



Rating  
**Buy**

North America  
United States

TMT  
Application Software

Company  
**Tangoe, Inc.**

Reuters  
TNGO.OQ

Bloomberg  
TNGO US

Exchange  
NMS

Ticker  
TNGO

Date  
9 April 2012

## Forecast Change

Price at 5 Apr 2012 (USD)	19.33
Price target	25.00
52-week range	19.67 - 8.75

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## Tangoe completes secondary offering

### Post-secondary model update

Tangoe completed its follow-on offering of 9.2m shares, of which 7m were secondary and 2.2m primary, at \$18.50 per share. Business for the company remains strong as integration of recent acquisitions is proceeding well. We believe the company will stay disciplined in its acquisitions as the focus shifts away from scale to geographic and technology-focused assets. We update our model for the new primary shares and reiterate our Buy rating, raising our PT to \$25 from \$20.

### Recent acquisitions were well-chosen

Acquisitions during 2011 were focused on gaining scale. After the HCL and Telwares deals early in the year, Tangoe acquired Profitline in December 2011, gaining about \$15m in annual revenue and 50 customers, including Starbucks, BASF, NASA, DoD and the US Postal Service, about \$5m in annual revenue from the government sector alone. With almost \$35m new "scale" related revenue acquired through these three assets, Anomalous Networks was a purely technology play followed by ttMobiles gets Tangoe about 50 customers – and 50 staff very familiar with the UK market. See page 4 for a summary.

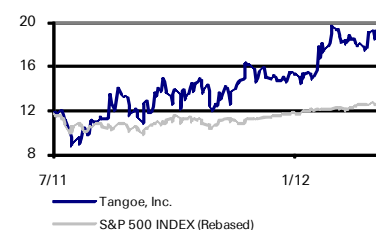
### Estimates for FY12 leave headroom

Early guidance for FY12 embeds about \$20m in acquired revenue, effectively about 16% organic growth at the midpoint, whereas recent organic growth has consistently been above 20%. We believe this leaves adequate headroom for the company to beat estimates as we progress through the year. The process of integrating acquisitions is fairly standardized at the company, but we note there were five acquisitions in the past 15 months vs. only three in the years prior to 2011.

### Reiterate Buy rating, raising PT to \$25 from \$20

Our \$25 price target (from \$20) is based on a CY13 uFCF/share estimate of \$0.55 (from \$0.48), an EV/uFCF/G multiple of 1.2x (slight premium to group given market leadership position), and an estimated five-year growth rate, net of dilution, of 33%. Risks include integration of acquisitions, delayed profitability from new projects not ramping fast enough and customers taking expense processing in-house after early gains from Tangoe's platform.

### Price/price relative



Performance (%)	1m	3m	12m
Absolute	5.3	28.6	–
S&P 500 INDEX	2.5	9.1	4.9

### Forecasts And Ratios

Year End Dec 31	2011A	2012E	2013E
1Q EPS	0.06	0.07	0.11
FY EPS (USD)	0.27	0.40	0.46
Revenue (USDm)	104.9	142.5	168.0
EV/Sales (x)	3.6	5.2	4.5
EV/FCF (x)	39.3	43.8	32.0

Source: Deutsche Bank estimates, company data

Deutsche Bank Securities Inc.

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MICA(P) 146/04/2011.



Model updated: 05 April 2012

## Running the numbers

North America

United States

Application Software

Tangoe, Inc.

Reuters: TNGO.OQ Bloomberg: TNGO UQ

## Buy

Price (5 Apr 12) USD 19.33

Target Price USD 25.00

52 Week range USD 8.75 - 19.67

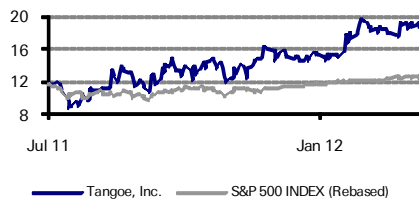
Market Cap (m) USDm 808

EURm 619

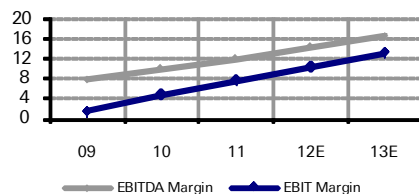
## Company Profile

Tangoe, Inc. provides on-demand communications lifecycle management (CLM) software and related services to enterprises, including large and medium-sized businesses and other organizations. The company's on-demand software and related services enable enterprises to manage and optimize the processes and expenses associated with the lifecycle of an enterprise's fixed and mobile communications assets and services. Tangoe, Inc. was founded in 2000.

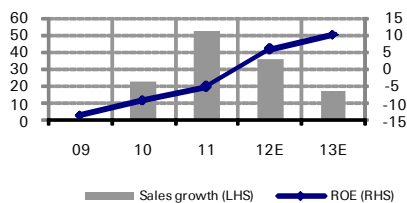
## Price Performance



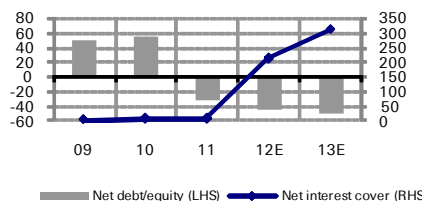
## Margin Trends



## Growth & Profitability



## Solvency



Fiscal year end 31-Dec

## Financial Summary

	2009	2010	2011	2012E	2013E
DB EPS (USD)	-0.11	0.06	0.14	0.26	0.33
Reported EPS (USD)	-0.11	-0.06	-0.09	0.16	0.33
DPS (USD)	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	0.80	0.71	2.98	3.19	3.47

## Valuation Metrics

Price/Sales (x)	nm	nm	3.9	5.7	4.9
P/E (DB) (x)	nm	na	88.8	75.1	58.3
P/E (Reported) (x)	nm	nm	nm	117.7	58.3
P/BV (x)	0.0	0.0	5.2	6.1	5.6
FCF yield (%)	na	na	2.4	2.1	2.8
Dividend yield (%)	na	na	0.0	0.0	0.0
EV/Sales	nm	nm	3.6	5.2	4.5
EV/EBITDA	nm	nm	30.2	36.7	27.0
EV/EBIT	nm	nm	47.1	51.5	34.0

## Income Statement (USDm)

Sales	56	68	105	143	168
EBITDA	4	7	13	20	28
EBIT	1	3	8	15	22
Pre-tax profit	-2	-1	2	9	16
Net income	-3	-2	-3	7	14

## Cash Flow (USDm)

Cash flow from operations	2	3	11	19	26
Net Capex	-1	0	-1	-2	-2
Free cash flow	2	3	10	17	24
Equity raised/(bought back)	-1	-3	-18	-17	0
Dividends paid	0	0	0	0	0
Net inc/(dec) in borrowings	0	0	1	0	0
Other investing/financing cash flows	-1	0	45	24	-5
Net cash flow	0	0	38	24	19
Change in working capital	0	-1	0	-2	-4

## Balance Sheet (USDm)

Cash and cash equivalents	6	6	43	67	87
Property, plant & equipment	2	2	3	3	4
Goodwill	18	18	36	36	36
Other assets	31	33	58	62	64
Total assets	56	59	141	169	191
Debt	15	17	13	7	11
Other liabilities	22	23	32	28	31
Total liabilities	38	39	44	36	41
Total shareholders' equity	19	19	97	134	149
Net debt	9	11	-31	-60	-76

## Key Company Metrics

Sales growth (%)	nm	22.5	53.3	35.8	17.9
DB EPS growth (%)	na	na	148.0	79.5	28.8
Payout ratio (%)	nm	nm	nm	0.0	0.0
EBITDA Margin (%)	7.8	10.0	12.1	14.3	16.7
EBIT Margin (%)	1.5	4.9	7.7	10.2	13.2
ROE (%)	-13.8	-9.2	-5.1	6.0	10.1
Net debt/equity (%)	49.6	55.4	-31.9	-45.2	-50.9
Net interest cover (x)	0.3	1.7	4.1	210.4	308.7

## DuPont Analysis

EBIT margin (%)	1.5	4.9	7.7	10.2	13.2
x Asset turnover (x)	1.0	1.2	1.1	0.9	0.9
x Financial cost ratio (x)	-1.9	0.4	0.8	1.0	1.0
x Tax and other effects (x)	1.7	-1.3	-0.5	0.5	0.6
= ROA (post tax) (%)	-4.6	-3.1	-3.0	4.4	7.9
x Financial leverage (x)	3.0	3.0	1.7	1.3	1.3
= ROE (%)	-13.8	-9.2	-5.1	6.0	10.1
annual growth (%)	na	32.9	44.8	na	69.0
x NTA/share (avg) (x)	0.8	0.7	1.8	2.8	3.3
= Reported EPS	-0.11	-0.06	-0.09	0.16	0.33
annual growth (%)	na	41.5	-42.1	na	101.9

Source: Company data, Deutsche Bank estimates

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# Discussion and exhibits

## Tangoe completes secondary

Tangoe completed its follow-on offering of 9.2m shares, of which 7m were secondary and 2.2m were primary, at \$18.50 per share. Business for the company remains strong as integration of recent acquisitions is proceeding well. We believe the company will stay disciplined in its acquisitions as the focus shifts away from scale to geographic and technology-focused assets. We update our model for the new primary shares and reiterate our Buy rating, raising our PT to \$25 from \$20.

Figure 1: Summary of estimate changes

	Revenues		EPS		uFCF/Share	
	Old	New	Old	New	Old	New
1Q12E	\$32.8	\$33.0	\$0.09	\$0.07	\$0.06	0.08
2012E	\$137.0	\$142.5	\$0.39	\$0.40	\$0.40	\$0.41
2013E	\$159.0	\$168.0	\$0.45	\$0.47	\$0.48	\$0.55

Source: Deutsche Bank

## Progress since IPO

Below we list significant developments since the company's IPO:

- Tangoe went public on July 27, 2011, issuing 8.8m shares (7.5m primary) at \$10. Green shoe of 1.3m secondary shares was exercised
- Two quarters of beat-and-raise since IPO
- Three acquisitions since going public
- Spend under management went from about \$14bn to about \$17bn
- Customer count grew from 615 to 750
- Employee count grew from 757 to about 1,000
- Tangoe has been positioned as a Leader in Gartner's Magic Quadrant report published in March 2012

## Recent acquisitions were well-chosen

Acquisitions during 2011 were focused on gaining scale. After the HCL and Telwares deals early in the year, Tangoe acquired Profitline in December 2011, gaining about \$15m in annual revenue and 50 customers, including Starbucks, BASF, NASA, DoD and the US Postal Service, about \$5m in annual revenue from the government sector alone. With almost \$35m new "scale" related revenue acquired through these three assets, Anomalous Networks was a purely technology play followed by ttMobiles, which gets Tangoe about 50 customers – and 50 staff very familiar with the UK market. Two smaller remaining players in the TEM sector are Symphony SMS (part of Symphony Service Corp, an outsourcing vendor) and Rivermine, now part of IBM after its acquisition of Emptoris.



Figure 2: Acquisition history

Acquired Asset	Nature of Product	Price Paid	% recurring revenue
Traq (March 2007)	Mobile TEM	\$20.7m	~90%
ISG (July 2008)	Fixed TEM	\$10.7m	~90%
Internoded (Dec 2008)	Mobile Device Management	\$3.5m	~85%
HCL TEM business (Jan 2011)	Fixed TEM	\$5.2m	>90%
Telwares (March 2011)	Fixed and Mobile TEM	\$5.4m	>90%
Profitline (Dec 2011)	Telecom expense and mobility management	\$23.5m	>90%
Anomalous Networks (Jan 2012)	Real-time telecom expense management	\$9m	>90%
ttMobiles (Feb 2012)	Mobile communications management, UK market	\$8.7m	~77%

Source: Deutsche Bank

#### Estimates for FY12 leave headroom

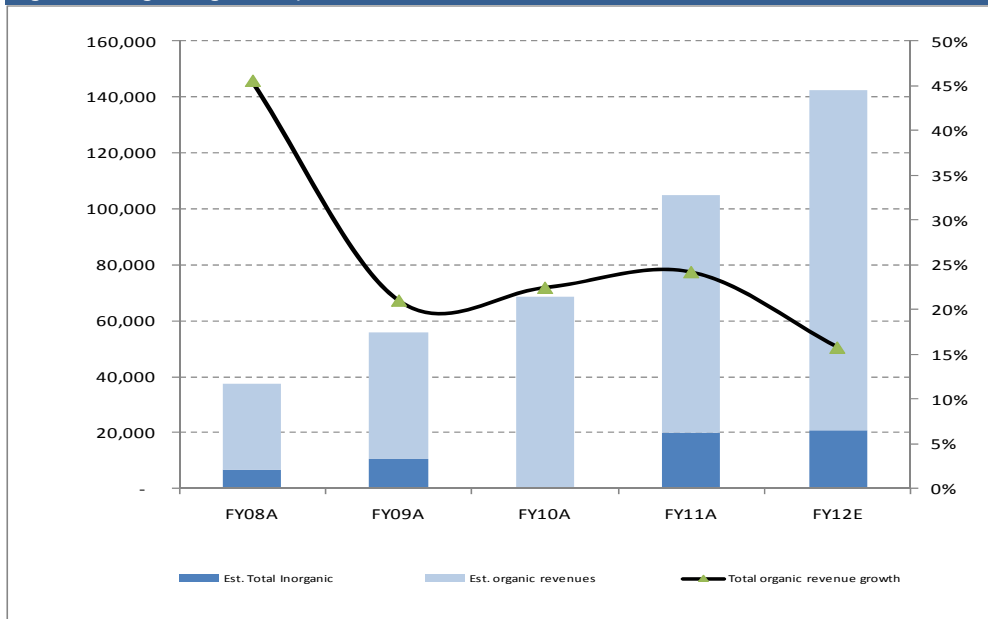
Early guidance for FY12 embeds about \$20m in acquired revenue, effectively about 16% organic growth at the midpoint, whereas recent organic growth has consistently been above 20%. We believe this leaves adequate headroom for the company to beat estimates as we progress through the year. The process of integrating acquisitions is fairly standardized at the company, but we note there were five acquisitions in the past 15 months vs. only three in the years prior to 2011.

Customers from the HCL and Telwares acquisitions are beginning to be migrated after the businesses themselves were integrated into Tangoe. With over half of Tangoe's staff in customer-facing roles, we expect customer migration to be fairly smooth, but like with other software migrations, the process can often depend on the needs and internal processes at the individual customers. Profitline customers are more likely to be migrated next year, as it's still early days since the acquisition.

Figure 4 below shows the organic growth profile of the company since 2008. Inorganic contribution in FY11 was \$19.9m and the company's guidance for FY12 embeds about \$20m in acquired revenue, about \$14.5m from Profitline, \$1m from Anomalous Networks and \$4.5m from ttMobiles.



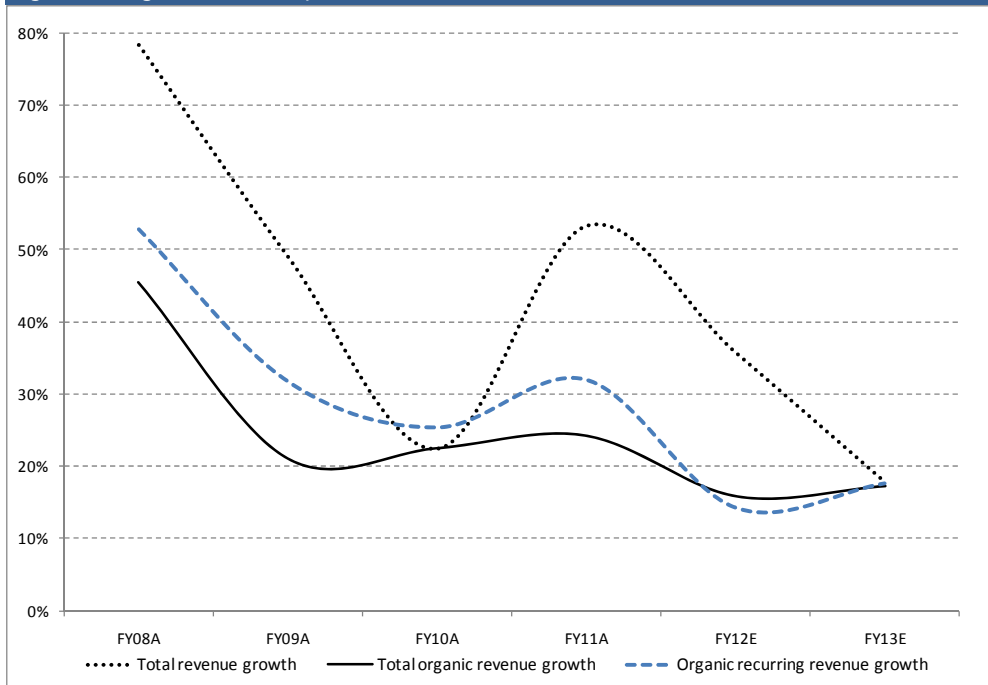
Figure 3: Organic growth profile



Source: Deutsche Bank

Figure 4 plots organic growth for total revenue and recurring revenue. We note that the company doesn't disclose organic recurring revenue separately. We assume that of the \$19.9m in total inorganic revenue in FY11, about \$17.5m was recurring, with the rest in consulting or professional services.

Figure 4: Organic revenue profile



Source: Deutsche Bank



## Ownership structure

Directors and Officers own about 21% of shares post-secondary.

Figure 5: Ownership structure

Sellers	Pre IPO	Post IPO	Post Secondary
Edison Ventures	21%	14%	4.1%
Sevin Rosen Funds	16%	11%	4.8%
Investor Growth Capital	12%	7%	5.3%
CEO, AI Subbloie	9%	7%	5.7%
North Atlantic Capital	10%	7%	3.2%
IBM	6%	5%	5%
HO2 Partners	5%	4%	4%

Source: Deutsche Bank

## Reiterate Buy rating, raising PT to \$25 from \$20

Our \$25 price target (from \$20) is based on a CY13 uFCF/share estimate of \$0.55 (from \$0.48), an EV/uFCF/G multiple of 1.2x, and an estimated five-year growth rate, net of dilution, of 33%. Risks include integration of acquisitions, delayed profitability from new projects not ramping fast enough and customers taking expense processing in-house after early gains from Tangoe's platform.

Figure 6: Price sensitivity chart

Price Target Sensitivity Based Upon CY13E EV/uFCF/Growth							
		EV/uFCF/G Multiples					
		0.9x	1.1x	1.3x	1.5x	1.7x	
-20%	\$0.44	\$14.41	\$17.32	\$20.23	\$23.13	\$26.04	
-10%	\$0.50	\$16.07	\$19.34	\$22.61	\$25.88	\$29.15	
DB Est. *	\$0.55	\$17.74	\$21.37	\$25.00	\$28.63	\$32.26	
10%	\$0.61	\$19.40	\$23.39	\$27.39	\$31.38	\$35.38	
20%	\$0.66	\$21.06	\$25.42	\$29.77	\$34.13	\$38.49	
		EV/uFCF/G Multiples					
		0.9x	1.1x	1.3x	1.5x	1.7x	
LTG	20%	\$11.09	\$13.27	\$15.45	\$17.63	\$19.81	
	26%	\$14.41	\$17.32	\$20.23	\$23.13	\$26.04	
	33%	\$17.74	\$21.37	\$25.00	\$28.63	\$32.26	
	40%	\$21.06	\$25.42	\$29.77	\$34.13	\$38.49	
	46%	\$24.38	\$29.46	\$34.55	\$39.63	\$44.72	
LT FCF Gr		35%	Cash/Share		\$1.13		
Options dilution		-2%					
LTG - FCF/Sh <sup>(1)</sup>		33%					

Historical		
S&P Tech NASDAQ		
Average '92-'98	2.0x	2.0x
Median '92-'98	2.0x	1.8x
Relative EV/uFCF/G Ratios		
2011 2012		
SaaS Software Group		
Average	1.1x	0.8x
Median	1.0x	0.8x
Software Group		
Average	1.0x	1.0x
Median	1.0x	0.8x

Source: Deutsche Bank

Figure 7: Income statement

Tangoe										Deutsche Bank Securities									
Income Statement										Tom Ernst - 866.812.7891									
(dollars in thousands, except EPS)										Nandan Amladi - 212.250.4570									
FYE Dec-31																			
	Fiscal Year ends 2011				Fiscal Year ends 2012				Fiscal Year Ends in December										
	Mar-11 1Q11A	Jun-11 2Q11A	Sep-11 3Q11A	Dec-11 4Q11A	Mar-12 1Q12E	Jun-12 2Q12E	Sep-12 3Q12E	Dec-12 4Q12E	2006A	2007A	2008A	2009A	2010A	2011A	2012E	2013E			
Net Revenues	\$22,341	\$26,047	\$27,312	\$29,241	\$33,000	\$34,830	\$36,613	\$38,057	\$12,879	\$21,047	\$37,526	\$55,917	\$68,474	\$104,941	\$142,500	\$168,000			
Recurring technology and services	19,927	23,510	24,456	25,778	29,260	31,016	32,721	34,108	3,578	14,174	27,839	46,005	57,703	93,671	127,105	150,419			
Strategic consulting, software licenses and other	2,414	2,537	2,856	3,463	3,740	3,815	3,891	3,949	9,301	6,873	9,687	9,912	10,771	11,270	15,395	17,581			
Recurring technology and services	9,057	11,258	11,926	12,227	13,167	13,957	14,725	15,348	629	6,982	14,720	20,538	26,350	44,468	57,197	65,229			
Strategic consulting, software licenses and other	1,272	1,245	1,142	1,532	1,496	1,526	1,518	1,540	3,845	2,821	3,043	4,360	3,874	5,191	6,080	6,369			
Total cost of revenue	10,180	12,503	13,068	13,759	14,663	15,483	16,242	16,889	4,474	9,803	17,713	24,783	29,901	49,510	63,277	71,597			
Gross profit	12,161	13,544	14,244	15,482	18,337	19,347	20,370	21,168	8,405	11,244	19,813	31,134	38,573	55,431	79,223	96,403			
Sales and Marketing	3,525	3,181	3,813	4,262	5,280	5,399	5,309	5,328	4,416	5,954	7,683	9,576	11,856	14,781	21,316	24,161			
Research & Development	2,821	2,833	2,723	3,095	3,960	4,005	3,661	3,615	5,913	7,021	5,807	7,982	9,173	11,472	15,242	21,595			
General and administrative	3,264	4,436	4,386	4,435	5,115	5,120	5,342	5,514	2,929	5,389	7,439	9,218	10,677	16,521	21,091	22,632			
Public company costs					300	300	300	300						0	1,200				
Depreciation	299	356.00	339.00	370.00	442	456	504	519	299	1,911	2,709	3,537	1,091	1,364	1,921	5,786			
Operating Income	2,252	2,738	2,983	3,320	3,240	4,067	5,254	5,891	(5,152)	(9,031)	(3,825)	821	5,776	11,293	18,453	22,229			
Decrease (increase) in fair value of warrants for redeemable convertible			-	-	-	0	0	0	0	39	(66)	(184)	-	-	-	-			
Interest (expense) and income	-655	-774	-372	-160	-17	-17	-17	-18	(198)	(540)	(1,116)	(2,178)	(1,984)	(1,961)	(69)	(72)			
Pretax income	1,597	1,964	2,611	3,160	3,223	4,050	5,237	5,873	(5,350)	(9,532)	(5,007)	(1,541)	3,792	9,332	18,384	22,157			
Provision for Taxes	126	180	88	140	315	396	512	575	54	-76	23	264	295	534	1,799	2,168			
Adjusted Net Income	1,471	1,784	2,523	3,020	2,908	3,654	4,725	5,299	(5,404)	(9,456)	(5,030)	(1,805)	3,497	8,798	16,586	19,989			
Adjusted EBITDA	2,551	3,094	3,322	3,690	3,682	4,523	5,759	6,410	(4,853)	(7,120)	(1,116)	4,358	6,867	12,657	20,374	28,015			
Diluted EPS	\$0.06	\$0.06	\$0.07	\$0.08	\$0.07	\$0.09	\$0.11	\$0.12	(\$0.25)	(\$0.43)	(\$0.22)	(\$0.08)	\$0.13	\$0.26	\$0.40	\$0.47			
Diluted EPS (incl. Stock Options)	\$0.02	\$0.03	\$0.05	\$0.04	\$0.04	\$0.05	\$0.08	\$0.09	(\$0.26)	(\$0.44)	(\$0.30)	(\$0.11)	\$0.06	\$0.02	\$0.26	\$0.33			
Pro Forma Fully diluted Shares	26,244	29,867	35,124	38,493	41,200	41,612	42,028	42,448	21,295	22,147	23,282	23,318	27,328	33,700	41,822	42,862			
GAAP Diluted shares	4,672	4,672	4,672	4,672	4,672	4,672	4,672	4,672	2,373	3,088	4,046	4,311	4,399	4,672	4,672	4,672			
Equity based	835	932	897	1,316	1,450	1,450	1,450	1,434	37	279	1,929	749	1,328	3,980	5,784	5,736			
Amortization of intangibles/debt issuance cost	709	757	910	801	968	964	979	1,022	-	-	-	-	2,438	3,177	3,933	-			
Other Adjustments	540	1,485	2,571	-	-	0	0	0	-	-	-	-	883	4,596	-	-			
Reported Earnings	(613)	(1,390)	(1,855)	903	490	1,240	2,296	2,843	(5,441)	(9,735)	(6,959)	(2,554)	(1,752)	(2,955)	6,869	14,253			
GAAP EPS*	(\$0.02)	(\$0.05)	(\$0.05)	\$0.02	\$0.01	\$0.03	\$0.05	\$0.07	(\$2.29)	(\$3.15)	(\$1.72)	(\$0.59)	(\$0.40)	(\$0.10)	\$0.16	\$0.33			
Key Metrics	20,374																		
Net Cash and Equivalents	-18,794	-12,960	50,892	33,458	62,796	59,326	64,288	63,694	0	0	-10,352	-8,250	-8,962	33,458	63,694	79,486			
Net Cash Per Share	(\$0.72)	(\$0.43)	\$1.45	\$0.87	\$1.52	\$1.43	\$1.53	\$1.50	0	\$0.00	(\$0.44)	(\$0.35)	(\$0.31)	\$0.87	\$1.50	\$1.84			
Days Sales Outstanding (reported)	81	73	80	78	75	76	76	76	0	-	86	69	69	78	76	75			
Days Deferred Revenue	44	36	39	36	40	42	43	40	0	-	53	47	49	36	40	40			
Adjusted EBITDA	2,551	3,094	3,322	3,690	3,682	4,523	5,759	6,410	(4,853)	(7,120)	(1,116)	4,358	6,867	12,657	20,374	28,015			
Revenue Mix																			
Recurring technology and services	89%	90%	90%	88%	89%	89.0%	89.4%	89.6%	28%	67%	74%	82%	84%	89%	89%	90%			
Strategic consulting, software licenses and other	11%	10%	10%	12%	11%	11.0%	10.6%	10.4%	72%	33%	26%	18%	16%	11%	11%	10%			
Margin Analysis																			
Recurring technology margins	54.5%	52.1%	51.2%	52.6%	55.0%	55.0%	55.0%	55.0%	82.4%	50.7%	47.1%	55.4%	54.3%	52.5%	55.0%	56.6%			
Strategic consulting margins	47.3%	50.9%	60.0%	55.8%	60.0%	60.0%	61.0%	61.0%	58.7%	59.0%	68.6%	56.0%	64.0%	53.9%	60.5%	63.8%			
Gross Margin	54.4%	52.0%	52.2%	52.9%	55.6%	55.5%	55.6%	55.6%	65.3%	53.4%	52.8%	55.7%	56.3%	52.8%	55.6%	57.4%			
Sales and marketing expenses	15.8%	12.2%	14.0%	14.6%	16.0%	15.5%	14.5%	14.0%	34.3%	28.3%	20.5%	17.1%	17.3%	14.1%	15.0%	14.4%			
Research & Development	12.6%	10.9%	10.0%	10.6%	12.0%	11.5%	10.0%	9.5%	45.9%	33.4%	15.5%	14.3%	13.4%	10.9%	10.7%	12.9%			
General and Administrative expenses	14.6%	17.0%	16.1%	15.2%	15.5%	14.7%	14.6%	14.5%	22.7%	25.6%	19.8%	16.5%	15.6%	15.7%	14.8%	13.5%			
Operating income	10.1%	10.5%	10.9%	11.4%	9.8%	11.7%	14.4%	15.5%	-40.0%	-42.9%	-10.2%	1.5%	8.4%	10.8%	12.9%	13.2%			
Interest and other income net	-2.9%	-3.0%	-1.4%	-0.5%	-0.1%	0.0%	0.0%	0.0%	-1.5%	-2.6%	-3.0%	-3.9%	-2.9%	-1.9%	0.0%	0.0%			
Pretax income	7.1%	7.5%	9.6%	10.8%	9.8%	11.6%	14.3%	15.4%	-41.5%	-45.3%	-13.3%	-2.8%	5.5%	8.9%	12.9%	13.2%			
Tax rate	7.9%	9.2%	3.4%	4.4%	9.8%	9.8%	9.8%	9.8%	-1.0%	0.8%	-0.5%	-17.1%	7.8%	5.7%	9.8%	9.8%			
Net income	6.6%	6.8%	9.2%	10.3%	0.0%	0.0%	0.0%	0.0%	-42.0%	-44.9%	-13.4%	-3.2%	5.1%	8.4%	11.6%	11.9%			
Adjusted EBITDA Margins	11.4%	11.9%	12.2%	12.6%	11.2%	13.0%	15.7%	16.8%	-37.7%	-33.8%	-3.0%	7.8%	10.0%	12.1%	14.3%	16.7%			

Source: Deutsche Bank,, company data



Figure 8: Balance sheet

Tangoe												
Balance Sheet (in thousands)												
FY Ends December												
	Dec-08	Dec-09	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Dec-13
Balance Sheet	4Q08A	4Q09A	4Q10A	1Q11A	2Q11A	3Q11A	4Q11A	1Q12E	2Q12E	3Q12E	4Q12E	4Q13E
Cash and equivalents	6,554	6,163	5,913	6,876	8,981	52,521	43,407	74,386	62,809	67,949	67,500	86,590
Accounts receivable	11,384	11,517	14,295	20,191	21,007	24,405	25,311	27,434	29,525	30,969	32,137	37,000
Prepaid expenses and Other current assets	869	1,585	1,395	1,488	1,418	2,098	2,503	2,640	2,786	2,929	3,045	3,641
		-										
Total current assets	18,808	19,265	21,603	28,556	31,406	79,024	71,221	104,460	95,120	101,847	102,681	127,231
Computers, furniture and equipment - NET	1,625	1,761	1,795	2,508	2,610	2,578	3,334	3,418	3,484	3,511	3,424	3,633
Security deposits in non current assest	453	573	1,925	2,727	3,744	1,070	1,241	1,650	1,742	1,831	1,903	2,221
Goodw ill	16,191	17,636	17,636	22,893	22,893	22,893	36,266	36,266	36,266	36,266	36,266	36,266
Intangible assets	16,422	16,843	15,785	20,869	21,683	20,910	28,800	27,832	26,868	25,889	24,867	21,167
Cash Held in Escrow	1,375	-										
Total Assets	54,874	56,078	58,744	77,553	82,336	126,475	140,862	173,626	163,479	169,344	169,142	190,520
Accts payables and accruals	2,745	2,858	3,303	4,434	5,894	6,439	6,605	6,600	7,105	7,469	7,764	5,328
Accrued Expenses	2,802	2,285	3,364	4,544	5,367	4,961	7,061	6,270	6,618	6,956	7,117	8,436
Long term debt —current portion	6,609	4,421	453	9,430	10,555	4,324	7,904	7,904	-	-	-	-
Line of Credit		5,000	5,500	-	-	-	-	-	-	-	-	-
Capital leases—current portion	200	177	392	-	-	-	1,079	-	-	-	-	-
Deferred Revenue	6,228	6,881	8,304	8,973	8,492	9,252	9,051	11,147	13,003	13,994	13,531	16,083
Total current liabilities	18,584	21,622	21,316	27,382	30,308	24,976	31,700	31,921	26,727	28,419	28,412	29,847
Deferred rent and other non-current liabilities	1,298	2,480	3,099	3,642	771	1,629	1,659	3,300	3,483	3,661	3,806	7,104
Long term debt —less current portion	15,408	11,725	11,319	22,028	21,170	-	8,290	8,290	-	-	-	-
Capital lease —less current portion	200	208	457	-	-	-	-	-	-	-	-	-
Deferred Revenue - Long Term	712	959	1,788	2,036	2,036	2,483	2,624	2,787	3,251	3,499	3,383	3,650
Warrants for redeemable convertible preferred st	328	512	1,346	2,598	4,072	3,762		-	-	-	-	888
Total liabilities	36,530	37,506	39,325	57,686	58,357	32,850	44,273	46,297	33,460	35,579	35,600	41,489
Redeemable Convertible Preferred Stock	53,826	57,604	61,441	62,391	63,336	-	-	-	-	-	-	-
Total stockholder's equity	(35,482)	(39,032)	(42,022)	(42,524)	(39,357)	93,625	96,589	127,329	130,019	133,765	133,542	149,031
Total Liabilities and SE	54,874	56,078	58,744	77,553	82,336	126,475	140,862	173,626	163,479	169,344	169,142	190,520
Analysis												
Cash, equivalents, ST Investments	6,554	6,163	5,913	6,876	8,981	52,521	43,407	74,386	62,809	67,949	67,500	86,590
Cash per share	\$0.28	\$0.26	\$0.21	\$0.26	\$0.30	\$1.50	\$1.13	\$1.81	\$1.51	\$1.62	\$1.59	\$2.00
Long-term liabilities	16,906	14,413	14,875	25,670	21,941	1,629	9,949	11,590	3,483	3,661	3,806	7,104
Debt per share	\$0.73	\$0.62	\$0.52	\$3.71	\$3.21	\$0.17	\$0.46	\$0.47	\$0.08	\$0.09	\$0.09	\$0.16
Book value per share	-\$1.5	-\$1.7	-\$1.5	-\$1.6	-\$1.3	\$2.7	\$2.5	\$3.1	\$3.1	\$3.2	\$3.1	\$3.4
Deferred revenue	6,940	7,840	10,092	11,010	10,528	11,735	11,675	13,933	16,254	17,493	16,914	19,733
% y/y growth		13%	29%	30%	25%	30%	16%	27%	54%	49%	45%	17%
% q/q growth		7%	12%	9%	-4%	11%	-1%	19%	17%	8%	-3%	-1%
Days Deferred Revenue (DDR)	53	47	49	44	36	39	36	38	42	43	40	40
Days Sales Outstanding (DSO)	86	69	69	81	73	80	78	75	76	76	76	75
Working capital	224	(2,357)	287	1,174	1,098	54,048	39,521	72,540	68,394	73,428	74,270	97,383
Current ratio	1.0x	0.9x	1.0x	1.0x	1.0x	3.2x	2.2x	3.3x	3.6x	3.6x	3.6x	4.3x
ROE	12%	1%	1%	1%	3%	-7%	1%	0%	1%	2%	2%	3%
ROA	-8%	-1%	-1%	-1%	-2%	-2%	1%	0%	1%	1%	2%	2%

Source: Deutsche Bank, company data





Figure 9: Cash flow statement

Tango Cash Flow Statement (in thousands) (FY:12)																
	Mar-11 1Q11A	Jun-11 2Q11A	Sep-11 3Q11A	Dec-11 4Q11A	Mar-12 1Q12E	Jun-12 2Q12E	Sep-12 3Q12E	Dec-12 4Q12E	2007A	2008A	2009A	2010A	2011A	2012E	2013E	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>																
Net income/(loss)	(613)	(1,390)	(1,855)	903	490	1,240	2,296	2,843	(9,735)	(6,959)	(2,554)	(1,752)	(2,955)	6,869	14,253	
Adjustments to reconcile net loss to net cash used in operating activities:			1,549	-					-	-	-	-	1,549	-	-	
Amortization of debt discount and imputed interest expense	180	195	757	207					32	53	192	95	1,339	-	-	
Amortization of IBM warrants	19	30	-	(49)					-	-	-	26	-	-	-	
Depreciation & amortization	1,008	1,123	1,314	1,198	1,410	1,420	1,483	1,541	1,911	2,709	-	-	4,643	5,854	5,786	
Stock-based compensation expense	835	932	897	1,316	1,450	1,450	1,450	1,434	279	1,928	749	1,928	3,980	5,784	5,736	
Non-cash expense related to issuance of warrants									-	-	-	-	-	-	-	
Increase (decrease) in deferred rent liability	(125)	(20)	44	43	1,641	183	178	144	199	193	(380)	(494)	(58)	2,147	3,298	
Allowance for doubtful accounts	11	12	-	-					205	137	9	207	23	-	-	
Deferred income taxes	126	3	92	84					-	62	-	-	-	-	-	
Incr. (Decr.) in fair value of warrants for redeemable pfd stock	541	1,474	(19)	-	-	-	-	-	(39)	80	183	884	1,996	-	888	
Changes in operating assets and liabilities:									-	-	-	-	-	-	-	
(Incr.) Decr. in accounts receivable	(1,606)	(826)	(3,399)	1,394	(2,123)	(2,091)	(1,444)	(1,168)	(1,040)	(1,596)	(141)	(2,986)	(4,437)	(6,826)	(4,863)	
(Incr.) Decr. in prepaid expenses	94	74	(82)	(39)	(137)	(146)	(143)	(116)	258	(323)	(26)	(500)	47	(542)	(596)	
(Incr.) Decr. in deposits & other assets	(444)	54	63	(54)	(409)	(92)	(89)	(72)	264	(36)	(133)	(1,242)	(381)	(662)	(317)	
Incr. (Decr.) in accounts payable	814	781	1,594	(135)	(5)	505	364	295	708	392	112	172	3,054	1,159	(2,436)	
Incr. (Decr.) in accrued liabilities and others	(424)	500	(440)	180	(791)	348	339	160	(45)	573	(198)	1,080	(184)	56	1,319	
Incr. (Decr.) in deferred revenues	713	(493)	1,218	(212)	2,258	2,321	1,238	(578)	2,200	1,524	882	2,252	1,226	5,239	2,819	
									-	-	-	-	-	-	-	
									-	-	-	-	-	-	-	
Net cash provided by operating activities	1,129	2,449	1,733	4,836	3,784	5,138	5,672	4,483	(4,803)	(1,263)	2,431	3,389	10,147	19,077	25,888	
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>																
Capital expenditures (net of capital leases originated)	(383)	(459)	(306)	(371)	(526)	(522)	(532)	(432)	(513)	(671)	(1,258)	(1,125)	(1,519)	(2,011)	(2,298)	
Capital leases originated		491	175	-					-	598	660	666	-	-	-	
Capital expenditures (net of capital leases originated)	(383)	32	(131)	(371)	(526)	(522)	(532)	(432)	(513)	(671)	(660)	(465)	-	-	-	
Cash paid in connection with acquisitions	(8,166)	(0)	-	(14,028)					(1,979)	(13,425)	(965)	(952)	(22,194)	-	-	
									-	-	-	-	-	-	-	
Net cash used in investing activities	(8,549)	32	(131)	(14,399)	(526)	(522)	(532)	(432)	(2,492)	(14,096)	(1,625)	(1,417)	(23,047)	(2,011)	(2,298)	
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>																
Net incr. (decr.) debt	7,881	47	(26,425)	479	(0)	(16,194)	-	-	3,747	13,451	(579)	(3,012)	(18,018)	(16,194)	-	
Repayment of settlement lab		-	-	-	(1,079)	-	-	-	(175)	(175)	-	-	-	(1,079)	-	
Costs incurred in securing financing				(170)					(88)	-	(85)	-	(170)	-	-	
Payments made to repurchase securities				-					-	-	(408)	-	-	-	-	
Proceeds from exercise of stock options and warrants	205	(126)	-	1,514					334	137	75	300	1,593	-	-	
Proceeds from repayment of notes receivable				-					-	-	-	691	-	-	-	
Proceeds from issuance (Repurchase) of stock			69,925	(2,936)	28,800			(4,500)	-	7,258	-	-	66,989	28,800	(4,500)	
Other/Acquisitions									-	-	-	-	-	-	-	
Net cash (used in) provided by financing activities	8,086	(79)	43,500	(1,113)	27,721	(16,194)	-	(4,500)	3,818	20,671	(1,197)	(2,221)	50,394	7,027	(4,500)	
Exchange rate fluctuation		(138)	-	-					-	-	-	-	(138)	-	-	
Increase (decrease) in cash and cash equivalents	666	2,263	45,102	(10,676)	30,979	(11,577)	5,140	(449)	(3,477)	5,312	(391)	(250)	37,356	24,093	19,090	
Cash and cash equivalents at beginning of period	6,051	6,718	8,981	54,083	43,407	74,386	62,809	67,949	4,858	1,381	6,692	6,301	6,051	43,407	67,500	
Cash and cash equivalents at end of period	6,718	8981	54083	43407	74,386	62,809	67,949	67,500	1,381	6,692	6,301	6,051	43,407	67,500	86,590	
<b>Free cash flow</b>																
Cash flow from operations	1,129	2,449	1,733	4,836	3,784	5,138	5,672	4,483	(4,803)	(1,263)	2,431	3,389	10,147	19,077	25,888	
- Capex	(383)	(459)	(306)	(371)	(526)	(522)	(532)	(432)	(513)	(671)	(1,258)	(1,125)	(1,519)	(2,011)	(2,298)	
Free cash flow	746	1,990	1,427	4,465	3,258	4,617	5,140	4,051	(5,316)	(1,934)	1,173	2,264	8,628	17,066	23,590	
Per share	0.03	0.07	0.04	0.12	0.08	\$0.11	\$0.12	\$0.10	(\$0.24)	(\$0.08)	\$0.05	\$0.08	\$0.26	\$0.41	\$0.55	
- net interest income	399	574	627	94	15	15	15	16	539	1,116	2,178	1,984	1,694	62	65	
- IPO expense	405	61	-	-					-	-	-	-	466	-	-	
Unlevered Free cash flow	1,550	2,625	2,054	4,559	3,274	4,632	5,156	4,067	(4,776)	(818)	3,351	4,248	10,788	17,128	23,655	
Per share	\$0.06	0.09	0.06	0.12	0.08	\$0.11	\$0.12	\$0.10	(\$0.22)	(\$0.04)	\$0.14	\$0.16	\$0.32	\$0.41	\$0.55	
uFCF Margins									-23%	-2%	6%	6%	10%	12%	14.1%	

Source: Deutsche Bank, company data



Figure 10: Comp sheet

Tom Ernst

Nandan Amladi, Jobin Mathew

Deutsche Bank Securities

(866) 812-7891

Deutsche Bank Securities (866) 812-7891																						
			Net	NET CASH	Sales			TEV/SALES			EPS			P/E			FCF/Share			EV/FCF		
			Cash	PER SH	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E
Enterprise and Security			Price																			
Adobe Systems Inc.	ADBE	\$33.59	\$1,263	\$2.94	\$4,216	\$4,513	\$4,950	3.7x	3.4x	3.1x	\$2.35	\$2.43	\$2.78	14x	14x	12x	\$2.79	\$2.95	\$3.51	11.0x	10.4x	8.7x
Check Point Software Techno	CHKP	\$63.08	\$2,690	\$12.54	\$1,247	\$1,366	\$1,464	9.9x	9.1x	8.5x	\$2.87	\$3.14	\$3.34	22x	20x	19x	\$3.16	\$3.56	\$3.85	16.0x	14.2x	13.1x
Citrix Systems Inc.	CTXS	\$78.28	\$1,581	\$8.26	\$2,206	\$2,496	\$2,724	6.2x	5.5x	5.0x	\$2.49	\$2.74	\$3.12	31x	29x	25x	\$2.92	\$3.71	\$4.31	23.9x	18.9x	16.2x
Fair Isaac Corp.	FICO	\$42.31	(\$230)	(\$6.95)	\$634	\$636	\$671	2.9x	2.9x	2.8x	\$2.22	\$2.43	\$2.75	19x	17x	15x	\$3.70	\$4.43	\$4.69	13.3x	11.1x	10.5x
Fortinet Inc.	FTNT	\$28.44	\$468	\$2.86	\$434	\$516	\$610	10.0x	8.4x	7.1x	\$0.45	\$0.51	\$0.64	64x	56x	44x	\$0.78	\$1.00	\$1.19	33.0x	25.5x	21.4x
Imperva Inc	IMPV	\$38.63	\$95	\$4.95	\$78	\$99	\$122	8.3x	6.6x	5.3x	(\$0.56)	(\$0.14)	\$0.35	NM	NM	NM	(\$0.55)	\$0.23	\$0.66	NM	NM	50.8x
Informatica Corp.	INFA	\$52.76	\$564	\$4.99	\$784	\$900	\$1,032	6.9x	6.0x	5.2x	\$1.43	\$1.62	\$1.92	37x	33x	28x	\$1.43	\$1.68	\$1.84	33.4x	28.4x	26.0x
Microsoft Corp.	MSFT	\$31.52	\$51,716	\$6.07	\$72,052	\$76,928	\$82,883	3.3x	3.1x	2.8x	\$2.76	\$2.87	\$3.26	11x	11x	10x	\$3.08	\$3.51	\$3.73	8.3x	7.3x	6.8x
Nuance Communications Inc.	NUAN	\$25.52	(\$704)	(\$1.84)	\$1,459	\$1,768	\$2,026	6.1x	5.0x	4.4x	\$1.42	\$1.65	\$1.80	18x	15x	14x	\$1.12	\$1.47	\$1.60	24.4x	18.6x	17.1x
Oracle Corp.	ORCL	\$29.56	\$14,965	\$2.95	\$36,822	\$38,089	\$40,117	3.7x	3.5x	3.4x	\$2.31	\$2.55	\$2.67	13x	12x	11x	\$2.57	\$2.84	\$2.96	10.4x	9.4x	9.0x
Pros Holdings Inc.	PRO	\$18.41	\$68	\$2.31	\$97	\$116	\$137	4.6x	3.9x	3.3x	\$0.39	\$0.43	\$0.51	48x	43x	36x	\$0.41	\$0.44	\$0.50	39.7x	36.2x	32.0x
Red Hat Inc.	RHT	\$60.95	\$1,260	\$6.43	\$1,081	\$1,277	\$1,513	10.2x	8.6x	7.3x	\$0.77	\$1.07	\$1.14	79x	57x	53x	\$1.60	\$1.84	\$2.42	34.0x	29.7x	22.5x
Symantec Corp.	SYMC	\$18.31	\$312	\$0.41	\$6,722	\$7,043	\$7,421	2.1x	2.0x	1.9x	\$1.60	\$1.76	\$1.94	11x	10x	9x	\$2.18	\$2.68	\$2.78	8.2x	6.7x	6.4x
Verint	VRNT	\$30.75	(\$713)	(\$14.14)	\$796	\$870	\$945	2.5x	2.3x	2.1x	\$2.48	\$2.62	\$2.94	12x	12x	10x	\$2.45	\$2.78	\$3.05	18.3x	16.2x	14.7x
VMware	VMW	\$113.75	\$3,253	\$7.56	\$3,767	\$4,531	\$5,277	12.1x	10.1x	8.7x	\$2.17	\$2.51	\$3.04	52x	45x	37x	\$3.99	\$5.01	\$5.95	26.6x	21.2x	17.9x
Group Median ==>								6.1x	5.0x	4.4x	Group Median ==>			20.5x	18.7x	17.1x	Group Median ==>			21.1x	17.4x	16.2x
Group Mean ==>								6.2x	5.4x	4.7x	Group Mean ==>			30.9x	26.7x	23.2x	Group Mean ==>			21.5x	18.1x	18.2x
Cloud Computing and SaaS																						
Ariba Inc.	ARBA	\$33.43	\$181	\$2.27	\$479	\$559	\$660	6.5x	5.5x	4.7x	\$0.85	\$1.02	\$1.27	39x	33x	26x	\$0.59	\$0.94	\$1.56	53.1x	33.1x	19.9x
Aspen Technology Inc.	AZPN	\$20.20	\$138	\$1.49	\$223	\$262	\$344	8.1x	6.9x	5.3x	(\$0.27)	(\$0.08)	\$0.40	NM	NM	50x	\$0.64	\$0.89	\$1.11	29.4x	21.0x	16.8x
Bazaarvoice Inc.	BV	\$18.10	\$124	\$2.01	\$94	\$122	\$155	11.1x	8.6x	6.7x	(\$0.45)	(\$0.60)	(\$0.32)	NM	NM	NM	(\$0.02)	(\$0.36)	(\$0.31)	NM	NM	NM
Concur Technologies Inc.	CNQR	\$56.29	\$322	\$4.48	\$370	\$466	\$562	7.7x	6.1x	5.0x	\$0.86	\$0.86	\$1.09	66x	66x	52x	\$0.84	\$1.21	\$1.35	61.4x	42.8x	38.5x
IntraLinks Holdings Inc.	IL	\$5.09	(\$44)	(\$0.15)	\$214	\$190	\$210	1.5x	1.7x	1.5x	\$0.42	(\$0.12)	\$0.00	12x	NM	NM	\$0.76	\$0.10	\$0.42	6.9x	54.1x	12.4x
Intuit Inc.	INTU	\$59.77	\$999	\$3.27	\$4,054	\$4,416	\$4,850	4.3x	3.9x	3.6x	\$2.77	\$3.08	\$3.39	22x	19x	18x	\$3.11	\$3.21	\$3.85	18.2x	17.6x	14.7x
NetSuite Inc.	N	\$49.73	\$121	\$1.65	\$236	\$297	\$360	14.4x	11.5x	9.5x	\$0.15	\$0.21	\$0.40	NM	NM	NM	\$0.41	\$0.60	\$0.75	NM	80.6x	64.1x
NeuStar Inc.	NSR	\$36.97	\$399	\$5.36	\$621	\$820	\$925	3.8x	2.8x	2.5x	\$1.59	\$2.07	\$2.82	23x	18x	13x	\$2.48	\$2.80	\$3.10	12.8x	11.3x	10.2x
RealPage Inc.	RP	\$18.42	\$21	\$0.14	\$259	\$315	\$375	5.1x	4.2x	3.5x	\$0.35	\$0.46	\$0.60	52x	40x	31x	\$0.49	\$0.73	\$0.95	37.1x	25.0x	19.3x
salesforce.com inc.	CRM	\$157.04	\$1,410	\$10.20	\$2,267	\$2,940	\$3,600	9.2x	7.1x	5.8x	\$1.36	\$1.61	\$2.19	NM	98x	72x	\$3.09	\$3.57	\$4.14	47.5x	41.2x	35.5x
ServiceSource International Ir	SREV	\$15.57	\$42	\$0.85	\$206	\$245	\$300	5.7x	4.8x	3.9x	\$0.08	\$0.06	\$0.15	NM	NM	NM	(\$0.33)	\$0.09	\$0.22	NM	NM	65.5x
Synchronoss Technologies Ir	SNCR	\$31.77	139	\$1.79	\$230	\$285	\$345	4.7x	3.8x	3.2x	\$0.98	\$1.10	\$1.25	32x	29x	25x	\$0.72	\$1.15	\$1.30	41.6x	26.1x	23.1x
Tangoe	TNGO	\$19.33	\$33	\$1.81	\$105	\$143	\$168	7.3x	5.4x	4.5x	\$0.26	\$0.40	\$0.47	74x	49x	42x	\$0.32	\$0.41	\$0.55	54.7x	42.8x	31.8x
VMware	VMW	\$113.75	\$3,253	\$7.56	\$3,767	\$4,531	\$5,277	12.1x	10.1x	8.7x	\$2.17	\$2.51	\$3.04	52x	45x	37x	\$3.99	\$5.01	\$5.95	26.6x	21.2x	17.9x
Group Median ==>								6.5x	5.5x	4.7x	Group Median ==>			36x	40x	37x	Group Median ==>			37.1x	29.6x	21.5x
Group Mean ==>								7.2x	5.9x	4.9x	Group Mean ==>			40x	44x	40x	Group Mean ==>			35.4x	34.7x	31.0x

Source: Deutsche Bank, company data



Figure 11: Operating metrics

	Sales Growth			EPS Growth			FCF/share Growth			Gross Margins			Operating Margins			uFCF Margins			DDRs			CapX/annual revs			S&M/subsorption revs			Subscription growth		
	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E
<b>Enterprise and Security</b>																														
Adobe Systems Inc.	11%	7%	10%	21%	3%	14%	33%	6%	19%	91%	92%	92%	38%	37%	38%	33%	33%	36%	37	41	46	5%	6%	6%						
Check Point Software Techn	14%	10%	7%	16%	9%	6%	-100%	13%	8%	88%	88%	89%	58%	59%	59%	54%	56%	56%	139	155	170	1%	1%	1%						
Citrix Systems Inc.	18%	13%	9%	20%	10%	14%	5%	27%	16%	90%	92%	92%	26%	26%	27%	25%	28%	30%	139	146	154	5%	6%	5%						
Fair Isaac Corp.	4%	0%	6%	47%	10%	13%	35%	20%	6%	71%	72%	73%	24%	24%	25%	23%	27%	27%	25	26	32	3%	3%	3%						
Fortinet Inc.	34%	19%	18%	56%	14%	26%	21%	29%	19%	74%	74%	74%	24%	24%	26%	29%	32%	32%	220	222	222	1%	1%	1%						
Imperva Inc	41%	26%	24%	NM	NM	NM	NM	NM	188%	69%	80%	79%	14%	12%	9%	-14%	5%	10%	127	146	170	2%	2%	1%						
Informatica Corp.	21%	15%	15%	28%	14%	18%	23%	18%	9%	85%	84%	85%	29%	29%	30%	21%	21%	20%	85	93	94	2%	1%	1%						
Microsoft Corp.	8%	7%	8%	17%	4%	14%	19%	14%	6%	78%	76%	75%	39%	37%	38%	36%	39%	38%	66	66	66	3%	4%	4%						
Nuance Communications Inc	19%	21%	15%	21%	16%	9%	20%	31%	9%	70%	70%	69%	34%	36%	36%	25%	27%	25%	71	67	68	4%	3%	3%						
Oracle Corp.	14%	3%	5%	21%	10%	5%	41%	11%	4%	78%	79%	79%	45%	47%	47%	35%	38%	37%	62	62	62	1%	2%	2%						
Pros Holdings Inc.	30%	20%	18%	59%	12%	19%	NM	10%	13%	74%	73%	73%	16%	16%	17%	12%	11%	10%	117	107	100	3%	2%	1%						
Red Hat Inc.	50%	18%	19%	4%	40%	7%	33%	15%	32%	33%	34%	40%	11%	9%	9%	29%	28%	31%	262	254	265	5%	8%	5%						
Symantec Corp.	11%	5%	5%	11%	10%	11%	13%	23%	4%	86%	86%	88%	26%	26%	27%	25%	29%	29%	166	205	215	4%	3%	2%						
Verint	10%	9%	9%	36%	6%	13%	-24%	13%	10%	69%	68%	68%	25%	22%	21%	16%	16%	16%	88	78	92	1%	2%	2%						
VMware	32%	20%	16%	44%	16%	21%	71%	26%	19%	88%	88%	88%	31%	30%	32%	46%	48%	49%	230	263	305	8%	6%	4%						
Group Median ==>	18%	13%	10%	21%	10%	13%	21%	16%	10%	78%	79%	79%	26%	26%	27%	25%	28%	30%	117	107	100	3%	3%	2%						
Group Mean ==>	21%	13%	12%	29%	12%	14%	15%	18%	24%	76%	77%	77%	29%	29%	29%	26%	29%	30%	122	129	137	3%	3%	3%						
<b>Cloud Computing and SaaS</b>																														
Ariba Inc.	31%	17%	18%	14%	19%	25%	-100%	61%	66%	68%	69%	70%	18%	19%	21%	12%	17%	23%	93	80	75	6%	3%	3%	30%	30%	30%	69%	25%	25%
Aspen Technology Inc.	26%	18%	31%	NM	NM	NM	43%	40%	24%	77%	79%	82%	-10%	-5%	17%	27%	32%	32%	195	227	230	2%	1%	1%	80%	60%	47%	268%	58%	45%
Bazaarvoice Inc.	66%	30%	27%	NM	NM	NM	NM	NM	NM	67%	68%	69%	-15%	-22%	-9%	-1%	-19%	-13%	143	132	122	5%	7%	8%	46%	47%	42%	66%	30%	27%
Concur Technologies Inc.	21%	26%	21%	8%	0%	28%	-27%	43%	11%	73%	73%	73%	20%	18%	19%	13%	15%	13%	67	75	78	8%	9%	9%	33%	32%	31%	21%	26%	21%
IntraLinks Holdings Inc.	16%	-11%	11%	59%	-129%	NM	3%	-87%	336%	80%	76%	76%	22%	-3%	5%	19%	3%	11%	69	69	74	11%	12%	\$0	20%	24%	22%	16%	-11%	11%
Intuit Inc.	14%	9%	10%	36%	11%	10%	32%	3%	20%	83%	83%	82%	34%	33%	33%	23%	22%	24%	52	15	56	-28%	-27%	-28%	42%	42%	41%	21%	8%	12%
NetSuite Inc.	22%	26%	21%	21%	36%	92%	126%	45%	26%	73%	74%	75%	5%	5%	8%	12%	14%	15%	157	170	180	4%	3%	2%	45%	46%	44%	22%	26%	23%
NeuStar Inc.	18%	32%	13%	-100%	30%	37%	76%	13%	11%	0%	0%	0%	3%	3%	3%	29%	25%	25%	58	58	60	7%	6%	3%	0%	0%	0%	0%	0%	0%
RealPage Inc.	37%	22%	19%	83%	30%	30%	68%	48%	30%	66%	68%	69%	18%	19%	20%	14%	17%	19%	83	79	79	6%	5%	4%	18%	18%	20%	41%	24%	20%
salesforce.com inc.	37%	30%	22%	12%	18%	36%	16%	15%	16%	82%	82%	83%	12%	12%	15%	19%	17%	16%	197	217	225	7%	6%	6%	46%	46%	46%	37%	30%	22%
ServiceSource International	34%	19%	22%	-16%	-22%	139%	-230%	NM	156%	46%	44%	44%	6%	4%	7%	-12%	3%	6%	0	0	0	7%	7%	6%	21%	21%	21%	34%	19%	22%
Synchronoss Technologies	35%	24%	21%	42%	12%	14%	277%	59%	13%	56%	56%	56%	23%	25%	22%	12%	16%	15%	19	18	17	6%	7%	5%						
Tangoe	53%	36%	18%	104%	52%	17%	106%	28%	34%	53%	56%	57%	11%	13%	13%	13%	12%	13%	36	40	40	1%	1%	1%	14%	15%	14%	62%	36%	18%
VMware	32%	20%	16%	44%	16%	21%	71%	26%	19%	88%	88%	88%	31%	30%	32%	46%	48%	49%	230	263	305	8%	6%	-4%	32%	32%	31%			
Group Median ==>	31%	22%	19%	36%	16%	29%	37%	28%	25%	68%	69%	70%	18%	12%	15%	13%	16%	15%	83	79	78	6%	6%	3%	32%	32%	31%	36%	26%	22%
Group Mean ==>	31%	21%	19%	32%	-1%	50%	32%	17%	100%	65%	65%	66%	13%	10%	15%	16%	15%	17%	102	103	109	3%	3%	2%	33%	32%	30%	55%	23%	21%

Source: Deutsche Bank, company data





# Appendix 1

## Important Disclosures

Additional information available upon request

### Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Tangoe, Inc.	TNGO.OQ	19.33 (USD) 5 Apr 12	1,2,7

\*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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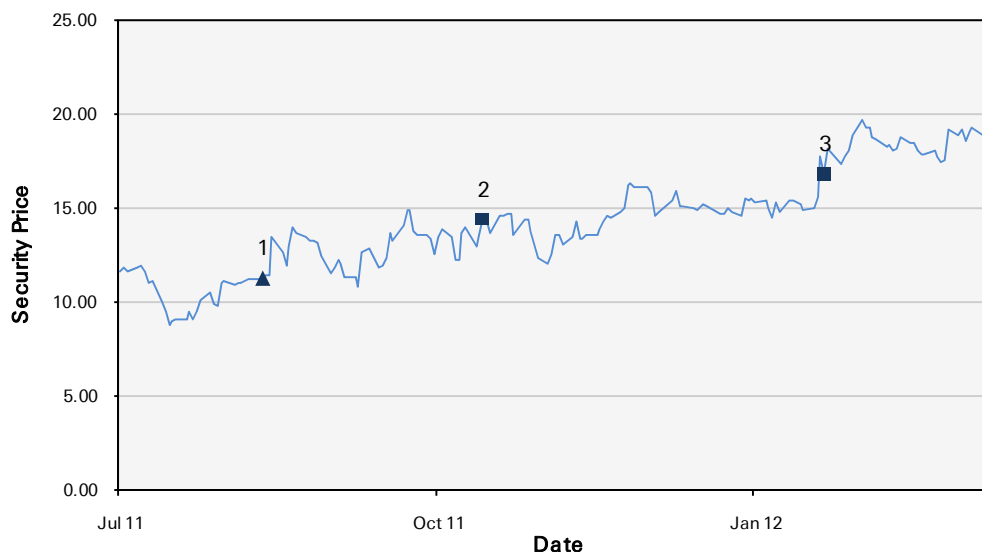
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## Historical recommendations and target price: Tangoe, Inc. (TNGO.OQ)

(as of 4/5/2012)



### Previous Recommendations

Strong Buy  
Buy  
Market Perform  
Underperform  
Not Rated  
Suspended Rating

### Current Recommendations

Buy  
Hold  
Sell  
Not Rated  
Suspended Rating

\*New Recommendation Structure  
as of September 9, 2002

1. 09/06/2011:	Upgrade to Buy, Target Price Change USD17.00	3. 02/16/2012:	Buy, Target Price Change USD20.00
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**Sell:** Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock

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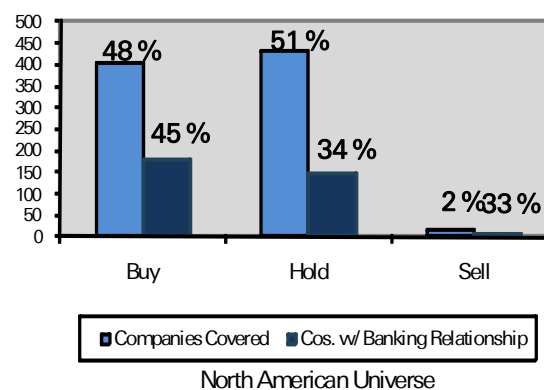
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**Hold:** Expected total return (including dividends) between -10% and 10% over a 12-month period

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North American Universe



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