



# Sectorwatch: BI & Analytics Consulting

June 2018

# BI & Analytics Consulting

June 2018

- Sector Dashboard [4]
- Public Basket Performance [5]
- Operational Metrics [7]
- Valuation Comparison [10]
- Recent Deals [13]
- Appendix [14]

# Overview

---

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

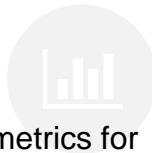
## Dashboard

- Summary metrics on the sector
- 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

- Graphical, detailed comparison of valuation multiples for the public basket



## Recent Deals

- The most recently announced deals in the sector



# Dashboard



## Revenue Growth Momentum

↓ -0.02

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

↑ 0.6%

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

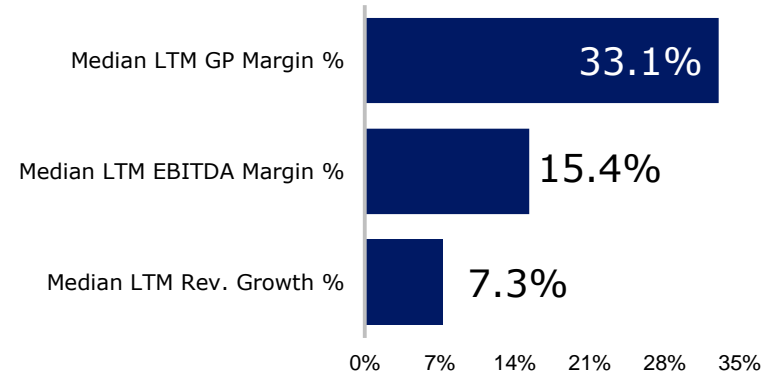
## Profitability Momentum

↓ -0.02%

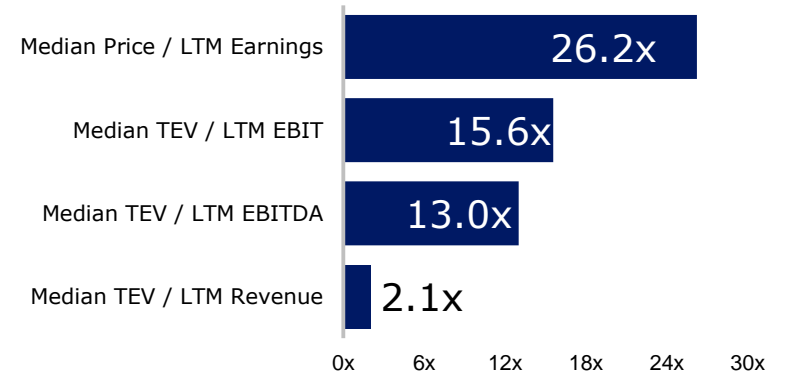
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

## Operating Metrics



## Valuation



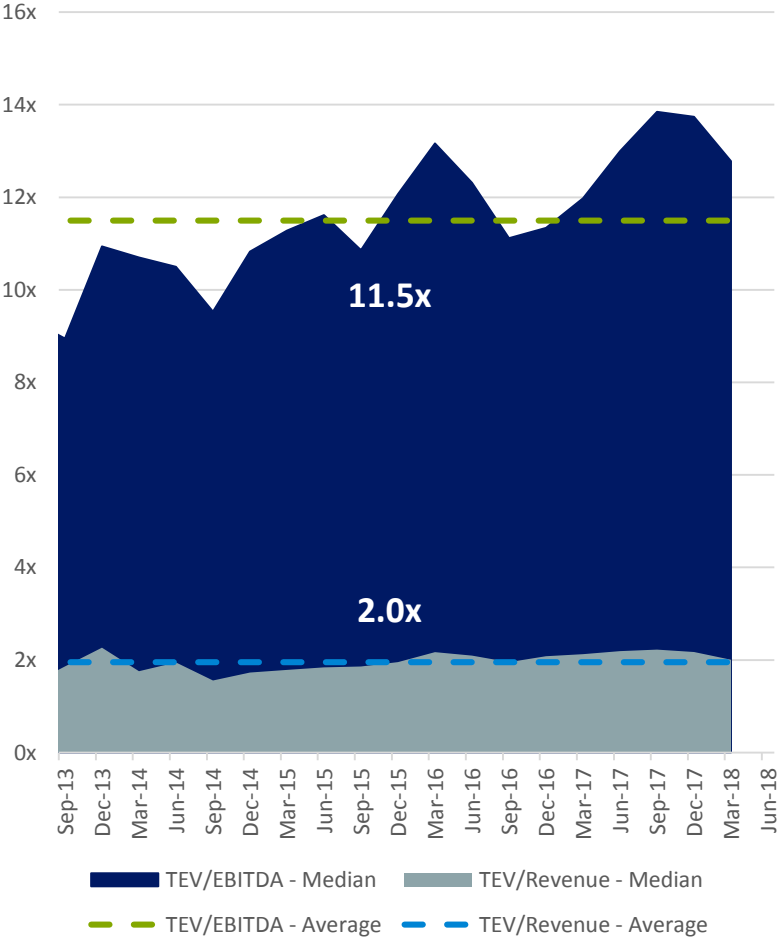
# Public Basket



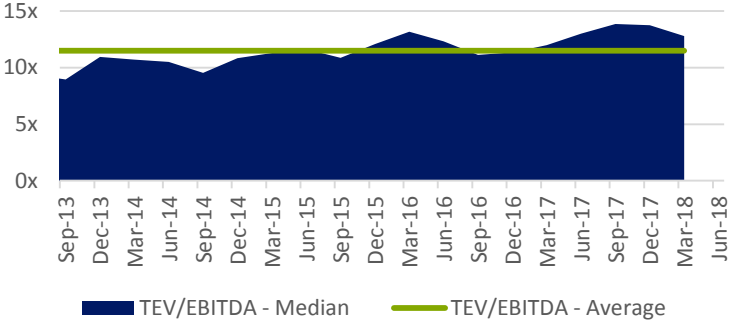
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITD A X	# FTEs	Rev / FTE \$k
Perficient, Inc.	1,013	483	5%	35%	12%	2.1	18.1	3,024	160
EPAM Systems, Inc.	6,012	1,550	27%	36%	14%	3.9	26.8	25,962	60
Atos SE	15,050	15,239	5%	14%	13%	1.0	8.1	89,989	169
Capgemini SE	23,781	15,360	2%	26%	13%	1.6	12.7	199,698	77
DXC Technology Company	29,525	24,556	223%	27%	20%	1.2	5.9	150,000	164
Cognizant Technology Solutions Corporation	42,124	15,176	10%	38%	21%	2.8	13.3	260,000	58
Accenture plc	101,218	37,126	10%	32%	16%	2.7	16.8	425,000	87
International Business Machines Corporation	164,677	80,056	1%	46%	21%	2.1	9.9	366,600	218
<b>Average</b>	47,925	23,693	35%	32%	16%	2.2	14.0	190,034	124
<b>Median</b>	26,653	15,300	7%	33%	15%	2.1	13.0	174,849	124

share price as of 21Jun18

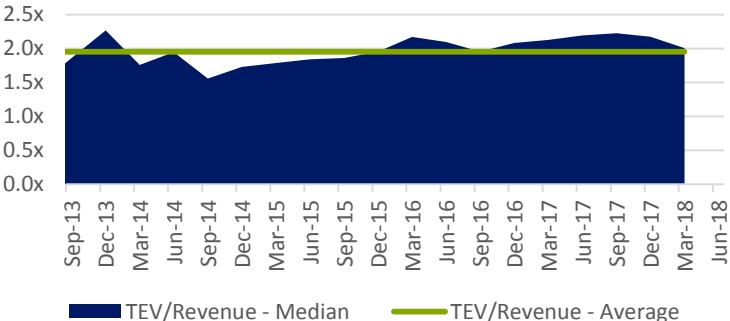
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



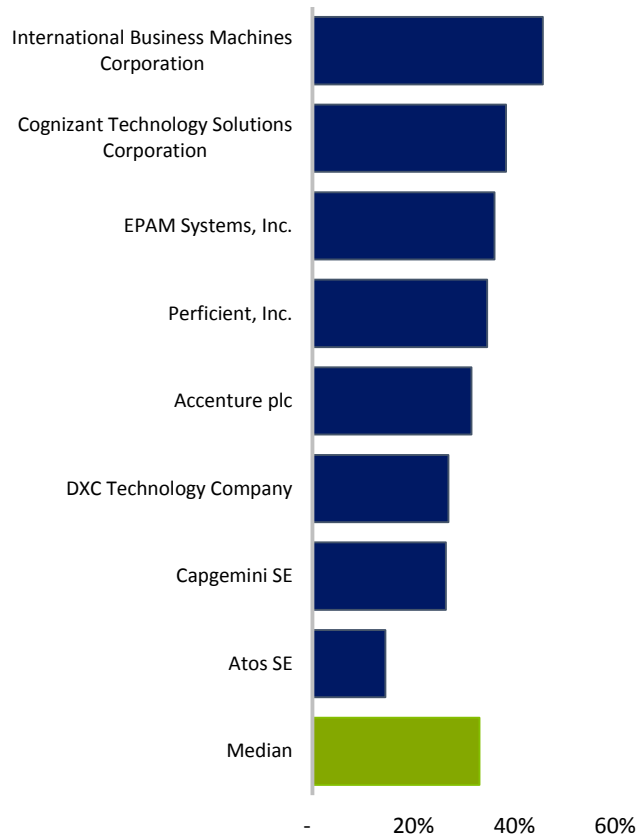
## Public Revenue Multiples over Time



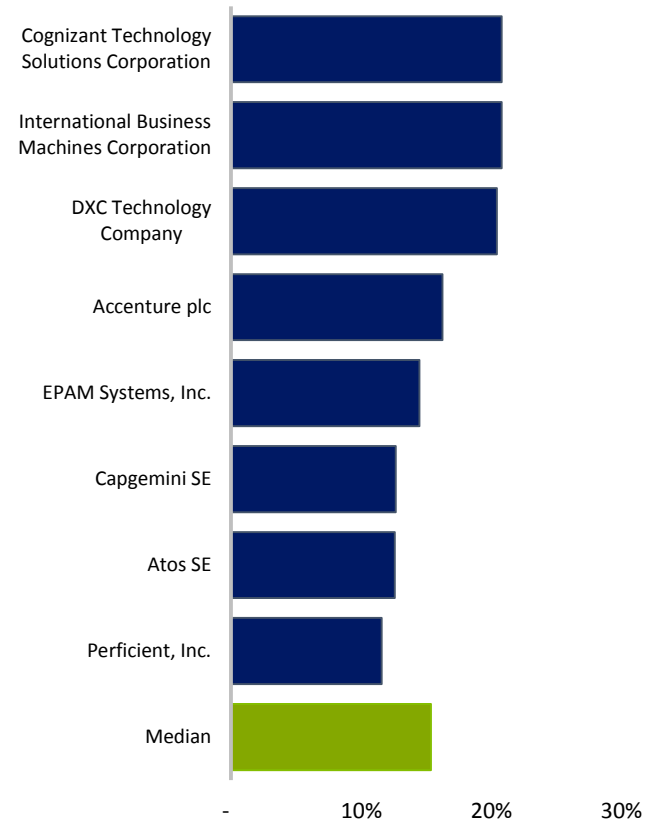
# Operational Metrics



LTM Gross Profit Margin %



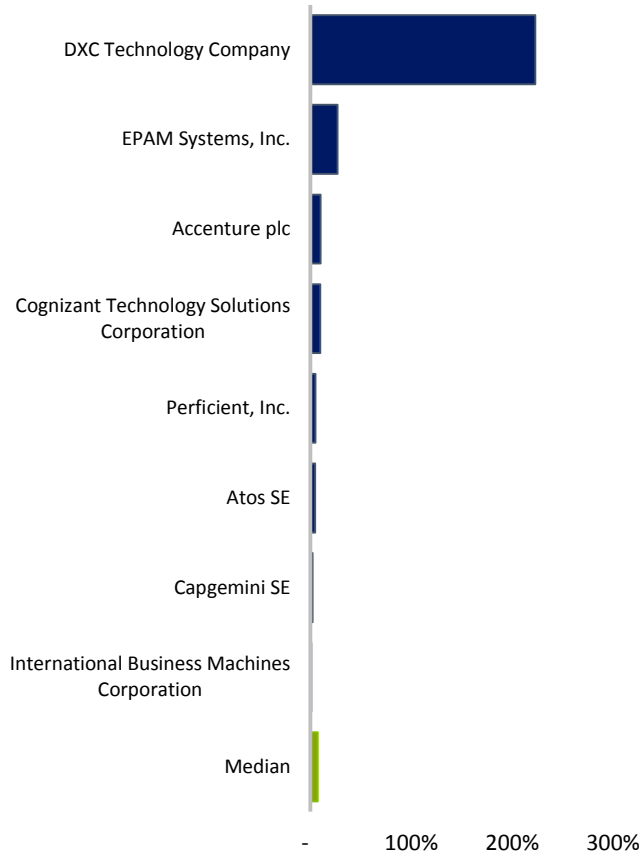
LTM EBITDA %



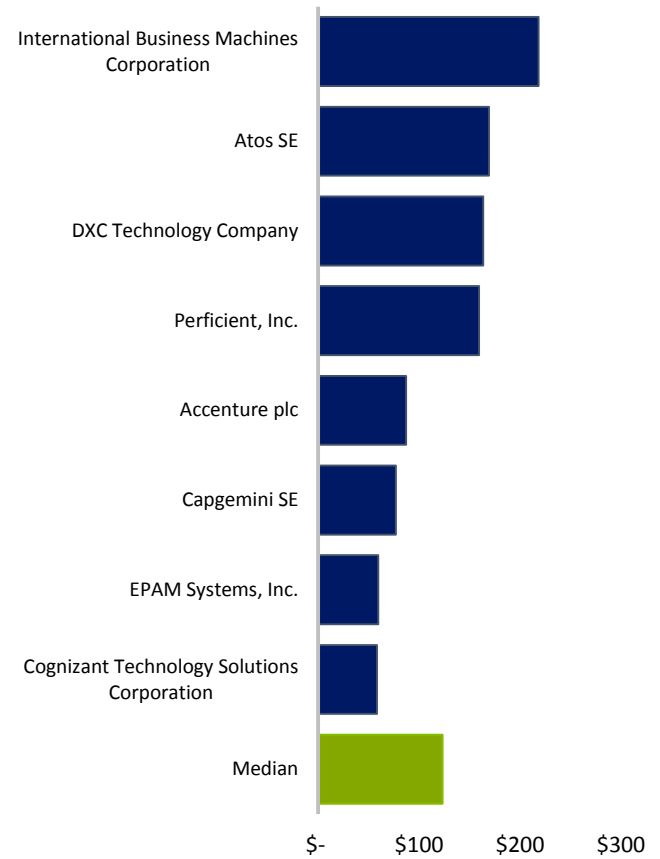
# Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's



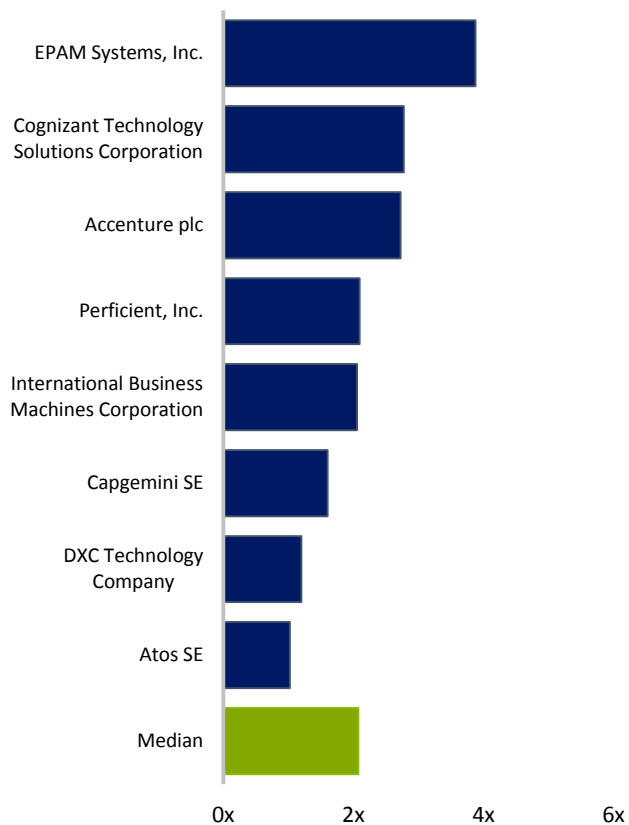




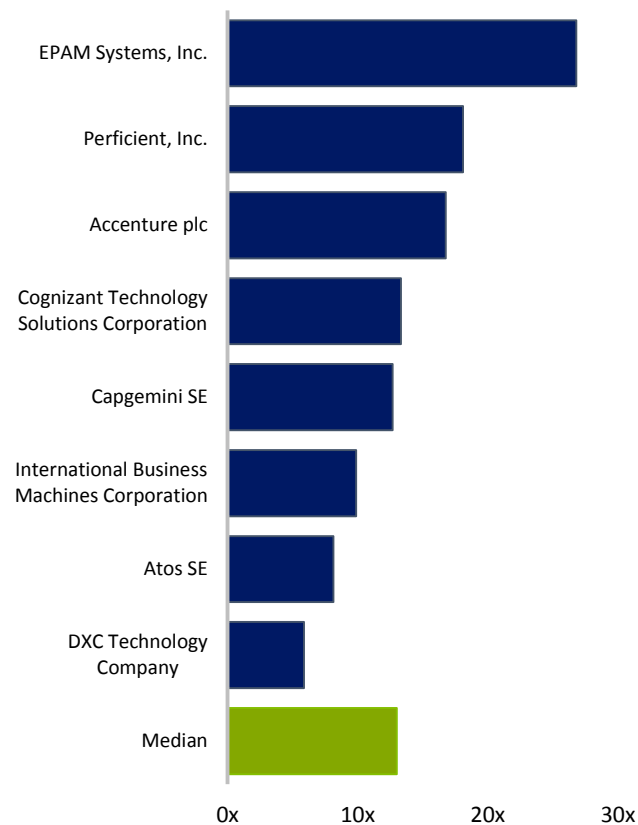
# Valuation



TEV / LTM Revenue



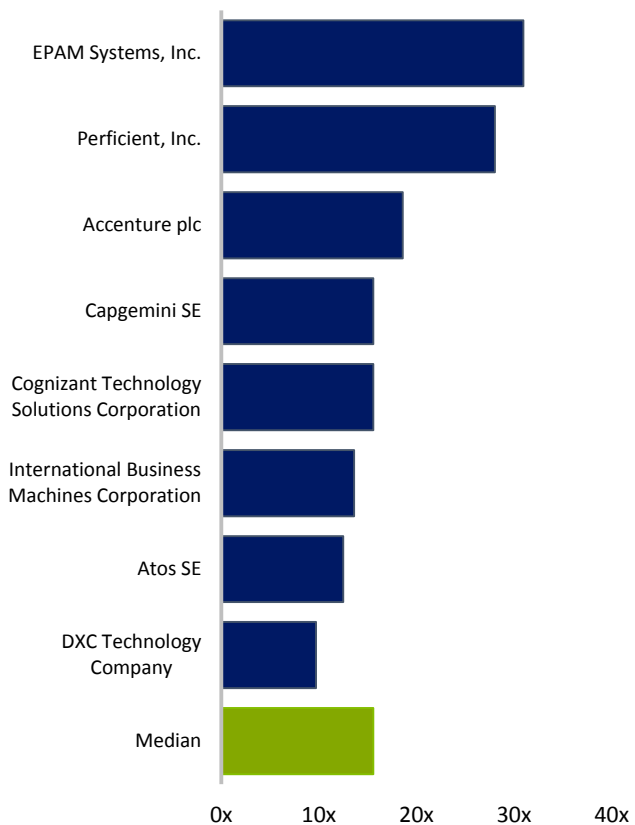
TEV / LTM EBITDA



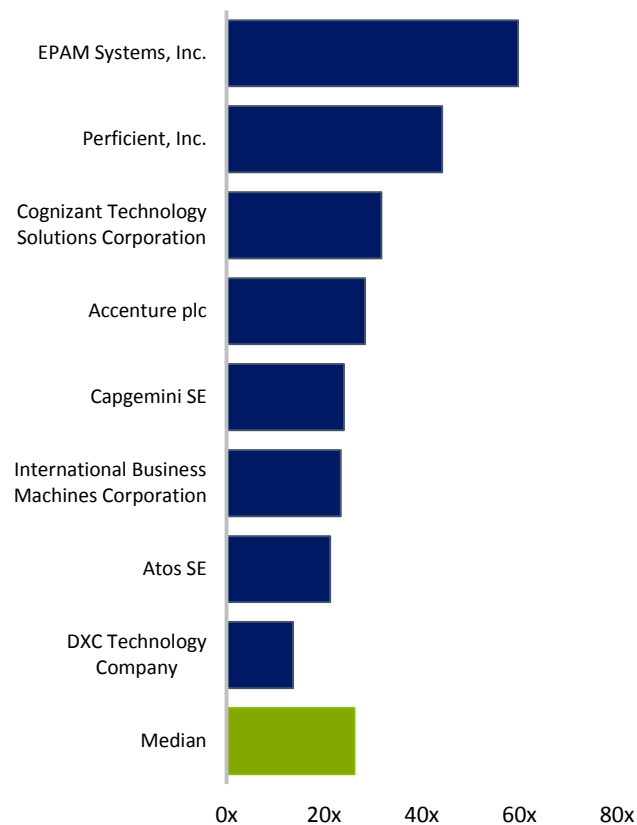
# Valuation



TEV / LTM EBIT



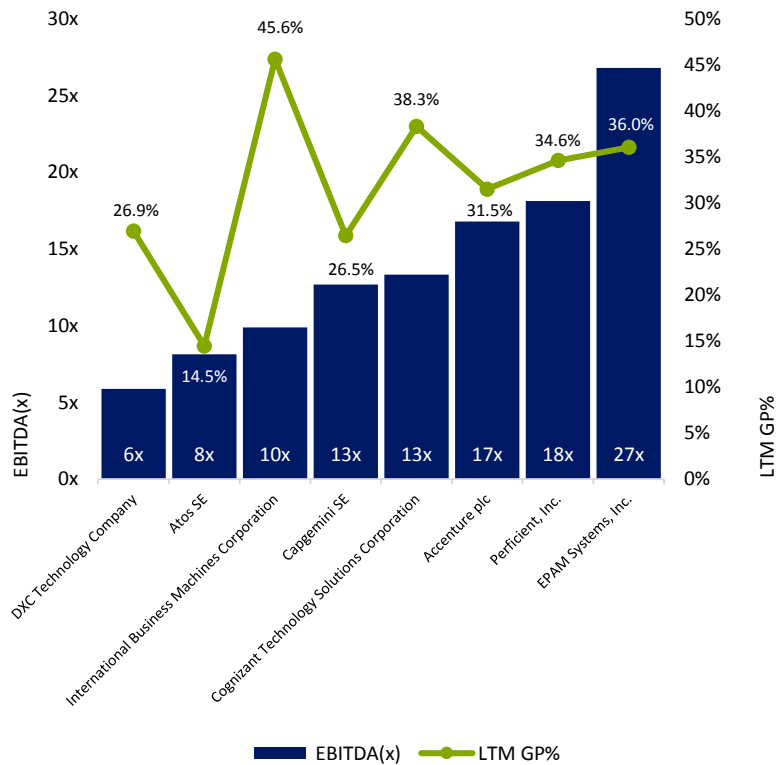
Price / LTM Earnings



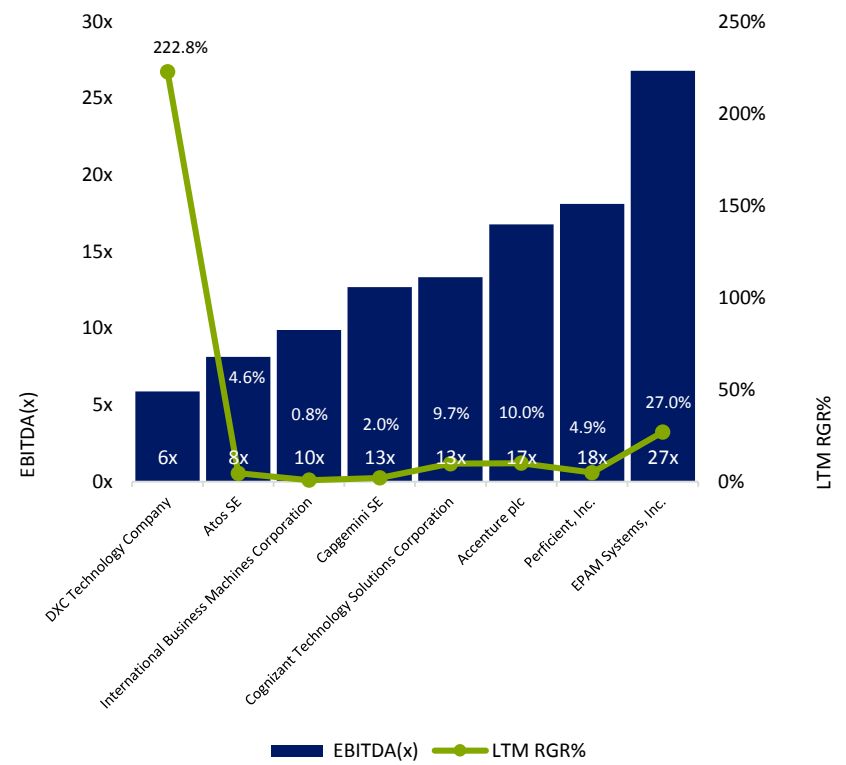
# Valuation



## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
2Apr18	Southport Services Group, LLC	Perficient, Inc.	21.41	17.00	1.3x	-
14Feb18	Surge, LLC	Catalyst IT Services, Inc.	-	-	-	-
13Feb18	Global View Analytics, Inc.	MindStream Analytics LLC	-	-	-	-
10Jan18	CBIG Consulting, LLC	Trianz Holdings Pvt. Limited	-	-	-	-
30Oct17	Xavient Information Systems Inc. (nka:Xavient Digital)	TELUS International, Inc.	130.00	-	-	-
31Aug17	BAAX, LLC	Lightwell Inc.	-	-	-	-
31Jul17	Search Technologies Corporation	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	-	-	-	-
18Jan17	Navantis, Inc.	Datavail Corporation	-	-	-	-
9Jan17	SEAL Consulting Inc.	CenturyLink, Inc.	-	-	-	-
9Jan17	Tridea Partners, LLC (nka:Tridea - a Columbus company)	Columbus A/S	8.78	-	-	-
30Dec16	First Manhattan Consulting Group LLC	Deluxe Corporation	200.00	-	-	-
21Oct16	Datasource Consulting LLC	ExlService Holdings, Inc.	18.80	-	-	-
25Jul16	Art of BI Software, LLC	Datavail Corporation	-	-	-	-

# BI & Analytics Consulting

June 2018

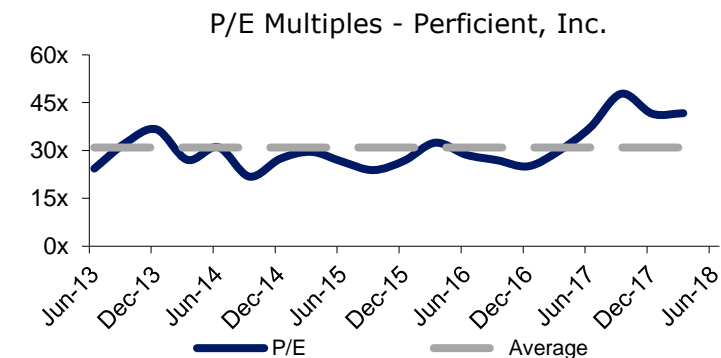
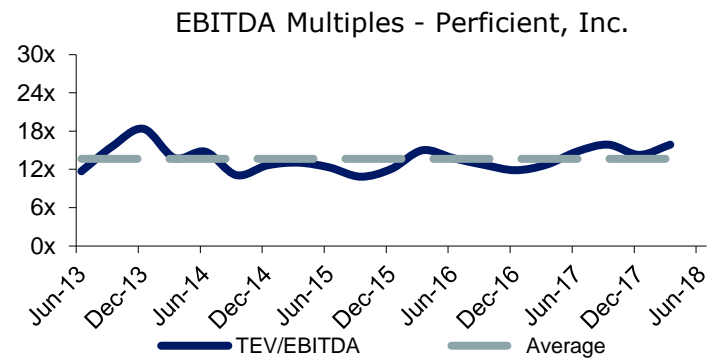
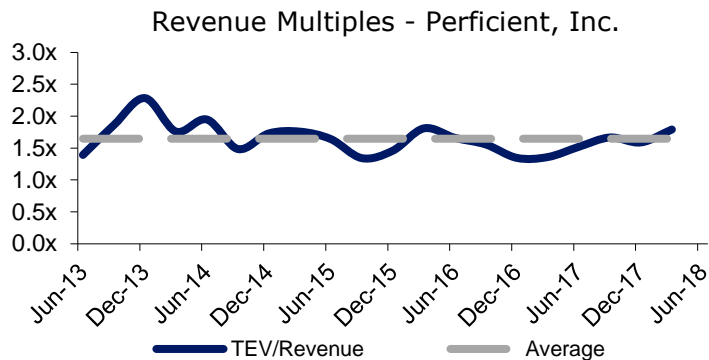
APPENDIX:  
Public Basket  
Constituents

# Public Basket



## 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 portals and collaboration, such as searchable data systems, collaborative systems for process improvement, transaction processing, unified and extended reporting, and other services; and platform implementations services, including application server selection, architecture planning, installation and configuration, clustering for availability, performance assessment and issue remediation, security, and technology migrations. 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 product configuration digital marketing services, including search engine marketing, user experience and design, and conversion rate optimization; commerce solutions; and content management solutions. Perficient, Inc. was founded in 1997 and is headquartered in St. Louis, Missouri.



Date	Key Development Headline
------	--------------------------

5/1/18	Perficient Seeks Acquisitions
--------	-------------------------------

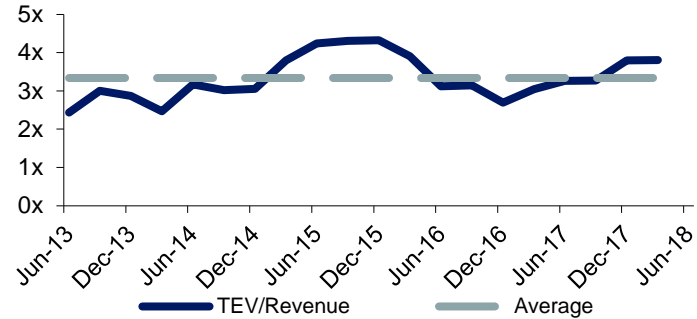
# Public Basket



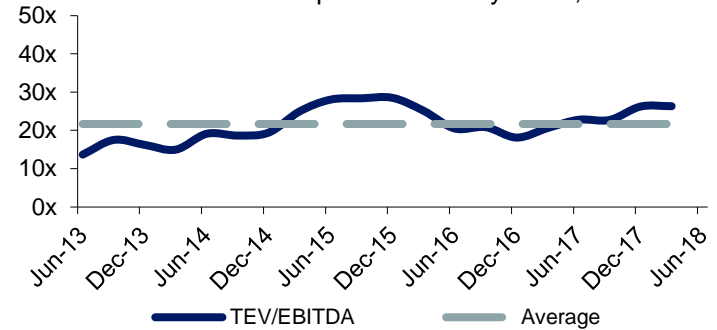
## EPAM Systems, Inc.

EPAM Systems, Inc. provides software product development and digital platform engineering services primarily in North America, Europe, Asia, and Australia. It offers software product development services, including product research, customer experience design, prototyping, program management, component design and integration, lifecycle software testing, product deployment, end-user customization, performance tuning, product support and maintenance, managed services, and porting and cross-platform migration. The company provides custom application development services, such as business and technical requirement analysis, user experience design, solution architecture creation and validation, development, component design and integration, quality assurance and testing, deployment, performance tuning, support and maintenance, legacy applications re-engineering/refactoring, porting and cross-platform migration, and documentation. The company was founded in 1993 and is headquartered in Newtown, Pennsylvania.

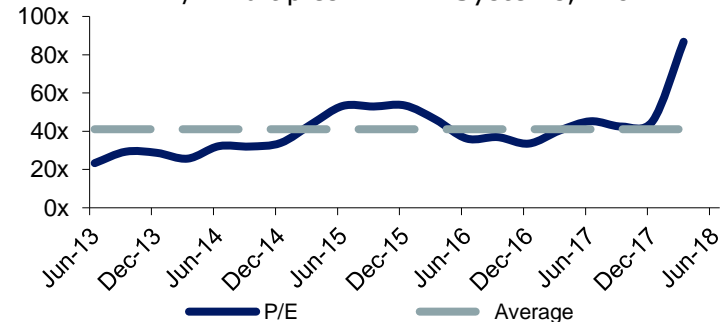
Revenue Multiples - EPAM Systems, Inc.



EBITDA Multiples - EPAM Systems, Inc.



P/E Multiples - EPAM Systems, Inc.



Date	Key Development Headline
------	--------------------------

3/14/18	EPAM Systems, Inc. (NYSE:EPAM) acquired Continuum LLC.
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

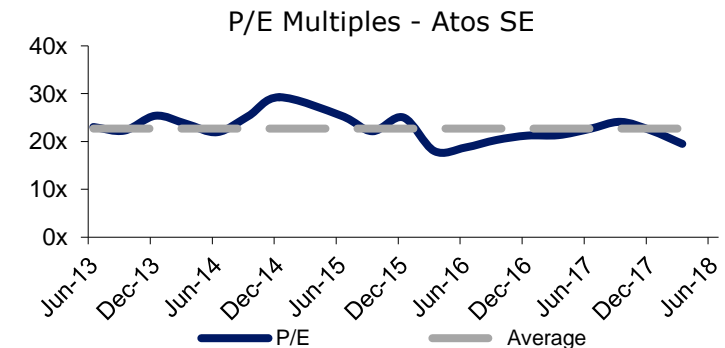
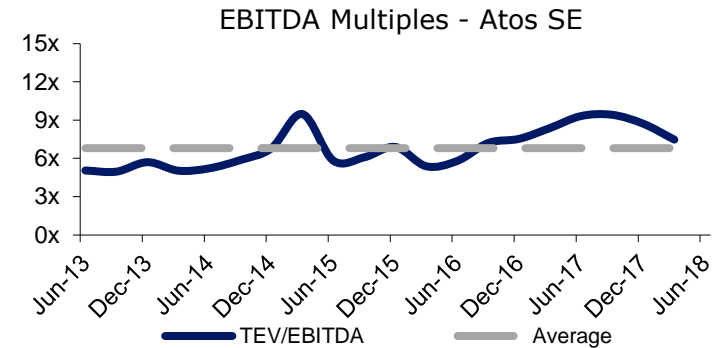
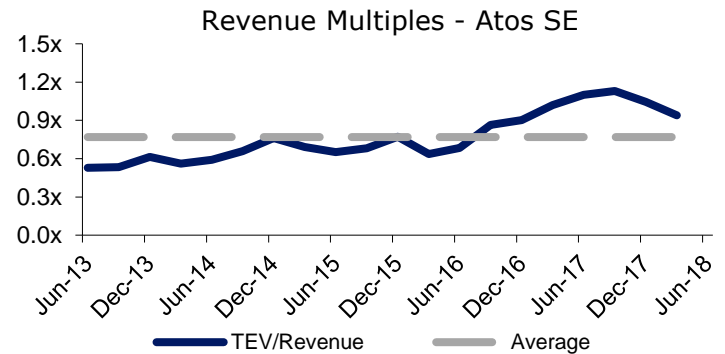


# Public Basket



## Atos SE

Atos SE provides information technology services and solutions worldwide. It offers infrastructure and data management services, including cloud services and digital workplace services, business and platform solutions, big data, and cybersecurity products and services, as well as transactional services. The company's solutions include automated help and interaction centers, cloud and mobile solutions, unified communications and collaboration tools; Atos Codex, a suite of business-driven analytics and IOT solutions and services; business process outsourcing; business and platform solutions for mobile apps and devices, as well as SaaS integration; and computing platforms, security solutions, software appliances, and services. It also offers payments and transactional services. The company primarily operates under the Atos, Atos Consulting, Atos Worldgrid, Bull, Canopy, Unify, and Worldline brands. It serves defense, financial services, health, manufacturing, media, utilities, public sector, retail, telecommunications, and transportation sectors. The company has a strategic partnership with OutSystems. Atos SE was incorporated in 1982 and is headquartered in Bezons, France.



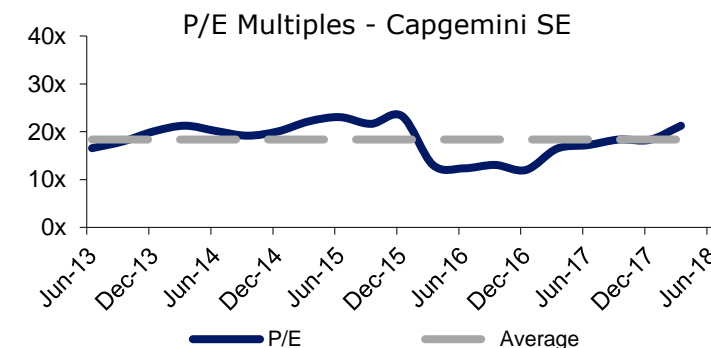
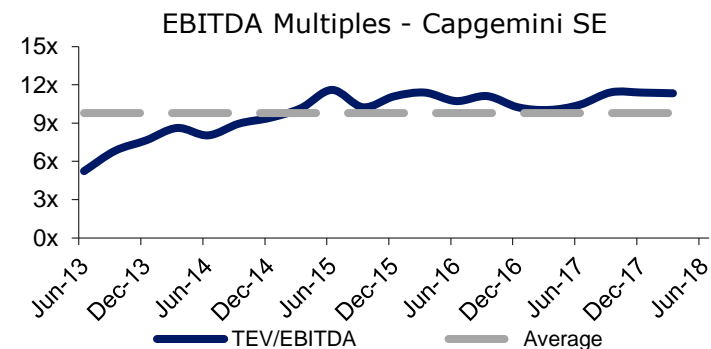
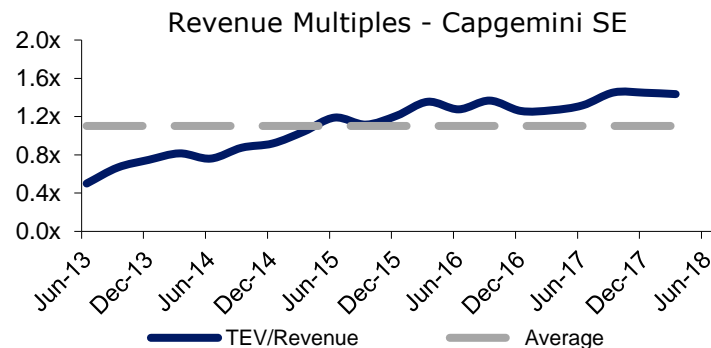
Date	Key Development Headline
4/25/18	Atos Seeks Acquisitions
4/11/18	OutSystems Announces New Strategic Partnership in UK and Ireland with Atos

# Public Basket



## Capgemini SE

Capgemini SE provides consulting, technology, outsourcing, and other managed services. Its Technology & Engineering Services segment provides assistance and support to internal IT teams of client companies. The company's Application Services segment designs, develops, implements, and maintains IT applications, including system integration and application maintenance services. Its Other Managed Services segment integrates, manages, and/or develops client's IT infrastructure systems, as well as provides transaction, on-demand, and/or business process outsourcing services. Capgemini SE serves various industries, including aerospace and defense, automotive, consumer products and retail, electronics and high tech, government and public sector, healthcare and life sciences, insurance, media and entertainment, natural resources, telecom, transportation and distribution, and utilities.. Capgemini SE was founded in 1967 and is based in Paris, France.



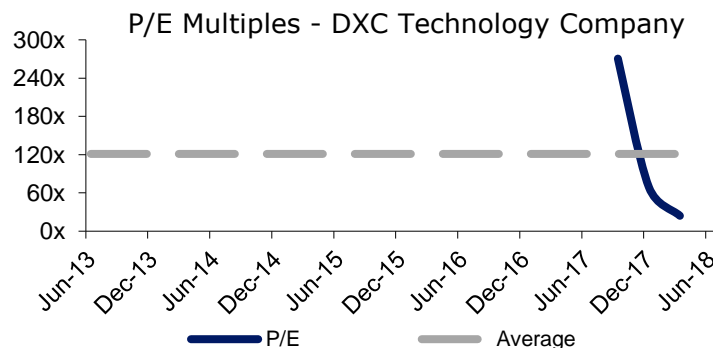
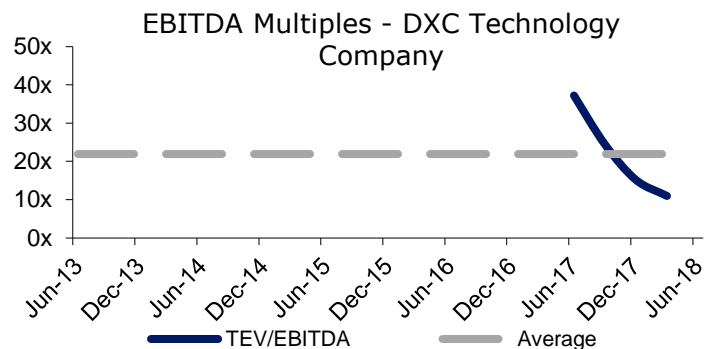
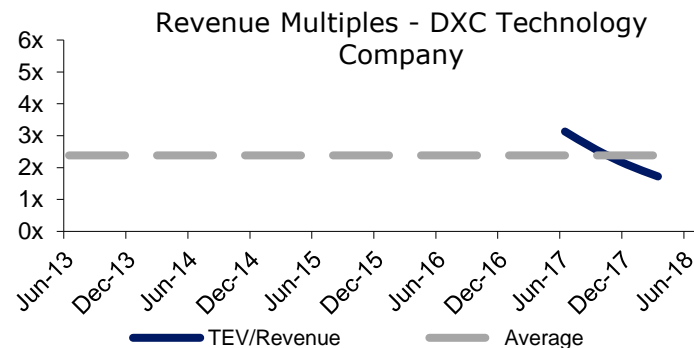
Date	Key Development Headline
6/4/18	SAP SE to Team with Accenture, Capgemini and Deloitte to Accelerate Customer Adoption of SAP S/4Hana(R) Cloud in Target Industries
3/8/18	Indosuez Wealth Management and Capgemini Collaborate on Wealth Platform
3/7/18	Capgemini Seeks Acquisitions
2/27/18	Capgemini Seeks Acquisitions
2/4/18	Capgemini SE (ENXTPA:CAP) agreed to acquire LiquidHub, Inc. from ChrysCapital and others for \$500 million.

# Public Basket



## DXC Technology Company

DXC Technology Company, together with its subsidiaries, provides information technology services and solutions primarily in North America, Europe, Asia, and Australia. It operates through three segments: Global Business Services (GBS), Global Infrastructure Services (GIS), and United States Public Sector (USPS). The GBS segment offers technology solutions comprising consulting, applications services, and software. 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. DXC Technology Company was founded in 1959 and is headquartered in Tysons, Virginia.



Date	Key Development Headline
------	--------------------------

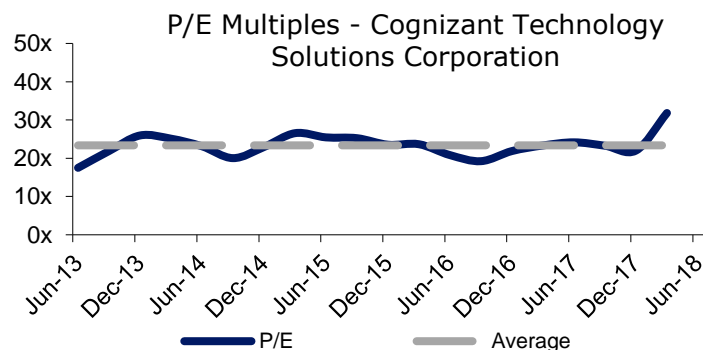
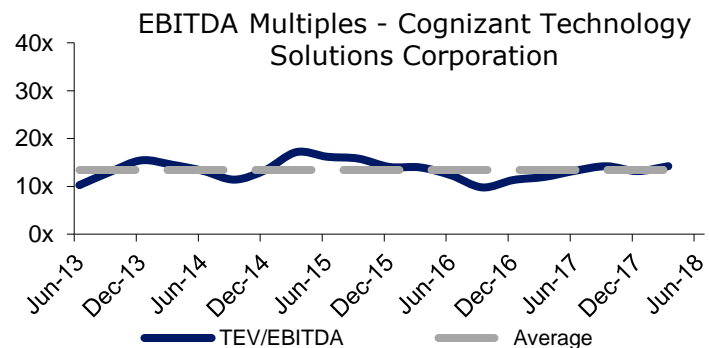
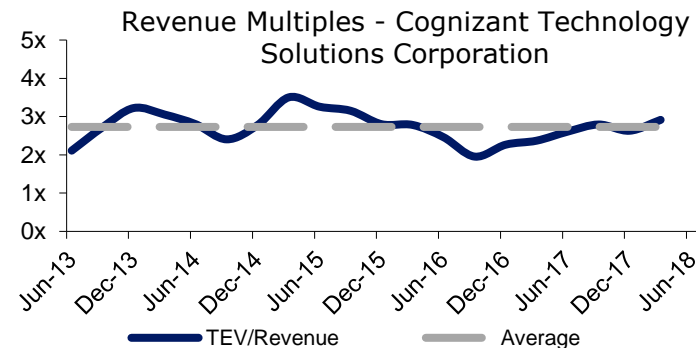
5/31/18	KeyPoint Government Solutions, Inc. and Vencore Holding Corp. completed the acquisition of U.S. Public Sector Business from DXC Technology Company (NYSE:DXC) in a Reverse Morris trust transaction on June 1, 2018.
5/24/18	DXC Technology Mulls Acquisitions
4/3/18	DXC Technology Company (NYSE:DXC) acquired Sable37 and eBECS.
2/8/18	DXC Technology Seeks Acquisitions
10/11/17	DXC Technology Company, KeyPoint Government Solutions, Inc., Vencore Holding Corp. - M&A Call

# Public Basket



## Cognizant Technology Solutions Corporation

Cognizant Technology Solutions Corporation, a professional services company, provides consulting and technology, and outsourcing services worldwide. The company operates through four segments: Financial Services; Healthcare; Products and Resources; and Communications, Media and Technology. It offers business, process, operations, and technology consulting services; application design and development, and systems integration services; application testing, consulting, and engineering services; and enterprise information management services. The company also develops, licenses, implements, and supports various software products for the healthcare industry, including solutions for health insurance plans, third party benefit administrators, and healthcare providers. The company was founded in 1994 and is headquartered in Teaneck, New Jersey.



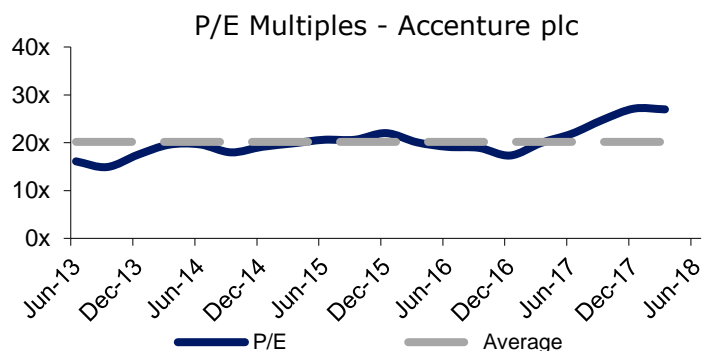
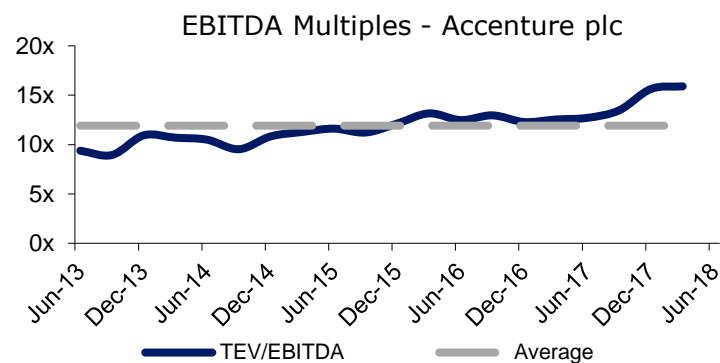
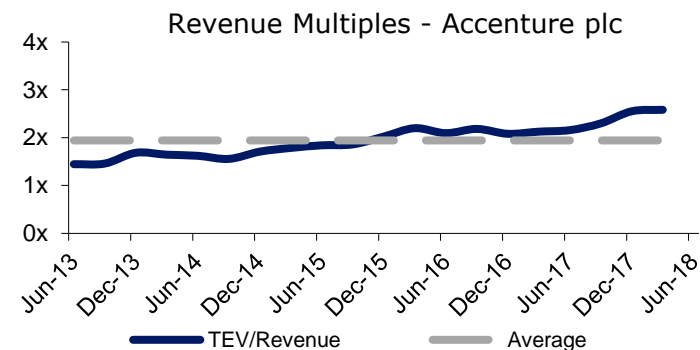
Date	Key Development Headline
5/6/18	Cognizant Technology Solutions Eyes Acquisition
5/1/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) acquired Hedera Consulting BVBA.
4/18/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Bolder Healthcare Solutions LLC from Bolder Capital, LLC and The Edgewater Funds.
3/11/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Bolder Healthcare Solutions LLC from Bolder Capital, LLC and The Edgewater Funds.
10/25/17	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Zone Ltd from Business Growth Fund plc and others.

# Public Basket



## 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. 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.



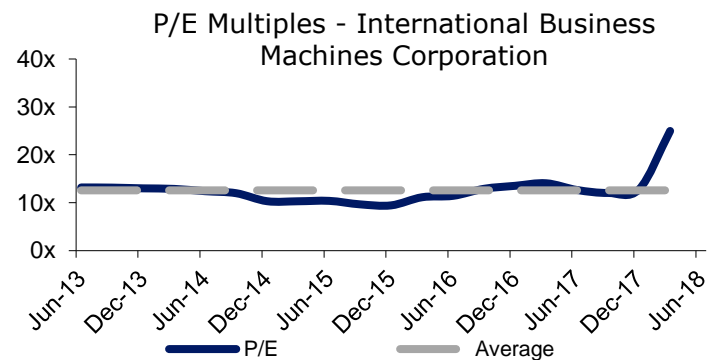
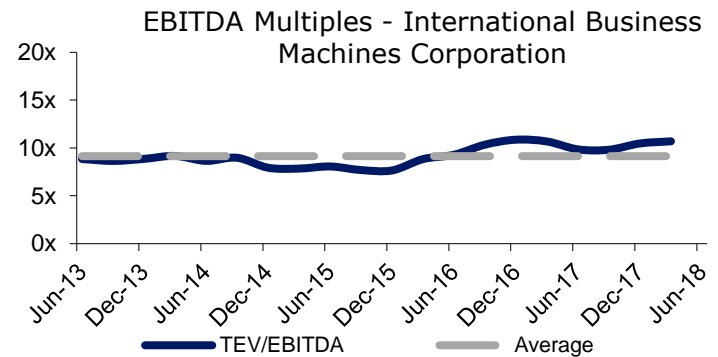
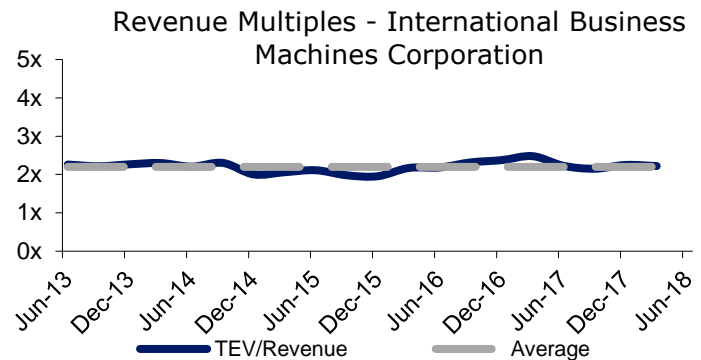
Date	Key Development Headline
6/4/18	SAP SE to Team with Accenture, Capgemini and Deloitte to Accelerate Customer Adoption of SAP S/4Hana(R) Cloud in Target Industries
5/22/18	Accenture plc (NYSE:ACN) agreed to acquire HO Communication.
5/8/18	Accenture plc Teams with SAP SE to Help High-Tech Companies Create Digital As-A-Service Business Models Quickly and Easily
5/7/18	Accenture plc (NYSE:ACN) completed the acquisition of Certus Solutions.
5/3/18	Accenture plc (NYSE:ACN) completed the acquisition of Meredith Xcelerated Marketing from Meredith Corporation (NYSE:MDP).

# Public Basket



## International Business Machines Corporation

International Business Machines Corporation operates as an integrated technology and services company worldwide. Its Cognitive Solutions segment offers Watson, a cognitive computing platform that interacts in natural language, processes big data, and learns from interactions with people and computers. This 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. International Business Machines Corporation was founded in 1911 and is headquartered in Armonk, New York.



Date	Key Development Headline
4/26/18	Host Hotels & Resorts, Inc. Announces Joint Development Agreement with IBM Research
2/22/18	Industrial Realty Group, LLC completed the acquisition of the Rochester, Minnesota technology campus of International Business Machines Corporation (NYSE:IBM) for \$33.9 million.
2/15/18	IBM and SpaceBelt Collaborate on Innovative Architecture for Secure Cloud Management and Storage in Space
2/11/18	Graph Blockchain Enters into Definitive Agreement to Develop Large Scale Graph Database and Blockchain Solution Prototype in Partnership with IBM
2/1/18	Vestas Wind Systems A/S (CPSE:VWS) entered into an agreement to acquire Utopus Insights, Inc. for approximately \$100 million.

# 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.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Tom Dinnegan, Managing Director	310. 426.2410	tom@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Jeff Stoecklein, Managing Director	312.373.3737	jeff@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Neil Churman, Director	704.899.5960 x 121	neil@7mileadvisors.com
John Cooper, Director	704.973.3996	john@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Casey Augustine, Business Development - Manager	704.973.3999	casey@7mileadvisors.com
Nicholas Prendergast, Financial Analyst	704.899.5960	nicholas@7mileadvisors.com
Ariail Siggins, Marketing Director	704.899.5960 x 123	ariail@7mileadvisors.com
Sydney Larese, Associate	704.899.5960	sydney@7mileadvisors.com
Marty Johnson, Associate	704.899.5960	marty@7mileadvisors.com
Rory Julyan, Associate	704.899.5960	rory@7mileadvisors.com
Chevonese Dacres, Analyst	360.499.1502	chevonese@7mileadvisors.com