



Equity Research
Industry Analysis
Summer 2014

The Stifel SaaS Handbook 2014 – Summer Edition

Weather Outlook: Passing Storm or More Rain?



Software-as-a-Service (SaaS) Sector

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Weather Outlook: Passing Storm or More Rain?

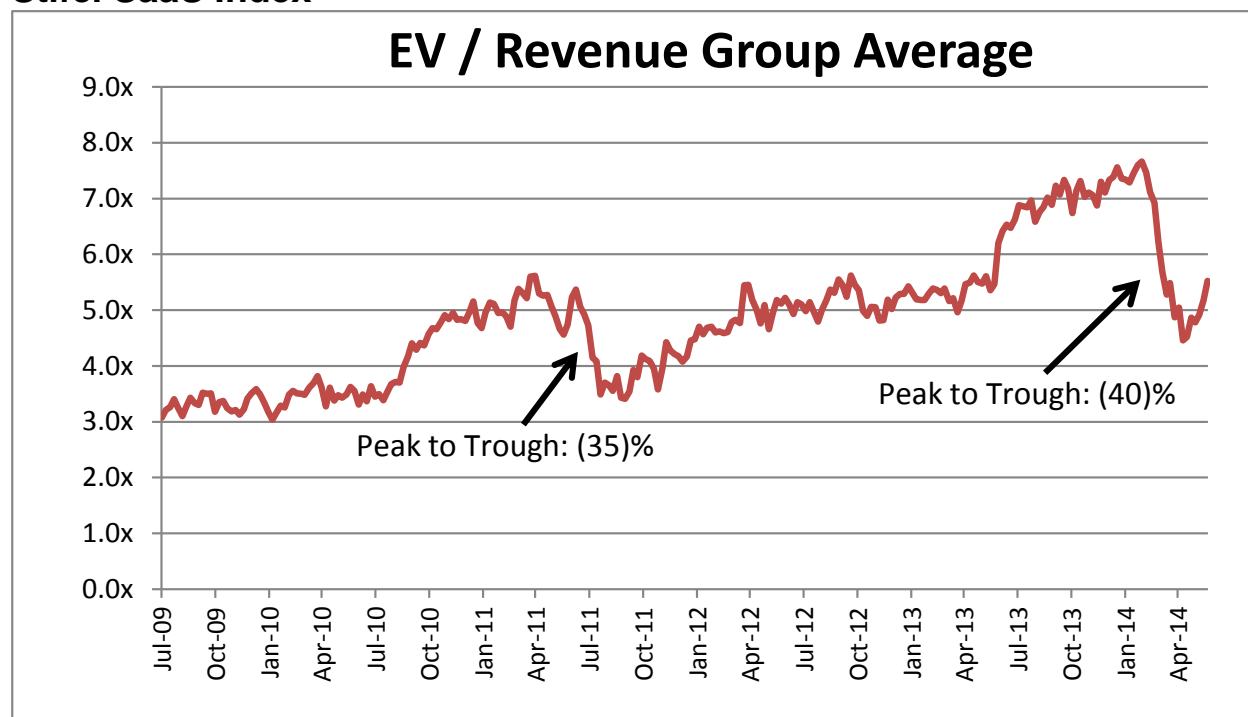
As high multiple, growth-centric Internet and Software stocks fell significantly over the course of the past two months, the level of discomfort and frustration up and down the Street has been palpable. The question that we seem to get every single day is “when will we see the bottom?” The great irony of this question is that it largely ignores that valuations across the space are loosely back to where they were last year at this time, and are still ahead of the temporary “bottom” seen for valuations in the fall of 2011 when the concerns over the feared European Sovereign Debt Crisis drove a broader S&P market sell-off through the summer. As with any great party, it seems the guests here stayed too long, had a bit too much fun, and have woken up in the morning wondering why the car is parked on the front lawn. So, let us not all forget the cardinal rule of momentum growth: “that which overshoots to the upside will inevitably overshoot to the downside.” And further, let us remember not to panic. By and large, fundamentals across our software universe—particularly for the secular growth tier 1 disruptors—have remained solidly intact, which reminds us to take multiple compression for what it is. The purpose of this edition of the Stifel SaaS Handbook is to take a deeper look at the highly correlated sell-off for the very purpose of identifying premium secular share gainers that are finally trading at what we would view to be reasonable prices.

So... How Did We Get Here? Last September, in our 2013 Stifel SaaS Handbook (published October 2, 2013), we inked the following lines that turned out to be even more prophetic than we had bargained for: *“We are fully aware that such valuations for Cloud leaders may very well end up being a transient phenomenon. However, valuations for high-growth names often reflect the level of risk perceived in the broader market itself, and, when combined with low interest rates, premium growth rates, and aggressive M&A strategies by innovation laggards, we can see why small and mid-cap growth names are currently being valued at levels we haven’t seen in the past decade. Broader market forces will likely dictate whether such valuations can be sustained into CY14 as high-growth names work to ‘grow into’ their currently high multiples.”*

Although most charts would suggest that SaaS stocks peaked around the third week of February 2014, we would argue that the sell-off began in earnest in mid/late March following Federal Reserve Chair Janet Yellen’s March 19 comments indicating that the Central Bank’s stimulus program could end as early as this fall. In addition, although interest rates themselves have not necessarily reacted to this commentary, we believe equity market risk appetites were curbed almost immediately. As growth and momentum investors began to reel themselves in on the risk curve, high multiple names predictably started to slide. And with a lack of meaningful liquidity in many small/mid-cap SaaS stocks (this factor itself helped to contribute to the sharp valuation spikes seen in high growth names during the winter of 2013/2014), downside support has taken a long time to materialize.

Having closely followed the Enterprise Software universe since before even the dot.com boom and bust period, we suggest that investors break apart multiple compression from fundamental deterioration. Although the fallout from the dot.com era combined the dreaded triple whammy of: (1) impossibly difficult comps; (2) crumbling fundamentals; and (3) nose-bleed valuations, the bi-polar “risk on/risk off” swings seen in the late summer/early fall of 2011 (a by-product of the European Sovereign Debt Crisis) and most recently in the spring of 2014 appear to be pure and simple multiple compression. This is not to say that exogenous macro-events could not serve to tighten the fundamental outlook, but evidence from the 4Q13 and 1Q14 earnings reports seems to indicate that life for the disruptive “share gainers” seems to be business as usual.

Stifel SaaS Index

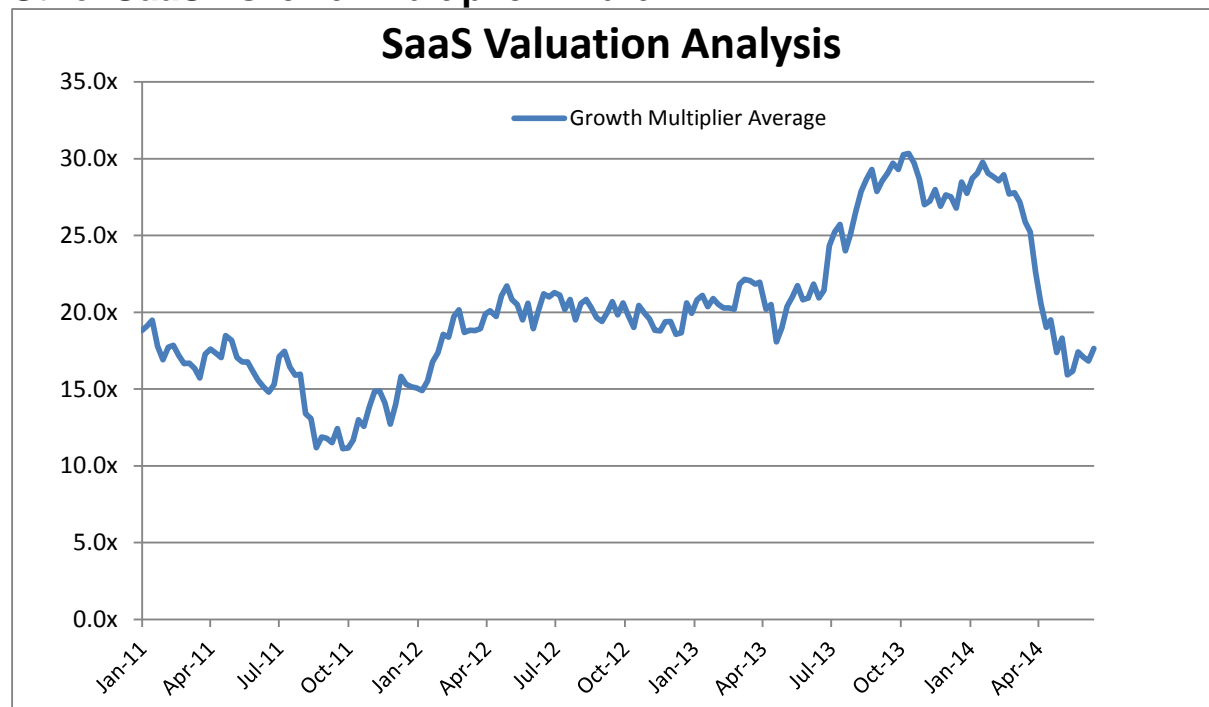


Source: Stifel research and FactSet

The above chart shows a peak-to-trough group compression of 40% from mid-February to early May. By comparison, the sell-off in the summer/early fall of 2011 accounted for a 35% peak-to-trough drop. This chart could be simply interpreted to say that valuations could yet compress another 15%-20% or so, even absent fundamental deterioration (note that we have conveniently omitted the 2008/2009 charts, where group multiples were as low as 2.0-2.5x FT EV/revenue) as SaaS group multiples recently troughed around 4.5x CY15E revenues, while in 2011, group multiples troughed at around 3.5x CY12E revenues.

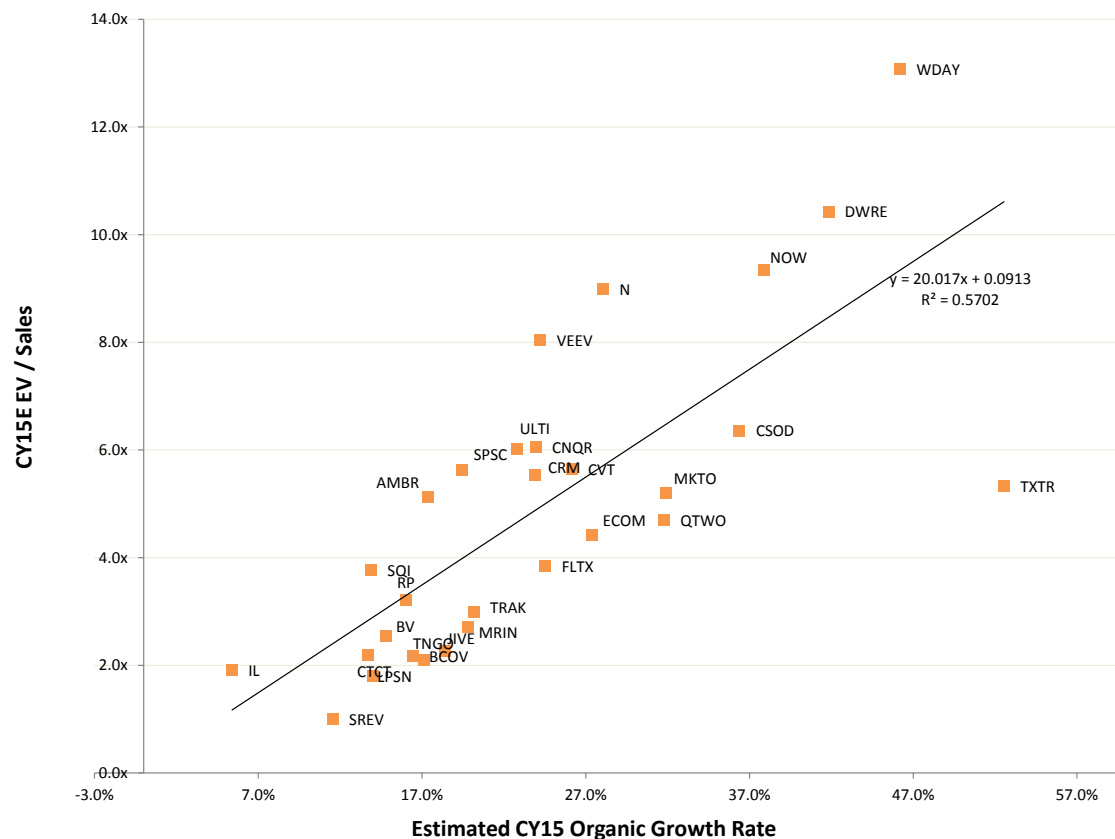
However, a secondary look at the “growth multiplier” (the EV/revenue multiple divided by the forward growth rate of each stock in question) shows a similar looking chart, where the forward multiple is now trading at less than 20x the forward growth rate (in other words, a company growing 20% would, at a 20x multiplier, see a 4x FTM EV/revenue multiple). As we noted last year in our 2013 Stifel SaaS Handbook, “The Law of 20x Growth” became a bit of back-of-the-envelope math for many venture capitalists and institutional public equity investors alike, and we find it interesting that the group is now trading below that level.

Stifel SaaS “Growth Multiplier Chart”



Source: Stifel research and FactSet

Stifel SaaS EV/Revenue v. Growth Scatter Plot



Source: Stifel estimates and FactSet

Perhaps the key to thinking about this “Law of 20x Growth” is to spend some time considering the sustainability of the forward projected growth rates themselves. The previous scatter plot displays the detail behind the relationship between revenue growth rates and valuations. In looking at names exhibiting a premium to the linear regression slope, we suspect that investors are extrapolating a belief that either Street numbers are conservative or that barriers to entry/singularity of offering have created a built-in (and potentially permanent) premium to the stock. Ultimately, if a company appears to show the ability to maintain its growth rate for multiple years, that company is far more likely to be rewarded with a higher growth multiple than a company that is exhibiting telltale signs of ongoing deceleration.

Ashes, Ashes... We All Fall Down. It is perhaps of little solace that so many of the SaaS names have collectively fallen at the same time, particularly as the S&P has continued to march toward new highs. However, in digging more deeply into the data, we found it useful to at least analyze the level of correlation to see what sort of patterns have emerged. Perhaps not surprisingly, there is a strong relation between market cap size and market correlation, as many of the SaaS names over \$2 billion in market cap are the ones held by large mutual funds that themselves are likely going through a highly correlated risk reduction exercise. In this regard, we believe it is pretty easy to identify which names should benefit the most in a risk-on scenario. The following chart ranks all public SaaS stocks according to how tightly their daily stock price movements have correlated to the broader SaaS group since the beginning of 2014.

SaaS Index Correlation Analysis

Ticker	Correlation	Mkt Cap	Mkt Cap Rank	Ticker	Correlation	Mkt Cap	Mkt Cap Rank
N-US	90.8%	\$6,455	4	OPEN-US	58.2%	\$2,462	9
CRM-US	90.1%	\$35,311	1	CVT-US	57.7%	\$1,198	15
NOW-US	86.4%	\$8,671	3	MRIN-US	57.1%	\$407	31
SPLK-US	85.9%	\$6,011	5	TNGO-US	57.0%	\$585	22
CNQR-US	82.2%	\$5,291	6	CTCT-US	55.9%	\$950	19
WDAY-US	82.0%	\$15,699	2	BCOV-US	55.9%	\$346	32
ULTI-US	81.6%	\$3,832	7	SPSC-US	50.0%	\$984	18
DWRE-US	73.7%	\$2,450	10	SQI-US	49.5%	\$479	29
CSOD-US	71.3%	\$2,409	11	BV-US	46.0%	\$605	20
ECOM-US	69.2%	\$576	23	TXTR-US	44.6%	\$596	21
MKTO-US	67.9%	\$1,079	17	FLT-X-US	44.3%	\$1,217	14
TRAK-US	62.0%	\$2,332	12	LOGM-US	42.5%	\$1,139	16
IL-US	60.6%	\$484	28	JIVE-US	38.1%	\$570	25
EOPN-US	60.2%	\$575	24	RP-US	34.1%	\$1,746	13
VEEV-US	59.5%	\$3,163	8	SREV-US	33.3%	\$460	30
LPSN-US	58.6%	\$496	26	HGN-CA	8.9%	\$174	33
SAAS-US	58.4%	\$491	27				

Source: Stifel research and FactSet

M&A: The Straw That Stirs the Drink. Over the past decade, we have spoken frequently with skeptics that are eager to argue the foibles of the SaaS space: valuations are too high, hosted offerings theoretically could be easily replaced, and cash flows and profitability have not yet been proven, etc. It seems to us that the great equalizer to these arguments is the moment that SAP, Oracle, Adobe, Microsoft, IBM, or others open up their wallets and pay big multiples for SaaS companies themselves. When they occur, we believe these M&A moments serve as the lightning bolt that reminds skeptics just how important the shift to the Cloud is becoming for customers of all sizes, and perhaps more importantly, just how difficult this transition is to make for existing on-premise vendors.

We point to the October 2011 announcement by Oracle of its intention to acquire RightNow Technologies for 5.5x CY12 revenues. We distinctly remember this moment, if for no other reason than the fact that we had actually downgraded RightNow from a Buy rating to a Hold less than a week before the M&A announcement. As shares of RNOW had tripled over the course of the prior 12 months, the risk/reward equation seemed fairly balanced to us, barring a near-term M&A event (“... and Oracle will NEVER pay 5.5x forward revenues or higher for a SaaS company...”). Sure enough, Oracle did just that, and thus a marking post for the entire SaaS space was put in place. Since that moment, we have seen Oracle acquire such public SaaS vendors as Responsys, Eloqua, and Taleo, while SAP has acquired SuccessFactors and Ariba, along with a host of rapidly growing private companies like Hybris and Fieldglass. Adding to the intrigue, public SaaS vendors with scale, like salesforce.com, are now looking to augment their own offerings and growth rates with sizable M&A transactions, as the 2013 acquisition of ExactTarget was the third largest SaaS acquisition made to date (behind SAP’s acquisitions of SuccessFactors and Ariba).

Recent acquisition announcements of Micros by Oracle (7.7x FTM recurring revenues) and OpenTable by Priceline (21x FTM EBITDA) serve as a reminder that scaled technologies and robust existing customer bases can be worth a lot more than investors are prone to giving them credit for. Layer in the fact that money is still very cheap in the big picture (while earning next to nothing on the balance sheet), and we think investors are reminded quickly that the prospects for further M&A outcomes cannot be ignored.

SaaS M&A History

Acquirer	Target	Announced Date	Close Date	Transaction Value (\$M)	EV/ TTM Sales	EV/ NTM Sales
inContact (SAAS)	CallCopy, Inc.	5/6/14	5/6/14	\$50.2	2.5x	—
GTCR	Vocus (VOCS)	4/7/14	5/30/14	\$433.8	2.3x	2.3x
SAP AG (SAP)	Fieldglass	3/26/14	5/5/14	\$1,000.0 Est	5.0x Est	—
Brightcove (BCOV)	Unicorn Media, Inc.	1/6/14	1/31/14	\$42.3	8.5x	4.5x
Oracle (ORCL)	Responsys (MKTG)	12/20/13	2/6/14	\$1,385.6	7.1x	6.1x
Dealertrack (TRAK)	Dealer.com, Inc.	12/19/13	3/1/14	\$993.7	4.3x	—
Dealertrack (TRAK)	VINtek, Inc.	9/23/13	10/1/13	\$53.4	—	—
SciQuest (SQI)	CombineNet, Inc.	9/3/13	9/3/13	\$43.1	3.5x	3.6x
SAP AG (SAP)	Hybris	6/5/13	8/1/13	\$1,000.0 Est	6.5x Est	5.5x Est
Salesforce.com (CRM)	ExactTarget (ET)	6/4/13	7/12/13	\$2,296.3	7.2x	5.6x
Oracle (ORCL)	Eloqua (ELOQ)	12/20/12	2/8/13	\$724.4	8.0x	7.6x
Bazaarvoice (BV)	Longboard Media, Inc.	11/5/12	11/5/12	\$44.2	—	—
Dealertrack (TRAK)	ClickMotive LP	10/2/12	10/2/12	\$56.6	3.5x	—
IBM Corp (IBM)	Kenexa (KNXA)	8/27/12	12/3/12	\$1,206.2	3.8x	3.0x
Tangoe (TNGO)	Symphony Services Corp. India Pvt Ltd.	8/8/12	8/8/12	\$45.0	2.2x	1.9x
Dealertrack (TRAK)	1st Auto Transport Directory, Inc.	7/19/12	8/1/12	\$74.0	7.4x	7.0x
Salesforce.com (CRM)	GoInstant, Inc.	7/9/12	9/4/12	\$69.1	—	—
Salesforce.com (CRM)	Buddy Media, Inc.	6/4/12	8/13/12	\$689.0	8.6x	7.0x
Bazaarvoice (BV)	PowerReviews, Inc.	5/24/12	6/13/12	\$127.8	11.1x	—
SAP AG (SAP)	Ariba (ARBA)	5/22/12	10/1/12	\$4,422.3	8.8x	6.6x
Vocus (VOCS)	iContact Corp.	2/24/12	2/24/12	\$176.9	4.6x	—
Oracle (ORCL)	Taleo (TLEO)	2/9/12	4/5/12	\$1,792.9	5.7x	4.7x
Kenexa (KNXA)	OutStart, Inc.	2/6/12	2/6/12	\$46.1	—	—
Blackbaud (BLKB)	Convio (CNVO)	1/17/12	5/4/12	\$288.6	3.6x	3.2x
Salesforce.com (CRM)	2Catalyze, Inc.	12/15/11	2/1/12	\$47.9	—	—
SuccessFactors (SFSF)	Jobs2Web, Inc.	12/6/11	12/13/11	\$110.0	11.1x	—
SAP AG (SAP)	SuccessFactors (SFSF)	12/3/11	2/22/12	\$3,297.5	11.3x	8.2x
Salesforce.com (CRM)	Model Metrics, Inc.	11/14/11	12/16/11	\$66.7	5.4x	—
Oracle (ORCL)	Rightnow (RNOW)	10/24/11	1/25/12	\$1,488.4	6.9x	5.5x
Ariba (ARBA)	B-process SA from BPCE SA	10/19/11	10/19/11	\$47.9	8.3x	6.8x
Salesforce.com (CRM)	Assistly, Inc.	9/21/11	9/21/11	\$58.7	—	—
RealPage (RP)	Multifamily Technology Solutions, Inc.	8/22/11	8/24/11	\$74.4	4.6x	—
Dealertrack (TRAK)	eCarList LLC	5/25/11	7/1/11	\$45.3	6.5x	—
SuccessFactors (SFSF)	Plateau Systems Ltd.	4/26/11	6/29/11	\$290.0	4.8x	4.1x
Salesforce.com (CRM)	Radian6 Technologies, Inc.	3/30/11	5/2/11	\$345.0	4.5x	3.5x
Dealertrack (TRAK)	triVIN Holdings, Inc.	1/10/11	2/1/11	\$131.0	2.5x	2.4x
Salesforce.com (CRM)	Heroku, Inc.	12/8/10	1/3/11	\$212.0	—	—
Ariba (ARBA)	Quadrem International Ltd.	11/18/10	1/27/11	\$168.6	2.5x	2.1x
RealPage (RP)	Level One, Inc.	11/3/10	11/3/10	\$62.0	2.7x	—
OpenTable (OPEN)	toptable.co.uk Ltd.	9/15/10	10/1/10	\$55.0	5.4x	—
Taleo (TLEO)	Learn.com, Inc.	9/1/10	10/1/10	\$125.0	4.5x	3.8x
Kenexa (KNXA)	Salary.com, Inc.	9/1/10	10/1/10	\$80.0	1.5x	2.3x
Salesforce.com (CRM)	Jigsaw Data Corp.	4/21/10	5/7/10	\$142.0	—	7.5x
Taleo (TLEO)	Vurv Technology, Inc.	5/6/08	7/1/08	\$119.8	2.4x	—
Ariba (ARBA)	Procuri, Inc.	9/20/07	12/17/07	\$101.0	4.4x	—
Dealertrack (TRAK)	Arkona, Inc.	4/27/07	6/6/07	\$45.9	3.6x	—
Kenexa (KNXA)	BrassRing LLC from Accel Partners LLC	10/6/06	11/13/06	\$104.5	2.7x	—
Concur (CNQR)	Outtask, Inc.	1/23/06	1/23/06	\$88.0	7.0x	—

Source: Stifel estimates and FactSet

Stifel SaaS Best Ideas List

As we re-examined our respective universes following the spring pullback, we found ourselves breaking apart the opportunities on the long side into different buckets: (1) favorite overall SaaS stock, with 12-month time horizon in mind; (2) “deep” value names that now trade at less than 2x revenues; and (3) names most likely to bounce materially in a “risk on” scenario. To a certain degree, since the moment we began compiling the data and thoughts for this theme piece, we have already seen some names that we would consider high-quality companies bounce nicely off of their near-term bottoms, such as Veeva Systems, ServiceNow, and Splunk. Nonetheless, the group as a whole is still trading well off of the highs seen earlier in the year, and we believe that a true “risk on” environment leaves further room to the upside potential for certain high-quality, high-growth names.

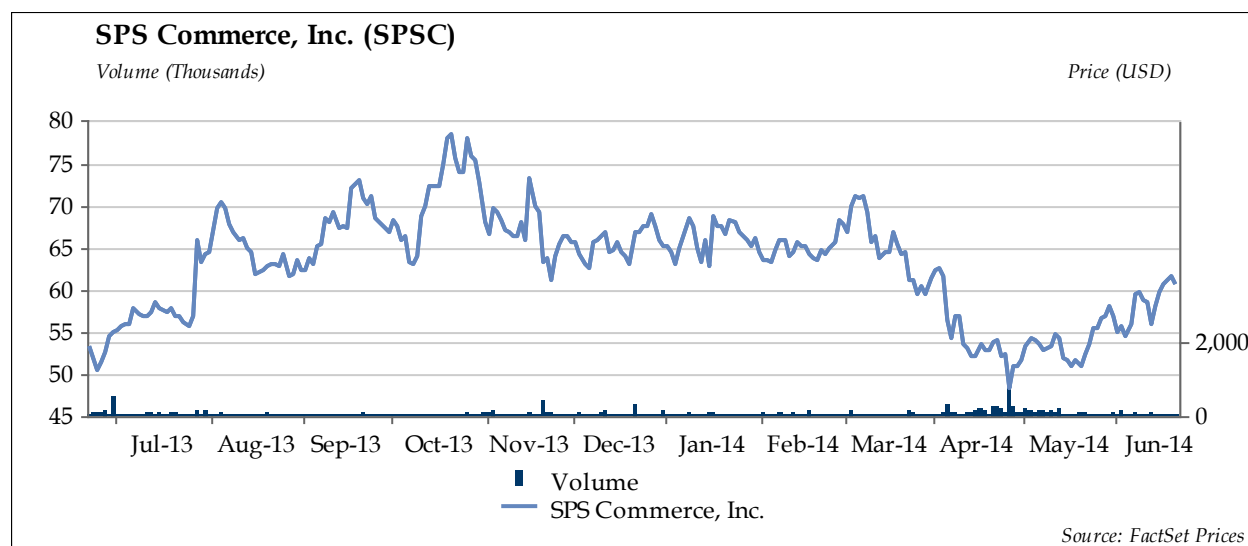
Tom Roderick

Software: Applications

Favorite Overall SaaS Stock (12-Month Time Horizon)

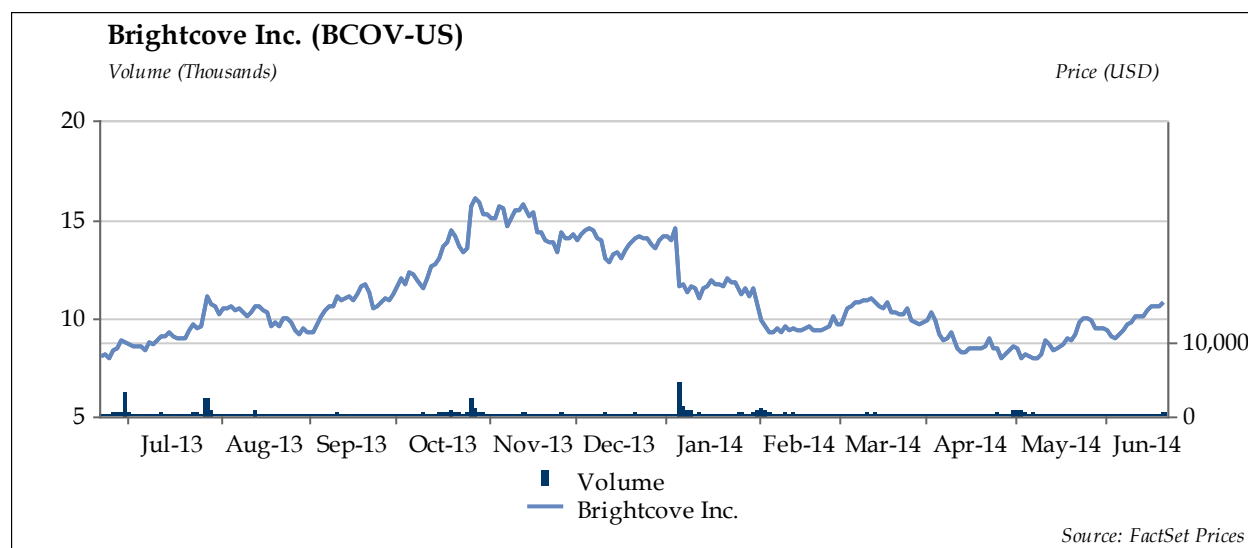
SPS Commerce (SPSC, \$60.75, Buy)

We have long liked SPS Commerce as a steady-eddy, long-term holding, due to its sizable Total Addressable Market (TAM), track record of consistency, and effective balance of 20%-plus growth delivered annually alongside modest margin improvement gains. Although retailers have spoken to the opportunities in e-commerce for over a decade (perhaps only half-heartedly), we believe the more recently pronounced “Omnichannel” push is serving as a wake-up call for many retailers that have been slow to adapt. As this trend takes hold, the push across the aisle for more automated order flows between suppliers and the retailers themselves has become more pronounced, creating additive demand for SPSC’s cloud-based EDI solution and related network of 1,800 retailers and approximately 20,000 suppliers in the consumer packaged goods retail world. Beyond simple adoption of automated ordering capabilities, suppliers are also looking to bolster the information about their goods throughout the supply chain network, which is driving enhanced demand for SPSC’s point-of-sale and sell-through analytics offerings. We believe that the company’s progress in building a more robust analytics strategy is starting to drive material value to the company, as 15% of new business bookings last year were due to the analytics offering. We expect that to increase in FY14 and into FY15. Lastly, an additional element of increased recurring revenue per customer is the contribution by SPSC’s channel partner community. Partners like NetSuite, Microsoft, Sage, and even SAP have proven to be solid partners, helping the channel to account for 16% of new bookings last year.



Best “Deep Value” Stock **Brightcove (BCOV, \$10.78, Buy)**

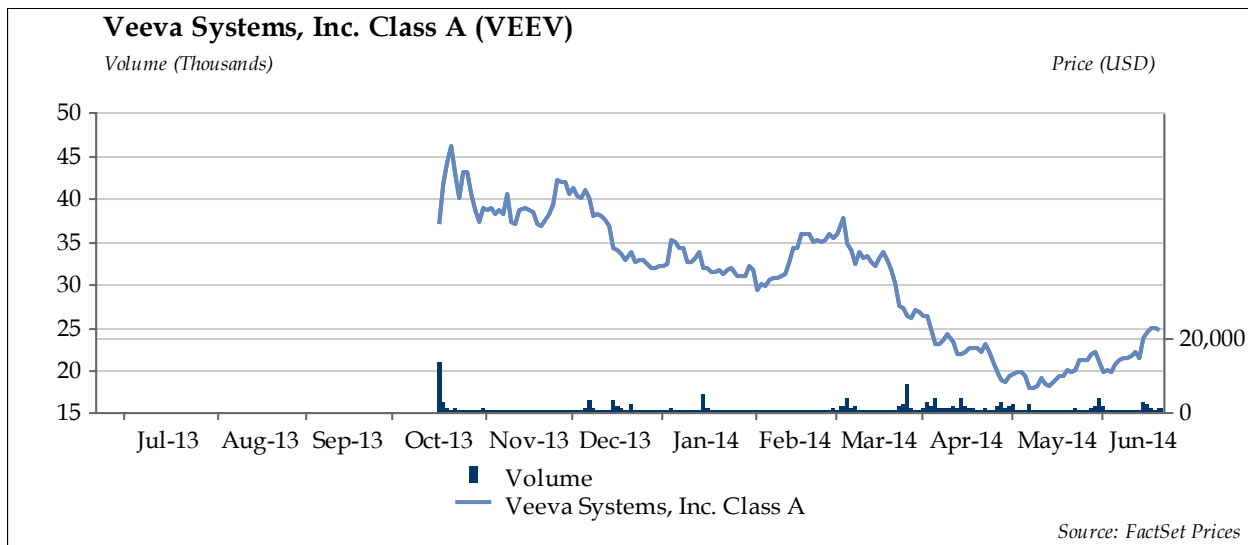
Though Brightcove has had an admittedly challenging time as a public company (from a stock perspective), the company has continued to innovate and further cement its leadership position within the OVP (Online Video Platform) market. Brightcove sits at the center of several key trends within the online video market. First, media and other content-centric companies are increasingly challenged to deliver high-quality video streams across multiple devices as the demand for rich content on the part of consumers continues to grow. In addition, companies are increasingly looking for ways to better monetize both their pre-recorded and live video. In both instances, Brightcove removes much of the complexity, offering its customers a best-of-breed platform that enables content publishers to maintain one version of a video file while Brightcove’s platform seamlessly delivers this content to devices ranging from smartphones to connected televisions while enabling real-time advertising integration without the need for re-editing (through the Unicorn acquisition). Although Brightcove’s renewal rates have been challenged over the past two quarters due to reduced commitments on the part of two customers, we believe this issue to be isolated and expect a pickup as we progress through 2014. In addition, we note that the acquisition of Unicorn provides best-in-class, network/platform-agnostic advertising technology that gives Brightcove a beachhead within key accounts such as ESPN and enables Brightcove to target other leading enterprise companies that may already have a pre-existing OVP solution in place.



Best “Risk On” Scenario Stock **Veeva Systems (VEEV, \$24.75, Hold)**

Although we currently have a Hold rating on shares of VEEV, and have admittedly been a bit gun-shy about the company's lofty valuation (still approximately 9x EV/FY15E revenue estimates, even following an approximate 40% pullback from early March highs, compared to a 5% gain in for the S&P 500), we nonetheless view Veeva as a very high-quality company that is capable of delivering premium growth rates for an extended period of time. The company's recently launched Commercial Cloud aggregates a wide breadth of offerings across both CRM and content/ document management (Vault) for the sales and marketing departments of life sciences organizations, while recent advances in Vault offerings like eTMF (Electronic Trial Master File) have extended the company's value proposition more recently into the R&D department. Veeva's industry-specific expertise has enabled the company to displace legacy competitors like Siebel (now part of Oracle) and Cegedim in the core sales force automation CRM market, with an aim toward extending that footprint over time with additive functionality and broader offerings. Although the CRM segment is logically decelerating for Veeva, we think Vault is gaining traction at a pace faster than had previously been expected, and we believe the company can continue to outperform in this regard. We maintain our Hold rating but note that, with a short interest ratio of approximately 25% (6.5 days to

cover), a fundamental outperformer like Veeva is a prime bounce-back candidate for us in a "risk on" scenario.



Brad Reback Enterprise Software

Favorite Overall SaaS Stock (12-Month Time Horizon)

Concur Technologies (CNQR, \$93.01, Buy)

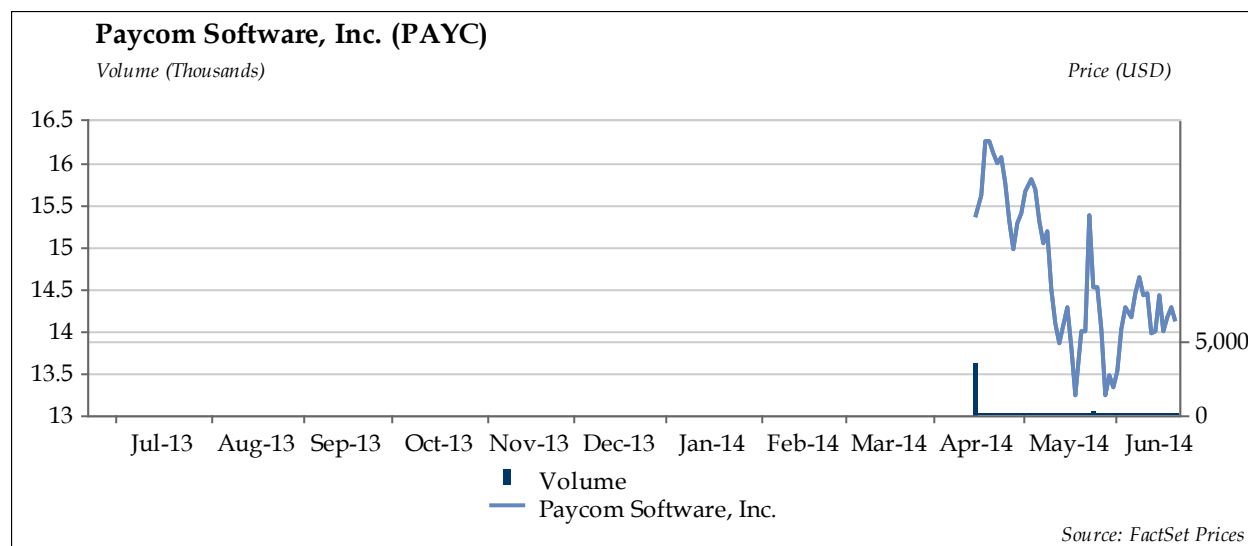
After reaching a peak of approximately \$130 earlier this year, Concur's stock has fallen over 30% even after posting solid March quarter results (compared to a 5% gain for the S&P 500) and guiding full year results in line with expectations as the company's EV/recurring revenue multiple has contracted to about 6.0x from approximately 8x in January. In May, the company hosted an upbeat user conference/analyst day that further solidified our belief the company's unique combination of its ever expanding, and open, technology platform and travel supply chain expertise positions the company well ahead of its Enterprise Resource Planning or ERP-based peers. This thought was echoed by almost all of the customers we spoke to at the event. Based on this strong competitive advantage and the opportunity to achieve meaningful market share gains, both domestically and in various international markets, we believe Concur is well positioned to sustain 25%-plus revenue growth and modest operating margin leverage (approximately 100 bps/year) for the foreseeable future.



Best "Deep Value" Stock

Paycom (PAYC, \$14.12, Buy)

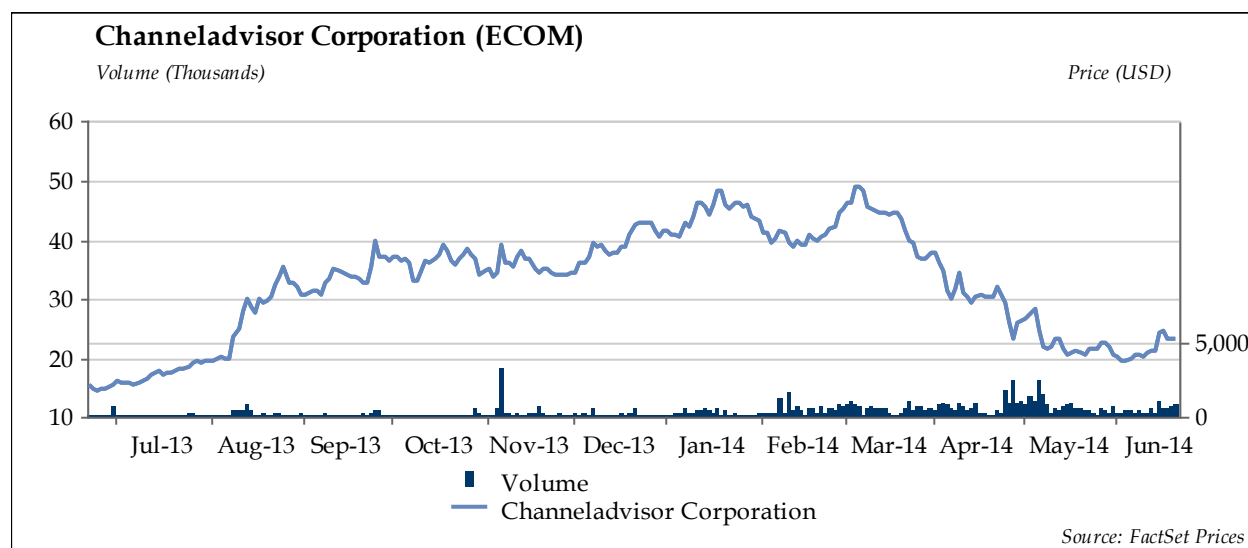
Paycom, a recent IPO, is a leading provider of cloud-based human capital management (HCM) software for the mid-market, with its sweet spot in serving companies with 50-2,000 employees. Although the company's roots stem in payroll, it has significantly broadened its product portfolio and now offers a full suite of cloud-based HCM solutions such as talent acquisition, talent management, payroll, time and labor management, and HR management to help organizations manage the full employment lifecycle from hire to retire. Looking ahead, we think Paycom has a large, multi-year growth opportunity in front of it and believe it is all about continued execution from here. At \$14, PAYC trades at 4.4x our CY15 EV/recurring revenue estimate of \$172.8 million, a discount to SaaS peers. Given the company's growth prospects, solid revenue visibility, and strong FCF generation (EBITDA is forecasted to reach \$25 million in FY15), we believe shares should trade more in line with peers.



Best “Risk On” Scenario Stock

Channel Advisor (ECOM, \$23.44, Buy)

Since January, shares of ECOM have declined roughly 60% (compared to a 5% gain for the S&P 500) as a combination of multiple contraction driven by a combination of investor concern around management’s 2H14 guidance (implies decelerating revenue growth) and the fact that the company is spending aggressively to add new customers. Overall, while it is no secret that there is an ongoing shift in consumer preference from store-based commerce to online shopping (e-commerce market has grown in the solid double digits over the past few years), we note it is still just a sliver of the retail market (less than 10%). We expect adoption rates to pick up materially over the next several years (represent 20% of retail), as Amazon, eBay, and other marketplaces (both domestically and internationally) gain a disproportionate amount of market share, consumers more heavily rely on mobile devices for information and purchasing activity, and global/cross border trade picks up. We think that ECOM is uniquely positioned to benefit from these secular trends (i.e., shift to online shopping, increased fragmentation of demand, etc.) as well as company-specific growth drivers (entering new markets, increased sales capacity, rising market awareness). These dynamics should enable it to accelerate its core subscription revenue above 25%, over the next few years. At approximately \$23, ECOM trades at 4.4x our CY15 recurring revenue forecast of \$106.5 million, a discount to the high growth SaaS peer group of 5x-10x.



Stifel SaaS Handbook Appendix

Gross Margin Ranking

Company	Ticker	Gross Margins		
		2013A	2014E	2015E
Splunk Inc.*	SPLK	90.7%	89.9%	89.9%
LogMeIn, Inc.*	LOGM	89.4%	88.8%	89.3%
Paycom Software	PAYC	80.6%	81.9%	82.3%
Textura Corp*	TXTR	73.5%	80.5%	81.1%
salesforce.com, Inc	CRM	78.4%	77.6%	77.7%
LivePerson*	LPSN	77.3%	77.0%	77.2%
Demandware	DWRE	74.5%	76.3%	78.4%
Fleetmatics	FLTIX	75.8%	76.1%	76.0%
Intralinks Holdings	IL	76.1%	75.1%	75.1%
Halogen	HGN-CA	74.8%	73.3%	73.4%
Cornerstone OnDemand*	CSOD	73.0%	72.7%	73.3%
ChannelAdvisor	ECOM	73.7%	72.6%	73.4%
SciQuest	SQI	72.9%	72.6%	73.0%
Constant Contact, Inc	CTCT	71.4%	72.1%	71.4%
Netsuite, Inc	N	71.0%	71.5%	71.8%
Cvent	CVT	71.0%	71.2%	72.8%
SPS Commerce	SPSC	70.0%	69.9%	70.8%
Concur	CNQR	73.1%	69.0%	72.7%
Bazaarvoice*	BV	74.1%	68.7%	70.0%
Jive*	JIVE	67.1%	68.3%	70.5%
ServiceNow*	NOW	66.5%	66.8%	67.6%
E2open, Inc.*	EOPN	66.4%	66.7%	69.6%
Marketo*	MKTO	61.9%	66.6%	67.8%
Brightcove	BCOV	67.8%	66.4%	66.7%
Marin Software	MRIN	60.9%	66.0%	66.5%
RealPage*	RP	65.8%	65.6%	65.7%
Workday	WDAY	64.0%	64.5%	67.5%
Veeva Systems	VEEV	61.9%	64.0%	65.6%
Ultimate Software	ULTI	60.7%	61.6%	63.1%
DealerTrack Technologies, Inc	TRAK	42.9%	57.2%	62.5%
Tango	TNGO	56.1%	56.8%	57.4%
Amber Road	AMBR	57.9%	55.2%	59.1%
inContact, Inc.*	SAAS	50.7%	52.2%	53.3%
Q2 Holdings	QTWO	36.7%	40.4%	41.8%
Castlight Health, Inc.	CSLT	-32.3%	37.8%	52.7%
Service Source*	SREV	40.4%	35.9%	40.4%

Source: Stifel estimates*/FactSet Consensus

Research & Development Expense Ranking

Company	Ticker	Research & Development		
		2013A	2014E	2015E
Paycom Software	PAYC	2.0%	2.9%	3.0%
ServiceNow*	NOW	7.3%	7.6%	7.4%
Fleetmatics	FLTX	5.6%	7.9%	7.0%
Intralinks Holdings	IL	7.6%	8.3%	8.0%
Service Source*	SREV	7.7%	8.9%	9.0%
SPS Commerce	SPSC	10.2%	9.7%	9.7%
Cornerstone OnDemand*	CSOD	10.3%	10.3%	10.4%
Tangoe	TNGO	10.4%	10.6%	10.5%
Concur	CNQR	9.3%	11.0%	11.4%
Cvent	CVT	9.1%	11.3%	11.7%
inContact, Inc.*	SAAS	9.5%	11.9%	12.4%
RealPage*	RP	12.3%	12.6%	12.7%
Veeva Systems	VEEV	11.9%	12.9%	13.0%
LogMeIn, Inc.*	LOGM	15.3%	13.0%	13.5%
Netsuite, Inc	N	13.2%	13.6%	13.4%
salesforce.com, Inc	CRM	13.0%	14.1%	13.7%
DealerTrack Technologies, Inc	TRAK	3.2%	15.1%	16.9%
Ultimate Software	ULTI	15.6%	15.2%	15.8%
Demandware	DWRE	16.6%	15.3%	15.1%
Q2 Holdings, Inc	QTWO	15.4%	15.4%	15.5%
Amber Road	AMBR	15.0%	16.3%	14.4%
Constant Contact, Inc	CTCT	16.0%	17.0%	16.0%
Splunk Inc.*	SPLK	17.7%	17.4%	16.6%
ChannelAdvisor	ECOM	18.1%	17.8%	17.8%
LivePerson*	LPSN	19.1%	18.2%	17.7%
Brightcove	BCOV	18.0%	19.0%	15.6%
Marketo*	MKTO	22.1%	19.5%	18.0%
Bazaarvoice*	BV	21.3%	20.0%	18.2%
Halogen	HGN-CA	20.8%	21.8%	20.7%
E2open, Inc.*	EOPN	25.3%	24.0%	22.2%
Marin Software	MRIN	25.1%	24.3%	19.5%
SciQuest	SQI	22.6%	25.0%	24.0%
Jive*	JIVE	28.1%	25.2%	24.9%
Workday	WDAY	33.9%	31.0%	30.5%
Textura Corp*	TXTR	43.2%	33.4%	25.5%
Castlight Health, Inc.	CSLT	112.3%	52.6%	32.5%

Source: Stifel estimates/*FactSet Consensus

Sales & Marketing Expense Ranking

Company	Ticker	Sales & Marketing		
		2013A	2014E	2015E
Tangoe	TNGO	15.6%	16.2%	16.0%
Service Source*	SREV	17.5%	19.1%	18.5%
Veeva Systems	VEEV	18.9%	19.5%	19.5%
Ultimate Software	ULTI	19.6%	19.6%	19.6%
RealPage*	RP	20.0%	20.3%	19.5%
DealerTrack Technologies, Inc*	TRAK	20.4%	20.7%	19.0%
SciQuest	SQI	21.9%	25.4%	22.5%
Textura Corp*	TXTR	29.9%	28.9%	22.4%
inContact, Inc.*	SAAS	28.5%	29.3%	28.9%
Q2 Holdings, Inc	QTWO	29.4%	29.5%	27.0%
Amber Road	AMBR	30.8%	32.7%	30.7%
Fleetmatics	FLTX	29.5%	33.5%	31.5%
Constant Contact, Inc	CTCT	39.0%	35.9%	32.2%
SPS Commerce	SPSC	36.5%	36.0%	35.5%
Concur	CNQR	36.9%	36.5%	37.6%
LivePerson*	LPSN	34.0%	36.8%	35.8%
Brightcove	BCOV	34.7%	36.8%	36.7%
Workday	WDAY	39.3%	37.6%	37.8%
Intralinks Holdings	IL	40.1%	38.9%	39.1%
ServiceNow*	NOW	40.9%	41.9%	39.3%
Demandware	DWRE	46.4%	44.3%	43.1%
Netsuite, Inc	N	44.2%	44.4%	44.2%
Cvent	CVT	39.5%	45.2%	44.1%
E2open, Inc.*	EOPN	48.0%	46.3%	43.6%
Paycom Software	PAYC	39.7%	46.6%	47.0%
salesforce.com, Inc	CRM	47.7%	46.7%	46.0%
Bazaarvoice*	BV	49.6%	47.2%	43.1%
Jive*	JIVE	51.5%	48.6%	47.4%
Halogen	HGN-CA	46.2%	49.3%	47.3%
LogMeIn, Inc.*	LOGM	49.4%	50.9%	49.7%
Marin Software	MRIN	53.7%	51.1%	45.2%
Cornerstone OnDemand*	CSOD	53.5%	53.2%	50.8%
Splunk Inc.*	SPLK	60.6%	59.0%	57.7%
Marketo*	MKTO	62.9%	61.7%	56.3%
ChannelAdvisor	ECOM	54.1%	64.5%	56.1%
Castlight Health, Inc.	CSLT	251.5%	139.3%	81.3%

Source: Stifel estimates/*FactSet Consensus

General & Administrative Expense Ranking

Company	Ticker	General & Administrative		
		2013A	2014E	2015E
Ultimate Software	ULTI	6.9%	6.9%	6.9%
Netsuite, Inc	N	7.9%	7.6%	7.6%
SciQuest	SQI	9.1%	8.7%	9.2%
Workday	WDAY	9.3%	8.8%	8.0%
LogMeIn, Inc.*	LOGM	10.1%	8.8%	9.1%
Veeva Systems	VEEV	10.4%	9.2%	9.1%
ServiceNow*	NOW	11.1%	9.9%	9.1%
Jive*	JIVE	12.4%	11.0%	10.7%
Concur	CNQR	11.3%	11.4%	12.4%
RealPage*	RP	12.3%	11.8%	11.7%
EZopen, Inc.*	EOPN	13.0%	12.2%	11.2%
Cornerstone OnDemand*	CSOD	14.4%	12.7%	11.9%
Splunk Inc.*	SPLK	13.0%	13.1%	12.1%
Bazaarvoice*	BV	15.2%	13.4%	12.1%
Constant Contact, Inc	CTCT	13.5%	13.8%	14.1%
SPS Commerce	SPSC	14.6%	14.0%	14.9%
Service Source*	SREV	13.8%	14.1%	13.0%
salesforce.com, Inc	CRM	15.3%	14.2%	14.3%
Tangoe	TNGO	15.1%	14.5%	14.4%
Marketo*	MKTO	15.0%	14.7%	12.8%
Brightcove	BCOV	14.5%	15.2%	12.5%
inContact, Inc.*	SAAS	16.1%	15.5%	15.3%
Cvent	CVT	10.4%	16.2%	16.4%
Demandware	DWRE	17.5%	17.2%	16.5%
Fleetmatics	FLTX	16.7%	17.6%	16.6%
ChannelAdvisor	ECOM	19.4%	18.4%	19.6%
LivePerson*	LPSN	20.3%	18.9%	18.2%
Marin Software	MRIN	19.8%	19.5%	14.5%
Halogen	HGN-CA	18.3%	19.5%	18.9%
DealerTrack Technologies, Inc*	TRAK	20.4%	20.7%	19.0%
Amber Road	AMBR	16.4%	20.7%	17.4%
Q2 Holdings, Inc	QTWO	21.1%	21.1%	19.8%
Intralinks Holdings	IL	21.6%	23.3%	21.0%
Paycom Software	PAYC	10.4%	24.0%	22.9%
Textura Corp*	TXTR	51.2%	31.2%	24.1%
Castlight Health, Inc.	CSLT	10.4%	36.0%	23.7%

Source: Stifel estimates/*FactSet Consensus

EBITDA and Operating Margin Rankings

2014E SaaS EBITDA and Operating Margins			
Company	Ticker	EBITDA Margin	Operating Margin
Fleetmatics	FLTIX	26.2%	17.1%
Veeva Systems	VEEV	24.2%	22.3%
RealPage*	RP	24.0%	19.6%
Ultimate Software*	ULTI	23.2%	20.0%
DealerTrack Technologies, Inc	TRAK	22.7%	17.1%
LogMeIn, Inc.*	LOGM	21.5%	17.7%
salesforce.com, Inc*	CRM	18.2%	10.4%
Constant Contact, Inc	CTCT	18.1%	10.6%
SciQuest	SQI	17.0%	12.3%
Tangoe	TNGO	17.0%	15.9%
Concur*	CNQR	16.6%	10.2%
Intralinks Holdings	IL	15.2%	4.6%
Paycom Software	PAYC	13.9%	6.4%
SPS Commerce	SPSC	13.8%	10.1%
LivePerson*	LPSN	10.7%	5.7%
Cvent	CVT	10.1%	2.5%
Netsuite, Inc*	N	7.8%	4.9%
ServiceNow*	NOW	4.6%	(0.0%)
Demandware	DWRE	3.2%	(0.6%)
Splunk Inc.*	SPLK	2.6%	0.6%
inContact, Inc.*	SAAS	2.2%	(5.7%)
Cornerstone OnDemand*	CSOD	1.2%	(3.5%)
Brightcove	BCOV	0.9%	(4.7%)
Amber Road	AMBR	(4.0%)	(10.6%)
Service Source*	SREV	(4.3%)	(6.4%)
Workday*	WDAY	(5.1%)	(12.6%)
Jive*	JIVE	(7.2%)	(16.5%)
Textura Corp*	TXTR	(8.4%)	(14.4%)
Bazaarvoice*	BV	(8.9%)	(16.6%)
Halogen	HGN-CA	(11.5%)	(16.2%)
E2open, Inc.*	EOPN	(12.8%)	(15.5%)
Q2 Holdings	QTWO	(18.1%)	(22.6%)
ChannelAdvisor	ECOM	(21.4%)	(28.0%)
Marketo*	MKTO	(23.3%)	(29.4%)
Marin Software	MRIN	(23.7%)	(28.8%)
Castlight Health, Inc.*	CSLT	(193.4%)	(191.2%)

Source: Stifel estimates/*FactSet Consensus

Depreciation & Amortization Rankings

Company	Ticker	Depreciation & Amortization		
		2013A	2014E	2015E
Tangoe	TNGO	1.1%	1.1%	1.0%
Veeva Systems	VEEV	1.3%	1.9%	1.9%
E2open, Inc.*	EOPN	3.2%	2.5%	1.8%
Splunk Inc.*	SPLK	2.2%	2.6%	2.4%
Castlight Health, Inc.	CSLT	4.6%	2.7%	1.9%
Service Source*	SREV	4.3%	3.6%	3.6%
Netsuite, Inc*	N	4.0%	3.7%	3.3%
Ultimate Software*	ULTI	3.9%	3.8%	3.7%
Demandware	DWRE	6.2%	3.9%	3.5%
Q2 Holdings, Inc	QTWO	5.2%	4.4%	4.8%
LogMeIn, Inc.*	LOGM	4.6%	4.5%	3.7%
Paycom Software	PAYC	5.1%	4.6%	4.1%
RealPage*	RP	3.9%	4.7%	4.2%
Cornerstone OnDemand*	CSOD	5.2%	4.7%	4.0%
Halogen	HGN-CA	4.8%	4.7%	4.5%
LivePerson*	LPSN	4.5%	4.7%	5.0%
Bazaarvoice*	BV	6.2%	5.0%	3.6%
Brightcove	BCOV	5.3%	5.6%	6.0%
ServiceNow*	NOW	5.8%	5.9%	5.0%
SPS Commerce	SPSC	7.7%	6.0%	6.5%
Concur*	CNQR	5.3%	6.4%	5.9%
ChannelAdvisor	ECOM	5.4%	6.5%	5.9%
Amber Road	AMBR	7.2%	6.6%	5.4%
salesforce.com, Inc	CRM	6.9%	7.1%	7.1%
Workday*	WDAY	7.4%	7.1%	6.4%
Constant Contact, Inc	CTCT	7.8%	7.6%	7.6%
Cvent	CVT	6.5%	7.6%	7.5%
Marin Software	MRIN	7.6%	7.8%	7.8%
inContact, Inc.*	SAAS	8.8%	8.3%	8.1%
Jive*	JIVE	10.3%	9.1%	7.8%
Fleetmatics	FLTX	7.9%	9.1%	7.6%
SciQuest	SQI	8.5%	9.2%	9.1%
Textura Corp*	TXTR	12.7%	9.2%	6.6%
Marketo*	MKTO	8.5%	9.9%	7.8%
Intralinks Holdings	IL	8.9%	10.7%	11.3%
DealerTrack Technologies, Inc	TRAK	13.0%	15.3%	12.8%

Source: Stifel estimates/*FactSet Consensus

Capital Expenditure Rankings

Company	Ticker	Capital Expenditures		
		2013A	2014E	2015E
Veeva Systems	VEEV	0.9%	0.5%	0.6%
Brightcove	BCOV	3.1%	1.2%	4.7%
Tangoe	TNGO	1.4%	1.8%	1.7%
Intralinks Holdings	IL	3.0%	2.5%	2.5%
E2open, Inc.*	EOPN	0.3%	2.5%	3.8%
Amber Road	AMBR	0.6%	3.0%	3.0%
Castlight Health, Inc.	CSLT	20.0%	3.0%	1.8%
Service Source*	SREV	1.9%	3.0%	3.7%
LogMeIn, Inc.*	LOGM	6.6%	3.0%	3.5%
SciQuest	SQI	3.1%	3.9%	5.0%
DealerTrack Technologies, Inc	TRAK	3.0%	4.3%	4.0%
Splunk Inc.*	SPLK	3.1%	4.7%	4.0%
Cornerstone OnDemand*	CSOD	4.7%	4.9%	4.1%
inContact, Inc.*	SAAS	4.2%	5.0%	4.5%
Netsuite, Inc*	N	4.8%	5.0%	4.6%
LivePerson*	LPSN	5.0%	5.4%	4.7%
salesforce.com, Inc	CRM	6.7%	5.8%	7.1%
Marin Software	MRIN	6.5%	6.0%	6.0%
SPS Commerce	SPSC	5.5%	6.1%	2.7%
Cvent	CVT	9.7%	6.3%	2.7%
Bazaarvoice*	BV	6.3%	6.5%	6.6%
RealPage*	RP	8.7%	6.7%	5.8%
Constant Contact, Inc*	CTCT	6.6%	7.8%	7.7%
Q2 Holdings, Inc	QTWO	19.6%	7.8%	7.1%
Marketo*	MKTO	11.9%	8.1%	6.4%
Concur*	CNQR	9.2%	8.4%	7.9%
ServiceNow*	NOW	13.0%	8.5%	7.7%
Jive*	JIVE	9.6%	8.5%	8.0%
Textura Corp*	TXTR	5.0%	8.6%	6.7%
Demandware*	DWRE	5.4%	8.6%	5.9%
Ultimate Software*	ULTI	7.4%	8.7%	8.5%
Paycom Software	PAYC	16.0%	9.3%	4.6%
ChannelAdvisor	ECOM	6.6%	12.6%	8.2%
Workday*	WDAY	13.4%	12.7%	10.5%
Halogen*	HGN-CA	8.7%	12.7%	11.5%
Fleetmatics	FLTX	19.3%	18.0%	17.1%

Source: Stifel estimates/*FactSet Consensus

Free Cash Flow Margin Rankings

Company	Ticker	FCF Margin		
		2013A	2014E	2015E
LogMeIn, Inc.*	LOGM	11.6%	24.9%	20.0%
Veeva Systems*	VEEV	19.0%	18.7%	19.2%
Splunk Inc.*	SPLK	21.2%	17.4%	19.9%
salesforce.com, Inc	CRM	14.2%	15.5%	15.5%
RealPage*	RP	9.6%	14.7%	16.4%
SciQuest	SQI	15.5%	14.4%	17.8%
Intralinks Holdings	IL	17.9%	13.9%	16.8%
SPS Commerce	SPSC	12.0%	11.7%	11.0%
Tangoe	TNGO	9.9%	10.9%	13.3%
Ultimate Software*	ULTI	10.7%	9.7%	10.7%
Constant Contact, Inc*	CTCT	8.5%	9.1%	9.9%
ServiceNow*	NOW	6.2%	8.9%	10.5%
Netsuite, Inc	N	10.1%	7.5%	11.1%
Fleetmatics	FLTX	4.4%	6.9%	9.6%
Paycom Software	PAYC	6.4%	6.2%	11.3%
Cvent*	CVT	8.1%	5.7%	14.9%
Cornerstone OnDemand*	CSOD	2.8%	5.5%	7.4%
LivePerson*	LPSN	5.0%	5.1%	6.8%
Concur*	CNQR	5.1%	2.6%	5.0%
inContact, Inc.*	SAAS	1.7%	-4.7%	-2.7%
Workday*	WDAY	-5.2%	-4.9%	0.0%
Demandware*	DWRE	3.3%	-5.5%	1.1%
Brightcove*	BCOV	3.6%	-5.6%	3.9%
Textura Corp*	TXTR	-38.7%	-7.0%	19.5%
DealerTrack Technologies, Inc*	TRAK	8.6%	-7.3%	7.4%
E2open, Inc.*	EOPN	-15.7%	-8.1%	0.2%
Jive*	JIVE	-11.8%	-9.6%	-0.6%
Service Source*	SREV	3.8%	-9.8%	-6.9%
Bazaarvoice*	BV	-32.3%	-11.8%	-1.3%
Amber Road*	AMBR	-0.6%	-18.5%	-4.5%
Halogen*	HGN-CA	-6.6%	-20.5%	-8.8%
Q2 Holdings, Inc*	QTWO	-22.1%	-21.0%	-17.1%
Marketo*	MKTO	-24.9%	-24.2%	-9.0%
Marin Software*	MRIN	-36.7%	-24.7%	-10.6%
ChannelAdvisor	ECOM	-13.2%	-33.1%	-22.9%
Castlight Health, Inc.	CSLT	-405.4%	-168.9%	-68.2%

Source: Stifel estimates/*FactSet Consensus

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Company	Ticker	6/20/14 Price	Ent. Value	Revenue			EV/Revenue			EPS			P/E		
				CY13E	CY14E	CY15E	CY13E	CY14E	CY15E	CY13E	CY14E	CY15E	CY13E	CY14E	CY15E
Bazaarvoice	BV	\$7.87	\$561	\$181.4	\$181.5	\$210.3	3.1x	3.1x	2.7x	(\$0.27)	(\$0.36)	(\$0.17)	N/M	N/M	N/M
Brightcove ¹	BCOV	\$10.78	\$314	\$109.9	\$129.0	\$148.0	2.9x	2.4x	2.1x	(\$0.03)	(\$0.23)	\$0.05	N/M	N/M	N/M
Carbonite	CARB	\$11.56	\$237	\$107.2	\$122.7	\$139.7	2.2x	1.9x	1.7x	(\$0.13)	(\$0.08)	\$0.03	N/M	N/M	N/M
Castlight Health	CSLT	\$15.17	\$1,126	\$13.0	\$40.5	\$78.5	N/M	27.8x	14.3x	(\$0.80)	(\$1.02)	(\$0.70)	N/M	N/M	N/M
ChannelAdvisor	ECOM	\$23.44	\$471	\$68.0	\$85.8	\$108.7	6.9x	5.5x	4.3x	(\$0.80)	(\$1.01)	(\$0.87)	N/M	N/M	N/M
Concur	CNQR	\$93.01	\$5,455	\$580.5	\$719.2	\$904.1	9.4x	7.6x	6.0x	\$0.80	\$0.62	\$0.93	N/M	N/M	N/M
Constant Contact	CTCT	\$30.27	\$850	\$285.4	\$330.7	\$378.2	3.0x	2.6x	2.2x	\$0.75	\$1.02	\$1.46	40.4x	29.6x	20.8x
Cornerstone OnDemand	CSOD	\$45.32	\$2,318	\$185.1	\$269.3	\$364.8	12.5x	8.6x	6.4x	(\$0.24)	(\$0.24)	(\$0.04)	N/M	N/M	N/M
Cvent ¹	CVT	\$29.08	\$1,054	\$111.1	\$140.0	\$174.0	9.5x	7.5x	6.1x	\$0.16	\$0.04	\$0.10	N/M	N/M	N/M
DealerTrak ¹	TRAK	\$43.52	\$2,661	\$481.5	\$818.0	\$970.0	5.5x	3.3x	2.7x	\$1.31	\$1.49	\$1.74	33.2x	29.2x	25.0x
Demandware	DWRE	\$68.28	\$2,096	\$103.7	\$147.9	\$210.9	20.2x	14.2x	9.9x	(\$0.23)	(\$0.05)	\$0.19	N/M	N/M	N/M
E2open	EOPN	\$19.95	\$497	\$70.6	\$82.9	\$102.0	7.0x	6.0x	4.9x	(\$0.47)	(\$0.51)	(\$0.28)	N/M	N/M	N/M
FleetMatics ¹	FLTIX	\$32.60	\$1,127	\$177.4	\$228.0	\$281.5	6.4x	4.9x	4.0x	\$0.86	\$0.83	\$1.25	37.9x	39.3x	26.1x
Halogen	HGN-CA	\$8.00	\$124	\$48.0	\$57.4	\$69.2	2.6x	2.2x	1.8x	(\$0.24)	(\$0.41)	(\$0.38)	N/M	N/M	N/M
Jive Software	JIVE	\$8.10	\$456	\$145.8	\$173.8	\$206.9	3.1x	2.6x	2.2x	(\$0.56)	(\$0.41)	(\$0.31)	N/M	N/M	N/M
LogMeIn	LOGM	\$46.91	\$957	\$166.3	\$211.0	\$246.4	5.8x	4.5x	3.9x	\$0.55	\$1.00	\$1.18	N/M	47.1x	39.7x
Marin Software ¹	MRIN	\$12.23	\$314	\$77.3	\$97.0	\$114.0	4.1x	3.2x	2.8x	(\$1.06)	(\$0.88)	(\$0.47)	N/M	N/M	N/M
Marketo	MKTO	\$26.64	\$937	\$95.9	\$141.3	\$183.9	9.8x	6.6x	5.1x	(\$3.59)	(\$1.02)	(\$0.73)	N/M	N/M	N/M
Model N ¹	MODN	\$11.21	\$172	\$101.9	\$82.0	\$85.0	1.7x	2.1x	2.0x	\$0.31	(\$0.37)	(\$0.25)	36.2x	N/M	N/M
NetSuite	N	\$85.16	\$6,362	\$414.5	\$542.7	\$691.5	15.3x	11.7x	9.2x	\$0.26	\$0.26	\$0.39	N/M	N/M	N/M
Paycom	PAYC	\$14.12	\$756	\$107.6	\$139.8	\$176.3	7.0x	5.4x	4.3x	\$1.94	\$0.12	\$0.20	7.3x	N/M	N/M
RealPage	RP	\$22.16	\$1,609	\$377.0	\$441.3	\$513.7	4.3x	3.6x	3.1x	\$0.59	\$0.68	\$0.82	37.6x	32.6x	27.0x
Salesforce.com ¹	CRM	\$57.51	\$36,465	\$4,070.9	\$5,340.0	\$6,480.0	9.0x	6.8x	5.6x	\$0.35	\$0.50	\$0.65	N/M	N/M	N/M
SciQuest ¹	SQI	\$17.47	\$397	\$93.6	\$104.5	\$118.0	4.2x	3.8x	3.4x	\$0.37	\$0.30	N/M	47.2x	N/M	N/M
ServiceNow	NOW	\$60.47	\$8,356	\$424.7	\$655.8	\$902.7	19.7x	12.7x	9.3x	(\$0.08)	(\$0.07)	\$0.23	N/M	N/M	N/M
SPS Commerce ¹	SPSC	\$60.75	\$888	\$104.4	\$126.5	\$151.5	8.5x	7.0x	5.9x	\$0.53	\$0.64	\$0.75	N/M	N/M	N/M
Synchronoss ¹	SNCR	\$34.52	\$1,354	\$349.0	\$425.0	\$489.0	3.9x	3.2x	2.8x	\$1.34	\$1.66	\$1.91	25.8x	20.8x	18.1x
Tangoe ¹	TNGO	\$15.13	\$536	\$188.9	\$218.0	\$253.7	2.8x	2.5x	2.1x	\$0.65	\$0.79	\$0.93	23.3x	19.2x	16.3x
Textura	TXTR	\$23.94	\$523	\$40.7	N/M	\$98.4	12.8x	N/M	5.3x	(\$1.56)	N/M	\$0.22	N/M	N/M	N/M
Ultimate Software	ULTI	\$135.17	\$3,862	\$410.4	\$505.1	\$616.9	9.4x	7.6x	6.3x	\$1.60	\$2.00	\$2.52	N/M	N/M	N/M
Veeva ¹	VEEV	\$24.75	\$3,190	\$210.2	\$282.0	\$342.0	15.2x	11.3x	9.3x	\$0.23	\$0.28	\$0.37	N/M	N/M	N/M
Workday	WDAY	\$84.86	\$14,155	\$468.9	\$740.5	\$1,063.1	30.2x	19.1x	13.3x	(\$0.53)	(\$0.55)	(\$0.52)	N/M	N/M	N/M
Average Multiple							8.3x	6.8x	5.2x				32.1x	31.1x	24.7x

Source: FactSet and Stifel estimates. Companies in bold are covered by Stifel

¹Covered by Tom Roderick

Note: \$ in millions, except per share data

Company	Ticker	6/20/14 Price	Ent. Value	Recurring Revenue			EV/Recurring Revenue			EPS			P/E		
				CY13E	CY14E	CY15E	CY13E	CY14E	CY15E	CY13E	CY14E	CY15E	CY13E	CY14E	CY15E
Bazaarvoice	BV	\$7.87	\$561	\$181.4	\$181.5	\$210.3	3.1x	3.1x	2.7x	(\$0.27)	(\$0.36)	(\$0.17)	N/M	N/M	N/M
Brightcove ¹	BCOV	\$10.78	\$314	\$105.4	\$124.1	\$142.4	3.0x	2.5x	2.2x	(\$0.03)	(\$0.23)	\$0.05	N/M	N/M	N/M
Carbonite	CARB	\$11.56	\$237	\$98.6	\$112.9	\$128.5	2.4x	2.1x	1.8x	(\$0.13)	(\$0.08)	\$0.03	N/M	N/M	N/M
Castlight Health	CSLT	\$15.17	\$1,126	\$11.7	\$36.4	\$70.9	N/M	N/M	15.9x	(\$0.80)	(\$1.02)	(\$0.70)	N/M	N/M	N/M
ChannelAdvisor	ECOM	\$23.44	\$471	\$66.6	\$84.1	\$106.5	7.1x	5.6x	4.4x	(\$0.80)	(\$1.01)	(\$0.87)	N/M	N/M	N/M
Concur	CNQR	\$93.01	\$5,455	\$580.5	\$719.2	\$904.1	9.4x	7.6x	6.0x	\$0.80	\$0.62	\$0.93	N/M	N/M	N/M
Constant Contact	CTCT	\$30.27	\$850	\$285.4	\$330.7	\$378.2	3.0x	2.6x	2.2x	\$0.75	\$1.02	\$1.46	40.4x	29.6x	20.8x
Cornerstone OnDemand	CSOD	\$45.32	\$2,318	\$185.1	\$269.3	\$364.8	12.5x	8.6x	6.4x	(\$0.24)	(\$0.24)	(\$0.04)	N/M	N/M	N/M
Cvent ¹	CVT	\$29.08	\$1,054	\$77.8	\$100.1	\$128.8	13.5x	10.5x	8.2x	\$0.16	\$0.04	\$0.10	N/M	N/M	N/M
DealerTrak ¹	TRAK	\$43.52	\$2,661	\$361.2	\$613.5	\$727.5	7.4x	4.3x	3.7x	\$1.31	\$1.49	\$1.74	33.2x	29.2x	25.0x
Demandware	DWRE	\$68.28	\$2,096	\$93.8	\$136.2	\$197.9	22.3x	15.4x	10.6x	(\$0.23)	(\$0.05)	\$0.19	N/M	N/M	N/M
E2open	EOPN	\$19.95	\$497	\$49.4	\$58.0	\$71.4	10.1x	8.6x	7.0x	(\$0.47)	(\$0.51)	(\$0.28)	N/M	N/M	N/M
FleetMatics ¹	FLTIX	\$32.60	\$1,127	\$168.5	\$216.6	\$267.4	6.7x	5.2x	4.2x	\$0.86	\$0.83	\$1.25	37.9x	39.3x	26.1x
Halogen	HGN-CA	\$8.00	\$124	\$42.1	\$51.2	\$61.9	2.9x	2.4x	2.0x	(\$0.24)	(\$0.41)	(\$0.38)	N/M	N/M	N/M
Jive Software	JIVE	\$8.10	\$456	\$123.9	\$147.7	\$175.9	3.7x	3.1x	2.6x	(\$0.56)	(\$0.41)	(\$0.31)	N/M	N/M	N/M
LogMeIn	LOGM	\$46.91	\$957	\$166.3	\$211.0	\$246.4	5.8x	4.5x	3.9x	\$0.55	\$1.00	\$1.18	N/M	47.1x	39.7x
Marin Software ¹	MRIN	\$12.23	\$314	\$58.0	\$72.8	\$85.5	5.4x	4.3x	3.7x	(\$1.06)	(\$0.88)	(\$0.47)	N/M	N/M	N/M
Marketo	MKTO	\$26.64	\$937	\$86.3	\$127.1	\$165.5	10.9x	7.4x	5.7x	(\$3.59)	(\$1.02)	(\$0.73)	N/M	N/M	N/M
Model N ¹	MODN	\$11.21	\$172	\$76.4	\$61.5	\$63.8	2.3x	2.8x	2.7x	\$0.31	(\$0.37)	(\$0.25)	36.2x	N/M	N/M
NetSuite	N	\$85.16	\$6,362	\$333.6	\$438.8	\$563.9	19.1x	14.5x	11.3x	\$0.26	\$0.26	\$0.39	N/M	N/M	N/M
Paycom	PAYC	\$14.12	\$756	\$105.6	\$137.4	\$172.8	7.2x	5.5x	4.4x	\$1.94	\$0.12	\$0.20	7.3x	N/M	N/M
RealPage	RP	\$22.16	\$1,609	\$358.2	\$419.2	\$488.0	4.5x	3.8x	3.3x	\$0.59	\$0.68	\$0.82	37.6x	32.6x	27.0x
Salesforce.com ¹	CRM	\$57.51	\$36,465	\$3,822.6	\$5,008.9	\$6,091.2	9.5x	7.3x	6.0x	\$0.35	\$0.50	\$0.65	N/M	N/M	N/M
SciQuest ¹	SQI	\$17.47	\$397	\$93.6	\$104.5	\$118.0	4.2x	3.8x	3.4x	\$0.37	\$0.30	N/M	47.2x	N/M	N/M
ServiceNow	NOW	\$60.47	\$8,356	\$361.0	\$557.4	\$767.3	23.2x	15.0x	10.9x	(\$0.08)	(\$0.07)	\$0.23	N/M	N/M	N/M
SPS Commerce ¹	SPSC	\$60.75	\$888	\$92.7	\$112.6	\$135.4	9.6x	7.9x	6.6x	\$0.53	\$0.64	\$0.75	N/M	N/M	N/M
Synchronoss ¹	SNCR	\$34.52	\$1,354	\$279.2	\$340.0	\$391.2	4.8x	4.0x	3.5x	\$1.34	\$1.66	\$1.91	25.8x	20.8x	18.1x
Tango ¹	TNGO	\$15.13	\$536	\$170.0	\$196.2	\$228.3	3.2x	2.7x	2.3x	\$0.65	\$0.79	\$0.93	23.3x	19.2x	16.3x
Textura	TXTR	\$23.94	\$523	\$32.6	N/M	\$78.7	16.0x	N/M	6.6x	(\$1.56)	N/M	\$0.22	N/M	N/M	N/M
Ultimate Software	ULTI	\$135.17	\$3,862	\$334.4	\$417.9	\$526.7	11.5x	9.2x	7.3x	\$1.60	\$2.00	\$2.52	N/M	N/M	N/M
Veeva ¹	VEEV	\$24.75	\$3,190	\$147.5	\$214.6	\$271.8	21.6x	14.9x	11.7x	\$0.23	\$0.28	\$0.37	N/M	N/M	N/M
Workday	WDAY	\$84.86	\$14,155	\$354.2	\$586.7	\$874.3	N/M	24.1x	16.2x	(\$0.53)	(\$0.55)	(\$0.52)	N/M	N/M	N/M
Average Multiple							8.9x	7.1x	5.9x				32.1x	31.1x	24.7x

Source: FactSet and Stifel estimates. Companies in bold are covered by Stifel

¹Covered by Tom Roderick

Note: \$ in millions, except per share data

Company	Ticker	6/20/14 Price	Ent. Value	Free Cash Flow			EV/FCF			FCFPS			Price/FCFPS		
				CY13E	CY14E	CY15E	CY13E	CY14E	CY15E	CY13E	CY14E	CY15E	CY13E	CY14E	CY15E
Bazaarvoice	BV	\$7.87	\$561	(\$61.3)	(\$35.6)	(\$13.4)	N/M	N/M	N/M	(\$0.82)	(\$0.46)	(\$0.05)	N/M	N/M	N/M
Brightcove¹	BCOV	\$10.78	\$314	\$3.9	(\$7.2)	\$6.3	N/M	N/M	N/M	\$0.14	(\$0.25)	\$0.18	N/M	N/M	N/M
Carbonite	CARB	\$11.56	\$237	\$5.2	\$11.3	\$14.2	45.2x	21.0x	16.7x	\$0.20	\$0.43	\$0.52	N/M	27.1x	22.4x
Castlight Health	CSLT	\$15.17	\$1,126	(\$52.7)	(\$68.4)	(\$53.5)	N/M	N/M	N/M	(\$0.71)	(\$0.91)	(\$0.57)	N/M	N/M	N/M
ChannelAdvisor	ECOM	\$23.44	\$471	(\$9.0)	(\$28.4)	(\$24.9)	N/M	N/M	N/M	(\$0.47)	(\$1.16)	(\$0.98)	N/M	N/M	N/M
Concur	CNQR	\$93.01	\$5,455	\$33.1	\$2.0	\$35.8	N/M	N/M	N/M	\$0.57	\$0.04	\$0.58	N/M	N/M	N/M
Constant Contact	CTCT	\$30.27	\$850	\$24.2	\$35.3	\$39.6	35.2x	24.0x	21.5x	\$0.77	\$1.08	\$1.17	39.3x	28.0x	25.8x
Cornerstone OnDemand	CSOD	\$45.32	\$2,318	\$6.0	\$12.8	\$24.9	N/M	N/M	N/M	\$0.22	\$0.25	\$0.41	N/M	N/M	N/M
Cvent¹	CVT	\$29.08	\$1,054	\$8.8	\$7.9	\$26.2	N/M	N/M	40.2x	N/M	\$0.20	\$0.64	N/M	N/M	45.4x
DealerTrak¹	TRAK	\$43.52	\$2,661	\$38.4	(\$70.7)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Demandware	DWRE	\$68.28	\$2,096	\$3.5	\$0.2	\$7.4	N/M	N/M	N/M	\$0.11	\$0.01	\$0.20	N/M	N/M	N/M
E2open	EOPN	\$19.95	\$497	(\$10.7)	(\$10.7)	(\$3.4)	N/M	N/M	N/M	(\$0.38)	(\$0.32)	(\$0.09)	N/M	N/M	N/M
FleetMatics¹	FLTX	\$32.60	\$1,127	\$7.2	\$23.2	\$29.0	N/M	48.5x	38.9x	\$0.21	\$0.62	\$0.74	N/M	N/M	43.9x
Halogen	HGN-CA	\$8.00	\$124	(\$2.7)	(\$11.7)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Jive Software	JIVE	\$8.10	\$456	(\$16.9)	(\$18.2)	(\$6.4)	N/M	N/M	N/M	(\$0.25)	(\$0.23)	(\$0.08)	N/M	N/M	N/M
LogMeIn	LOGM	\$46.91	\$957	\$20.9	\$49.4	\$49.9	45.7x	19.4x	19.2x	\$0.80	\$1.98	\$1.98	N/M	23.7x	23.7x
Marin Software¹	MRIN	\$12.23	\$314	(\$28.5)	(\$24.0)	N/M	N/M	N/M	N/M	(\$0.96)	(\$0.71)	N/M	N/M	N/M	N/M
Marketo	MKTO	\$26.64	\$937	(\$23.8)	(\$34.3)	(\$14.1)	N/M	N/M	N/M	(\$1.60)	(\$0.72)	(\$0.39)	N/M	N/M	N/M
Model N¹	MODN	\$11.21	\$172	(\$4.5)	(\$13.3)	N/M	N/M	N/M	N/M	(\$0.20)	(\$0.56)	N/M	N/M	N/M	N/M
NetSuite	N	\$85.16	\$6,362	\$41.9	\$40.8	\$77.1	N/M	N/M	N/M	\$0.55	\$0.52	\$0.94	N/M	N/M	N/M
Paycom	PAYC	\$14.12	\$756	\$4.2	\$11.0	\$18.9	N/M	N/M	40.0x	\$4.11	\$0.22	\$0.37	3.4x	N/M	38.5x
RealPage	RP	\$22.16	\$1,609	\$36.3	\$64.4	\$84.9	44.3x	25.0x	19.0x	\$0.48	\$0.83	\$1.06	46.2x	26.9x	21.0x
Salesforce.com¹	CRM	\$57.51	\$36,465	\$584.0	\$806.2	\$1,057.6	N/M	45.2x	34.5x	\$0.92	\$1.22	\$1.50	N/M	47.2x	38.4x
SciQuest¹	SQI	\$17.47	\$397	\$13.4	\$16.1	\$21.0	29.7x	24.6x	18.9x	\$0.56	\$0.57	\$0.71	31.2x	30.5x	24.5x
ServiceNow	NOW	\$60.47	\$8,356	\$26.4	\$67.0	\$117.6	N/M	N/M	N/M	\$0.18	\$0.45	\$0.68	N/M	N/M	N/M
SPS Commerce¹	SPSC	\$60.75	\$888	\$12.9	\$15.7	\$23.3	N/M	N/M	38.1x	N/M	\$0.98	\$1.32	N/M	N/M	46.0x
Synchronoss¹	SNCR	\$34.52	\$1,354	\$15.6	\$52.7	\$72.9	N/M	25.7x	18.6x	\$0.40	\$1.15	\$1.57	N/M	30.0x	22.0x
Tangoe¹	TNGO	\$15.13	\$536	\$18.8	\$25.4	\$33.7	28.6x	21.1x	15.9x	\$0.46	\$0.61	\$0.79	32.7x	24.8x	19.2x
Textura	TXTR	\$23.94	\$523	(\$19.1)	N/M	\$19.2	N/M	N/M	27.3x	(\$1.21)	N/M	\$0.74	N/M	N/M	32.5x
Ultimate Software	ULTI	\$135.17	\$3,862	\$55.0	\$70.4	\$84.5	N/M	N/M	45.7x	\$1.90	\$2.39	\$2.82	N/M	N/M	47.9x
Veeva¹	VEEV	\$24.75	\$3,190	\$39.8	\$52.6	\$63.8	N/M	N/M	N/M	\$0.31	\$0.36	\$0.43	N/M	N/M	N/M
Workday	WDAY	\$84.86	\$14,155	(\$29.6)	(\$39.9)	\$35.0	N/M	N/M	N/M	(\$0.17)	(\$0.21)	\$0.18	N/M	N/M	N/M
Average Multiple							38.1x	28.3x	28.2x				30.5x	29.8x	32.2x

Source: FactSet and Stifel estimates. Companies in bold are covered by Stifel

¹Covered by Tom Roderick

Note: \$ in millions, except per share data

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- | | |
|--------|---|
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| HOLD - | For U.S. securities we expect the stock to perform within 10% (plus or minus) of the S&P 500 over the next 12 months. For Canadian securities we expect the stock to perform within 10% (plus or minus) of the S&P/TSX Composite Index. For other non-U.S. securities we expect the stock to perform within 10% (plus or minus) of the MSCI World Index. A Hold rating is also used for yield-sensitive securities where we are comfortable with the safety of the dividend, but believe that upside in the share price is limited. |
| SELL - | For U.S. securities we expect the stock to underperform the S&P 500 by more than 10% over the next 12 months and believe the stock could decline in value. For Canadian securities we expect the stock to underperform the S&P/TSX Composite Index by more than 10% over the next 12 months and believe the stock could decline in value. For other non-U.S. securities we expect the stock to underperform the MSCI World Index by more than 10% over the next 12 months and believe the stock could decline in value. |

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