## SECTORWATCH: BI & Analytics Consulting January 2018



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- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix



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# 7 MILE ADVISORS

### **OVERVIEW**



#### Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



#### Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



#### Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

### About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

### Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

### Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.



## DASHBOARD

### **Revenue Growth Momentum**

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

## **Pricing / Gross Margin Momentum**

**10.2%** 

**-0.9%** 

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

### **Profitability Momentum**

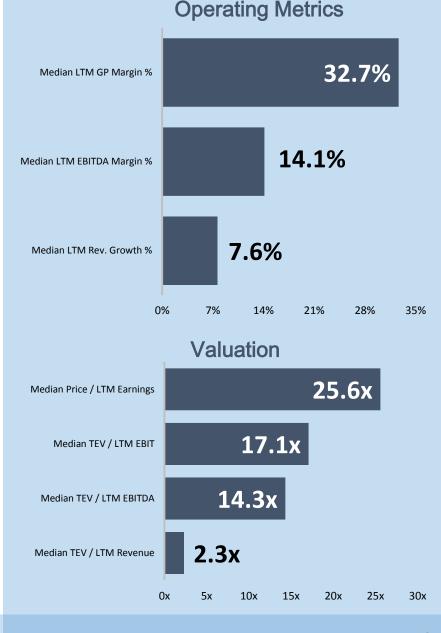
**10.3%** 

1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

#### PUBLIC BASKET CONSTITUENTS

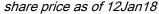
NasdaqGS:PRFT	NYSE:DXC
NYSE:EPAM	NasdaqGS:CTSH
ENXTPA:ATO	NYSE:ACN
ENXTPA:CAP	NYSE:IBM





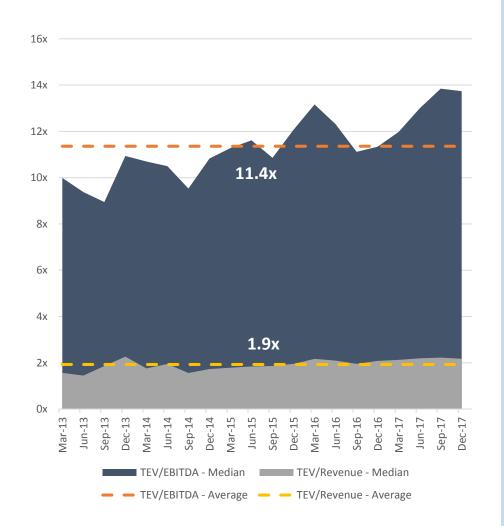
### PUBLIC BASKET PERFORMANCE

Component	<u> </u>	LTM Rev	Rev Growth			TEV / Rev		# 575-	Rev / FTE
Company	TEV \$m	\$m	YoY	GP %	EBITDA %	X	EBITDA X	# FTEs	\$k
Perficient, Inc.	757	458	-5%	34%	11%	1.7	, 14.8	2,728	168
EPAM Systems, Inc.	5,342	1,365	23%	37%	14%	3.9	27.2	22,383	61
Atos SE	16,015	14,069	8%	14%	13%	1.1	8.1	100,096	141
Capgemini SE	23,289	14,483	1%	27%	13%	1.5	5 12.0	193,077	75
DXC Technology Company	35,059	15,882	116%	25%	<b>14%</b>	2.2	. 16.0	-	NA
Cognizant Technology Solutions Corporation	39,750	14,444	9%	39%	20%	2.8	13.8	260,200	56
Accenture plc	95,252	35,858	7%	32%	16%	2.7	' 16.3	425,000	84
International Business Machines Corporation	186,272	78,366	-2%	46%	21%	2.4	11.1	380,300	206
Average	50,217	21,866	20%	32%	15%	2.3	14.9	172,973	113
Median	29,174	14,463	8%	33%	14%	2.3	14.3	146,587	84





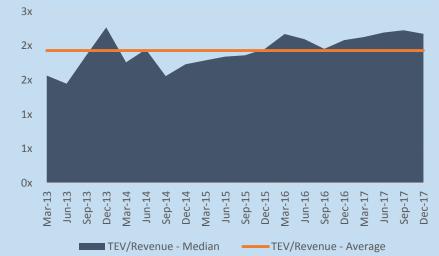
### PUBLIC BASKET VALUATION TRENDS



16x 14x 12x 10x 8x 6x 4x 2x 0x Mar-16 Jun-16 Sep-16 Dec-16 Mar-13 Jun-15 Sep-15 Dec-15 Jun-13 Sep-13 Mar-14 Jun-14 Sep-14 Dec-14 Mar-15 Mar-17 Jun-17 Sep-17 Dec-17 Dec-13 TEV/EBITDA - Median 

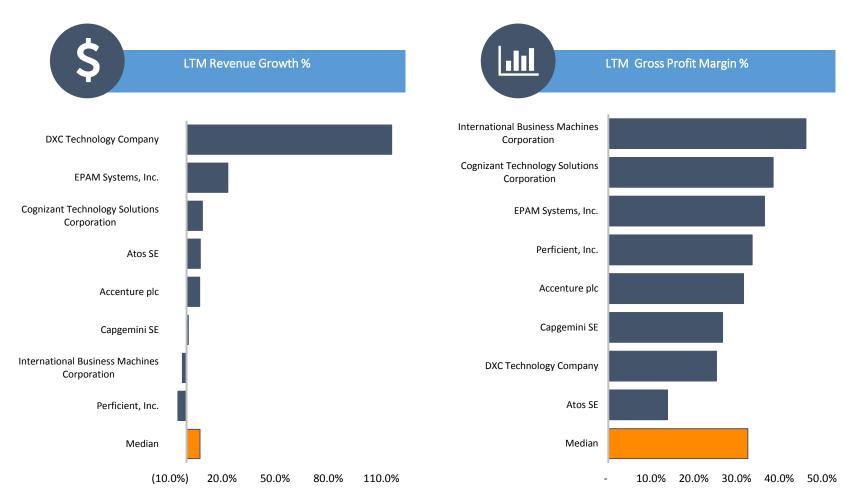
**Public EBITDA Multiples Over Time** 

Public Revenue Multiples Over Time



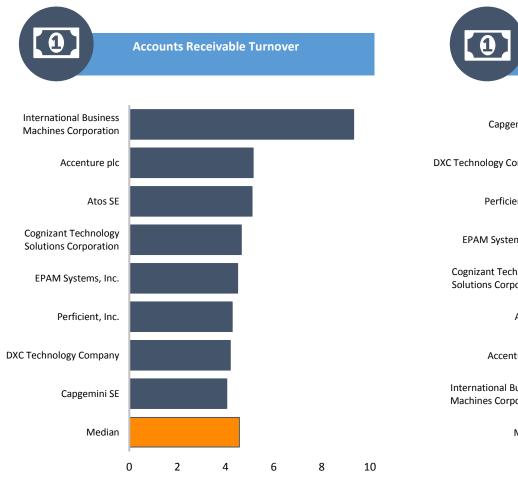


## **OPERATIONAL METRICS**

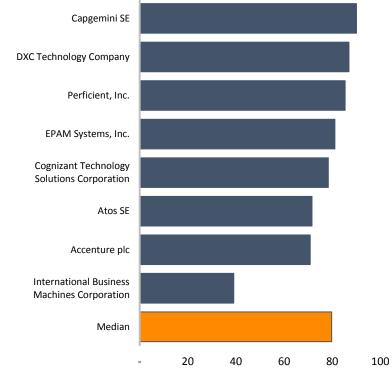




## **OPERATIONAL METRICS**

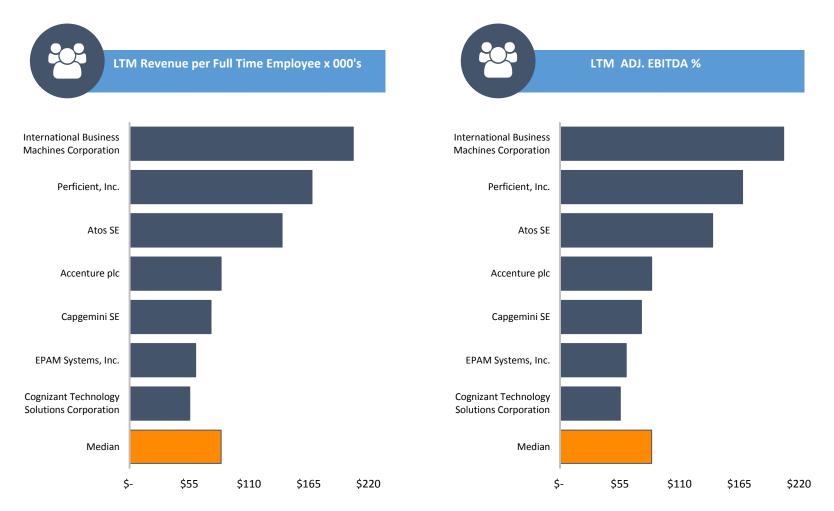


**Average Days Sales Outstanding** 



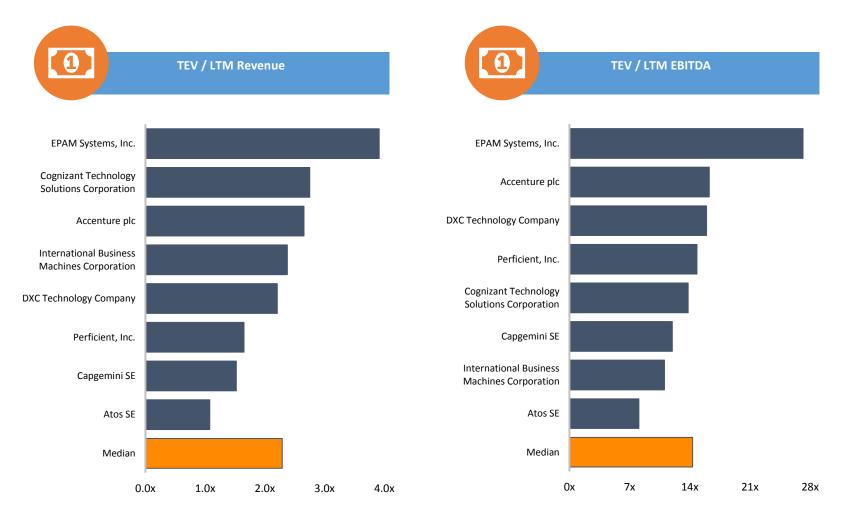


## **OPERATIONAL METRICS**



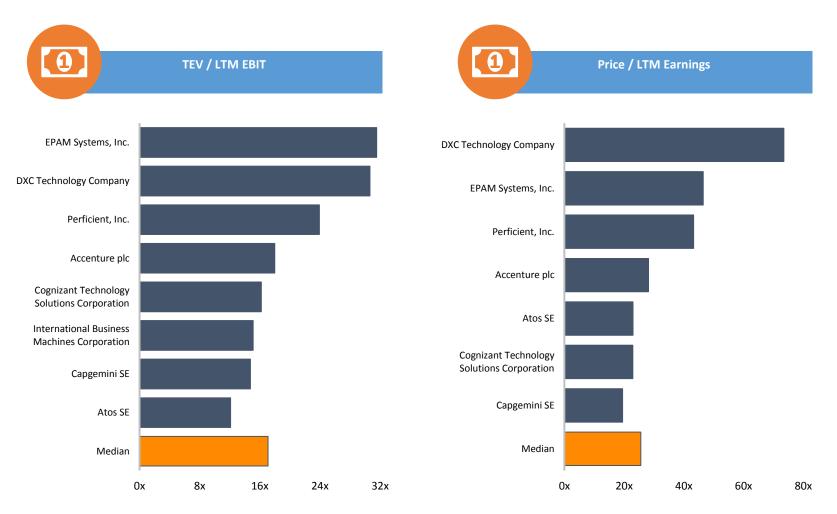


## VALUATION





## VALUATION





## VALUATION





## **RECENT TRANSACTIONS**

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
31Aug17	BAAX, LLC	Lightwell Inc.	-	-	-	-
31Jul17	Search Technologies Corp.	Accenture plc	-	-	-	-
18Jul17	Data Clairvoyance Group, Inc.	Infogix, Inc.	-	-	-	-
17Jul17	Encore Health Resources, LLC	eMids Technologies Inc.	-	-	-	-
12Jul17	47Lining, LLC	REAN Cloud LLC	-	-	-	-
7Jul17	InfoTrellis Inc.	Mastech Digital, Inc.	55.00	22.00	-	-
1Jul17	Tribridge, Inc.	UXC Eclipse (USA) Inc.	152.00	-	-	-
8Jun17	Elite Analytics LLC	Aviana Global Technologies, Inc.	-	-	-	-
10Mar17	ATCG Solutions, LLC	AMERI Holdings, Inc.	8.78	-	-	-
17Feb17	zData Inc.	Atos SE	-	-	-	-
9Jan17	SEAL Consulting Inc.	CenturyLink, Inc.	-	-	-	-
30Dec16	First Manhattan Consulting Group LLC	Deluxe Corporation	200.00	-	-	-
210ct16	Datasource Consulting LLC	ExlService Holdings, Inc.	18.80		-	



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Appendix: Public Basket Constituents



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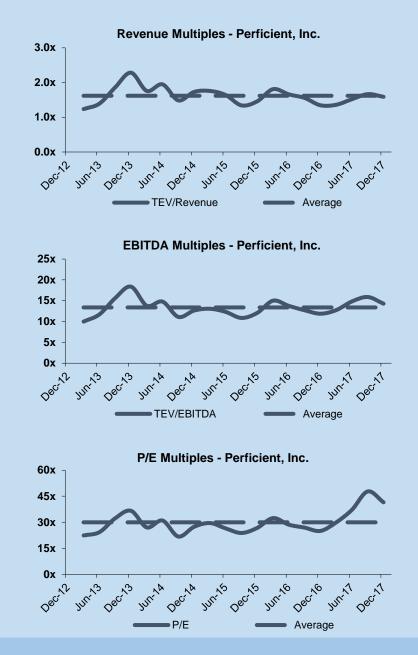


### Perficient, Inc.

Perficient, Inc. provides information technology and management consulting services in the United States. The company designs, builds, and delivers solutions using middleware software products developed by third-party vendors. Its solutions include platform implementations services, including application server selection, architecture planning, installation and configuration, clustering for availability, performance assessment and issue remediation, security, and technology migrations; and portals and collaboration, such as searchable data systems, collaborative systems for process improvement, transaction processing, unified and extended reporting, and other services. The company also offers management consulting services in the areas of organizational change management, business analytics, project management, process excellence, and other; and cloud services comprising architecture, business value and health checks assessments, strategy and road maps, and vendor evaluation and selection services. In addition, it provides enterprise social solutions consisting of ideation and crowdsourcing, mobile apps, employee onboarding, partner and vendor collaboration, user and customer support, expert location/Q&A, and others; and digital marketing services, including search engine marketing, user experience and design, and conversion rate optimization. Further, the company offers business intelligence and analytics; commerce; content management; custom applications; business integration and APIs; business process management; customer relationship management; enterprise performance management; and enterprise mobile solutions. Perficient, Inc. was founded in 1997 and is headquartered in St. Louis, Missouri.

Date	Key Development Headline				
6/22/17	Perficient, Inc. (NasdaqGS:PRFT) acquired Clar				
	Consulting Inc. for CO 4 million				

rity Consulting, Inc. for \$9.4 million.

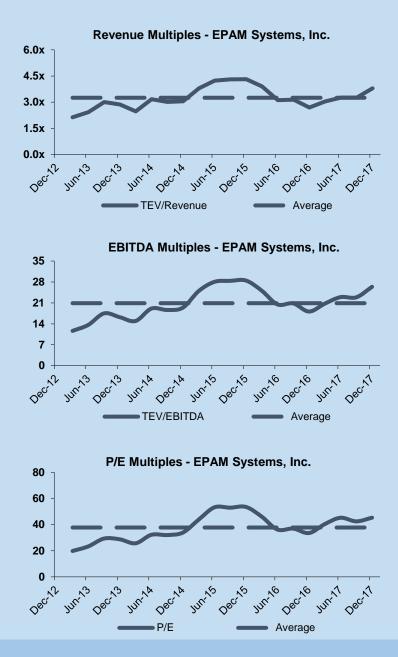




### EPAM Systems, Inc.

EPAM Systems, Inc. provides product development and software engineering solutions worldwide. The company offers software product development services, including product research, customer experience design and prototyping, program management, component design and integration, lifecycle software testing, product deployment and end-user customization, performance tuning, product support and maintenance, and managed services, as well as porting and cross-platform migration. It also provides custom application development services, such as business and technical requirement analysis, user experience design, solution architecture creation and validation, development, quality assurance and testing, legacy applications re-engineering/refactoring, porting, and cross-platform migration and documentation. In addition, the company offers software application testing services, including test automation tools and frameworks; testing for enterprise IT, such as test management, automation, functional and non-functional testing, and defect management; and consulting services. Further, it provides enterprise application platform services comprising requirements analysis and platform selection, customization, cross-platform migration, implementation, integration, and support and maintenance. The company was founded in 1993 and is headquartered in Newtown, Pennsylvania.

Date	Key Development Headline				
1/11/18	Epam Systems and Black Box Create In-Store Dynamic Advertising Solution Using Instant Facial Recognition				
11/2/17	EPAM Systems Seeks Acquisitions				





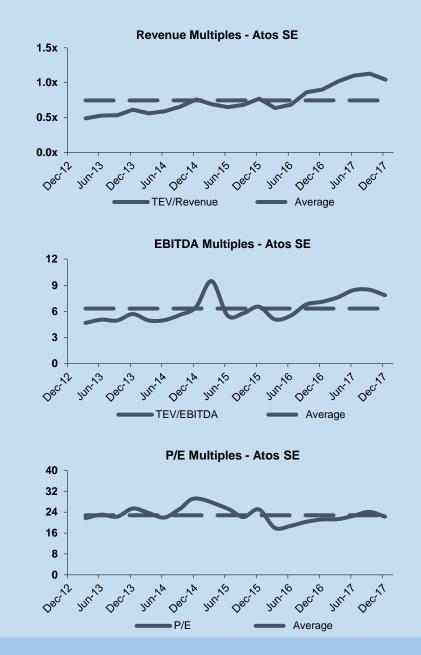
### Atos SE

Atos SE provides information technology services and solution worldwide. It offers big data, cybersecurity, digital workplace, cloud services, infrastructure and data management, business and platform solutions, and transactional services. The company also provides automated help and interaction centers, cloud and mobile solutions, unified communications and collaboration tools; analytics and IOT solutions and services; business process outsourcing services; solutions for mobile apps and devices, as well as SaaS integration; and computing platforms, security solutions, software appliances, and services. In addition, it offers ePayment services; engineering and integration of complex hardware/software systems; data centers and managed infrastructure; enterprise mobility management solutions combined with application management, virtual desktops, and collaboration solutions for end-users and businesses; and application operation, and network and communication services. Further, the company offers digital transformation and consulting, digital commerce, and digital integration services. It serves defense, financial services, health, manufacturing, media, utilities, public sector, retail, telecommunications, and transportation sectors. Atos SE was incorporated in 1982 and is headquartered in Bezons, France.

#### Date

#### Key Development Headline

1/1/18 Atos SE (ENXTPA:ATO) completed the acquisition of Siemens Convergence Creators GmbH from Siemens Convergence Creators Holding GmbH.





<sup>12/16/17</sup> Atos SE (ENXTPA:ATO) cancelled the acquisition of Gemalto N.V. (ENXTAM:GTO).

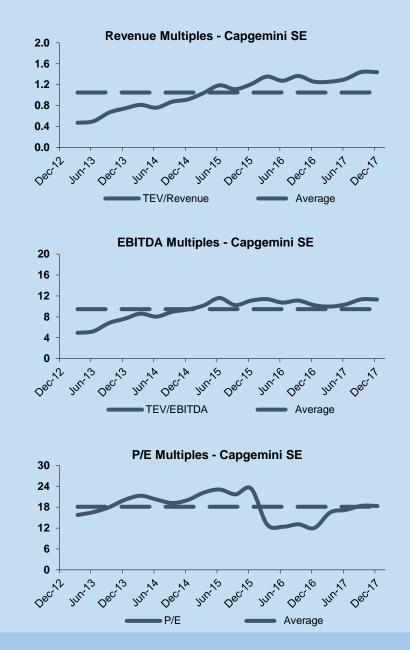
### Capgemini SE

Capgemini SE provides consulting, technology, and outsourcing services. It operates through Consulting Services, Technology & Engineering Services, Application Services, and Other Managed Services segments. The company offers consulting services in the areas of digital transformation, strategy and transformation, supply chain management, finance transformation, people and performance, CIO strategy and transformation, accelerated solutions environment, and big data and analytics, as well as marketing, sales, and services. It also designs, develops, and implements technology projects; and provides system integration, and IT application development and maintenance services. In addition, the company integrates, manages, and/or develops client's IT infrastructure systems, transaction services, on-demand services, and/or business process outsourcing services; and offers professional technology services for applications, engineering, testing, and operations. Capgemini SE was founded in 1967 and is based in Paris, France.

Date	Key Development Headline
9/25/17	Capgemini Seeks Investments
9/19/17	Capgemini SE (ENXTPA:CAP) agreed to acquire Lyons Consulting Group.
7/6/17	Capgemini SE (ENXTPA:CAP) agreed to acquire Radi Software Do Brasil Ltda. from McDonald's Corporation (NYSE:MCD).
5/22/17	Tradeshift Holdings Inc. completed the acquisition of IBX

Business Network from Cap Gemini S.A. (ENXTPA:CAP).

3/22/17 Cap Gemini S.A. (ENXTPA:CAP) agreed to acquire Itelios.



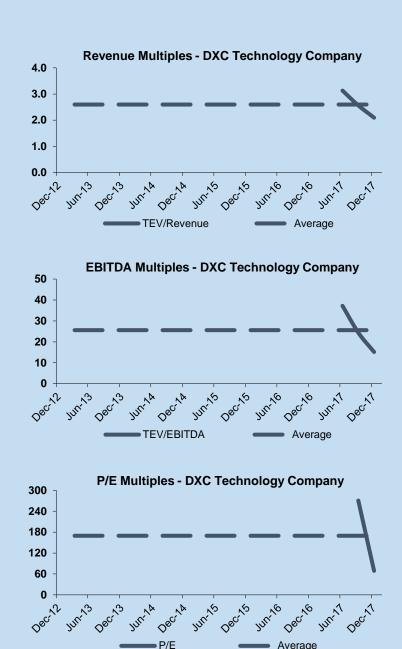


### DXC Technology Company

DXC Technology Company, together with its subsidiaries, provides information technology services and solutions primarily in North America, Europe, Asia, and Australia. This segment also provides applications services, which optimize and modernize clients' business and technical environments that enable clients to capitalize on emerging services, such as cloud, mobility, and big data within new commercial models, including the 'as a Service' and digital economies; consulting services, which help organizations innovate, transform, and create sustainable competitive advantage; and vertically aligned software solutions and process-based intellectual property power mission-critical transaction engines in insurance, banking, healthcare and life sciences, manufacturing, and other diversified industries. DXC Technology Company was founded in 1959 and is headquartered in Tysons, Virginia.

#### Date Key Development Headline

- 10/11/17 DXC Technology Company, KeyPoint Government Solutions, Inc., Vencore Holding Corp. - M&A Call
- 10/10/17 KeyPoint Government Solutions, Inc. and Vencore Holding Corp. agreed to acquire U.S. Public Sector Business from DXC Technology Company (NYSE:DXC) in a reverse morris trust transaction.
- 8/14/17 DXC Seeks Acquisitions
- 5/25/17 DXC Technology and Mphasis Collaborate to Accelerate Application Transformation and Modernization Solutions for Enterprise Clients
- 3/30/17 Computer Sciences Corporation (NYSE:CSC) completed the acquisition of Everett Spinco, Inc. from Hewlett Packard Enterprise Company (NYSE:HPE).



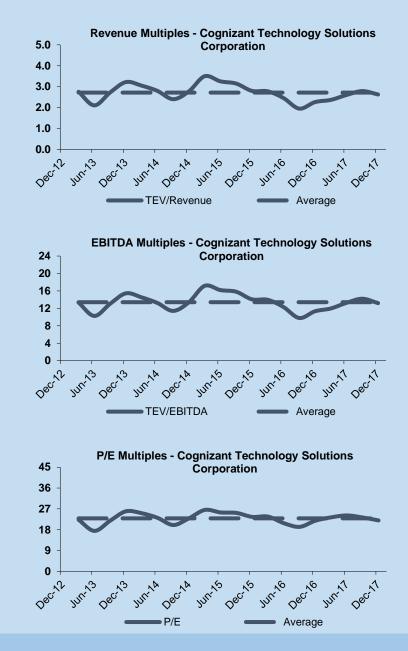


### **Cognizant Technology Solutions Corporation**

Cognizant Technology Solutions Corporation provides information technology (IT), operations and technology consulting, infrastructure, and business process services worldwide. Its consulting and technology services include strategy consulting, business and operations consulting, technology strategy and change management, and program management consulting services; application design and development; systems integration; and application testing, consulting, and engineering services, as well as enterprise information management services. The company also develops, licenses, implements, and supports proprietary and third-party software products for the healthcare industry, including solutions for health insurance plans, third party benefit administrators, and healthcare providers. In addition, it provides outsourcing services, such as application maintenance services; IT infrastructure services; and business process services comprising clinical data management, pharmacovigilance, equity research support, commercial operations, and order management services, as well as related services, including platform-based services. Cognizant Technology Solutions Corporation was founded in 1994 and is headquartered in Teaneck, New Jersey.

**Key Development Headline** 10/25/17 Cognizant Technology Solutions Corporation

- (NasdagGS:CTSH) agreed to acquire Zone Ltd from Business Growth Fund plc and others.
- 10/23/17 Cognizant Technology Solutions Corporation (NasdagGS:CTSH) entered into an agreement to acquire Netcentric AG.
- 8/31/17 Cognizant Technology Mulls Acquisitions
- 8/27/17 Cognizant Technology Solutions Corporation (NasdagGS:CTSH) completed the acquisition of TMG Health, Inc. from Health Care Service Corporation.





Date

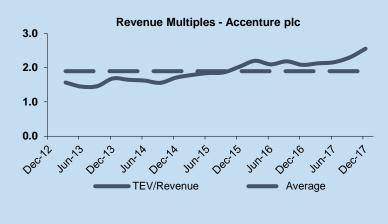
### Accenture plc

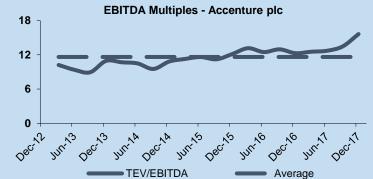
Accenture plc provides consulting, technology, and outsourcing services worldwide. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, and enhance business results through industry-specific solutions for communications, media, and high tech industries, as well as for software platforms. The company's Financial Services segment offers services that address profitability pressures, industry consolidation, regulatory changes, and the need to continually adapt to new digital technologies. This segment serves clients in banking, capital markets, and insurance industries. Its Health & Public Service segment provides research-based insights and offerings, including consulting services and digital solutions to help clients deliver social, economic, and health outcomes. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

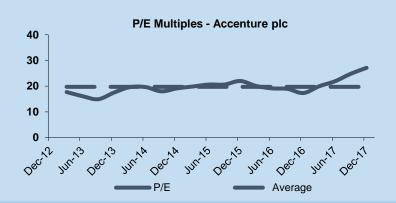
#### Date

#### Key Development Headline

- 1/9/18 Accenture plc (NYSE:ACN) signed an agreement to acquire MACKEVISION Medien Design GmbH from GIMV NV (ENXTBR:GIMB) and other shareholders.
- 1/7/18 Accenture plc (NYSE:ACN) acquired Altima SAS from Capital Croissance SAS and others.
- 1/5/18 Faurecia and Accenture Join Forces to Reinvent Onboard Experience for Connected and Autonomous Vehicles
- 12/13/17 Accenture plc (NYSE:ACN) entered into an agreement to acquire Rothco.
- 11/17/17 Accenture and Pivotal Software, Inc. Launch New Business Group to Help Enterprises Accelerate Cloud Migration and Speed Software Development









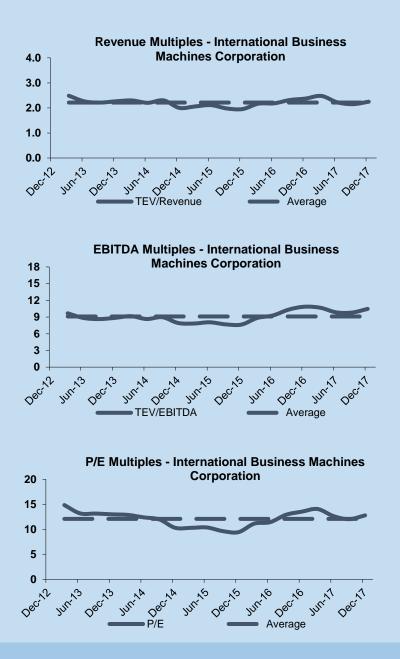
### **International Business Machines Corporation**

International Business Machines Corporation provides information technology (IT) products and services worldwide. Its Cognitive Solutions segment includes Watson, a cognitive computing platform that interacts in natural language, processes big data, and learns from interactions with people and computers. The company's Cognitive Solutions segment also offers data and analytics solutions, including analytics and data management platforms, cloud data services, enterprise social software, talent management solutions, and solutions tailored by industry; and transaction processing software that runs mission-critical systems in banking, airlines, and retail industries. The company's Global Business Services segment offers business consulting services; delivers system integration, application management, maintenance, and support services for packaged software applications; and business process outsourcing services. The company was founded in 1911 and is headquartered in Armonk, New York.

#### Date

#### Key Development Headline

- 10/4/17 Forensic Logic, Inc. acquired COPLINK Suite of Products from International Business Machines Corporation (NYSE:IBM).
- 9/28/17 IBM and University of California San Diego Collaborate to Advance the Use of Artificial Intelligence for Healthy Living
- 9/13/17 IBM, ZF, UBS to Develop Open Automotive Transaction Platform
- 9/12/17 Vodafone and IBM Join Together to Offer Easy Route to the Cloud for Enterprises
- 9/12/17 ZF, UBS and IBM to Jointly Develop an Open Automotive Transaction Platform for Mobility Services Based on Blockchain Technology





### **CONTACT INFORMATION**

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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