

# BOIS CAPITAL

## Telco Big Data Analytics Report - December 2014

### I. Bois Capital

Bois Capital is an investment bank focused on the technology sector. The Managing Partners have extensive experience in the Telco Big Data analytics sector.



Peter Benedict previously served at Bell Labs and most recently as Vice President and head of Alcatel-Lucent's Customer Experience Analytics business. He was responsible for strategy, product development, R&D and P&L for a suite of Big Data products that address the analytics needs of its fixed and wireless service providers.



Ben Boissevain has extensive corporate finance experience in the Telco sector, closing numerous wireless M&A transactions. He held positions at White & Case, Erste Bank in Vienna and Barclays Capital. Ben has spoken at wireless industry conferences and led the negotiations on a recent Telco Big Data analytics transaction described below.



Tarang Shah has extensive experience in technology. He was a Venture Capitalist at SoftBank Capital for mobile and software investments, SVP of Mobile, Payment, SaaS and Big Data Innovations at BofA, Lead Product Manager for Ericsson's 3G product line and Marketing Manager at Qualcomm. He is author of "Venture Capitalists At Work".

The Managing Partners are supported by associates Hadrien Giry-Deloison, Nasier Emtiaz and Gabriel Coiro.



Bois Capital advised Swiss Mobility Solutions, a Swiss-based B2B provider of mobile device agent analytics solutions for assessing Customer Experience and Network Quality for Mobile Broadband services, in its sale in April 2014 to Gemalto (EPA:GTO), an international digital security company providing software applications with a market capitalization of €7.4 billion based in the Netherlands.

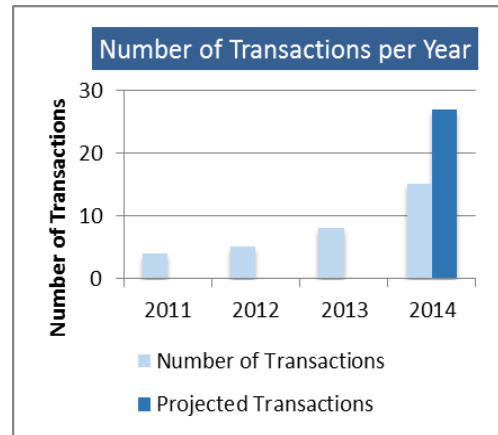
Bois Capital is representing a billion dollar US public company in the divestiture of its Telco analytics division which is expected to close in December 2014.

Bois Capital is also representing a private UK Telco analytics company on the sell side which is expected to close in January 2015.

### II. Valuation Overview

The mean valuation of precedent transactions in the Telco Big Data analytics sector is 3.76x revenue with a very large differential in valuation. The valuation of a company depends on a company's size, how hot the sub-sector is, IP ownership, revenue recurrence model and the competitiveness of the sales process. Bois Capital has seen for sub \$100m revenue companies multiples generally at 3-5x revenue. But there are outliers if there is a strategic fit and an active process. We are aware of at least three M&A and funding transactions in the past year that were said to be in the 12 – 15X revenue valuation range.

Bois Capital is seeing increasing consolidation in the Telco Big Data analytics sector as providers leverage data in new ways to enhance value of their offers, decrease costs, and increase customer satisfaction and retention. The number of transactions per year is increasing rapidly. In the near future, the number of big players interested in making an acquisition in the sector will decrease as many big players will have already acquired in the sector or built internally. Small private vendors will be competing against IBM, which acquired The Now Factory, Gemalto (which acquired Swiss Mobility Solutions) and Amdocs, which acquired Actix.



### III. Current Industry Trends

The increasing number of transactions is driven by the following industry trends:

- Network quality monitoring is shifting focus from Quality of Service to Quality of Experience.
- Customer experience is becoming ever more critical to reduce churn and differentiate from the competition. Hence the tools to better track QoE, as an analog for customer experience, are increasing in importance.
- Existing solutions such as Mobile Device Management (MDM), and policy & pricing optimization solutions (PCRF) leverage analytics to better inform and optimize their value proposition.
- Mobile marketing requires an increasingly granular understanding of customers, their locations, preferences, profiles, activities and experience to anticipate the next best offer.
- Probe vendors need to move up the value chain by providing insights on top of the deep network statistics they capture.

### IV. Significant Precedent Transactions

The significant precedent transactions in the sector are outlined below.

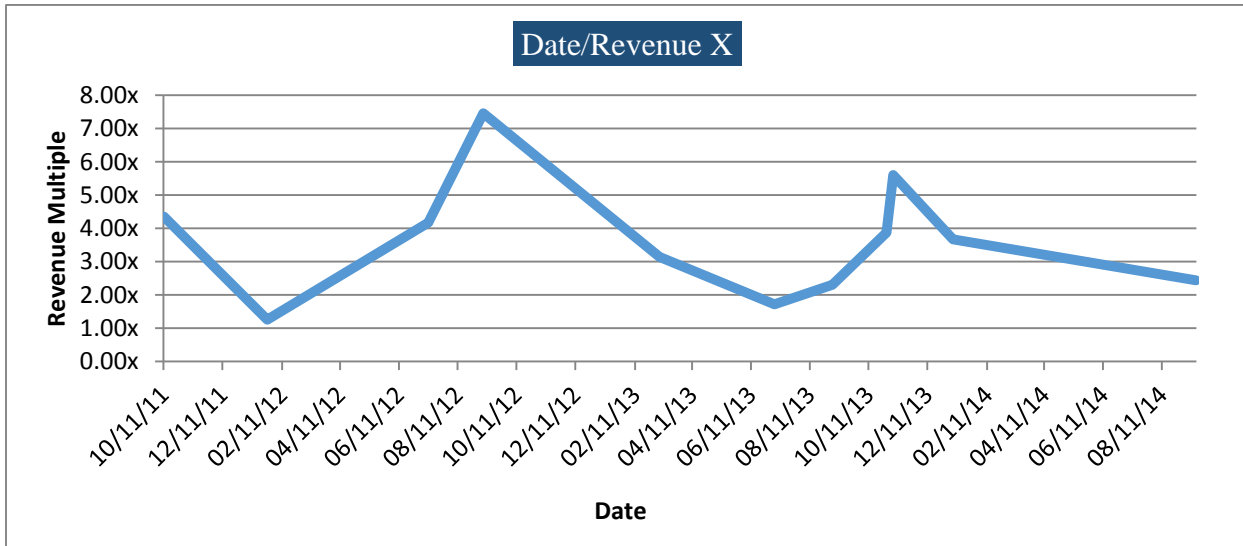
| Date       | Acquirer                                       | Target                                | Target Summary  | Enterprise Value | Revenue (TTM) | EV / Target Revenue |
|------------|--|---------------------------------------|---|------------------|---------------|---------------------|
| 10/13/2014 | NetScout Systems (NasdaqGS:NTCT)               | Tektronix Communication               | Provides assurance, intelligence, and test solutions for a variety of communication applications.       | N/A              | N/A           | N/A                 |
| 9/26/2014  | Altruist Technologies Pvt Ltd                  | Connectiva Analytics and Insights Ltd | Provides solutions that lower churn, improve operations, and boost ARPU for telecom, media and utility. | N/A              | N/A           | N/A                 |
| 9/15/2014  | Brocade Communications Systems (NasdaqGS:BRCD) | Vistapointe                           | Provides platform that allows mobile operators to monitor mobile network traffic.                       | N/A              | N/A           | N/A                 |

|            |  |   |   |          |          |       |
|------------|--|---|---|----------|----------|-------|
| 9/15/2014  | Spirent Communications (NasdaqGS:SPMY)     | Mobilethink A/S                                     | Offers analytic solution for telecom operators that analyzes mobile device usage, device trends, and marketing. | \$20.00  | \$8.20   | 2.44x |
| 8/14/2014  | Empirix Inc.                               | Verios Software & Systems                           | Offers real-time analytics, troubleshooting, management, and monitoring solutions.                              | N/A      | N/A      | N/A   |
| 8/4/2014   | Tune Pvt. Ltd.                             | MobileDevHQ   | Gives a full-window view into how their apps are faring in both ranking and customer feedback on the App Store. | N/A      | N/A      | N/A   |
| 7/1/2014   | NetBoss Technologies, Inc.                 | Ventraq, Inc.                                       | Provides personalized data integration and business analytic solutions for communications.                      | N/A      | N/A      | N/A   |
| 6/19/2014  | EXFO, Inc. (NasdaqGS:EXFO)                 | Aito Technologies (Assets)                          | Develops customer experience analytic software for mobile network operators.                                    | N/A      | N/A      | N/A   |
| 6/3/2014   | MYCOM                                      | OSI, Inc.   | Provides umbrella fault and service impact management for network carriers.                                     | N/A      | N/A      | N/A   |
| 4/29/2014  | Zettics, Inc.                              | Velocent Systems                                    | Customer experience management using real-time data analytics for mobile operators.                             | N/A      | N/A      | N/A   |
| 3/28/2014  | Gemalto (Paris:GTO.PA)                     | Swiss Mobility Solutions                            | Provides solutions that analyse the quality on mobile broadband, including quality of experience and service.   | N/A      | N/A      | N/A   |
| 2/20/2014  | Astellia SA (DB:4AS)                       | Ingenia Telecom, S.L.                               | Provides network analysis and optimization solutions for mobile operators.                                      | N/A      | N/A      | N/A   |
| 2/18/2014  | Spirent Communications Plc. (LSE:SPT)      | DAX Technologies Corp.                              | Customer experience management system for communications companies.   | \$37.00  | N/A      | N/A   |
| 1/27/2014  | Keynote SIGOS                              | Meucci Solutions NV                                 | Provides mobile fraud detection and end-to-end quality of service monitoring.                                   | N/A      | N/A      | N/A   |
| 1/6/2014   | Verint Systems (NasdaqGS:VRNT)             | KANA Software, Inc.                                 | Develops software solutions for service experience management.  | \$514.20 | \$140.00 | 3.67x |
| 11/5/2013  | Amdocs Limited (NYSE:DOX)                  | Celcite Management Solutions, LLC                   | Provides self-organizing / self optimizing network (SON) and network management solutions to telco operators.   | \$129.00 | \$23.00  | 5.61x |
| 10/29/2013 | Ixia (NasdaqGS:XXIA)                       | Net Optics, Inc.                                    | Delivers real-time network intelligence in network monitoring and security.                                     | \$190.00 | \$49.00  | 3.88x |
| 10/23/2013 | Infovista (EPA:IFV)                        | Aexio Software                                      | Provides network optimization software solutions, especially among mobile operators.                            | N/A      | N/A      | N/A   |
| 10/1/2013  | IBM (NYSE:IBM)                             | The Now Factory Ltd                                 | The Now Factory Ltd designs and develops IP intelligence solutions.   | N/A      | N/A      | N/A   |
| 9/3/2013   | Amdocs Limited (NYSE:DOX)                  | Actix, Ltd.   | Offers mobile network analytics and optimization solutions.   | \$120.00 | \$52.00  | 2.31x |
| 7/5/2013   | Genesys Telecommunications (NasdaqGS:GCTI) | SoundBite Communications, Inc.                      | Provides cloud-based mobile proactive customer care, and collections/payments solutions.                        | \$82.60  | \$48.10  | 1.72x |
| 6/6/2013   | Guavus                                     | Applied Broadband (Pipeline IPDR Collection Assets) | Offers mobile operators data analytics about bandwidth consumption and network activity.                        | N/A      | N/A      | N/A   |
| 3/8/2013   | JDS Uniphase (NasdaqGS:JDSU)               | Arieso Ltd.   | Provides automatic network optimization solutions.  | \$85.00  | \$27.00  | 3.15x |
| 1/23/2013  | Guavus                                     | Neuralitic Systems                                  | Provides solutions that increase revenue by improving churn and subscriber acquisition.                         | N/A      | N/A      | N/A   |

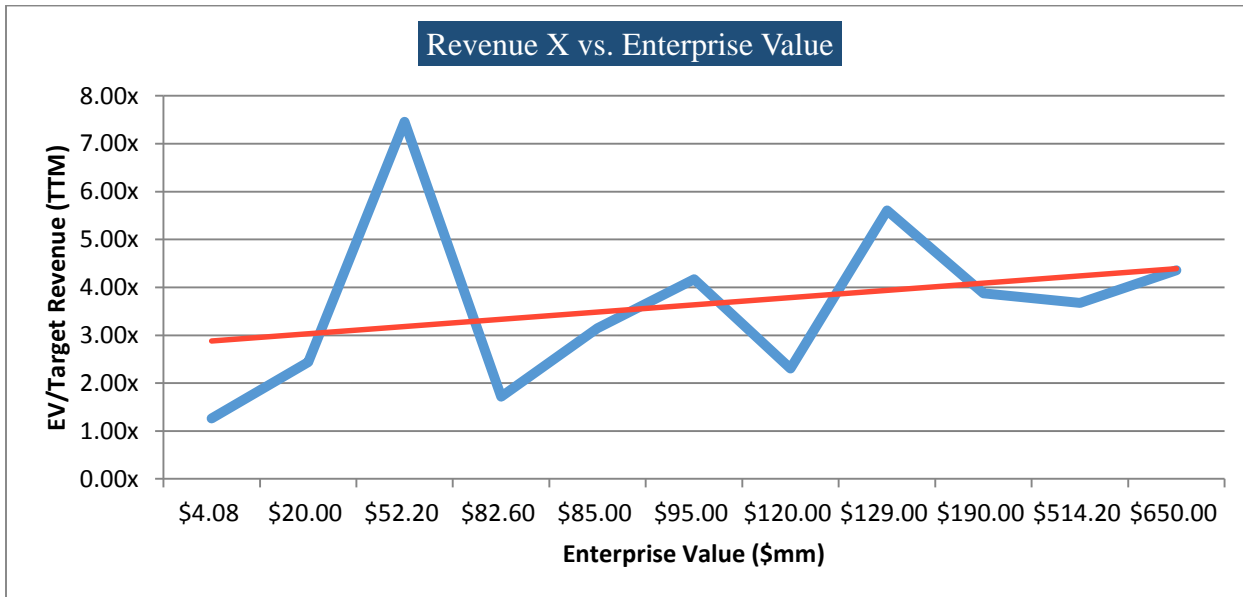
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|             |   |                                     |   |         |         |              |
|-------------|---|-------------------------------------|---|---------|---------|--------------|
| 9/6/2012    | Spirent Communications Plc. (NYSE:SPMY) | Metrico Wireless, Inc.              | Provides mobile device performance analytics to wireless carriers.                          | \$52.20 | \$7.00  | 7.46x        |
| 7/19/2012   | NetScout Systems (NasdaqGS:NTCT)        | Accanto Systems (Technology Assets) | Offers service providers analytics platform for customer experience management.             | N/A     | N/A     | N/A          |
| 7/11/2012   | Xerox Corporation (NYSE:XRX)            | Wireless Data Services              | Provides customer service solutions to technology and telecommunications brands.            | \$95.00 | \$22.78 | 4.17x        |
| 5/2/2012    | IBM (NYSE:IBM)                          | TeaLeaf Technology, Inc.            | Provides customer experience management solutions for companies.                            | N/A     | N/A     | N/A          |
| 1/26/2012   | Comptel Oyj (HLSE:CTL1V)                | Xtract Oy                           | Analytics platform uses social media intelligence to provide customer analytics solutions.. | \$4.08  | \$3.24  | 3.24x        |
| <b>Mean</b> |   |                                     |   |         |         | <b>3.76x</b> |

Interestingly, when the transactions are plotted in a chart, wide variations in revenue multiples are revealed.



Size matters, with larger transactions generally clicking off at higher revenue multiples.



**V. M&A Market and Process**

There are many adjacent sectors that are seeking to acquire in the telecom analytics space to increase their addressed use cases, specifically:

- Large telecom vendors
- Mobile network quality companies
- Telecom professional services companies
- Probe vendors
- Policy and mobile device management providers
- Private equity firms

In the course of recent transactions and ongoing market research, we have contacted over 60 companies in the above six categories and over 30 of those companies have a strategic mandate to acquire a company in the Telco Big Data analytics sector. They have wherewithal to pull off the transaction and leverage existing customer relationships and distribution channels to create sizeable offering in this space. These players are actively searching for the right acquisition targets.

Typical process for one to explore the market, determine interest in a strategic sale and complete the transaction is around six months. Bois Capital runs a very streamlined process to help secure the right strategic partner and valuation for its clients. Bois Capital works closely with the client to develop a select list of potential acquirers, a blind profile, 25+ page Confidential Information Memorandum and a detailed valuation model. Bois Capital distributes the blind profile to highly vetted list of potential acquirers, shares and discusses the Confidential Information Memorandum under the NDA with ones with strong interest in exploring acquisition. This is followed up management presentations and in-person meetings for those interested in taking a deeper look. Bois Capital coordinates the bidding process, solicits preliminary non-binding offers, sets up virtual data rooms and supports the selection of a finalist. Bois Capital then assists with negotiations on valuation and deal structure, supports and guides the due diligence process and eventual closing of the transaction.

Bois Capital has a deep sector experience, senior level connections and execution expertise in the Telco Big Data analytics sector. If you are interested in exploring your growth options including a strategic exit, Bois Capital will be happy to schedule a brainstorming session, discuss the dynamics of your business, the strategic fit with potential targets within the analytics ecosystem, provide valuation metrics, and confidentially discuss the next steps.

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