

TANGOE, INC. (TNGO: \$19.30)
May 9, 2012
Company Update
Rating: Buy
Price Target: \$30.00

Market Data					
12-18 Month Price Target		\$30.00			
52-Week Range		\$21.74 - \$8.01			
ADTV - 90Day (000s)		602.4			
Market Cap (\$MM)		\$703.1			
Shares Out (MM)		33.2			
Public Market Float (MM)		28.1			
Dividend		NA			
EPS (\$)					
FY DEC	2011	2012		2013	
	Actual	Previous	Current	Previous	Current
Q1	\$0.05A	\$0.08	\$0.09A	—	\$0.13E
Q2	\$0.06A	—	\$0.09E	—	\$0.14E
Q3	\$0.07A	—	\$0.11E	—	\$0.15E
Q4	\$0.08A	\$0.14	\$0.13E	—	\$0.16E
YEAR	\$0.26A	—	\$0.42E	—	\$0.58E
Valuation Ratio					
		FY11	FY12	FY13	
P/E		74.2x	46.0x	33.3x	
EV/S		6.4x	4.7x	3.9x	
EV/EBITDA		53.2x	33.1x	23.1x	
Financial Data					
		FY11	FY12	FY13	
Revenue		\$104.9A	\$143.9E	\$171.3E	
Gross Margin		53.00%	54.78%	55.39%	
Operating Margin		3.90%A	3.21%E	6.20%E	
EBITDA		\$12.7A	\$20.4E	\$29.2E	
Balance Sheet					
		FY11	FY12	FY13	
Accounts Receivable		\$25.3A	—	—	
Current Assets		\$71.2A	—	—	
PPE		\$3.3A	—	—	
Total Assets		\$140.9A	—	—	
Accounts Payable		\$6.6A	—	—	
Short Term Debt		\$7.9A	—	—	
Current Liabilities		\$31.7A	—	—	
Total Liabilities		\$44.3A	—	—	
Long Term Debt		\$8.3A	—	—	
Shareholders Equity		\$96.6A	—	—	

Company Description

Tangoe, Inc. (TNGO) was founded in 2000 and is based in Orange, Connecticut. Tangoe is the leading global provider of SaaS-based telecommunications expense management solutions that help customers lower costs and increase controls over wireline and wireless telecom assets. Tangoe has run-rate revenues of \$137 million and more than 1,000 employees supporting roughly 800 customers worldwide.

Firing On All Cylinders; Can't Ask For More
Summary

Tangoe, Inc. (TNGO) reported strong 1Q12 results after the close last night. Revenues of \$34.1 million solidly eclipsed our \$33.0 million forecast and guidance of \$32.7-\$33.2 million. Pro forma EPS came in at \$0.09, ahead of our \$0.08 forecast (which matched guidance). The standout metric was its 35 "new logo" wins (versus 22 in 4Q11 and a usual 20-30 range), which should bolster near-term growth as deployments ramp. With acquisitions integrating smoothly, sales headcounts continuing to climb, and its balance sheet bolstered by a recent follow-on, we remain convinced that Tangoe will garner a premium valuation like other SaaS leaders as its track record grows. As such, we reiterate our \$30.00 target price and Buy rating.

Key Points

- **Revenues scaling rapidly still.** Tangoe's revenues came in at \$34.1 million for 1Q12, well above our \$33.0 million forecast and a sequential ramp of 16.8% (or 52.8% versus 1Q11). While acquisition impacts skew the comparison, organic growth was estimated in the "mid- to low-20% level," a solid performance for a company whose growth remains well augmented by both strategic and complementary acquisitions. Adding 35 "new logo" wins (up from a usual 20-30 range and 22 in 4Q11) attests to solid organic sales execution.
- **EPS climbing even as acquisitions integrate.** Pro forma EPS set a new high at \$0.09, ahead of our \$0.08 forecast and the \$0.08 record set in 4Q11. With a goal to complete most customer migrations from two prior acquisitions by the end of 2Q12, duplicated costs remain an upside EPS driver ahead. Its retention rate remained "in the mid-90%" level to attest to its service value proposition and sector leadership. The gross margin improvement in the quarter (rising 159 basis points sequentially to 54.5%) was another key success area.
- **Forecasts incrementally higher for revenues; EPS held back by share count.** Given the upside in the quarter, our revenue forecast for 2012 increases to \$143.9 million versus \$142.3 million prior. Despite the EPS upside, the impact of its recent follow-on offering (adding 2.2 million shares) leaves our pro forma EPS forecast unchanged at \$0.42 (with 4Q12 lowered to \$0.13 from \$0.14 prior). In our view, our forecasts remain adequately conservative to expect moderate upside as a likely scenario as the rest of 2012 unfolds.
- **Balance sheet bolstered by deal.** Post 1Q12, Tangoe completed a follow-on offering that added over \$37 million to cash reserves, in part replenishing cash used in recent acquisitions. Added to the \$37.9 million it exited 1Q12 with, cash reserves total roughly \$75 million versus acquisition-related notes totaling \$18.1 million (or net cash per share of roughly \$1.36). As its unique SaaS "roll-up" strategy has been highly successful, we see this liquidity build as a smart, proactive move to bolster its positioning for further acquisitions.
- **Category killer has peer valuation but above-average potential.** With solid profitability and organic growth, we believe Tangoe warrants a premium valuation due to its "category killer" status in the TEM space and its ability to augment organic growth with a well defined and proven accretive acquisition strategy. Now trading at a SaaS peer-matching 5.5x run-rate revenue multiple, our \$30.00 target assumes a 7.5x run-rate revenue multiple (the lower-end of the SaaS leader valuation range of roughly 7-11x) applied to our 4Q12 forecast.

(figures in millions except per share data)

(figures in millions except per share data)					Price % Change vs. 52-Week High						Revenue Growth		Revenue Multiples						Earnings Multiples								
	Ticker	Rating	Stock Price	52-Week High	Shares	Market Cap	Net Cash	Net Cash Per Share	Equity Valuation	Latest Q	LQA	EV/Rev	2009	EV/Rev	2010	EV/Rev	2011	EV/Rev	LQA	EV/EPS	2009	EV/EPS	2010	EV/EPS	2011	EV/EPS	
Software-as-a-Service																											
Concur Technologies *	CNQR	BUY	\$61.92	\$62.60	-1.1%	56.4	\$3,494.3	\$251.0	\$4.45	\$3,243.3	28.08%	\$433.6	7.5	\$247.6	13.1	\$292.9	11.1	\$349.5	9.3	\$1.32	43.5	\$1.14	50.4	\$1.22	47.1	\$1.21	47.5
Constant Contact	CTCT	BUY	\$22.33	\$36.33	-38.5%	31.1	\$694.9	\$143.0	\$4.59	\$551.9	19.84%	\$239.8	2.3	\$129.1	4.3	\$174.2	3.2	\$214.4	2.6	\$0.36	49.3	\$0.12	NM	\$0.39	NM	\$0.71	25.0
Cornerstone OnDemand **	CSOD	NR	\$18.68	\$23.50	-20.5%	54.2	\$1,012.9	\$85.4	\$1.58	\$927.5	42.63%	\$80.1	11.6	\$29.3	31.6	\$46.6	19.9	\$75.5	12.3	(\$0.24)	NM	(\$1.24)	NM	(\$0.40)	NM	(\$0.32)	NM
DemandTec *	DMAN	NR	\$13.19	\$14.08	-6.3%	35.2	\$463.7	\$66.4	\$1.89	\$397.3	2.97%	\$89.3	4.5	\$79.1	5.0	\$82.4	4.8	\$92.7	4.3	\$0.04	NM	\$0.08	NM	\$0.00	NM	\$0.00	NM
inContact	SAAS	NR	\$5.80	\$6.00	-3.3%	46.4	\$269.3	\$6.5	\$0.14	\$262.8	20.34%	\$102.7	2.6	\$84.2	3.1	\$82.2	3.2	\$89.0	3.0	(\$0.12)	NM	\$0.12	47.2	\$0.15	37.7	(\$0.23)	NM
IntraLinks ***	IL	BUY	\$5.13	\$32.25	-84.1%	54.1	\$277.5	(\$8.4)	(\$0.15)	\$285.9	1.57%	\$211.7	1.4	\$140.7	2.0	\$184.3	1.6	\$213.5	1.3	\$0.44	12.0	\$0.08	NM	\$0.26	20.3	\$0.44	12.0
Kenexa *****	KNXA	NR	\$30.30	\$33.90	-10.6%	28.1	\$852.4	\$54.2	\$1.93	\$798.2	29.72%	\$311.2	2.6	\$157.7	5.1	\$199.4	4.0	\$291.1	2.7	\$0.76	37.3	\$0.62	45.8	\$0.62	45.8	\$0.84	33.8
LivePerson Inc.	LPSN	BUY	\$14.89	\$17.57	-15.3%	56.4	\$839.6	\$107.9	\$1.91	\$731.8	20.17%	\$146.0	5.0	\$87.5	8.4	\$109.9	6.7	\$133.1	5.5	\$0.36	36.0	\$0.29	44.7	\$0.31	41.9	\$0.36	36.0
LogMeIn *****	LOGM	BUY	\$32.19	\$49.50	-35.0%	25.4	\$816.2	\$192.4	\$7.59	\$623.7	20.89%	\$130.8	4.8	\$74.4	8.4	\$101.1	6.2	\$119.5	5.2	\$0.56	43.9	\$0.59	NM	\$0.86	28.6	\$0.69	35.7
NetSuite	N	HOLD	\$42.74	\$51.78	-17.5%	72.9	\$3,116.9	\$154.2	\$2.11	\$2,962.8	29.71%	\$277.3	10.7	\$166.5	17.8	\$193.1	15.3	\$236.3	12.5	\$0.24	NM	\$0.06	NM	\$0.13	NM	\$0.15	NM
RealPage ***	RP	BUY	\$18.10	\$32.83	-44.9%	73.2	\$1,324.4	\$4.6	\$0.06	\$1,319.8	29.31%	\$297.7	4.4	\$140.9	9.4	\$188.3	7.0	\$258.0	5.1	\$0.40	45.1	\$0.16	NM	\$0.20	NM	\$0.36	50.1
RightNow Technologies	RNOW	NR	\$43.00	\$43.38	-0.9%	36.0	\$1,550.1	\$80.9	\$2.24	\$1,469.1	32.72%	\$230.7	6.4	\$152.7	9.6	\$185.5	7.9	\$227.0	6.5	\$0.60	NM	\$0.40	NM	\$0.48	NM	\$0.58	NM
Salesforce.com ****	CRM	BUY	\$146.02	\$164.75	-11.4%	141.8	\$20,709.6	\$1,447.2	\$10.20	\$19,262.4	38.31%	\$2,527.7	7.6	\$1,305.6	14.8	\$1,657.1	11.6	\$2,266.5	8.5	\$1.36	NM	\$1.15	NM	\$1.22	NM	\$1.35	NM
SuccessFactors *****	SFSF	NR	\$39.99	\$40.44	-1.1%	89.9	\$3,593.1	\$248.1	\$2.76	\$3,345.1	66.32%	\$400.2	8.4	\$153.1	21.8	\$205.9	16.2	\$336.3	9.9	(\$0.08)	NM	(\$0.04)	NM	\$0.07	NM	\$0.09	NM
Taleo *****	TLEO	NR	\$45.98	\$46.00	0.0%	45.0	\$2,068.8	\$116.0	\$2.58	\$1,952.8	19.14%	\$339.1	5.8	\$198.4	9.8	\$241.8	8.1	\$324.5	6.0	\$1.04	41.7	\$0.77	56.4	\$0.78	55.6	\$1.06	40.9
Tangoe *****	TNGO	BUY	\$19.30	\$21.74	-11.2%	41.7	\$804.8	\$56.8	\$1.36	\$748.0	52.84%	\$136.6	5.5	\$55.9	13.4	\$68.5	10.9	\$104.9	7.1	\$0.36	NM	\$0.02	NM	\$0.13	NM	\$0.26	NM
Ultimate Software	ULTI	BUY	\$76.42	\$78.14	-2.2%	28.1	\$2,145.3	\$67.0	\$2.39	\$2,078.3	21.36%	\$313.1	6.6	\$196.6	10.6	\$227.8	9.1	\$269.2	7.7	\$0.88	NM	\$0.47	NM	\$0.75	NM	\$1.06	NM
Vocus	VOCS	HOLD	\$16.11	\$33.70	-52.2%	21.7	\$348.9	(\$53.4)	(\$2.47)	\$402.4	30.76%	\$142.1	2.8	\$84.6	4.8	\$97.9	4.1	\$115.1	3.5	\$0.08	NM	\$0.65	28.6	\$0.71	26.2	\$0.82	22.7
Column Averages:					-19.8%						28.15%	5.6		10.7		8.4		6.3	38.6		45.5		37.9		33.7		
2011 Revenue Growth Rate Average																		31.74%									
Other Notable Companies																											
Lionbridge Technologies Inc.	LIOX	BUY	\$2.92	\$3.73	-21.7%	59.7	\$174.2	(\$4.8)	(\$0.08)	\$179.0	12.49%	\$448.4	0.4	\$389.3	0.5	\$405.2	0.4	\$427.9	0.4	\$0.24	12.5	\$0.20	15.0	\$0.26	11.5	\$0.21	14.3
Responsys	MKTG	NR	\$12.00	\$18.19	-34.0%	53.4	\$641.1	\$94.8	\$1.77	\$546.3	21.43%	\$149.0	3.7	\$66.6	8.2	\$94.1	5.8	\$134.9	4.0	\$0.24	NM	-	NM	-	NM	\$0.21	NM

* Concur uses Fiscal September-ended data & DemandTec uses February-ended data to approximate Calendar Years; Concur cash reserves are net of a convertible note and customer funding liabilities

** Cornerstone OnDemand LQA and forecasts reflect post-IPO sharecounts to normalize results; prior results are pre-IPO dilution; fully diluted to include "in the money" options

*** IntraLinks & RealPage use shares est'd post IPO for all periods to "normalize" comparisons; impacts of recent follow-ons included; 2010 appreciation based upon IPO pricing mid-year

**** Salesforce.com uses Fiscal January-ended data to approximate Calendar Years; pre-tax EPS pre-F2010

***** SuccessFactors, Kenexa, Taleo & Tangoe growth rates meaningfully skewed by acquisition impacts; TNGO cash & estimates reflect recent follow-on offering impacts

***** LogMeIn latest quarter growth rate excludes impact of former partnership which ended in Q4:10

Note: EPS figures are pro forma (excluding non-cash items such as stock-based compensation and acquisition-related amortization); EPS multiples considered non-meaningful (NM) if negative or materially greater than 60x

Stock prices as of the close of trading on May 8, 2012

Source: Wunderlich Securities, FactSet Consensus & Company Reports

TANGOE - Earnings Model

Analyst: Richard K. Baldry, CFA - 410-369-2633

	2008	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12E	3Q12E	4Q12E	2012E	1Q13E	2Q13E	3Q13E	4Q13E	2013E
(000's excluding per share data)	TOTAL	TOTAL	MAR	JUN	SEP	DEC	TOTAL	MAR	JUN	SEP	DEC	TOTAL	MAR	JUN	SEP	DEC	TOTAL	MAR	JUN	SEP	DEC	TOTAL
Recurring Revenues: Technology & Services	27,839	46,005	13,260	13,891	14,570	15,982	57,703	19,927	23,510	24,456	25,778	93,671	30,756	31,739	32,404	34,156	129,055	36,138	38,086	38,885	40,987	154,097
Strategic Consulting & Other	9,687	9,912	2,695	2,814	2,568	2,694	10,771	2,414	2,537	2,856	3,463	11,270	3,391	3,552	3,856	4,069	14,867	3,984	4,085	4,434	4,679	17,182
TOTAL REVENUES	\$37,526	\$55,917	\$15,955	\$16,705	\$17,138	\$18,676	\$68,474	\$22,341	\$26,047	\$27,312	\$29,241	\$104,941	\$34,147	\$35,290	\$36,260	\$38,225	\$143,922	\$40,123	\$42,171	\$43,319	\$45,666	\$171,279
Sequential Revenue Increase (avg. in annual)	\$1,231	\$797	\$876	\$750	\$433	\$1,538	\$899	\$3,665	\$3,706	\$1,265	\$1,929	\$2,641	\$4,906	\$1,143	\$970	\$1,965	\$2,246	\$1,898	\$2,048	\$1,148	\$2,347	\$1,860
Total Cost of Revenues	17,712	24,783	7,052	7,286	7,524	8,039	29,901	10,180	12,480	12,890	13,759	49,309	15,524	16,234	16,317	17,010	65,085	18,055	18,871	19,277	20,207	76,411
GROSS MARGIN	\$19,814	\$31,134	\$8,903	\$9,419	\$9,614	\$10,637	\$38,573	\$12,161	\$13,567	\$14,422	\$15,482	\$55,632	\$18,623	\$19,057	\$19,943	\$21,215	\$78,837	\$22,067	\$23,299	\$24,042	\$25,459	\$94,868
Research & Development	5,808	7,981	2,240	2,275	2,294	2,364	9,173	2,821	2,791	2,977	3,095	11,684	3,596	4,235	4,261	4,396	16,487	4,614	4,850	4,982	5,252	19,697
Selling & Marketing	7,683	9,577	2,723	2,949	2,935	3,249	11,856	3,524	3,755	3,906	4,262	15,447	5,178	5,823	5,892	6,020	22,914	6,520	6,747	6,931	7,307	27,505
General & Administrative	7,439	9,218	2,492	2,567	2,570	3,049	10,678	3,264	3,927	4,217	4,435	15,843	5,786	6,176	6,164	6,307	24,433	6,520	6,747	6,931	7,307	27,505
Depreciation (est'd quarterly 2008-2009)	942	1,221	258	270	276	287	1,091	299	356	339	370	1,364	497	522	547	572	2,138	597	622	647	672	2,538
Amortization (est'd quarterly 2008-2009)	1,767	2,316	614	609	583	632	2,438	709	767	910	801	3,187	1,378	1,750	1,750	1,750	6,628	1,750	1,750	1,750	1,750	7,000
Stock-Based Compensation (embedded above)	1,928	749	209	450	509	760	1,928	835	932	897	1,316	3,980	1,624	1,675	1,750	2,000	7,049	2,000	2,250	2,250	2,500	9,000
Total Operating Expenses	\$25,567	\$31,062	\$8,536	\$9,120	\$9,167	\$10,341	\$37,164	\$11,452	\$12,528	\$13,246	\$14,279	\$51,505	\$18,059	\$18,506	\$18,614	\$19,045	\$74,224	\$20,001	\$20,716	\$21,241	\$22,287	\$84,245
OPERATING PROFIT	(\$5,753)	\$72	\$367	\$299	\$447	\$296	\$1,409	\$709	\$1,039	\$1,176	\$1,203	\$4,127	\$564	\$551	\$1,329	\$2,169	\$4,614	\$2,066	\$2,583	\$2,801	\$3,172	\$10,623
Adjusted EBITDA	(\$2,058)	\$3,137	\$1,448	\$1,628	\$1,815	\$1,975	\$6,866	\$2,552	\$3,094	\$3,322	\$3,690	\$12,058	\$4,071	\$4,498	\$5,376	\$6,491	\$20,437	\$6,413	\$7,205	\$7,448	\$8,094	\$29,161
Interest & Other Income (Net)	(1,183)	(2,362)	(532)	(531)	(523)	(400)	(1,986)	(655)	(774)	(1,394)	(160)	(2,983)	(218)	(218)	(218)	(218)	(872)	0	0	0	0	0
PRE-TAX NET INCOME	(\$6,936)	(\$2,290)	(\$165)	(\$232)	(\$76)	(\$104)	(\$577)	\$54	\$265	(\$218)	\$1,043	\$1,144	\$346	\$333	\$1,111	\$1,951	\$3,742	\$2,066	\$2,583	\$2,801	\$3,172	\$10,623
Provision For Income Taxes	23	264	64	49	68	113	294	126	180	88	140	534	154	200	200	250	804	300	400	400	500	1,600
NET INCOME	(\$6,959)	(\$2,554)	(\$229)	(\$281)	(\$144)	(\$217)	(\$871)	(\$72)	\$85	(\$306)	\$903	\$610	\$192	\$133	\$911	\$1,701	\$2,938	\$1,766	\$2,183	\$2,401	\$2,672	\$9,023
Items: Warrants/Debt Fee (Q2:11); Restructuring (Q3:11)			647	(45)	(42)	323	883	540	2,420	1,964	0	4,824										
*"ALL-IN" GAAP NET INCOME			(\$876)	(\$236)	(\$102)	(\$540)	(\$1,754)	(\$612)	(\$2,335)	(\$2,170)	\$903	(\$6,384)										
Adjusted Net Income (Excluding Non-Cash Items)	(\$3,264)	\$511	\$594	\$778	\$948	\$1,175	\$3,495	\$1,472	\$1,784	\$2,523	\$3,020	\$8,799	\$3,385	\$3,558	\$4,411	\$5,451	\$16,806	\$5,516	\$6,183	\$6,401	\$6,922	\$25,023
Earnings Analysis																						
Fully Diluted Shares Outstanding	22,000	25,000	28,416	28,631	28,600	28,600	28,562	28,458	29,867	35,124	38,493	32,986	39,431	41,700	41,950	42,200	41,320	42,450	42,700	42,950	43,200	42,825
Adjusted EPS (Excluding Non-Cash Items)	\$0.15	\$0.02	\$0.02	\$0.03	\$0.03	\$0.04	\$0.12	\$0.05	\$0.06	\$0.07	\$0.08	\$0.26	\$0.09	\$0.09	\$0.11	\$0.13	\$0.42	\$0.13	\$0.14	\$0.15	\$0.16	\$0.58
GAAP Diluted EPS	(\$0.32)	(\$0.10)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.04)	(\$0.02)	(\$0.08)	(\$0.10)	\$0.02	(\$0.18)	\$0.00	\$0.00	\$0.02	\$0.04	\$0.06	\$0.04	\$0.05	\$0.06	\$0.06	\$0.21
Margin Analysis																						
Blended Gross Margin	52.80%	55.68%	55.80%	56.38%	56.10%	56.96%	56.33%	54.43%	52.09%	52.80%	52.95%	53.01%	54.54%	54.00%	55.00%	55.50%	54.78%	55.00%	55.25%	55.50%	55.75%	55.39%
Operating Margin	-15.33%	0.13%	2.30%	1.79%	2.61%	1.58%	2.06%	3.17%	3.99%	4.31%	4.11%	3.93%	1.65%	1.56%	3.67%	5.68%	3.21%	5.15%	6.13%	6.47%	6.95%	6.20%
Adjusted Operating Margin	-10.39%	10.08%	13.37%	14.42%	16.01%	15.87%	14.97%	18.53%	20.18%	20.68%	21.44%	20.30%	19.15%	20.87%	24.21%	27.90%	23.20%	26.36%	28.25%	28.29%	29.15%	28.06%
Net Margin	-18.54%	-4.57%	-1.44%	-1.68%	-0.84%	-1.16%	-1.27%	-0.32%	0.33%	-1.12%	3.09%	0.58%	0.56%	0.38%	2.51%	4.45%	2.04%	4.40%	5.18%	5.54%	5.85%	5.27%
Adjusted Net Margin	-8.70%	0.91%	3.72%	4.66%	5.53%	6.29%	5.10%	6.59%	6.85%	9.24%	10.33%	8.38%	9.91%	10.08%	12.16%	14.26%	11.68%	13.75%	14.66%	14.78%	15.16%	14.61%
Expense Analysis																						
Research & Development	15.48%	14.27%	14.04%	13.62%	13.39%	12.66%	13.40%	12.63%	10.72%	10.90%	10.58%	11.13%	10.53%	12.00%	11.75%	11.50%	11.46%	11.50%	11.50%	11.50%	11.50%	11.50%
Selling & Marketing	20.47%	17.13%	17.07%	17.65%	17.13%	17.40%	17.31%	15.77%	14.42%	14.30%	14.58%	14.72%	15.16%	16.50%	16.25%	15.75%	15.92%	16.25%	16.00%	16.00%	16.00%	16.06%
General & Administrative	19.82%	16.49%	15.62%	15.37%	15.00%	16.33%	15.59%	14.61%	15.08%	15.44%	15.17%	15.10%	16.94%	17.50%	17.00%	16.50%	16.98%	16.25%	16.00%	16.00%	16.00%	16.06%
Tax Rate (Cash)	0.00%	0.00%	-	-	-	-	-	7.88%	9.16%	3.37%	3.37%	5.72%	4.35%	5.32%	4.34%	4.38%	4.57%	5.16%	6.08%	5.88%	6.74%	6.01%
Tax Rate (GAAP)	-0.33%	-11.53%	-38.79%	-21.12%	-89.47%	-108.65%	-50.95%	233.33%	67.92%	-40.37%	13.42%	46.68%	44.51%	NM	NM	NM	21.49%	NM	NM	NM	NM	15.06%
Growth Analysis																						
Recurring Revenue Growth - Yr/Yr	96.41%	65.25%	20.51%	25.37%	26.10%	29.22%	25.43%	50.28%	69.25%	67.85%	61.29%	62.33%	54.34%	35.00%	32.50%	32.50%	37.77%	17.50%	20.00%	20.00%	20.00%	19.40%
Recurring Revenue Growth - Sequential	-	-	7.21%	4.76%	4.89%	9.69%	-	24.68%	17.98%	4.02%	5.41%	-	19.31%	3.19%	2.10%	5.41%	-	5.80%	5.39%	2.10%	5.41%	-
Consulting & Other Revenue Growth - Yr/Yr	40.94%	2.32%	29.07%	12.07%	-1.31%	-0.63%	8.67%	-10.43%	-9.84%	11.21%	28.54%	4.63%	-40.77%	40.00%	35.00%	17.50%	31.92%	17.50%	15.00%	15.00%	15.00%	15.57%
Consulting & Other Revenue Growth - Sequential	-	-	-0.59%	4.42%	-8.74%	4.91%	-	-10.39%	5.10%	12.57%	21.25%	-	-2.08%	4.74%	8.55%	5.54%	-	-2.08%	2.51%	8.55%	5.54%	-
Total Revenue Growth - Yr/Yr	78.30%	49.01%	21.88%	22.91%	21.07%	23.85%	22.46%	40.03%	55.92%	59.37%	56.57%	53.26%	52.84%	35.49%	32.76%	30.72%	37.15%	17.50%	19.50%	19.47%	19.47%	19.01%
Total Revenue Growth - Sequential	-	-	5.81%	4.70%	2.59%	8.97%	-	19.62%	16.59%	4.86%	7.06%	-	16.78%	3.35%	2.75%	5.42%	-	4.96%	5.10%	2.72%	5.42%	-

Source: company information & Wunderlich Securities, Inc.

TANGOE - Balance Sheet Metrics

Analyst: Richard K. Baldry, CFA - 410-369-2633

(000's)	4Q08 DEC	4Q09 DEC	4Q10 DEC	1Q11 MAR	2Q11 JUN	3Q11 SEP	4Q11 DEC	1Q12 MAR
Follow-on Proceeds (est'd; closed post 1Q12)								\$37,000
ASSETS								
Cash & Equivalents (incl/L-T Investments)	6,554	6,163	5,913	6,876	8,981	52,521	43,407	37,866
Accounts Receivable (net)	11,384	11,517	14,295	20,191	21,007	24,405	25,311	26,551
Prepaid Expenses & Other	869	1,585	1,395	1,488	1,418	2,098	2,503	3,428
TOTAL CURRENT ASSETS	\$18,807	\$19,265	\$21,603	\$28,555	\$31,406	\$79,024	\$71,221	\$67,845
Property & Equipment (net)	1,625	1,761	1,795	2,508	2,610	2,578	3,334	3,496
Intangibles (net)	16,422	16,843	15,785	20,869	21,683	20,910	28,800	34,543
Goodwill	16,191	17,636	17,636	22,893	22,893	22,893	36,266	44,728
Other Assets	1,828	573	1,925	2,727	3,744	1,070	1,241	1,906
TOTAL LONG-TERM ASSETS	\$36,066	\$36,813	\$37,141	\$48,997	\$50,930	\$47,451	\$69,641	\$84,673
TOTAL ASSETS	\$54,874	\$56,078	\$58,744	\$77,552	\$82,336	\$126,475	\$140,862	\$152,518
LIABILITIES & EQUITY								
Accounts Payable	2,745	2,858	3,303	4,434	5,894	6,439	6,605	8,555
Accrued Expenses & Other	3,002	2,485	3,364	4,544	5,367	5,727	8,140	8,671
Notes Payable	6,609	9,398	6,345	9,430	8,492	3,558	7,904	13,187
Deferred Revenues	6,228	6,881	8,304	8,973	10,555	9,252	9,051	9,457
TOTAL CURRENT LIABILITIES	\$18,584	\$21,622	\$21,316	\$27,381	\$30,308	\$24,976	\$31,700	\$39,870
Deferred Rent & Other	1,498	2,480	3,099	3,642	771	1,629	1,659	3,601
Deferred Revenue (net current)	712	959	1,788	2,036	2,036	2,483	2,624	2,274
Notes Payable (net current)	15,408	11,933	11,776	22,028	21,170	3,762	8,290	4,918
Warrants for Redeemable Preferred	328	512	1,345	2,598	4,072	0	0	0
TOTAL LIABILITIES	\$36,530	\$37,506	\$39,324	\$57,685	\$58,357	\$32,850	\$44,273	\$50,663
Preferred Stock	\$53,826	\$57,604	\$61,441	\$62,391	\$63,336			
Common Stock (& Series A pre-IPO)	368	368	368	368	366	3	3	3
Additional Paid-In Capital	4,361	5,097	7,316	8,376	9,352	140,838	142,905	147,909
Other	(439)	1,608	1,930	1,925	6,453	10,482	10,476	10,546
Accumulated Deficit	(39,772)	(46,104)	(51,635)	(53,193)	(55,528)	(57,698)	(56,795)	(56,603)
TOTAL STOCKHOLDERS EQUITY	(35,482)	(39,031)	(42,021)	(42,524)	(39,357)	93,625	96,589	101,855
TOTAL LIABILITIES & EQUITY	\$54,874	\$56,078	\$58,744	\$77,552	\$82,336	\$126,475	\$140,862	\$152,518

Source: company information & Wunderlich Securities, Inc.

Disclosures:

Analyst Certification

I Richard K. Baldry, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their underlying securities. I further certify that I have not and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this research report.

Valuation/Risks

- **Valuation:** TNGO shares trade at 5.5x 1Q12 run-rate revenues, matching the SaaS average. We see upside to its multiple over the year as investors recognize its superior growth opportunity and use a 7.5x multiple a year out as the basis for our \$30.00 target.
- **Risks:** Acquisition integration, acceptance of the SaaS model, and a limited public track record are key investment risks.

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Company-specific disclosures:

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Public Companies Mentioned in this Report:

Concur Technologies, Inc. (CNQR - 61.92 - Buy)
 Salesforce.com, Inc. (CRM - 146.02 - Buy)
 Constant Contact, Inc. (CTCT - 22.33 - Buy)
 IntraLinks Holdings, Inc. (IL - 5.13 - Buy)
 Lionbridge Technologies, Inc. (LIOX - 2.92 - Buy)
 LogMeIn, Inc. (LOGM - 32.19 - Buy)
 LivePerson, Inc. (LPSN - 14.89 - Buy)
 NetSuite Inc. (N - 42.74 - Hold)
 RealPage, Inc. (RP - 18.10 - Buy)
 The Ultimate Software Group, Inc. (ULTI - 76.42 - Buy)
 Vocus, Inc. (VOCS - 16.11 - Hold)

General disclosures:

Prices are as of the close of 05/08/12.

Ratings Distribution (in Percentages) & Investment Banking Disclosure Chart Information

Ratings Distribution & Investment Banking Disclosure				
Rating	Count	Ratings Distribution*	Count	Investment Banking**
Buy -rated	131	61.79	23	17.56
Hold -rated	72	33.96	6	8.33
Sell -rated	9	4.25	1	11.11

* Percentage of all Wunderlich-covered stocks assigned an equivalent Buy, Hold, or Sell rating.

** Percentage of companies within Wunderlich-rated Buy, Hold, and Sell categories for which Wunderlich or an associated firm provided investment banking services within the past 12 months.

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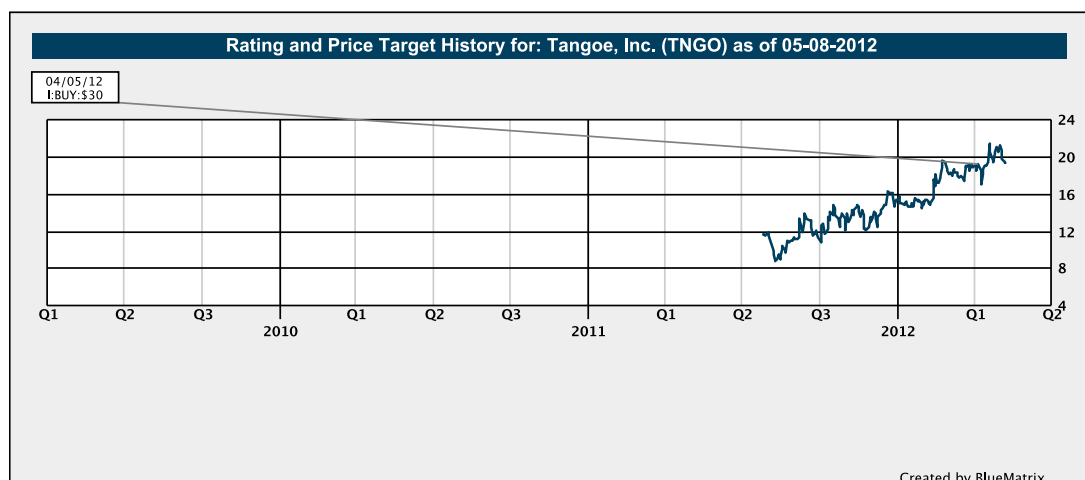
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Baltimore 400 E. Pratt Street Suite 710 Baltimore, MD 21202 866.297.8259	Director of Equity Capital Markets J. Jeffery Fowlds 303.965.7964 Brooke Hrimnak 410.369.2609	jfowlds@wundernet.com bhrimnak@wundernet.com
	Equity Research Director of Research Michael E. Hoffman 410.369.2620	mehoffman@wundernet.com
Boston 260 Franklin Street Suite 510 Boston, MA 02109 617.892.7151	Accounting and Tax Policy Forensic Accounting Mike Gyure, CPA 440.364.7473	mgyure@wundernet.com
	Diversified Industrials Environmental Services Michael E. Hoffman 410.369.2620 Brian J. Butler, CFA 410.369.2614	mehoffman@wundernet.com bbutler@wundernet.com
Chicago 200 W. Madison Street Suite 2950 Chicago, IL 60606 800.388.3851	Diversified/Industrials Brent D. Rakers, CFA 901.251.2236 Anjali R. Voria, CFA 901.251.2238	brakers@wundernet.com avoria@wundernet.com
	Transportation Brian J. Butler, CFA 410.369.2614 Chaz Jones 901.251.2231 Nicholas Bender 901.251.2230	bbutler@wundernet.com cgjones@wundernet.com nbender@wundernet.com
Denver 1099 18th Street Suite 2015 Denver, CO 80202 866.493.6588	Energy Alternative Energy Theodore O'Neill 212.402.2054	toneill@wundernet.com
	Exploration & Production Irene O. Haas 713.403.3980 Mostafa Dahhane, CFA 713.403.3986	ihaas@wundernet.com mdahhane@wundernet.com
Houston 10370 Richmond Avenue Suite 950 Houston, TX 77042 888.385.6928	Master Limited Partnerships John R. Cusick 212.402.2057	jcusick@wundernet.com
	Utilities/Power James L. Dobson 212.402.2059	jdobson@wundernet.com
Memphis 6000 Poplar Avenue Suite 150 Memphis, TN 38119 800.726.0557	Financial Services Real Estate Merrill Ross 703.307.9409	mross@wundernet.com
	Regional Banks Kevin Reynolds, CFA 901.251.2229 Jeremy Lucas 901.251.1362	kreynolds@wundernet.com jlucas@wundernet.com
New York 60 East 42nd Street Suite 1007 New York, NY 10165 866.575.2223	Healthcare Medical Devices Gregory J. Simpson, CFA 314.719.3467 Derek Winters 314.719.3468	gsimpson@wundernet.com dwinters@wundernet.com
	Technology, Media & Telecommunications (TMT) Cable/Satellite Entertainment Matthew Harrigan 303.965.7966	mharrigan@wundernet.com
San Francisco 275 Battery Street Suite 480 San Francisco, CA 94111 415.489.6800	Communications & Networking Equipment Matthew S. Robison 415.572.0936	mrobison@wundernet.com
	Information Infrastructure Brian S. Freed, CFA 901.251.1353 Jeffrey J. Andry 901.259.9432	bfreed@wundernet.com jandry@wundernet.com
St. Louis 7711 Bonhomme St. Suite 600 St. Louis, MO 63105 888.432.5671	Software-as-a-Service Richard K. Baldry, CFA 410.369.2633	rbaldry@wundernet.com
	Specialty Semiconductors and Components William S. Harrison 410.369.2632 Blake T. Harper, CFA 410.369.2629	sharrison@wundernet.com bharper@wundernet.com
St. Louis 7711 Bonhomme St. Suite 600 St. Louis, MO 63105 888.432.5671	Institutional Equity Sales Director of Institutional Sales Thomas S. Stephens 410.369.2602	tstephens@wundernet.com
	Beth Adams 972.772.5066 Clifford Athey 410.369.2627 Tim Ballard 901.259.9411 Greg Brown 303.260.7902 Brett Chiles 901.259.9436 James Donovan 617.892.7222 Paul Gillespie 901.259.9407 Daniel Glading 410.369.2613 Mike Grabenstein 410.369.2629 Thomas Hadley 303.260.7905 Haywood Henderson 901.259.9438 John Hohweiler 410.369.2610 Sam Levine 212.402.2067 Mark McCulloh 410.369.2619 Ethel McGlynn 303.260.7904 Kyle Norton 212.402.2060 Kristi Papanikolaw 212.402.2058 Jean Potvin 212.402.2065 Beth Rosenberry 312.368.0478 Christina Rosso 212.402.2055 Ned Sinnott 804.263.5240	badams@wundernet.com cathey@wundernet.com tballard@wundernet.com gbrown@wundernet.com bchiles@wundernet.com jdonovan@wundernet.com pgillespie@wundernet.com dglading@wundernet.com mgrabenstein@wundernet.com thadley@wundernet.com hhenderson@wundernet.com jhohweiler@wundernet.com slevine@wundernet.com mmcculloh@wundernet.com ethel@wundernet.com knorton@wundernet.com kpapanikolaw@wundernet.com jpotvin@wundernet.com brosenberry@wundernet.com crosso@wundernet.com nsinnott@wundernet.com
St. Louis 7711 Bonhomme St. Suite 600 St. Louis, MO 63105 888.432.5671	Institutional Equity Trading Director of Institutional Equity Trading Stephen C. Iskalis 303.260.7901	siskalis@wundernet.com
	John Belgrade 888.257.4152 Chuck Berry 303.965.7961 Erik Briggs 410.369.2611 Trip Carey 617.892.7220 Jeffrey England 303.965.7960 Daniel Muhly 410.369.2606	jbelgrade@wundernet.com cberry@wundernet.com ebiggs@wundernet.com tcarey@wundernet.com jengland@wundernet.com dmuhly@wundernet.com