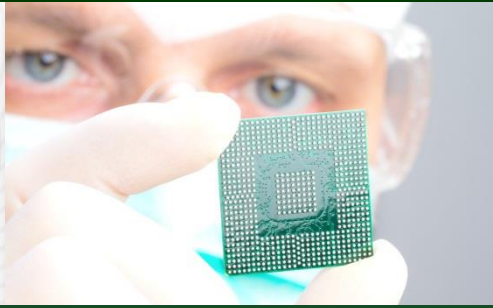


Technology Industry Update – 2nd Quarter 2015

Software | Semiconductors | Electronics | Communication



Mergers & Acquisitions | Business Valuation | Strategic Consulting

Industry
News

Summary of Industry News

- Private equity firm **Silver Lake** invested \$1 billion in **Motorola Solutions (MSI)**. MSI hopes to accelerate a transition from selling only radios that police officers, fire departments and other emergency workers use, to a broader emergency communications platform.
- **EMC** considers a downstream buyout by **VMWare**.
- **Qualcomm** announced a realignment plan that aims to reduce costs by \$1.4 billion by 2016 and will deliver pink slips to 15% of employees.
- **Google** will restructure under new parent company **Alphabet**.
- Internet of Things (IoT) is expected to drive strong M&A activity. ([link](#))

Notable
M&A
Activity

Recent Merger and Acquisition Activity

- **The Carlyle Group LP** and **GIC PTE** will acquire **Veritas Technologies Corp.** from **Symantec Corp.** for \$8 billion in cash.
- **Microchip Technology Inc. (NasdaqGS: MCHP)** acquired **Micrel Inc.** from **Starboard Value LP, DePrince, Race & Zollo, Inc. and others** for approximately \$816 million.
- **CA Inc.** will acquire the Herndon, VA-based network security software company **Xceedium**.
- **Blue Coat Systems** acquired **PerspecSys Inc** from **Intel Capital, Paladin Capital Group** and **Ascent Venture Partners**. PerspectSys is a cloud data protection solutions provider.
- **Cisco Systems, Inc.** announced intent to acquire remaining stake in **OpenDNS**, for approximately \$640 million.
- **Synopsys Inc.** acquired **Elliptic Technologies Inc**, a provider of embedded security hardware and software solutions for chipset vendors.
- **Intel Corporation** agreed to acquire **Altera Corp.** for approximately \$16.7 billion.
- **Avago Technologies Ltd.** entered into an agreement to acquire **Broadcom Corp.** from **Henry Nicholas III** and others for \$36.7 billion.

Capital
Markets
Summary

	% Change		
The McLean Group Customer Indices	Q1 2015	Q2 2015	YTD 2015
Large Cap Technology Index	0.8%	1.7%	2.6%
Consumer Platforms Index	4.5%	(1.5%)	2.8%
Software Index	10.0%	(0.4%)	9.6%
Cybersecurity Index	4.9%	12.5%	18.0%
Network Providers Index	0.4%	3.4%	3.8%
Devices and Hardware Index	8.1%	(12.4%)	(5.3%)
Semiconductors Index	(5.1%)	(4.7%)	(9.5%)
EDA and Semiconductor Index	4.6%	3.0%	7.8%
S&P 500	0.4%	(0.2%)	0.2%

Large Cap Technology Index: BABA, AMZN, AAPL, CSCO, GOOGL, IBM, MSFT, ORCL; **Consumer Platforms Index:** EBAY, FB, LNKD, PCLN, TWTR, YHOO, YELP; **Software Index:** ADBE, CA, CTXS, RHT, CRM, SAP, SWI, SAS, VMW; **Cybersecurity Index:** AVG, CUDA, CKP, FEYE, FTNT, PANW, SYMC, VDSI; **Network Providers Index:** T, CMCS.A, DTV, DISH, S, TMUS, TWX, VZ; **Devices and Hardware Index:** OM:ERIC B, HPQ, JNPR, KOSE:A066570, MSI, NTAP, KOSE:A005930, ZBRA; **Semiconductors Index:** BRCM, NasdaqGS:CAVM, FSL, INTC, NVDA, QCOM, TXN, ENXTPA:STM; **EDA and Semiconductor IP Index:** LSE:ARM, CDNS, CEVA, LSE:IMG, MENT, NasdaqGS:SNPS.



will acquire

VERITAS

from



Announced: Aug 11, 2015
EV: \$8 Billion – EV/REV: N/D



will acquire

Xceedium

Announced: Aug 4, 2015
EV: N/D – EV/REV: N/D



acquired



Closed: Aug 3, 2015
EV: \$796.1 Million – EV/REV: 2.9X



acquired



Closed: July, 30 2015
EV: N/D – EV/REV: N/D



acquired



Closed: July 30, 2015
EV: N/D – EV/REV: N/D



will acquire



Announced: July 22, 2015
EV: N/D – EV/REV: N/D



will acquire



Announced: July 1, 2015
EV: 1.05 Billion – EV/REV: 4.3X



will acquire



Announced: June, 30 2015
EV: \$635 Million – EV/REV: N/D



acquired



Closed: June 29, 2015
EV: N/D – EV/REV: N/D



acquired



Closed: June 23, 2015
EV: 4.2 Billion – EV/REV: 1.6X



will acquire



Announced: June 1, 2015
EV: 16.7 Billion – EV/REV: 8.3X



will acquire

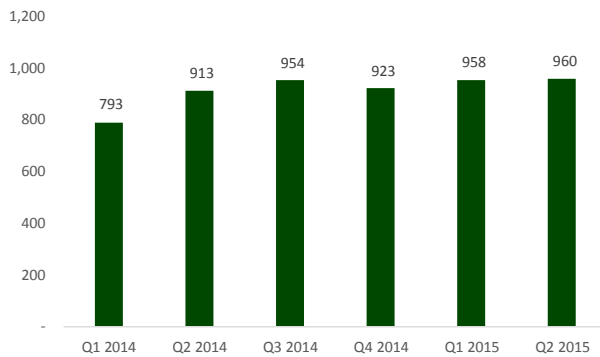


Announced: May 28, 2015
EV: 36.7 Billion – EV/REV: 3.9x

Summary of Transaction Activity

In the last twelve months, M&A activity increased by 16.1% to 3,795 transactions from 3,268 in the second quarter of 2014, an increase of 527 transactions year-over-year. The three most active sectors from Q2 of 2014 to Q2 of 2015 were Application Software, Internet Content and Commerce, and IT Services and Distribution, which represented 55% of all transactions. After a slight decrease in 2014's Q4, transaction activity has increased in the first two quarters of 2015, which ended with 960 transactions. Heading into the last two quarters of 2015, the sectors with the greatest increase in activity were Mobility, Hosted Services, and Internet Content and Commerce, increasing by 45.0%, 35.0%, and 32.0%, respectively in Q2 2015 over Q2 2014.

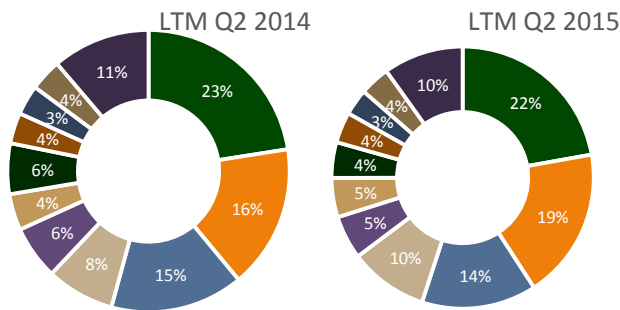
Transaction Activity by Quarter



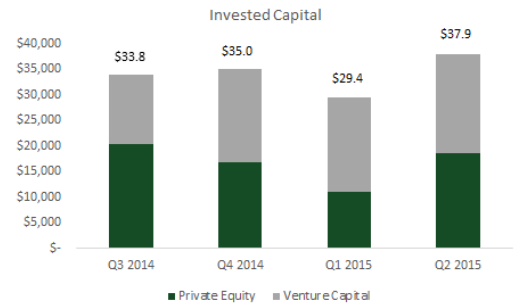
Financial Buyer Summary

In the last twelve months, The McLean Group tracked 11,398 technology-related transactions by Private Equity (PE) and Venture Capital (VC) firms, which is a 21% increase over transaction activity in 2014. The amount of invested capital increased by 0.4% from \$134.1 billion to \$136.3 billion. While the majority of transactions were from VC firms in Q2 2015 (88.5%), the amount of capital invested by both PE (49.0%) and VC (51.0%) firms were almost equivalent. As expected, VC firms invested more frequently in technology firms; however at much smaller dollar amounts than their PE counterparts.

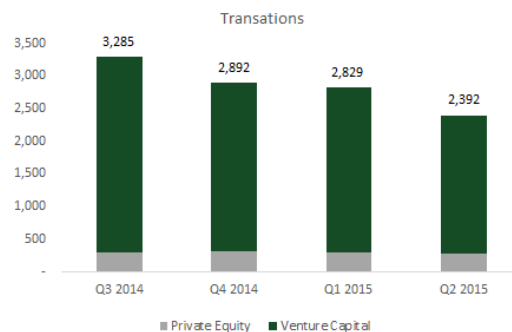
Transaction Activity by Sub-Sector



Financial Buyer Activity

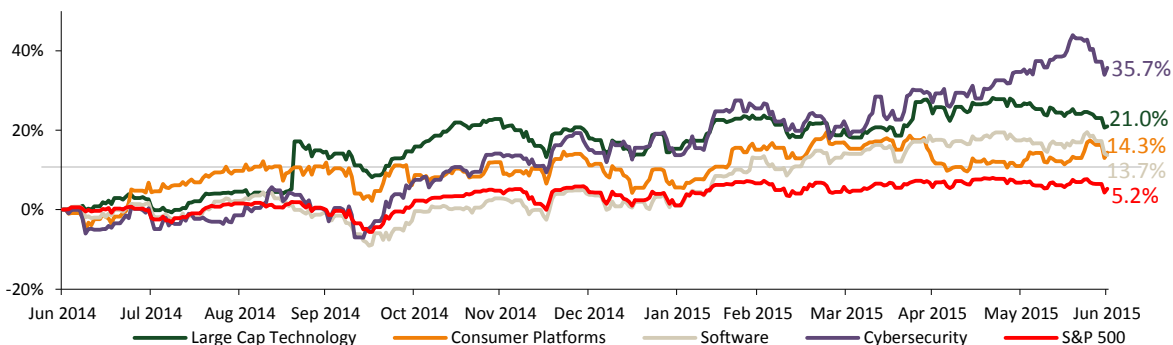


	LTM Q2 2014	LTM Q2 2015	% Change
Application Software	736	842	14%
Internet Content and Commerce	538	708	32%
IT Services & Distribution	499	538	8%
Mobility	255	369	45%
Information Management	201	204	1%
Hosted Services	136	184	35%
Systems	190	167	-12%
Security	115	144	25%
Communication Services	112	123	10%
Semiconductors	119	141	18%
Other	367	375	2%
Total	3,268	3,795	16.1%



Software & Online Consumer Platforms

Last 52 Weeks Custom Index Performance

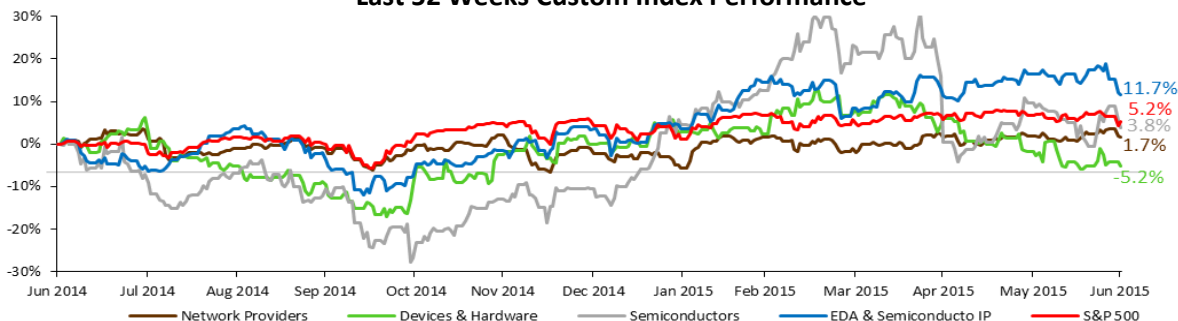


Index Constituents and Stock Price as a % of 52 Week High

Large Cap Technology	Alibaba.com 69%	amazon.com 96%	Apple 93%	CISCO 91%	Google 89%	IBM 83%	Microsoft 88%	ORACLE 86%	
Consumer Platforms	ebay 95%	facebook 96%	LinkedIn 75%	priceline.com 87%	twitter 65%	YAHOO! 75%	yelp 50%		
Software	Adobe 96%	ca technologies 88%	CITRIX 96%	redhat 93%	salesforce 89%	SAP 90%	solarwinds 86%	sas 76%	vmware 83%
Cyber-security	AVG 94%	Barracuda 85%	Checkpoint 71%	FireEye 88%	FORTINET 94%	paloalto NETWORKS 94%	Symantec 85%	VASCO 86%	

Networks, Hardware & Devices

Last 52 Weeks Custom Index Performance

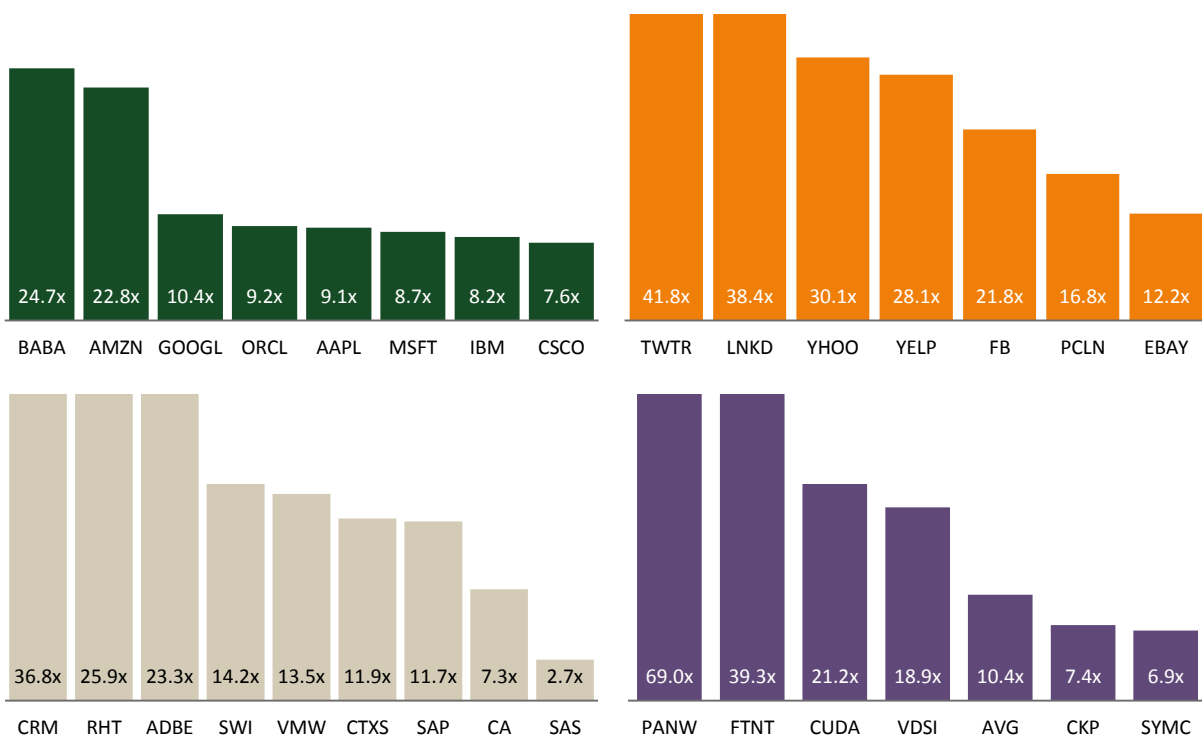


Index Constituents and Stock Price as a % of 52 Week High

Network Providers	at&t 95%	Comcast 98%	dish NETWORK 84%	Sprint 53%	T-Mobile 95%	Time Warner Cable 98%	verizon 87%	
Devices & Hardware	ERICSSON 73%	hp 73%	JUNIPER NETWORKS 92%	LG 59%	MOTOROLA SOLUTIONS 82%	NetApp 72%	SAMSUNG 85%	ZEBRA 93%
Semi-conductors	BROADCOM 89%	CAVIUM 89%	freescale 88%	intel 80%	NVIDIA 85%	QUALCOMM 76%	TEXAS INSTRUMENTS 86%	STMicroelectronics 79%
EDA & Semi-conductor IP	ARM 84%	cadence 96%	CEVA 83%	Imagination 83%	Mentor Graphics 97%	SYNOPSYS 99%		

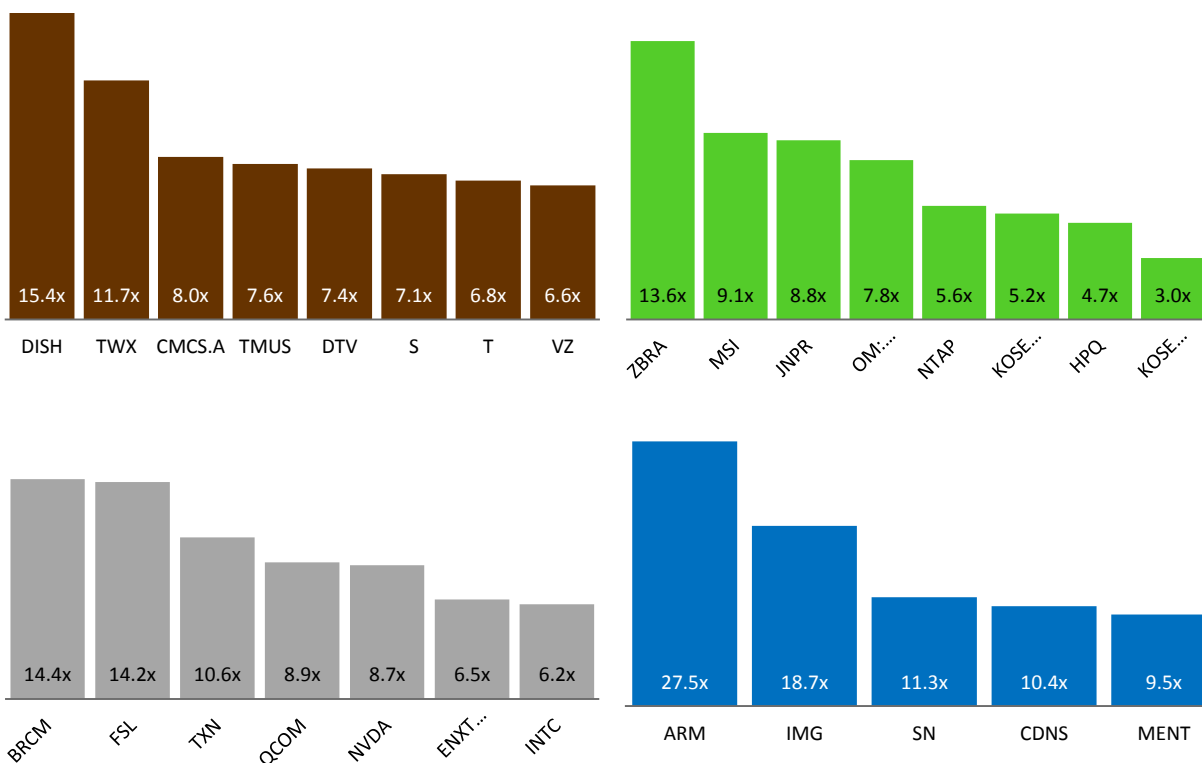
Software & Online Consumer Platforms

Average: 16.3x, Median 13.2x



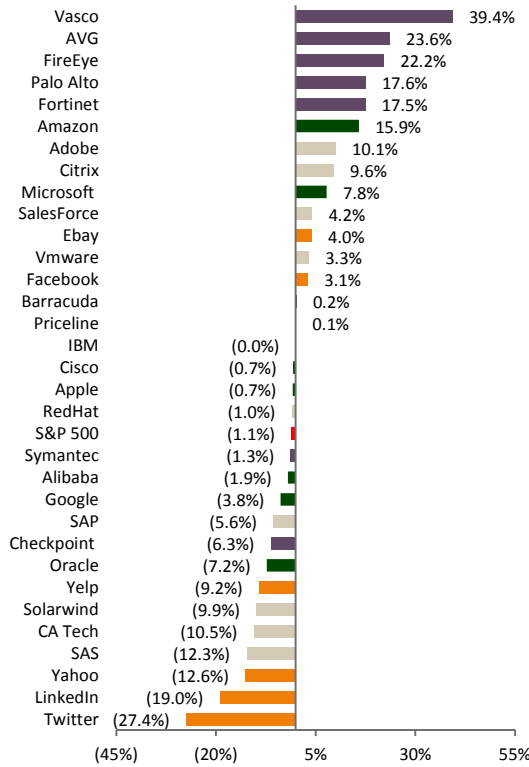
Networks, Hardware & Devices

Average: 10.2x, Median 8.0x

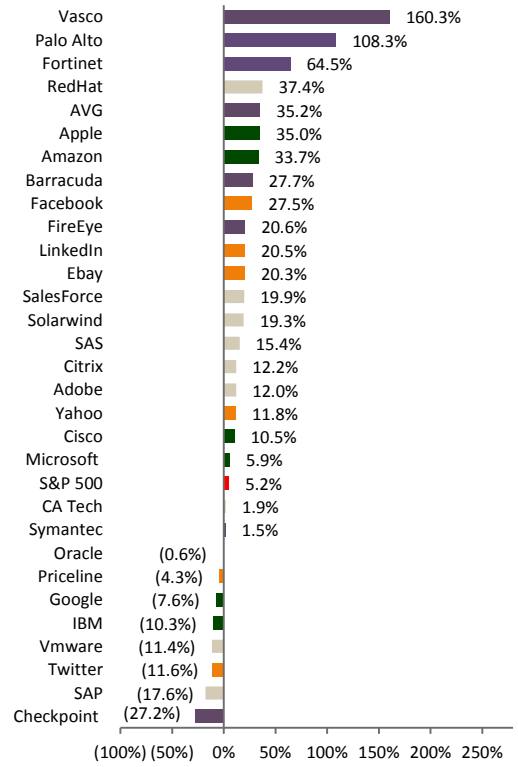


Software & Online Consumer Platforms

Q2 2015

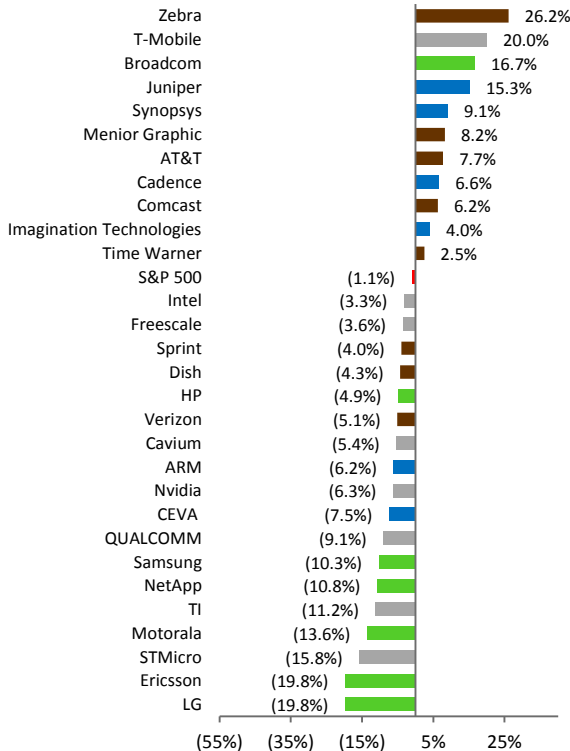


Last 52 Weeks

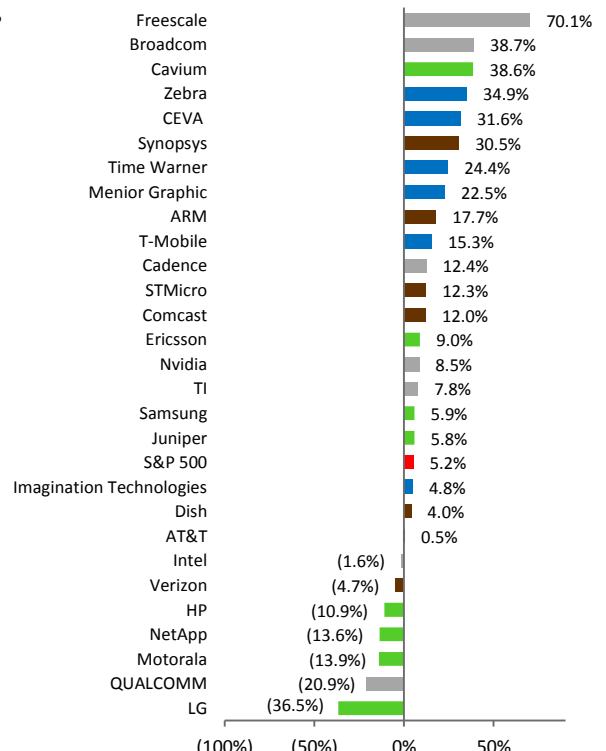


Networks, Hardware & Devices

Q2 2015



Last 52 Weeks



The McLean Group's Technology industry group provides a unique mix of expertise in mergers and acquisition advisory, business valuation, market intelligence, and direct industry experience. Several of our team members have degrees in electrical engineering or computer science, and have worked in both technical and senior management roles at established technology companies and startups.

Technology & Telecom Expertise	Industry Discriminators
Mobile Applications and Embedded Software	<ul style="list-style-type: none"> Technology oriented expertise in M&A, Business Valuation, and Market Intelligence
Internet of Things	<ul style="list-style-type: none"> Deep M&A transaction experience in Semiconductors, Embedded Software, and Embedded Electronics
Media, UI, VoIP, and DSP Processing	<ul style="list-style-type: none"> Existing relationships with semiconductor suppliers, embedded software vendors, and engineering service providers
Semiconductors and EDA	<ul style="list-style-type: none"> Technical and engineering expertise enabling the team to understand the underlying value of technology and IP of clients beyond just the financial perspective
Wireless Communications and VoIP	<ul style="list-style-type: none"> Deep experience with buyers and sellers alike
Automotive and Travel Software	
Engineering Design Services	
Software Development Tools and SDLC	
Security and Digital Forensics	

Sampling of Substantive Relationships, Buyers and Clients



The McLean Group is an independent, industry-focused investment bank with deep expertise in mergers and acquisitions and business valuation

- Founded in 1997
- Headquartered in McLean, Virginia
- 65 dedicated professionals nationally
- Dedicated industry groups which bring extensive domain and transactional expertise to every client engagement
- Largest independent valuation practice in the Mid-Atlantic Region with more than 250 active valuation clients

Investment Banking	Business Valuation
<ul style="list-style-type: none"> Mergers & Acquisition (Private Company Sale, Public M&A Advisory, Buy-side Advisory, etc.) Corporate Divestitures Private Equity Investments Strategic Alternatives Analysis 	<ul style="list-style-type: none"> Financial Reporting (Purchase price allocation, goodwill impairment, stock option expense) Equity Incentive Plans and Tax Litigation Support Transaction Advisory (Fairness Opinion, Due Diligence)

M&A
Advisory
Experience

RIDESCOUT™
acquired by
moovel
A Portfolio Company of **DAIMLER**
Software and Mobile Applications
As M&A Advisors

SigInt
acquired by
NOVETTA
A Portfolio Company of **ARLINGTON**
Cyber Security & Intelligence
As M&A Advisors

TWISTEDPAIR
acquired by
MOTOROLA SOLUTIONS
Mobile Interoperability for Mission-Critical Communications
As M&A Advisors

UltiSat
Received Investment From
LLRpartners
Federal Contracting
Satellite Communications Solutions
As M&A Advisors

3PHOENIX™
acquired by
Ultra ELECTRONICS
Embedded Systems Design and Signal Processing
As M&A Advisors

COMPSEC
acquired by
DC CAPITAL PARTNERS
Intelligence Community
IT Solutions
As M&A Advisors

June 2011
Optima
has been acquired by
MasTec
Telecommunications
Specialty Contracting
As M&A Advisors

iLuMinA SOLUTIONS Inc.
has been acquired by
ECS
Federal Contracting
ERP Program Management
As M&A Advisors

networx
has been acquired by
zayo
Telecommunications
As M&A Advisors

MasTec
has acquired
CAMCOM
a GMSI company
Telecommunications
Specialty Contracting
As M&A Advisors

SMSi
has been acquired by
BOEING
Federal Contracting
Data Management and IT Solutions
M&A Sell Side Advisors

November 2011
EZ Yield
has been acquired by
TravelClick™
Travel and Hospitality
As M&A Advisors

PlayScreen
PlayScreen LLC, a Maryland company has purchased selected assets of MyNuMo, LLC a California company
myNUMO
Social & Mobile Gaming
As M&A Advisors

eXMeritus™
has been acquired by
BOEING
Cyber Security
As M&A Advisors

TERRASIM
has been acquired by
Bohemia Interactive SIMULATIONS
Federal Contracting
Digital Mapping Solutions
As M&A Advisors

BoxTone
Mobile Service Management
Business Valuation
Mobile Device Management Software
As Business Valuators & Financial Advisors

treater
Business Valuation
Gift Mobile App
As Business Valuators & Financial Advisors

voxiva™
better health in your hands
Business Valuation
Interactive Mobile Health Services
As Business Valuators & Financial Advisors

Motion Computing®
Business Valuation
Mobile Computing Hardware
As Business Valuators & Financial Advisors

OV
ObjectVideo®
Business Valuation
Video Analytics Software
As Business Valuators & Financial Advisors

Celcite
Business Valuation
Telecommunications Network Optimization Software
As Business Valuators & Financial Advisors

NETWITNESS
Business Valuation
Network Security Software
As Business Valuators & Financial Advisors

APPABSOLUTELY EVERYTHING®
Business Valuation
Mobile Application Download Website
As Business Valuators & Financial Advisors

Double-Take Software
has acquired
emBoot™ Inc.
Purchase Price Allocation
Data Protection & Disaster Recovery Software
As Business Valuators & Financial Advisors

AIRSTRIP®
Business Valuation
Mobile Medical Software
As Business Valuators & Financial Advisors

FIDELIS
Business Valuation
Enterprise IT Security Software
As Business Valuators & Financial Advisors

GRIDPOINT
Business Valuation
Smart Grid Software
As Business Valuators & Financial Advisors

TEOCO
Business Valuation
Telecommunications Software
As Business Valuators & Financial Advisors

imagine COMMUNICATIONS
Business Valuation
IPTV Software
As Business Valuators & Financial Advisors

Clariview
Business Valuation
Business Intelligence Software
As Business Valuators & Financial Advisors



The McLean Group
 7918 Jones Branch Drive
 Suite 750
 McLean, VA 22102

Main: 703.827.0200
 Fax: 703.827.0175

www.mcleanllc.com

Technology Industry Team

Brent Lorenz
Managing Director
 blorenz@mcleanllc.com

Barbara Papas
Managing Director
 bpapas@mcleanllc.com

Joe Golden
Principal
 jgolden@mcleanllc.com

Vippy Bhambra
Director
 vbhambra@mcleanllc.com

Tom Swanson
Managing Director
 tswanson@mcleanllc.com

Andy Smith
Principal
 asmith@mcleanllc.com

Kathleen Crow
Managing Director
 kcrow@mcleanllc.com

Will Schaffer
Associate
 wschaffer@mcleanllc.com

Dave Paolantonio
Senior Analyst
 dpaolantonio@mcleanllc.com

Disclaimer: The McLean Group does not provide accounting, tax or legal advice. The contents of this document are believed to be reliable, however The McLean Group, LLC makes no representation as to the accuracy or completeness of this information.