managed Services Business, which provides private wide-area-networking, Internet access services, managed services and managed security to more than 500 large multinational clients, has entered into a definitive agreement to be acquired by GTT Communication (NYSE: GTT), a global cloud networking provider to multinational clients. The acquisition furthers GTT's growth strategy, expanding its cloud networking services through addition of a comprehensive portfolio of managed services.



Intellinx Acquired by Bottomline Technologies
 EV: \$84.9M

Intellinx, a provider of fraud detection and prevention software for leading banks and government agencies, has been acquired by Bottomline Technologies (Nasdaq: EPAY), a cloud-based payment, invoice and digital banking solutions vendor. Intellinx will deliver critical and unique lines of protection against cyber attacks and cyber fraud, with instant alerts, session replay and full case management capabilities for Bottomline's customers.



Accumuli to be Acquired by NCC Group
 EV: \$82.1M
 Revenue Multiple: 2.5x

Accumuli, a public UK-based independent specialist in IT security and risk management, has agreed to be acquired by NCC Group, a Manchester-based global information assurance specialist providing organizations worldwide with expert escrow, verification, security consulting, website performance, software testing and domain services. The acquisition will bolster operational support, incident management and NCC's consulting business.



Q1 2015 Security & Risk M&A Transactions

Date Announced	Seller	Buyer	Enterprise	Revenues	Enterprise
			Value		Value
					Revenue
31-Mar-15	Anicut Systems Inc. / Assets	CipherCloud Inc.	NA	NA	NA
31-Mar-15	Redspin, Inc.	Auxilio Inc.	NA	NA	NA
26-Mar-15	Quantum Secure Inc.	HID Global	NA	NA	NA
24-Mar-15	Accumuli	NCC Group	\$82.1	\$32.8	2.5x
20-Mar-15	Rsam (<i>minority recapitalization</i>)	JMI Equity	NA	NA	NA
19-Mar-15	First Point Global	KPMG LLP Australia	NA	NA	NA
11-Mar-15	Algorithmic Research Ltd. (ARX)	DocuSign Inc.	NA	NA	NA
10-Mar-15	Blue Coat Systems Inc. / Assets	Bain Capital LLC	\$2,400.0	\$650.0	3.7x
02-Mar-15	Emerging Threats	Proofpoint Inc.	\$40.0	NA	NA
24-Feb-15	Authy	Twilio Inc.	NA	NA	NA
24-Feb-15	Optenet S.A. / Operations	Allot Communications Ltd.	\$12.0	NA	NA
18-Feb-15	MegaPath Inc. / Managed Services Business	GTT	\$152.3	\$124.0	1.2x
18-Feb-15	Hyperwise	Check Point Software Technologies	NA	NA	NA
17-Feb-15	Nuvotera	Excel Micro Inc.	NA	NA	NA
17-Feb-15	Securis	Above Security	NA	NA	NA
09-Feb-15	Offspark	ARM Ltd.	\$1.9	NA	NA
09-Feb-15	Voltage Security Inc.	Hewlett-Packard Company	\$175.0*	\$35.0*	5.0x
04-Feb-15	F-Secure Corporation / Assets	Synchronoss Technologies Inc.	NA	NA	NA
04-Feb-15	Courion	K1 Capital Management	NA	NA	NA
03-Feb-15	Sysec Ltd.	The Herjavec Group	NA	NA	NA
28-Jan-15	IntelCrawler	InfoArmor Inc.	NA	NA	NA
27-Jan-15	Vulnr	ZeroFOX	NA	NA	NA
20-Jan-15	Red Earth Software	OPSWAT Inc.	NA	NA	NA
20-Jan-15	OneSource Computing Inc.	BEDROC Inc.	NA	NA	NA
14-Jan-15	Identity Finder LLC	Inverness Graham Investments	NA	NA	NA
13-Jan-15	Trusteq Oy	KPMG LLP	NA	NA	NA
13-Jan-15	Intellinx Ltd.	Bottomline Technologies, Inc.	\$84.9	\$10.0*	8.5x
12-Jan-15	Phase One Consulting Group LLC	RLJ Equity Partners	NA	NA	NA
06-Jan-15	Achilles Guard Inc. (Critical Watch)	Alert Logic, Inc.	NA	NA	NA

*based on estimates from 451 Group

Security & Risk Public Companies – Q1 2015 Trading Statistics

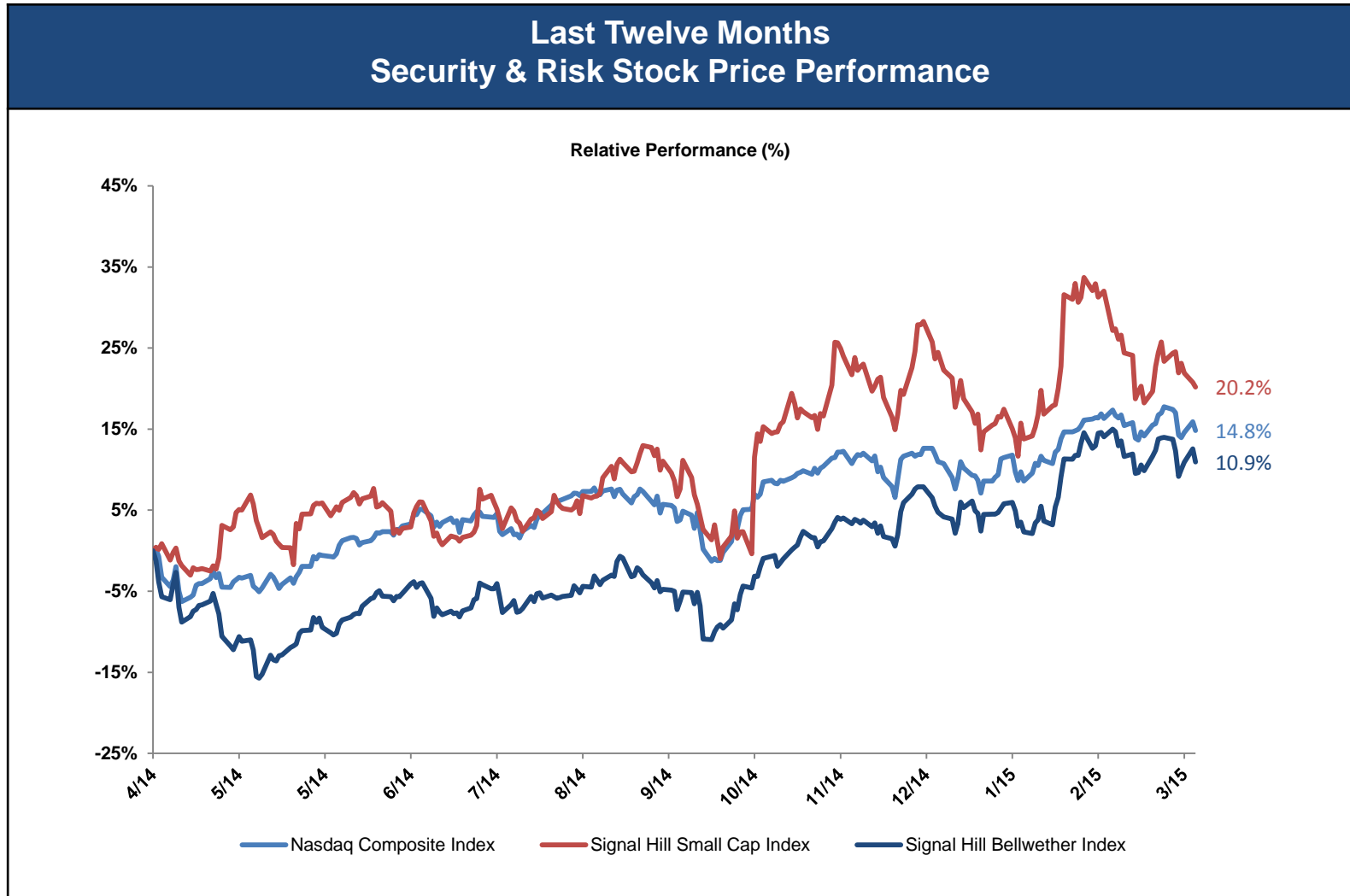
		(\$ in millions, except per share amounts)									Enterprise Value /					
Market Segment	Company	3/31/2015 Price	% Dec./Inc. from LTM		Fully Diluted Eq. Val.	Revenue			Fully Diluted Ent. Val.	Revenue			EBITDA			
			High	Low		LTM	CY'14E	CY '15E	Net Cash		LTM	CY'14E	CY'15E	LTM	CY'14E	CY'15E
Security Bellwether																
Content	Symantec	\$23.37	(14%)	18%	\$15,944	\$6,615	\$6,676	\$6,408	\$1,645	\$14,299	2.2x	2.2x	2.2x	7.4x	6.8x	6.5x
SVM	Check Point	\$81.97	(5%)	35%	\$15,065	\$1,496	\$1,491	\$1,621	\$1,312	\$13,753	9.2x	9.2x	8.5x	16.9x	15.7x	15.1x
SVM	Palo Alto	\$146.08	(3%)	154%	\$12,018	\$739	\$725	\$1,019	\$198	\$11,820	16.0x	16.0x	11.6x	NM	NM	NM
IAM	Gemalto	\$79.68	(15%)	40%	\$6,976	\$2,984	\$3,022	\$3,260	\$524	\$6,452	2.4x	2.4x	2.0x	13.4x	11.0x	9.9x
SVM	FireEye	\$39.25	(40%)	58%	\$6,110	\$426	\$424	\$619	\$402	\$5,708	13.4x	13.4x	9.2x	NM	NM	NM
SVM	Fortinet	\$34.95	(2%)	74%	\$5,902	\$770	\$756	\$925	\$720	\$5,182	6.7x	6.7x	5.6x	NM	36.7x	34.1x
Content	Trend Micro	\$33.00	(9%)	29%	\$4,447	\$962	\$951	\$1,021	\$1,145	\$3,301	3.4x	3.4x	3.2x	9.6x	10.2x	9.3x
Content	Proofpoint	\$59.22	(2%)	146%	\$2,309	\$196	\$192	\$249	\$53	\$2,257	11.5x	11.5x	9.1x	NM	NM	NM
SVM	Barracuda	\$38.47	(6%)	63%	\$2,020	\$266	\$265	\$309	\$167	\$1,853	7.0x	7.0x	6.0x	NM	25.4x	23.9x
Content	Cyber Ark	\$55.57	(21%)	151%	\$1,699	\$103	\$94	\$133	\$177	\$1,522	14.8x	14.8x	11.4x	NM	NM	NM
SVM	Qualys	\$46.48	(7%)	158%	\$1,576	\$134	\$133	\$168	\$127	\$1,449	10.8x	10.8x	8.6x	NM	NM	33.6x
Content	AVG Technologies	\$21.65	(5%)	35%	\$1,117	\$374	\$370	\$421	NM	\$1,243	3.3x	3.3x	3.0x	10.3x	9.0x	8.1x
SVM	Imperva	\$42.70	(26%)	132%	\$1,159	\$164	\$162	\$199	\$110	\$1,049	6.4x	6.4x	5.3x	NM	NM	NM
Median											7.0x	7.0x	6.0x	10.3x	11.0x	12.5x
Mean											8.2x	8.2x	6.6x	11.5x	16.4x	17.6x
Security Small Cap																
IAM	Vasco	\$21.54	(32%)	191%	\$849	\$202	\$192	\$228	\$137	\$712	3.5x	3.5x	3.1x	18.1x	16.1x	13.8x
Content	F-Secure	\$2.89	(7%)	51%	\$450	\$186	\$188	\$160	\$66	\$384	2.3x	2.3x	2.4x	10.7x	10.4x	8.9x
SVM	Absolute Software	\$7.99	(4%)	73%	\$357	\$94	\$94	\$101	\$56	\$300	3.5x	3.5x	3.0x	14.4x	17.1x	14.0x
Content	Ahnlab	\$41.20	(19%)	38%	\$357	\$124	\$124	NM	\$61	\$296	2.4x	2.4x	NM	18.9x	18.9x	NM
Content	Zix	\$3.93	(11%)	36%	\$224	\$50	\$50	\$55	\$22	\$202	4.0x	4.0x	3.7x	24.2x	17.9x	14.7x
Content	Cyren	\$3.03	(20%)	116%	\$95	\$32	\$32	\$35	\$6	\$89	2.8x	2.8x	2.5x	NM	NM	NM
SVM	Intrusion	\$1.90	(37%)	28%	\$24	\$7	\$7	NM	NM	\$27	3.7x	3.7x	NM	NM	NM	NM
Content	Wave Systems	\$0.69	(70%)	15%	\$36	\$17	\$18	\$9	\$2	\$34	2.0x	2.0x	1.9x	NM	NM	NM
IAM	Bio-key	\$0.20	(66%)	43%	\$13	\$4	\$4	NM	\$1	\$12	3.1x	3.1x	NM	NM	NM	NM
Median											3.1x	3.1x	2.8x	18.1x	17.1x	13.9x
Mean											3.0x	3.0x	2.8x	17.3x	16.1x	12.8x

Content – antimalware, antivirus, email web filtering, data security and related threat protection segments.

IAM – identity & access management solutions.

SVM – Network Security & Vulnerability Management including IDS/P, firewalls, and vulnerability management

LTM Relative Security & Risk Stock Price Performance



Select Q1 2015 Security & Risk Financing Activity

Date Announced	Company	Investor(s)	Deal Value	Round Number
31-Mar-15	Tanium	Andreessen Horowitz	\$52.0	3
27-Mar-15	Sift Security	Undisclosed	\$1.8	1
26-Mar-15	PhishMe	Aldrich Capital Partners; Paldin Capital Group	\$13.0	2
26-Mar-15	Security Innovation	Gordon Burns; Brook Venture Partners	\$4.0	3
26-Mar-15	Red Canary	Brian Beyer; Kyrus	\$2.5	1
24-Mar-15	SecurityScorecard	Evolution Equity Partners; OLDstart Ventures; Sequoia Capital	\$12.5	2
24-Mar-15	Harvest.ai	Trinity Ventures	\$2.3	1
19-Mar-15	Vidder	Voyager Capital; ONSET Ventures; Presidio Ventures; LDV Partners	\$12.0	2
18-Mar-15	Intersect	Informatica; Toba Capital	\$10.0	1
10-Mar-15	E8 Security	The Hive; Allegis Capital; March Capital Partners	\$9.8	1
6-Mar-15	Detectify	Christian Thaler-Wolski; Hannu Turunen; Risto Siilasmaa; Nick Coleman; Paua Ventures; InVenture	-	1
26-Feb-15	Zimperium	Samsung Ventures; Lazarus Israel Opportunities Fund; Sierra Ventures; Telstra Ventures	\$12.0	2
26-Feb-15	BlueTalon	Data Collective; Berggruen Holdings; Divergent Ventures; The Stanford StartX Fund; Bloomberg Beta; Biosys Capital	\$6.5	2
31-Mar-15	Tanium	Andreessen Horowitz	\$52.0	3
27-Mar-15	Sift Security	Undisclosed	\$1.8	1
26-Mar-15	PhishMe	Aldrich Capital Partners; Paldin Capital Group	\$13.0	2
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19-Mar-15	Vidder	Voyager Capital; ONSET Ventures; Presidio Ventures; LDV Partners	\$12.0	2

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25-Feb-15	Dtex Systems	Wing Venture Capital; Norwest Venture Partners	\$15.0	1
22-Feb-15	Namogoo	FundersGuild; Inimity VCC; 83North; Blumberg Capital	\$5.0	1
19-Feb-15	Synack	Google Ventures; Greylock Partners; Kleiner Perkins Caufield & Byers; Icon Ventures; GGV Capital	\$25.0	4
18-Feb-15	Pindrop Security	Webb Investment Network; Redoint Ventures; Felicis Ventures; Citi Ventures; Andreessen Horowitz; Institutional Venture Partners	\$35.0	3
18-Feb-15	Sqrrl	Matrix PartnersI Atlas Venture; Rally Venture	\$7.0	3
10-Feb-15	Wandera	Bessemer Venture Partners; 83North	\$15.0	3
21-Jan-15	Bastille Networks	David Cowan	\$1.0	2
14-Jan-15	My Digital Shield	Litera Investments	\$0.3	2
12-Jan-15	Ionic Security	Icon Ventures; TechOperators; Google Ventures; Kleiner Perkins Caufield & Byers; Meritech Capital Partners	\$40.1	4
5-Jan-15	iSight Partners	Bessemer Venture Partners	\$30.0	2
2-Jan-15	Tangible Security	Undisclosed	\$6.0	1
1-Jan-15	ThreatQ	Todd Headlet; CIT GAP Funds; Blu Venture Investors	\$0.5	1
1-Jan-15	Apozy	Undisclosed	\$0.6	1



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