



Rating  
**Buy**

North America  
United States

TMT  
Application Software

Company  
**Tangoe, Inc.**

Reuters  
TNGO.OQ

Bloomberg  
TNGO US

Exchange  
NMS

Ticker  
TNGO

Date  
9 May 2012

Forecast Change

Price at 8 May 2012 (USD)	19.30
Price target	26.00
52-week range	21.53 - 8.75

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## Acquisition strategy validation solidifies

### Beat on revenue and EPS; guidance tweaked up

Tangoe delivered a modest beat on estimates at \$34.1m/\$0.09 vs. our \$33m/\$0.07 and consensus of \$33m/\$0.08. Guidance was tweaked up on revenue and EBITDA, with EPS adjusted down 1c (after the 2c dilution) from the 2.2m primary shares issued as part of the recent secondary offering. Integration of HCL and Telwares appear ahead of plan, which we believe bodes well for Profitline. Expense under management and new customer adds were both healthy in the quarter and we reiterate our Buy rating.

### Continuing to gain share

TNGO added 35 new customers in the quarter, higher than the typical range of 20-30, we believe as a result of more salespeople from the recent acquisitions of ttMobiles and Anomalous Networks, both of which brought new technology and the UK region. Although the company has not increased its quarterly customer-add target, we think it is likely we will see a slightly elevation in this quarterly metric. Expense under management grew to \$17.6bn, up 28% y/y and 5% q/q, on the back new customer deployments. Based on a \$425bn global spend estimate, TNGO's share has risen this past year from 3% to about 4%, still allowing for plenty of headroom for growth. Our customer checks also showed TNGO being recognized the leader in this space.

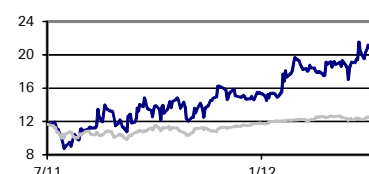
### Margins probably have upside as migrations progress

The company expects to complete a majority of migrations from HCL and Telwares customers (both early 2011 acquisitions) by the end of 2Q12, which should help gross margins in the second half from higher automation and better scale. Profitline customers will be gradually migrated over the typical 4-6 quarter period. With ttMobiles and rTEM products already richer in margin, revenue mix should help aggregate margins over time. The company mentioned five rTEM wins in 1Q, a nice surprise for an acquisition that was just completed in January 2012.

### Reiterate Buy, raising PT to \$26 from \$25; risks

Our \$26 price target is based on a CY13 uFCF/share estimate of \$0.58 (from \$0.55), an EV/uFCF/G multiple of 1.3x (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	-0.2	27.6	-
S&P 500 INDEX	-2.5	1.0	1.8

### Forecasts And Ratios

Year End Dec 31	2011A	2012E	2013E
2Q EPS	0.06	0.09	0.12
FY EPS (USD)	0.27	0.41	0.49
Revenue (USDm)	104.9	143.0	170.0

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) 072/04/2012.



Model updated: 09 May 2012

## Running the numbers

North America

United States

Application Software

Tangoe, Inc.

Reuters: TNGO.OQ

Bloomberg: TNGO UQ

Buy

Price (8 May 12) USD 19.30

Target Price USD 26.00

52 Week range USD 8.75 - 21.53

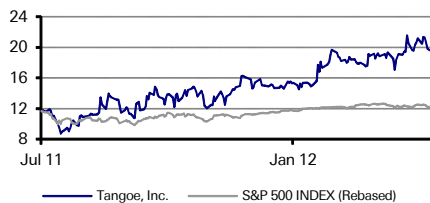
Market Cap (m) USDm 797

EURm 613

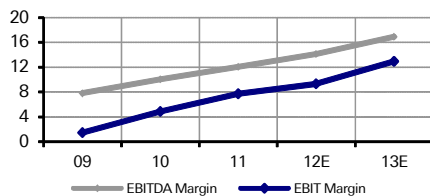
## Company Profile

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.

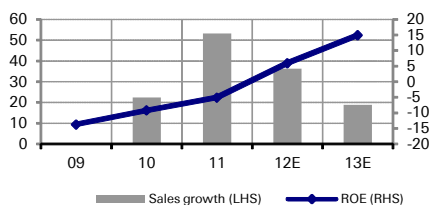
## Price Performance



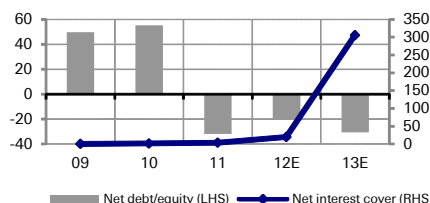
## Margin Trends



## Growth & Profitability



## Solvency



Tom Ernst Jr

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Fiscal year end 31-Dec

## Financial Summary

	2009	2010	2011	2012E	2013E
DB EPS (USD)	-0.11	0.06	0.14	0.27	0.40
Reported EPS (USD)	-0.11	-0.06	-0.09	0.15	0.40
DPS (USD)	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	0.80	0.71	2.98	2.60	2.90

## Valuation Metrics

Price/Sales (x)	nm	nm	3.9	5.6	4.8
P/E (DB) (x)	nm	na	88.8	72.4	47.9
P/E (Reported) (x)	nm	nm	nm	132.4	47.9
P/BV (x)	0.0	0.0	5.2	7.4	6.7
FCF yield (%)	na	na	2.4	2.0	3.0
Dividend yield (%)	na	na	0.0	0.0	0.0
EV/Sales	nm	nm	3.6	5.4	4.6
EV/EBITDA	nm	nm	30.2	38.4	27.3
EV/EBIT	nm	nm	47.1	58.1	35.7

## Income Statement (USDm)

Sales	56	68	105	143	170
EBITDA	4	7	13	20	29
EBIT	1	3	8	13	22
Pre-tax profit	-2	-1	2	7	18
Net income	-3	-2	-3	6	17

## Cash Flow (USDm)

Cash flow from operations	2	3	11	18	27
Net Capex	-1	0	-1	-2	-2
Free cash flow	2	3	10	16	25
Equity raised/(bought back)	-1	-3	-18	-20	0
Dividends paid	0	0	0	0	0
Net inc/(dec) in borrowings	0	0	1	1	0
Other investing/financing cash flows	-1	0	45	-13	-5
Net cash flow	0	0	38	-15	20
Change in working capital	0	-1	0	-1	-5

## Balance Sheet (USDm)

Cash and cash equivalents	6	6	43	28	48
Property, plant & equipment	2	2	3	4	4
Goodwill	18	18	36	45	45
Other assets	31	33	58	68	68
Total assets	56	59	141	145	165
Debt	15	17	13	7	11
Other liabilities	22	23	32	31	30
Total liabilities	38	39	44	38	41
Total shareholders' equity	19	19	97	107	123
Net debt	9	11	-31	-22	-38

## Key Company Metrics

Sales growth (%)	nm	22.5	53.3	36.3	18.9
DB EPS growth (%)	na	na	148.0	86.0	51.0
Payout ratio (%)	nm	nm	nm	0.0	0.0
EBITDA Margin (%)	7.8	10.0	12.1	14.1	16.9
EBIT Margin (%)	1.5	4.9	7.7	9.3	12.9
ROE (%)	-13.8	-9.2	-5.1	5.9	14.9
Net debt/equity (%)	49.6	55.4	-31.9	-20.2	-30.6
Net interest cover (x)	0.3	1.7	4.1	19.8	305.5

## DuPont Analysis

EBIT margin (%)	1.5	4.9	7.7	9.3	12.9
x Asset turnover (x)	1.0	1.2	1.1	1.0	1.1
x Financial cost ratio (x)	-1.9	0.4	0.8	0.9	1.0
x Tax and other effects (x)	1.7	-1.3	-0.5	0.5	0.8
= ROA (post tax) (%)	-4.6	-3.1	-3.0	4.2	11.1
x Financial leverage (x)	3.0	3.0	1.7	1.4	1.3
= ROE (%)	-13.8	-9.2	-5.1	5.9	14.9
annual growth (%)	na	32.9	44.8	na	152.1
x NTA/share (avg) (x)	0.8	0.7	1.8	2.5	2.7
= Reported EPS	-0.11	-0.06	-0.09	0.15	0.40
annual growth (%)	na	41.5	-42.1	na	176.3

Source: Company data, Deutsche Bank estimates



# 1Q12 Review

## Beat on revenue and EPS; guidance tweaked up

Tangoe delivered a modest beat on estimates at \$34.1m/\$0.09 vs. our \$33m/\$0.07 and consensus of \$33m/\$0.08. Guidance was tweaked up on revenue and EBITDA, with EPS adjusted down 1c (after the 2c dilution) from the 2.2m primary shares issued as part of the recent secondary offering. Integration of HCL and Telwares appear ahead of plan, which we believe bodes well for Profitline. Expense under management and new customer adds were both healthy in the quarter and we reiterate our Buy rating.

### Key metrics:

- Cash balance at the end of FY11 was \$37.9m vs. \$43.4m at the end of 4Q11.
- Cash flow from operations was \$3.5m in 1Q12 vs. 4.8m in 4Q11.
- 2Q12 guidance: Revenue of \$35m-\$35.5m revenue; Adj EBITDA \$4.3m-\$4.5m and adjusted EPS of \$0.09 on 41.7m shares.
- FY12 guidance: Revenue of \$142.3m-\$144.3m, EBITDA \$20.2m-\$20.7m, adjusted EPS of \$0.41-\$0.42 on 41.3m diluted shares. Net effect of \$0.02 dilution and \$0.01 raise in margin profile is a \$0.01 reduction vs. previous guide. Our last published model had taken this dilution into account.

Figure 1: Summary of estimate changes

	Revenues		EPS		uFCF/Share	
	Old	New	Old	New	Old	New
<b>2Q12E</b>	\$34.8	\$35.3	\$0.09	\$0.09	\$0.12	\$0.09
<b>2012E</b>	\$142.5	\$143.0	\$0.40	\$0.41	\$0.41	\$0.41
<b>2013E</b>	\$168.0	\$170.0	\$0.47	\$0.49	\$0.55	\$0.58

Source: Deutsche Bank

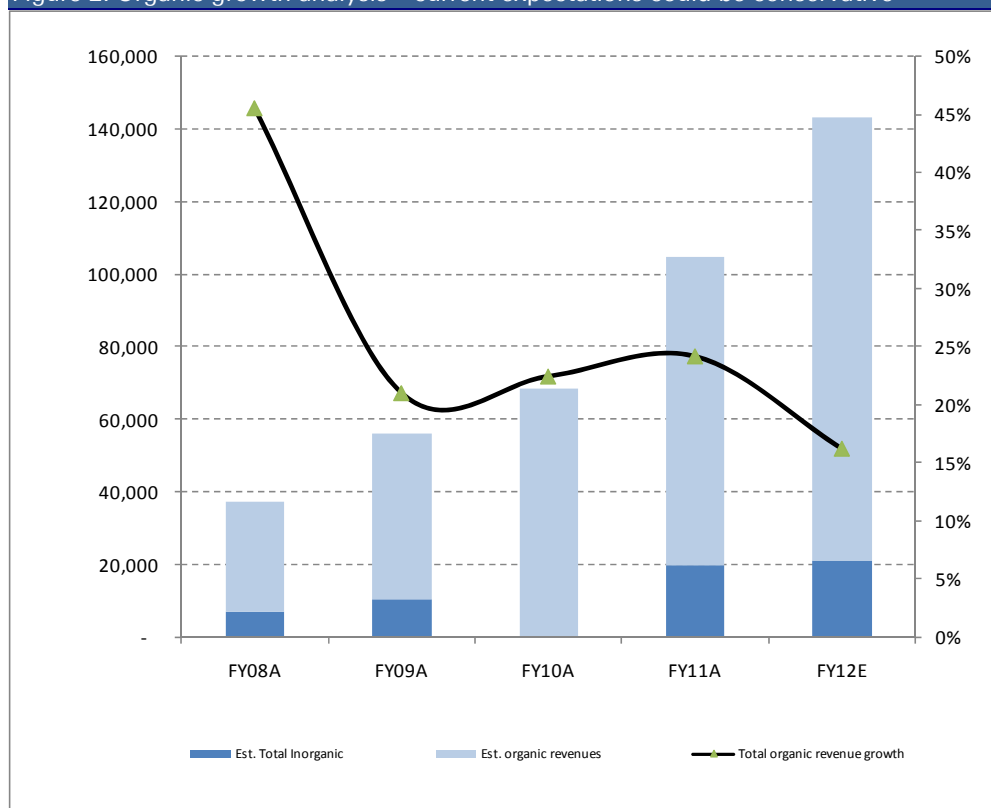
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TNGO added 35 new customer in the quarter, higher than the typical guided range of 20-30, we believe as a result of more salespeople from the recent acquisitions of ttMobiles and Anomalous Networks, both of which brought new technology and the UK region. While the company has not revised up its quarterly customer-add target, we think it's likely we will see a slightly elevation in this quarterly metric. Expense under management grew to \$17.6bn, up 28% y/y and 5% q/q, on the back new customer deployments. Based on a \$425bn global spend estimate, TNGO's share has grown this past year from 3% to about 4%, still allowing for plenty of headroom for growth. Our customer checks also showed TNGO being recognized the leader in this space.

Figure 2 below shows the company's recent organic growth momentum. We note that during FY11, the company reported \$19.9m in annual inorganic contribution. This leads to the computed organic rates in the 25% range. We think the natural organic growth rate of the business is over 20%, with organic recurring revenue growth closer to 25%.



Figure 2: Organic growth analysis – current expectations could be conservative



Source: Deutsche Bank

### Margins probably have upside as migrations progress

The company expects to complete a majority of migrations from HCL and Telwares customers (both early 2011 acquisitions) by the end of 2Q12, which should help gross margins in the second half from higher automation and better scale. Profitline customers will be gradually migrated over the typical 4-6 quarter period. With ttMobiles and rTEM products already richer in margin, revenue mix should help aggregate margins over time. The company mentioned five rTEM wins in 1Q, a nice surprise for an acquisition that was just completed in December 2011.

Figure 3: Earnings history

	Revenue (\$m)						Fully Diluted EPS					
	Est.	Actual	Absolute Variance	Percent Variance	Guidance: Qtr Fwd	Guidance: FY	Est.	Actual	Absolute Variance	Guidance: Qtr Fwd	Guidance: FY	
9/30/2011	\$26,500	\$27,312	812	3%	\$27.5m-\$27.9m	\$103.2-\$103.6	\$0.06	\$0.07	0.01	\$0.07	\$0.25	
12/31/2011	\$28,100	\$29,241	1141	4%	\$32.2m-\$32.7m	\$137m-\$139m	\$0.07	\$0.08	0.01	\$0.08	\$0.42-\$0.43	
4/1/2012	\$33,000	\$34,147	1147	3%	\$33m-\$33.5m	\$142.3-\$144.3	\$0.07	\$0.09	0.02	\$0.09	\$0.41-\$0.42	

Source: Deutsche Bank



Figure 4: Estimates vs. actuals

	Actual	Forecast	Variance	%
<b>Net Revenues</b>	<b>34,147</b>	<b>\$33,000</b>	1,147	3%
Recurring technology and services	30,756	29,260	1,496	5%
Strategic consulting, software licenses and o	3,391	3,740	(349)	-9%
Total cost of revenue	15,524	14,663	861	6%
Gross profit	18,623	18,337	286	2%
Sales and Marketing	5,178	5,280	(102)	
Research & Development	3,596	3,960	(364)	-9%
General and administrative	5,786	5,115	671	13%
Operating Income	3,757	3,240	517	16%
Interest (expense) and income	(218)	(17)		
Pretax income	3,539	3,223	316	0
Provision for Taxes	154	315	(161)	-51%
Adjusted Net Income	<b>\$3,385</b>	<b>\$2,908</b>	477	16%
Diluted EPS	\$0.09	\$0.07	0	22%
Pro Forma Fully diluted Shares	39,431	41,200	(1,769)	-4%
StockBasedComp	1,624	1,450	174	
Reported Earnings	383	490	(107)	-22%
GAAP EPS*	\$0.01	\$0.01	(0)	-18%
Gross margin	55%	56%	(0)	-2%
Operating margin	11.0%	9.8%	0	12.0%
Pretax margin	10.4%	9.8%	0	6.1%
Net margin	9.9%	8.8%	0	12.5%

Source: Deutsche Bank

Figure 5: 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%	\$0.46	\$14.91	\$17.95	\$20.99	\$24.04	\$27.08
-10%	\$0.52	\$16.65	\$20.07	\$23.50	\$26.92	\$30.34
DB Est. *	\$0.58	\$18.39	\$22.20	\$26.00	\$29.80	\$33.61
10%	\$0.63	\$20.14	\$24.32	\$28.50	\$32.69	\$36.87
20%	\$0.69	\$21.88	\$26.44	\$31.01	\$35.57	\$40.14

		EV/uFCF/G Multiples				
		0.9x	1.1x	1.3x	1.5x	1.7x
20%	\$11.42	\$13.70	\$15.98	\$18.27	\$20.55	
26%	\$14.91	\$17.95	\$20.99	\$24.04	\$27.08	
33%	\$18.39	\$22.20	\$26.00	\$29.80	\$33.61	
40%	\$21.88	\$26.44	\$31.01	\$35.57	\$40.14	
46%	\$25.37	\$30.69	\$36.02	\$41.34	\$46.67	

LTG	LTFCF Gr	35%	Cash/Share	\$0.96
	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

## Reiterate Buy, raising PT to \$26 from \$25; risks

Our \$26 price target (from \$25) is based on a CY13 uFCF/share estimate of \$0.58 (from \$0.55), an EV/uFCF/G multiple of 1.3x (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.

Figure 6: Income statement

Tangoe																Deutsche Bank Securities				
Income Statement																Tom Ernst - 866.812.7891				
(dollars in thousands, except EPS)																Nandan Arniadi - 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	\$34,147	\$35,250	\$36,000	\$37,603		\$12,879	\$21,047	\$37,526	\$55,917	\$68,474	\$104,941	\$143,000	\$170,000			
Recurring technology and services	19,927	23,510	24,456	25,778	30,756	31,791	32,472	34,022		3,578	14,174	27,839	46,005	57,703	93,671	129,041	154,060			
Strategic consulting, software licenses and other	2,414	2,537	2,856	3,463	3,391	3,459	3,528	3,581		9,301	6,873	9,687	9,912	10,771	11,270	13,959	15,940			
Recurring technology and services	9,057	11,258	11,926	12,227	14,066	14,306	14,288	14,970		629	6,982	14,720	20,538	26,350	44,468	57,629	67,786			
Strategic consulting, software licenses and other	1,272	1,245	1,142	1,532	1,458	1,487	1,482	1,504		3,845	2,821	3,043	4,360	3,874	5,191	5,931	5,774			
Total cost of revenue	10,180	12,503	13,068	13,759	15,524	15,793	15,769	16,474		4,474	9,803	17,713	24,783	29,901	49,510	63,560	73,561			
Gross profit	12,161	13,544	14,244	15,482	18,623	19,457	20,231	21,129		8,405	11,244	19,813	31,134	38,573	55,431	79,440	96,439			
Sales and Marketing	3,525	3,181	3,813	4,262	5,178	5,345	5,099	5,138		4,416	5,954	7,683	9,576	11,856	14,781	20,760	23,769			
Research & Development	2,821	2,833	2,723	3,095	3,596	3,712	3,611	3,584		5,913	7,021	5,807	7,982	9,173	11,472	14,503	18,452			
General and administrative	3,264	4,436	4,386	4,435	5,786	5,973	6,060	6,142		2,929	5,389	7,439	9,218	10,677	16,521	23,961	25,500			
Adjustments															0	0				
Depreciation	299	350	339	370	306	466	516	531		299	1,911	2,709	3,537	1,091	1,364	1,819	6,726			
Operating Income	2,252	2,738	2,983	3,320	3,757	3,960	4,944	5,734		(5,152)	(9,031)	(3,825)	821	5,776	11,293	18,396	21,993			
Chg in fair value warrants										0	39	(66)	(184)	-	-	-	-			
Interest (expense) and income	(655)	(774)	(372)	(160)	(218)	(218)	(218)	(18)		(198)	(540)	(1,116)	(2,178)	(1,984)	(1,961)	(672)	(72)			
Pretax income	1,597	1,964	2,611	3,160	3,539	3,742	4,726	5,716		(5,350)	(9,532)	(5,007)	(1,541)	3,792	9,332	17,724	21,921			
Provision for Taxes	126	180	88	140	154	187	236	286		54	-76	23	264	295	534	863	1,096			
Adjusted Net Income	1,471	1,784	2,523	3,020	3,385	3,555	4,490	5,431		(5,404)	(9,456)	(5,030)	(1,805)	3,497	8,798	16,861	20,825			
Adjusted EBITDA	2,551	3,094	3,322	3,690	4,071	4,426	5,460	6,265		(4,853)	(7,120)	(1,116)	4,358	6,867	12,657	20,223	28,718			
Diluted EPS	\$0.06	\$0.06	\$0.07	\$0.08	\$0.09	\$0.09	\$0.11	\$0.13		(\$0.25)	(\$0.43)	(\$0.22)	(\$0.08)	\$0.13	\$0.26	\$0.41	\$0.49			
Diluted EPS (incl. Stock Options)	\$0.02	\$0.03	\$0.05	\$0.04	\$0.04	\$0.05	\$0.07	\$0.11		(\$0.26)	(\$0.44)	(\$0.30)	(\$0.11)	\$0.06	\$0.14	\$0.27	\$0.40			
Pro Forma Fully diluted Shares	26,244	29,867	35,124	38,493	39,431	41,700	41,909	42,118		21,295	22,147	23,282	23,318	27,328	33,700	41,289	42,647			
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			
StockBasedComp	835	932	897	1,316	1,624	1,624	1,624	912		37	279	1,929	749	1,928	3,980	5,784	3,648			
Amortization of intangibles/debt issuance cost	709	757	910	801	1,378	1,196	1,215	1,268		-	-	-	-	2,438	3,177	5,057	-			
Other Adjustments	540	1,485	2,571	-	-	-	0	0		-	-	-	-	883	4,596	-	-			
Reported Earnings	(613)	(1,390)	(1,855)	903	383	735	1,652	3,250		(5,441)	(9,735)	(6,959)	(2,554)	(1,752)	(2,955)	6,020	17,177			
GAAP EPS*	(\$0.02)	(\$0.05)	(\$0.05)	\$0.02	\$0.01	\$0.02	\$0.04	\$0.08		(\$0.26)	(\$0.44)	(\$0.30)	(\$0.11)	(\$0.06)	(\$0.09)	\$0.15	\$0.40			
Key Metrics									20,223											
Net Cash and Equivalents	-18,794	-12,960	50,892	33,458	29,347	20,793	24,482	24,492		0	0	-10,352	-8,250	-8,962	33,458	24,492	41,284			
Net Cash Per Share	(\$0.72)	(\$0.43)	\$1.45	\$0.87	\$0.74	\$0.50	\$0.58	\$0.58		0	\$0.00	(\$0.44)	(\$0.35)	(\$0.31)	\$0.87	\$0.58	\$0.96			
Days Sales Outstanding (reported)	81	73	80	78	70	76	76	76		0	-	86	69	69	78	76	71			
Days Deferred Revenue	44	36	39	36	33	42	40	38		0	-	53	47	49	36	38	38			
Adjusted EBITDA	2,551	3,094	3,322	3,690	4,071	4,426	5,460	6,265		(4,853)	(7,120)	(1,116)	4,358	6,867	12,657	20,223	28,718			
Revenue Mix																				
Recurring technology and services	89%	90%	90%	88%	90%	90%	90.2%	90.5%		28%	67%	74%	82%	84%	89%	90%	91%			
Strategic consulting, software licenses and other	11%	10%	10%	12%	10%	10%	9.8%	9.5%		72%	33%	26%	18%	16%	11%	10%	9%			
Margin Analysis																				
Recurring technology margins	54.5%	52.1%	51.2%	52.6%	54.3%	55.0%	56.0%	56.0%		82.4%	50.7%	47.1%	55.4%	54.3%	52.5%	55.3%	56.0%			
Strategic consulting margins	47.3%	50.9%	60.0%	55.8%	57.0%	57.0%	58.0%	58.0%		58.7%	59.0%	68.6%	56.0%	64.0%	53.9%	57.5%	63.8%			
Gross Margin	54.4%	52.0%	52.2%	52.9%	54.5%	55.2%	56.2%	56.2%		65.3%	53.4%	52.8%	55.7%	56.3%	52.8%	55.6%	56.7%			
Sales and marketing expenses	15.8%	12.2%	14.0%	14.6%	15.2%	15.2%	14.2%	13.7%		34.3%	28.3%	20.5%	17.1%	17.3%	14.1%	14.5%	14.0%			
Research & Development	12.6%	10.9%	10.0%	10.6%	10.5%	10.5%	10.0%	9.5%		45.9%	33.4%	15.5%	14.3%	13.4%	10.9%	10.1%	10.9%			
General and Administrative expenses	14.6%	17.0%	16.1%	15.2%	16.9%	16.9%	16.8%	16.3%		22.7%	25.6%	19.8%	16.5%	15.6%	15.7%	16.8%	15.0%			
Operating income	10.1%	10.5%	10.9%	11.4%	11.0%	11.2%	13.7%	15.2%		-40.0%	-42.9%	-10.2%	1.5%	8.4%	10.8%	12.9%	12.9%			
Interest and other income net	-2.9%	-3.0%	-1.4%	-0.5%	-0.6%	-0.6%	-0.6%	0.0%		-1.5%	-2.6%	-3.0%	-3.9%	-2.9%	-1.9%	-0.5%	0.0%			
Pretax income	7.1%	7.5%	9.6%	10.8%	10.4%	10.6%	13.1%	15.2%		-41.5%	-45.3%	-13.3%	-2.8%	5.5%	8.9%	12.4%	12.9%			
Tax rate	7.9%	9.2%	3.4%	4.4%	4.4%	5.0%	5.0%	5.0%		-1.0%	0.8%	-0.5%	-17.1%	7.8%	5.7%	4.9%	5.0%			
Net income	6.6%	6.8%	9.2%	10.3%	9.9%	0.0%	0.0%	0.0%		-42.0%	-44.9%	-13.4%	-3.2%	5.1%	8.4%	11.8%	12.2%			
Adjusted EBITDA Margins	11.4%	11.9%	12.2%	12.6%	11.9%	12.6%	15.2%	16.7%		-37.7%	-33.8%	-3.0%	7.8%	10.0%	12.1%	14.1%	16.9%			
Growth Analysis																				
Year-Over-Year																				
Total revenue growth	40.0%	55.9%	59.4%	56.6%	52.8%	35.3%	31.8%	28.6%			63.4%	78.3%	49.0%	22.5%	53.3%	36.3%	18.9%			
Recurring Technology growth	50%	69%	68%	61%	54%	35%	32.8%	32.0%			296.1%	96.4%	65.3%	25.4%	62.3%	37.8%	19.4%			
Strategic consulting growth	-10%	-10%	11%	29%	40%	36%	23.5%	3.4%			-26.1%	40.9%	2.3%	8.7%	4.6%	23.9%	14.2%			
Operating income	89.1%	101.5%	93.8%	96.8%	66.8%	44.6%	65.8%	72.7%			75.3%	-57.6%	-121.5%	603.5%	95.5%	62.9%	19.6%			
EPS	120.6%	119.5%	117.2%	91.0%	53.2%	42.7%	49.2%	64.3%			68.3%	-49.4%	-64.2%	-265.3%	104.0%	56.4%	19.6%			
Adjusted EBITDA Growth																				
Sequential	76.1%	89.9%	83.0%	86.9%	59.6%	43.1%	64.4%	69.8%			46.7%	-84.3%	-490.5%	57.6%	84.3%	59.8%	42.0%			
Total revenue growth	19.6%	16.6%	4.9%	7.1%	16.8%	3.2%	2.1%	4.5%												
EPS	36.5%	6.6%	20.3%	9.2%	9.4%	(0.7%)	25.7%	20.3%												

Figure 7: Balance sheet

Tangoe Balance Sheet (in thousands) FY Ends December												
	Dec-08 4Q08A	Dec-09 4Q09A	Dec-10 4Q10A	Mar-11 1Q11A	Jun-11 2Q11A	Sep-11 3Q11A	Dec-11 4Q11A	Mar-12 1Q12A	Jun-12 2Q12E	Sep-12 3Q12E	Dec-12 4Q12E	Dec-13 4Q13E
<b>Balance Sheet</b>												
Cash and equivalents	6,554	6,163	5,913	6,876	8,981	52,521	43,407	37,866	24,510	28,278	28,457	48,468
Accounts receivable	11,384	11,517	14,295	20,191	21,007	24,405	25,311	26,551	29,880	30,451	31,754	35,421
Prepaid expenses and Other current assets	869	1,585	1,395	1,488	1,418	2,098	2,503	3,428	3,539	3,614	3,775	3,682
Total current assets	18,808	19,265	21,603	28,556	31,406	79,024	71,221	67,845	57,929	62,343	63,986	87,571
Computers, furniture and equipment - NET	1,625	1,761	1,795	2,508	2,610	2,578	3,334	3,496	3,563	3,591	3,503	3,719
Security deposits in non current asset	453	573	1,925	2,727	3,744	1,070	1,241	1,906	1,968	2,009	2,099	2,245
Goodwill	16,191	17,636	17,636	22,893	22,893	22,893	36,266	44,728	44,728	44,728	44,728	44,728
Intangible assets	16,422	16,843	15,785	20,869	21,683	20,910	28,800	34,543	33,347	32,132	30,864	26,272
Cash Held in Escrow	1,375	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>54,874</b>	<b>56,078</b>	<b>58,744</b>	<b>77,553</b>	<b>82,336</b>	<b>126,475</b>	<b>140,862</b>	<b>152,518</b>	<b>141,535</b>	<b>144,804</b>	<b>145,179</b>	<b>164,535</b>
Accts payables and accruals	2,745	2,858	3,303	4,434	5,894	6,439	6,605	8,555	8,972	9,163	9,571	5,388
Accrued Expenses	2,802	2,285	3,364	4,544	5,367	4,961	7,061	7,925	8,181	8,355	8,614	8,531
Long term debt—current portion	6,609	4,421	453	9,430	10,555	4,324	7,904	13,187	-	-	-	-
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	10,203	13,452	13,084	12,983	15,533
Total current liabilities	18,584	21,622	21,316	27,382	30,308	24,976	31,700	39,870	30,605	30,602	31,169	29,452
Deferred rent and other non-current liabilities	1,298	2,480	3,099	3,642	771	1,629	1,659	3,601	3,717	3,796	3,965	7,184
Long term debt—less current portion	15,408	11,725	11,319	22,028	21,170	-	8,290	4,918	-	-	-	-
Capital lease—less current portion	200	208	457	-	-	-	-	-	-	-	-	-
Deferred Revenue - Long Term	712	959	1,788	2,036	2,036	2,483	2,624	2,274	2,998	2,916	2,894	3,525
Warrants for redeemable convertible preferred st	328	512	1,346	2,598	4,072	3,762	-	-	-	-	-	898
Total liabilities	36,530	37,506	39,325	57,686	58,357	32,850	44,273	50,663	37,321	37,315	38,028	41,059
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	101,855	104,214	107,489	107,152	123,476
<b>Total Liabilities and SE</b>	<b>54,874</b>	<b>56,078</b>	<b>58,744</b>	<b>77,553</b>	<b>82,336</b>	<b>126,475</b>	<b>140,862</b>	<b>152,518</b>	<b>141,535</b>	<b>144,804</b>	<b>145,179</b>	<b>164,535</b>
<b>Analysis</b>												
Cash, equivalents, ST Investments	6,554	6,163	5,913	6,876	8,981	52,521	43,407	37,866	24,510	28,278	28,457	48,468
Cash per share	\$0.28	\$0.26	\$0.21	\$0.26	\$0.30	\$1.50	\$1.13	\$0.96	\$0.59	\$0.67	\$0.68	\$1.13
Long-term liabilities	16,906	14,413	14,875	25,670	21,941	1,629	9,949	8,519	3,717	3,796	3,965	7,184
Debt per share	\$0.73	\$0.62	\$0.52	\$3.71	\$3.21	\$0.17	\$0.46	\$0.55	\$0.09	\$0.09	\$0.09	\$0.17
Book value per share	-\$1.5	-\$1.7	-\$1.5	-\$1.6	-\$1.3	\$2.7	\$2.5	\$2.6	\$2.5	\$2.6	\$2.5	\$2.9
Deferred revenue	6,940	7,840	10,092	11,010	10,528	11,735	11,675	12,477	16,450	16,000	15,877	19,058
% y/y growth		13%	29%	30%	25%	30%	16%	13%	56%	36%	36%	20%
% q/q growth		7%	12%	9%	-4%	11%	-1%	7%	32%	-3%	-1%	-6%
Days Deferred Revenue (DDR)	53	47	49	44	36	39	36	33	42	40	38	38
Days Sales Outstanding (DSO)	86	69	69	81	73	80	78	70	76	76	76	71
Working capital	224	(2,357)	287	1,174	1,098	54,048	39,521	27,975	27,324	31,741	32,817	58,120
Current ratio	1.0x	0.9x	1.0x	1.0x	1.0x	3.2x	2.2x	1.7x	1.9x	2.0x	2.1x	3.0x
ROE	12%	1%	1%	1%	3%	-7%	1%	0%	1%	2%	3%	4%
ROA	-8%	-1%	-1%	-1%	-2%	-2%	1%	0%	0%	1%	2%	3%

Source: Deutsche Bank



Figure 8: Cash flow statement

Tango																
Cash Flow Statement (in thousands)																
(FY:12)																
	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12								
	1Q11A	2Q11A	3Q11A	4Q11A	1Q12A	2Q12E	3Q12E	4Q12E		2007A	2008A	2009A	2010A	2011A	2012E	2013E
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>																
Net income/(loss)	(613)	(1,300)	(1,855)	903	192	735	1,652	3,250		(9,735)	(6,959)	(2,554)	(1,752)	(2,955)	5,829	17,177
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	191					32	53	192	95	1,339	191	-
Amortization of IBM warrants	19	30		(49)	(24)					-	-	-	26	-	(24)	-
Depreciation & amortization	1,008	1,123	1,314	1,198	1,875	1,662	1,730	1,799		1,911	2,709			4,643	7,067	6,726
Stock-based compensation expense	835	932	897	1,316	1,624	1,624	1,624	912		279	1,928	749	1,928	3,980	5,784	3,648
Non-cash expense related to issuance of warrants										-	-	-	-	-	-	-
Increase (decrease) in deferred rent liability	(125)	(20)	44	43	43	116	79	169		199	193	(380)	(494)	(58)	407	3,219
Allowance for doubtful accounts	11	12	-	-						205	137	9	207	23	-	-
Deferred income taxes	126	3	92	84	6					-	62	-	-	-	-	-
Incr. (Decr.) in fair value of warrants for redeemable pfd stock	541	1,474	(19)	-	32	-	-	-		(39)	80	183	884	1,996	32	898
Changes in operating assets and liabilities:										-	-	-	-	-	-	-
(Incr.) Decr. in accounts receivable	(1,606)	(826)	(3,399)	1,394	190	(3,329)	(570)	(1,303)		(1,040)	(1,596)	(141)	(2,986)	(4,437)	(5,013)	(3,667)
(Incr.) Decr. in prepaid expenses	94	74	(82)	(39)	-	(111)	(75)	(161)		258	(323)	(26)	(500)	47	(347)	93
(Incr.) Decr. in deposits & other assets	(444)	54	63	(54)	10	(62)	(42)	(89)		264	(36)	(133)	(1,242)	(381)	(183)	(146)
Incr. (Decr.) in accounts payable	814	781	1,594	(135)	928	417	191	408		708	392	112	172	3,054	1,944	(4,183)
Incr. (Decr.) in accrued liabilities and others	(424)	500	(440)	180	(1,112)	256	174	259		(45)	573	(198)	1,080	(184)	(423)	(83)
Incr. (Decr.) in deferred revenues	713	(493)	1,218	(212)	(426)	3,973	(450)	(123)		2,200	1,524	882	2,252	1,226	2,974	3,181
										-	-	-	-	-	-	-
										-	-	-	-	-	-	-
Net cash provided by operating activities	1,129	2,449	1,733	4,836	3,529	5,282	4,312	5,121		(4,803)	(1,263)	2,431	3,389	10,147	18,245	26,861
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>																
Capital expenditures (net of capital leases originated)	(383)	(459)	(306)	(371)	(426)	(534)	(544)	(442)		(513)	(671)	(1,258)	(1,125)	(1,519)	(1,946)	(2,350)
Capital leases originated		491	175							-	-	598	660	666	-	-
Capital expenditures (net of capital leases originated)	(383)	32	(131)	(371)	(426)	(534)	(544)	(442)		(513)	(671)	(660)	(465)	-	-	-
Cash paid in connection with acquisitions	(8,166)	(0)	-	(14,028)	(8,577)					(1,979)	(13,425)	(965)	(952)	(22,194)	(8,577)	-
										-	-	-	-	-	-	-
Net cash used in investing activities	(8,549)	32	(131)	(14,399)	(9,003)	(534)	(544)	(442)		(2,492)	(14,096)	(1,625)	(1,417)	(23,047)	(10,523)	(2,350)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>																
Net incr. (decr.) debt	7,881	47	(26,425)	479	(1,474)	(18,105)	-	-		3,747	13,451	(579)	(3,012)	(18,018)	(19,579)	-
Repayment of settlement liab		-	-	-	-	-	-	-		(175)	(175)	-	-	-	-	-
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	1,396					334	137	75	300	1,593	1,396	-
Proceeds from repayment of notes receivable										-	-	-	691	-	-	-
Proceeds from issuance (Repurchase) of stock			69,925	(2,936)	-			(4,500)		-	7,298	-	-	66,989	-	-
Other/Acquisitions										-	-	-	-	-	(4,500)	(4,500)
Net cash (used in) provided by financing activities	8,086	(79)	43,500	(1,113)	(78)	(18,105)	-	(4,500)		3,818	20,671	(1,197)	(2,221)	50,394	(22,683)	(4,500)
Exchange rate fluctuation		(138)			11					-	-	-	-	(138)	-	-
Increase (decrease) in cash and cash equivalents	666	2,263	45,102	(10,676)	(5,541)	(13,356)	3,768	179		(3,477)	5,312	(391)	(250)	37,366	(14,950)	20,011
Cash and cash equivalents at beginning of period	6,051	6,718	8,981	54,083	43,407	37,866	24,510	28,278		4,858	1,381	6,692	6,301	6,051	43,407	28,457
Cash and cash equivalents at end of period	6,718	8,981	54,083	43,407	37,866	24,510	28,278	28,457		1,381	6,692	6,301	6,051	43,407	28,457	48,468
<b>Free cash flow</b>																
Cash flow from operations	1,129	2,449	1,733	4,836	3,529	5,282	4,312	5,121		(4,803)	(1,263)	2,431	3,389	10,147	18,245	26,861
- Capex	(383)	(459)	(306)	(371)	(426)	(534)	(544)	(442)		(513)	(671)	(1,258)	(1,125)	(1,519)	(1,946)	(2,350)
Free cash flow	746	1,990	1,427	4,465	3,103	4,748	3,768	4,679		(5,316)	(1,934)	1,173	2,264	8,628	16,299	24,511
Per share	0.03	0.07	0.04	0.12	0.08	0.11	\$0.09	\$0.11		(\$0.24)	(\$0.08)	\$0.05	\$0.08	\$0.26	\$0.39	\$0.57
- net interest income	399	574	627	94	15	207	207	17		539	1,116	2,178	1,984	1,694	447	68
- IFO expense	405	61	-	-						-	-	-	-	466	-	-
Unlevered Free cash flow	1,550	2,625	2,054	4,559	3,118	4,966	3,975	4,696		(4,776)	(818)	3,351	4,248	10,788	16,746	24,579
Per share	\$0.06	\$0.09	\$0.06	\$0.12	\$0.08	\$0.12	\$0.09	\$0.11		(\$0.22)	(\$0.04)	\$0.14	\$0.16	\$0.32	\$0.41	\$0.58
uFCF Margins										-23%	-2%	6%	6%	10%	12%	14%

Source: Deutsche Bank





Figure 9: Comp sheet

Tom Ernst

Nandan Amladi, Jobin Mathew

Deutsche Bank Securities

(866) 812-7891

Deutsche Bank Securities (866) 812-7891																										
				MARKET	Net	NET CASH	Sales			TEV/SALES			EPS			P/E			FCF/Share			EV/FCF				
				CAP	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	Rating	8-May-12																						
Adobe Systems Inc.	ADBE	\$32.67	Buy		\$16,347	\$1,263	\$2.94		\$4,216	\$4,513	\$4,950	3.6x	3.3x	3.0x	\$2.35	\$2.43	\$2.78	14x	13x	12x	\$2.79	\$2.94	\$3.49	10.7x	10.1x	8.5x
Check Point Software Technoc	CHKP	\$55.40	Hold		\$11,887	\$2,690	\$12.54		\$1,247	\$1,366	\$1,464	8.6x	7.9x	7.3x	\$2.87	\$3.14	\$3.34	19x	18x	17x	\$3.16	\$3.56	\$3.85	13.6x	12.0x	11.1x
Citrix Systems Inc.	CTXS	\$81.57	Buy		\$15,613	\$1,581	\$8.26		\$2,206	\$2,496	\$2,724	6.5x	5.7x	5.2x	\$2.49	\$2.74	\$3.12	33x	30x	26x	\$2.92	\$3.71	\$4.31	25.1x	19.8x	17.0x
Fair Isaac Corp.	FICO	\$41.83	Hold		\$1,529	(\$230)	(\$8.92)		\$634	\$636	\$672	2.8x	2.8x	2.6x	\$2.22	\$2.42	\$2.77	19x	17x	15x	\$3.70	\$4.30	\$4.75	13.7x	11.8x	10.7x
Fortinet Inc.	FTNT	\$24.92	Buy		\$4,084	\$468	\$2.86		\$434	\$516	\$610	8.6x	7.3x	6.1x	\$0.45	\$0.51	\$0.64	56x	49x	39x	\$0.78	\$1.00	\$1.19	28.4x	22.0x	18.5x
Informatica Corp.	INFA	\$46.40	Buy		\$4,992	\$566	\$5.02		\$784	\$900	\$1,032	5.6x	4.9x	4.3x	\$1.43	\$1.62	\$1.92	32x	29x	24x	\$1.43	\$0.42	\$1.84	28.9x	99.0x	22.4x
Microsoft Corp.	MSFT	\$30.50	Buy		\$259,891	\$51,716	\$6.07		\$72,052	\$76,901	\$82,901	3.2x	3.0x	2.7x	\$2.76	\$2.81	\$3.22	11x	11x	9x	\$3.08	\$3.45	\$3.81	7.9x	7.1x	6.4x
Nuance Communications Inc.	NUAN	\$23.32	Buy		\$7,475	(\$704)	(\$1.84)		\$1,459	\$1,768	\$2,026	5.6x	4.6x	4.0x	\$1.42	\$1.65	\$1.80	16x	14x	13x	\$1.12	\$1.47	\$1.60	22.4x	17.1x	15.7x
Oracle Corp.	ORCL	\$27.93	Hold		\$141,884	\$14,965	\$2.95		\$36,822	\$38,089	\$40,117	3.4x	3.3x	3.2x	\$2.31	\$2.55	\$2.67	12x	11x	10x	\$2.57	\$2.84	\$2.96	9.7x	8.8x	8.4x
Pros Holdings Inc.	PRO	\$17.35	Buy		\$491	\$71	\$2.51		\$97	\$116	\$137	4.3x	3.6x	3.1x	\$0.39	\$0.43	\$0.51	45x	41x	34x	\$0.41	\$0.44	\$0.50	36.6x	33.8x	29.9x
Red Hat Inc.	RHT	\$57.48	Hold		\$11,259	\$1,260	\$6.43		\$1,081	\$1,277	\$1,513	9.5x	8.1x	6.8x	\$0.77	\$1.07	\$1.14	75x	54x	50x	\$1.60	\$1.84	\$2.42	31.9x	27.8x	21.1x
Symantec Corp.	SYMC	\$15.81	Hold		\$12,095	\$312	\$0.41		\$6,722	\$7,043	\$7,421	1.8x	1.7x	1.6x	\$1.60	\$1.76	\$1.94	10x	9x	8x	\$2.18	\$2.68	\$2.78	7.1x	5.7x	5.5x
Verint	VRNT	\$29.52	Buy		\$1,489	(\$713)	(\$14.14)		\$796	\$870	\$945	2.5x	2.3x	2.1x	\$2.48	\$2.62	\$2.94	12x	11x	10x	\$2.45	\$2.78	\$3.05	17.8x	15.7x	14.3x
VMware	VMW	\$105.07	Buy		\$45,230	\$3,253	\$7.56		\$3,767	\$4,531	\$5,277	11.1x	9.3x	8.0x	\$2.17	\$2.51	\$3.04	48x	42x	35x	\$3.99	\$5.01	\$5.95	24.4x	19.5x	16.4x
									Group Median =>			5.6x	4.6x	4.0x	Group Median =>			19.1x	17.5x	16.6x	Group Median =>			20.1x	15.7x	14.3x
									Group Mean =>			5.6x	4.9x	4.3x	Group Mean =>			28.8x	24.9x	26.7x	Group Mean =>			19.9x	20.7x	13.7x
Cloud Computing and SaaS																										
Ariba Inc.	ARBA	\$39.36	Buy		\$3,876	\$224	\$2.27		\$479	\$556	\$645	7.6x	6.6x	5.7x	\$0.85	\$1.05	\$1.27	46x	37x	31x	\$0.62	\$0.94	\$1.56	59.9x	39.3x	23.8x
Aspen Technology Inc.	AZPN	\$21.54	Buy		\$2,068	\$182	\$1.49		\$223	\$259	\$325	8.5x	7.3x	5.8x	(\$0.27)	(\$0.02)	\$0.45	NM	NM	48x	\$0.64	\$1.05	\$1.17	31.5x	19.0x	17.2x
Bazaarvoice Inc.	BV	\$17.71	Buy		\$1,147	\$124	\$2.01		\$94	\$122	\$155	10.9x	8.4x	6.6x	(\$0.45)	(\$0.60)	(\$0.32)	NM	NM	NM	(\$0.02)	(\$0.36)	(\$0.31)	NM	NM	NM
Concur Technologies Inc.	CNQR	\$61.92	Hold		\$3,494	\$322	\$4.45		\$370	\$470	\$572	8.6x	6.8x	5.5x	\$0.86	\$1.01	\$1.11	72x	61x	56x	\$0.84	\$1.37	\$1.40	68.1x	41.8x	41.2x
Demandware Inc	DWRE	\$28.12	Buy		\$909	\$107	\$3.53		\$57	\$74	\$100	14.2x	10.8x	8.0x	\$0.00	(\$0.53)	(\$0.04)	NM	NM	NM	(\$0.11)	(\$0.55)	(\$0.14)	NM	NM	NM
ExactTarget Inc.	ET	\$24.94	Buy		\$1,766	\$197	\$13.08		\$207	\$262	\$322	7.6x	6.0x	4.9x	(\$3.11)	(\$0.60)	(\$0.15)	NM	NM	NM	(\$3.77)	(\$1.15)	(\$0.27)	NM	NM	NM
Guidewire Software Inc.	GVRE	\$25.99	Buy		\$1,267	\$173	\$3.60		\$203	\$236	\$276	5.4x	4.6x	4.0x	\$1.28	\$0.15	\$0.38	20x	NM	68x	\$0.26	\$0.06	\$0.42	85.4x	NM	52.9x
IntraLinks Holdings Inc.	IL	\$5.13	Hold		\$278	(\$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	54.5x	12.5x
Intuit Inc.	INTU	\$56.28	Buy		\$17,222	\$999	\$3.27		\$4,054	\$4,416	\$4,850	4.0x	3.7x	3.3x	\$2.77	\$3.08	\$3.39	20x	18x	17x	\$3.11	\$3.21	\$3.85	17.1x	16.5x	13.8x
NetSuite Inc.	N	\$42.74	Hold		\$3,117	\$149	\$2.05		\$236	\$298	\$362	12.6x	10.0x	8.2x	\$0.15	\$0.21	\$0.40	NM	NM	NM	\$0.41	\$0.60	\$0.75	98.6x	68.2x	54.6x
NeuStar Inc.	NSR	\$34.84	Hold		\$2,386	(\$332)	(\$4.85)		\$621	\$820	\$920	4.4x	3.3x	3.0x	\$1.59	\$2.04	\$2.46	22x	17x	14x	\$2.48	\$3.37	\$3.96	16.0x	11.8x	10.0x
RealPage Inc.	RP	\$18.10	Buy		\$1,334	\$72	\$0.14		\$259	\$324	\$383	4.9x	3.9x	3.3x	\$0.35	\$0.46	\$0.60	51x	40x	30x	\$0.49	\$0.73	\$0.95	36.4x	24.6x	18.8x
salesforce.com inc.	CRM	\$146.02	Buy		\$20,710	\$1,410	\$10.20		\$2,267	\$2,940	\$3,600	8.5x	6.6x	5.4x	\$1.36	\$1.61	\$2.19	NM	91x	67x	\$3.09	\$3.57	\$4.14	44.0x	38.1x	32.8x
ServiceSource International Ir	SREV	\$12.57	Buy		\$978	\$42	\$0.85		\$206	\$247	\$302	4.6x	3.8x	3.1x	\$0.08	\$0.07	\$0.16	NM	NM	80x	(\$0.33)	\$0.09	\$0.22	NM	NM	53.5x
Synchronoss Technologies Ir	SNCR	\$20.22	Buy		\$784	139	\$1.79		\$230	\$285	\$345	2.8x	2.3x	1.9x	\$0.98	\$1.10	\$1.25	21x	18x	16x	\$0.72	\$1.15	\$1.30	25.6x	16.1x	14.2x
Tangoe	TNGO	\$19.30	Buy		\$761	\$33	\$0.96		\$105	\$143	\$170	6.9x	5.1x	4.3x	\$0.26	\$0.41	\$0.49	74x	47x	40x	\$0.32	\$0.41	\$0.58	57.3x	45.2x	31.8x
VMware	VMW	\$105.07	Buy		\$45,101	\$3,253	\$7.56		\$3,767	\$4,531	\$5,277	11.1x	9.3x	8.0x	\$2.17	\$2.51	\$3.04	48x	42x	35x	\$3.99	\$5.01	\$5.95	24.4x	19.5x	16.4x
									Group Median =>			7.6x	6.0x	4.9x	Group Median =>			34x	40x	37x	Group Median =>			36.4x	31.3x	21.3x
									Group Mean =>			7.3x	5.9x	4.8x	Group Mean =>			39x	41x	42x	Group Mean =>			43.9x	32.9x	28.1x

Source: Deutsche Bank



Figure 10: Operating metrics

	Sales Growth			EPS Growth			FCF/share Growth			Gross Margins			Operating Margins			uFCF Margins			DDRs			CapX/annual revs		
	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E	CY11A	CY12E	CY13E
Enterprise and Security																								
Adobe Systems Inc.	11%	7%	10%	21%	3%	14%	44%	5%	19%	91%	92%	92%	38%	37%	38%	33%	33%	35%	37	41	46	5%	6%	6%
Check Point Software Techn	14%	10%	7%	16%	9%	6%	-100%	13%	8%	88%	88%	88%	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%	9%	14%	35%	16%	10%	71%	71%	72%	24%	25%	26%	21%	25%	26%	25	26	30	3%	4%	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%
Informatica Corp.	21%	15%	15%	-100%	13%	19%	23%	-71%	341%	73%	75%	75%	6%	7%	6%	20%	5%	19%	70	72	75	\$0	\$0	\$0
Microsoft Corp.	8%	7%	8%	17%	2%	15%	19%	12%	11%	78%	76%	75%	39%	38%	38%	36%	38%	39%	66	66	66	3%	4%	5%
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%	11%	19%	NM	8%	13%	74%	72%	73%	16%	16%	16%	12%	11%	10%	117	109	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%	86%	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%	14%	21%	14%	13%	74%	76%	75%	26%	26%	27%	27%	29%	31%	117	109	100	3%	3%	2%
Group Mean =>	21%	13%	12%	19%	12%	14%	15%	11%	47%	75%	76%	77%	28%	28%	28%	29%	29%	31%	121	127	136	3%	4%	3%
Cloud Computing and SaaS																								
Ariba Inc.	31%	16%	16%	14%	23%	21%	-100%	52%	65%	68%	68%	69%	18%	20%	21%	13%	17%	24%	93	80	75	7%	3%	4%
Aspen Technology Inc.	26%	16%	25%	NM	NM	NM	43%	66%	11%	77%	81%	85%	-10%	-2%	9%	27%	39%	39%	195	245	239	2%	1%	1%
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%
Concur Technologies Inc.	21%	27%	22%	8%	18%	9%	-27%	63%	1%	73%	73%	72%	20%	18%	19%	13%	17%	14%	67	75	79	8%	8%	8%
Demandware Inc	54%	31%	35%	NM	NM	NM	NM	NM	NM	65%	66%	67%	1%	-16%	0%	-6%	-24%	-4%	127	107	90	6%	10%	11%
ExactTarget Inc.	55%	26%	23%	NM	NM	NM	NM	NM	NM	67%	62%	63%	-7%	-8%	-4%	NM	NM	NM	59	59	59	16%	12%	11%
Guidewire Software Inc.	26%	16%	17%	106%	-88%	155%	-18%	-78%	632%	63%	59%	66%	18%	6%	13%	6%	1%	7%	136	100	89	-1%	-1%	-3%
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
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%
NetSuite Inc.	22%	26%	21%	21%	39%	89%	126%	45%	25%	73%	73%	75%	5%	5%	8%	13%	15%	15%	157	178	196	4%	3%	3%
NeuStar Inc.	18%	32%	12%	14%	28%	20%	76%	36%	17%	78%	77%	76%	33%	32%	33%	27%	28%	29%	58	59	59	7%	5%	3%
RealPage Inc.	37%	25%	18%	83%	29%	32%	68%	48%	30%	66%	65%	66%	18%	18%	20%	14%	17%	18%	83	79	79	6%	4%	4%
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%
ServiceSource International	34%	20%	22%	-16%	-14%	125%	-230%	NM	133%	46%	45%	45%	6%	4%	8%	-12%	4%	6%	0	0	0	7%	6%	5%
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%	19%	104%	56%	20%	106%	27%	42%	53%	56%	57%	11%	13%	13%	12%	11%	13%	36	38	38	1%	1%	1%
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 =>	32%	25%	21%	36%	18%	21%	37%	36%	22%	68%	68%	69%	18%	12%	13%	13%	16%	15%	83	79	79	6%	6%	4%
Group Mean =>	34%	22%	20%	40%	2%	46%	32%	21%	97%	70%	69%	70%	13%	10%	14%	14%	13%	16%	101	102	106	4%	4%	3%

Source: Deutsche Bank







# Appendix 1

## Important Disclosures

Additional information available upon request

### Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Tangoe, Inc.	TNGO.OQ	19.30 (USD) 8 May 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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2. Deutsche Bank and/or its affiliate(s) makes a market in securities issued by this company.
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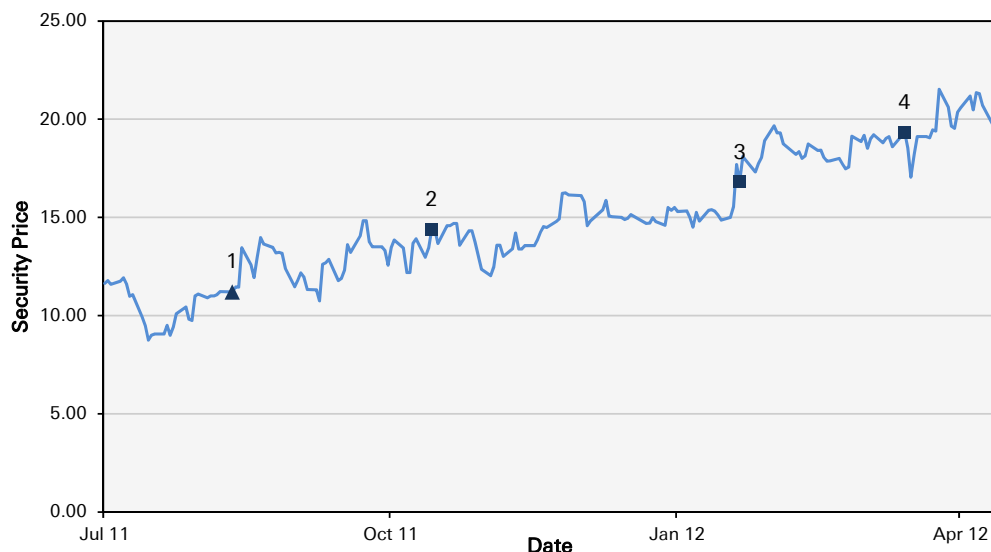
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## Historical recommendations and target price: Tangoe, Inc. (TNGO.OQ)

(as of 5/8/2012)



### 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
2.	11/09/2011:	Buy, Target Price Change USD18.00	4.	04/09/2012:	Buy, Target Price Change USD25.00

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**Buy:** Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield ) , we recommend that investors buy the stock.

**Sell:** Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

**Hold:** We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

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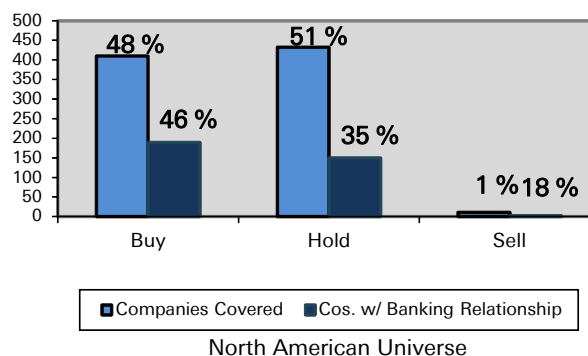
2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

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

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## Equity rating dispersion and banking relationships





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