



Sectorwatch: Enterprise Information Management

May 2018

Enterprise Information Management

May 2018

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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.



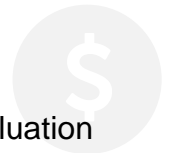
Public Basket Performance

- 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

↓ -0.001

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

↓ -1.6%

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

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

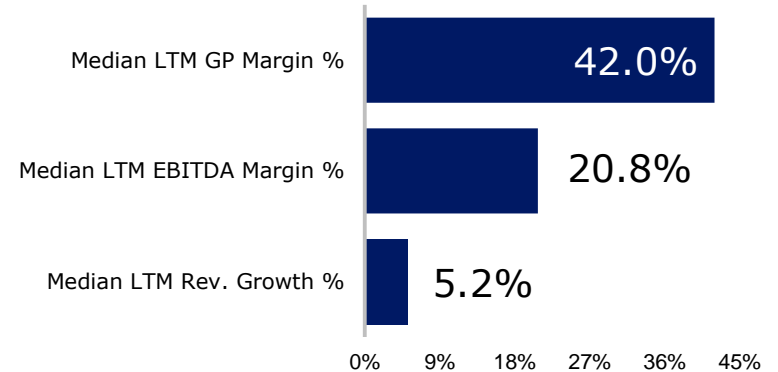
Profitability Momentum

↓ -0.7%

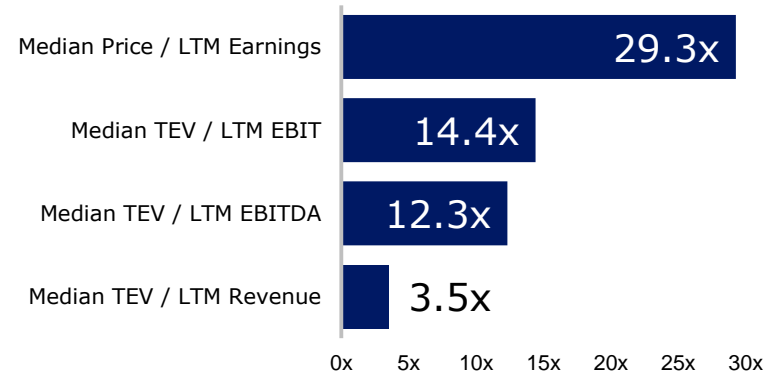
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



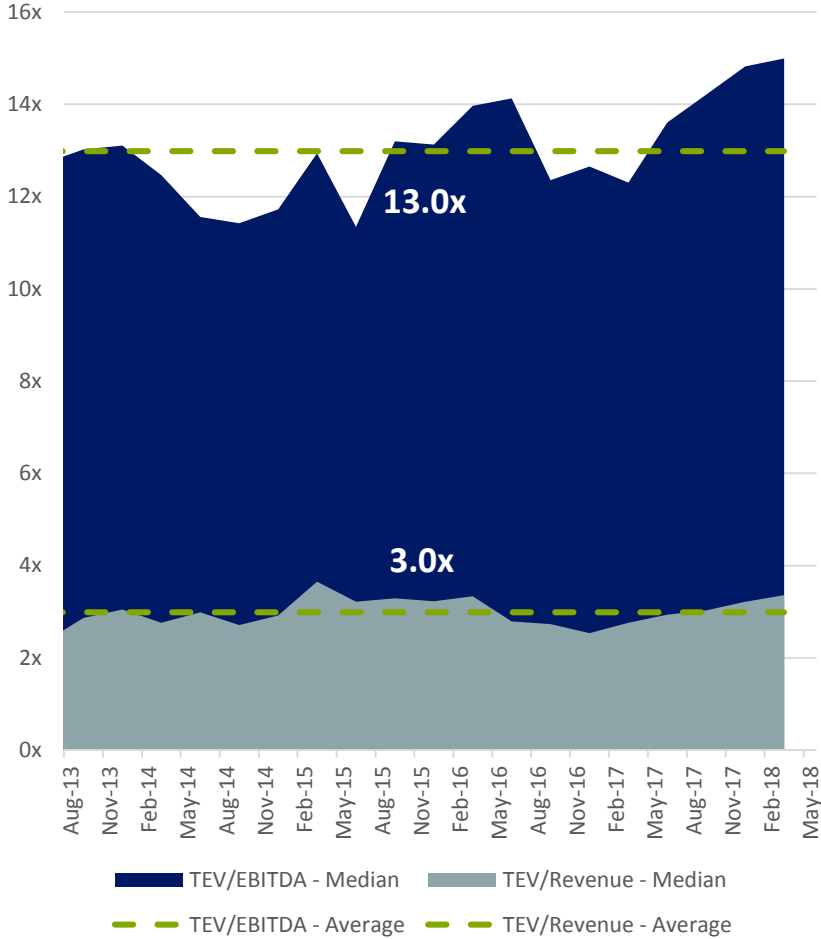
Public Basket



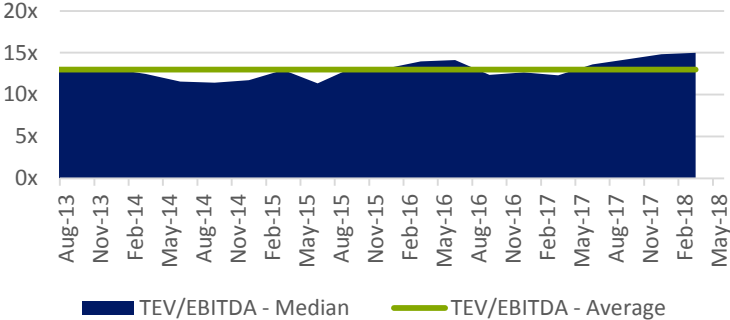
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
EMC Public Company Limited	61	21	5%	18%	-16%	2.9	0.0	-	NA
Edgewater Technology, Inc.	77	102	-14%	37%	-2%	0.8	0.0	441	232
EPAM Systems, Inc.	6,416	1,550	27%	36%	14%	4.1	28.8	25,962	60
Open Text Corporation	11,382	2,725	29%	73%	28%	4.2	14.9	10,900	250
Cognizant Technology Solutions Corporation	40,811	15,176	10%	38%	21%	2.7	12.9	260,000	58
SAP SE	138,050	28,875	4%	70%	27%	4.9	18.3	88,543	326
International Business Machines Corporation	166,063	80,056	1%	46%	21%	2.1	10.0	366,600	218
Oracle Corporation	181,961	39,472	5%	80%	39%	4.6	11.7	138,000	286
Average	68,103	20,997	8%	50%	16%	3.3	12.1	111,306	204
Median	26,097	8,950	5%	42%	21%	3.5	12.3	57,253	232

share price as of 14May18

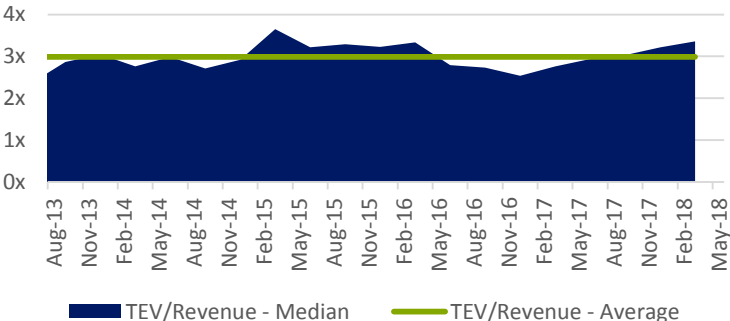
Public Basket Valuation Trends



Public EBITDA Multiples over Time



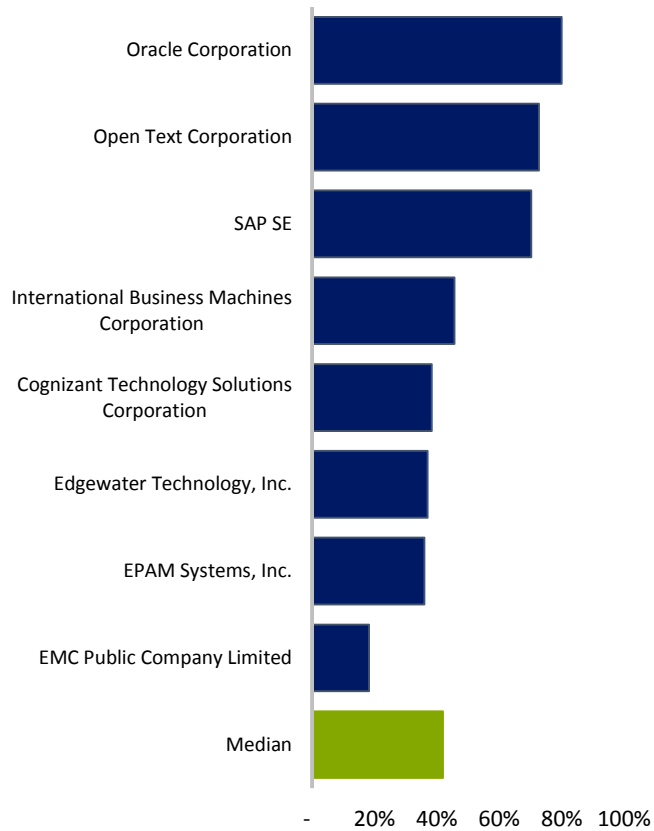
Public Revenue Multiples over Time



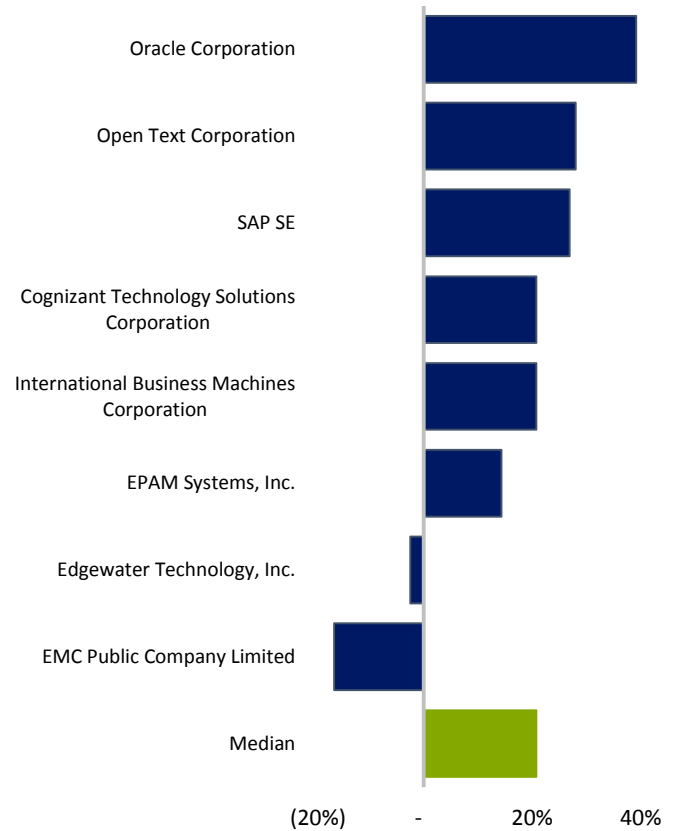
Operational Metrics



LTM Gross Profit Margin %



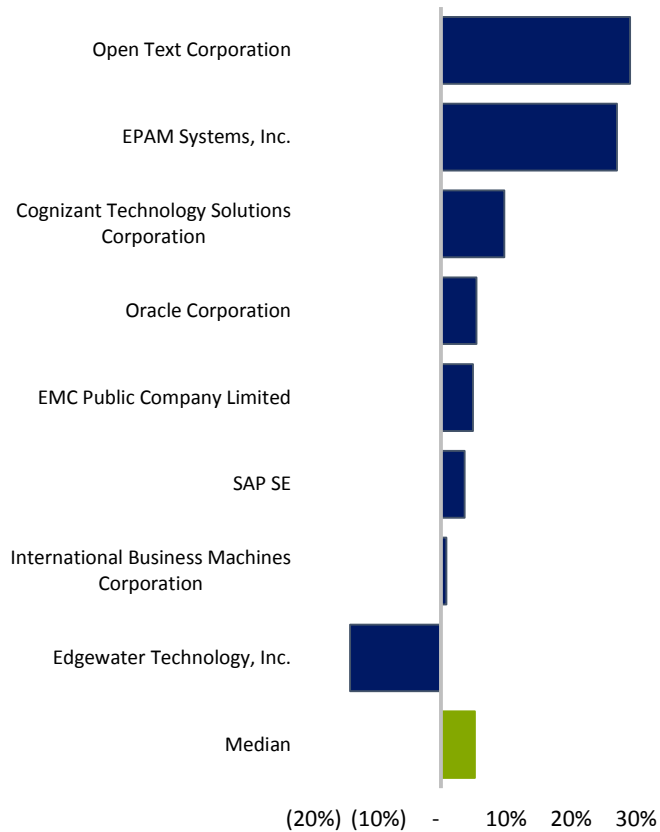
LTM EBITDA %



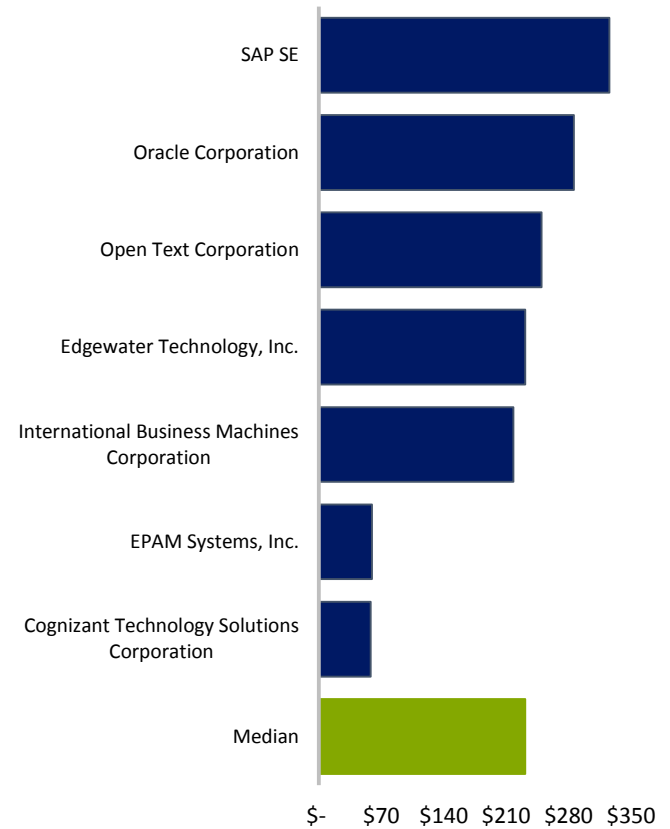
Operational Metrics



LTM Revenue Growth %



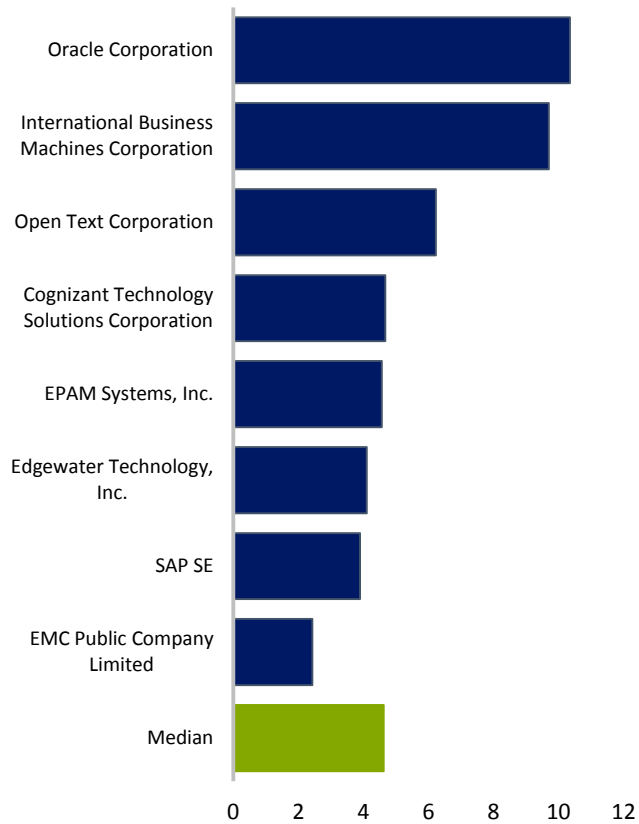
LTM Revenue per Full Time Employee x 000's



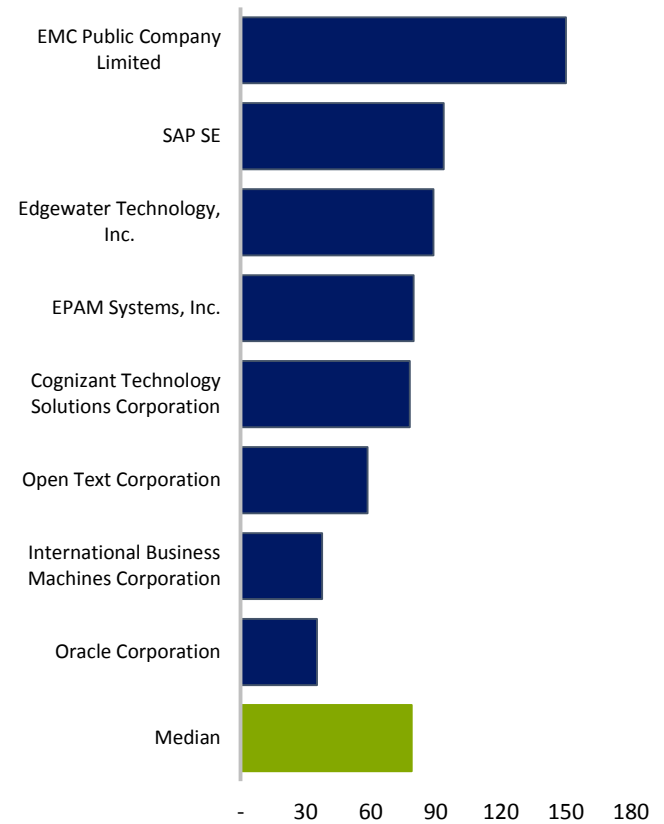
Operational Metrics



Accounts Receivable Turnover



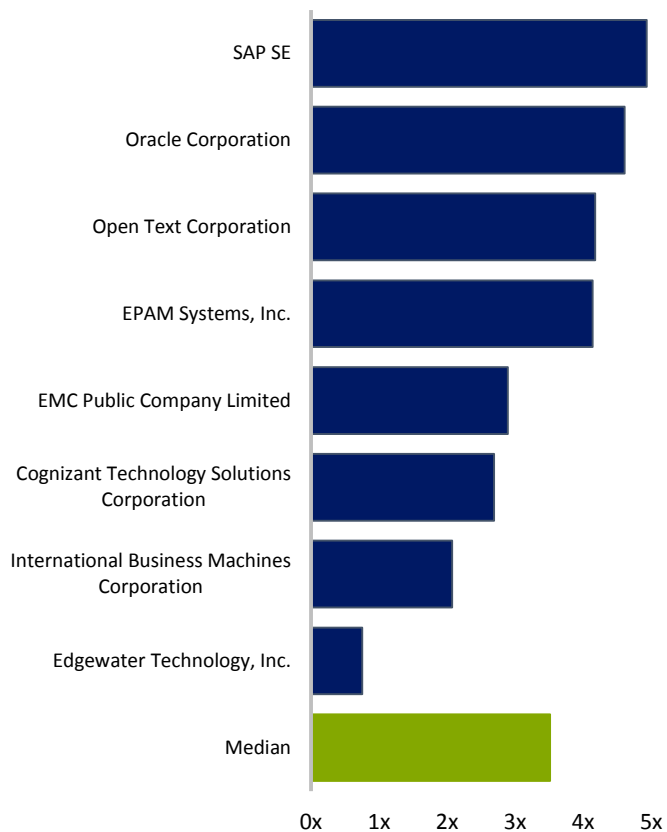
Average Days Sales Outstanding



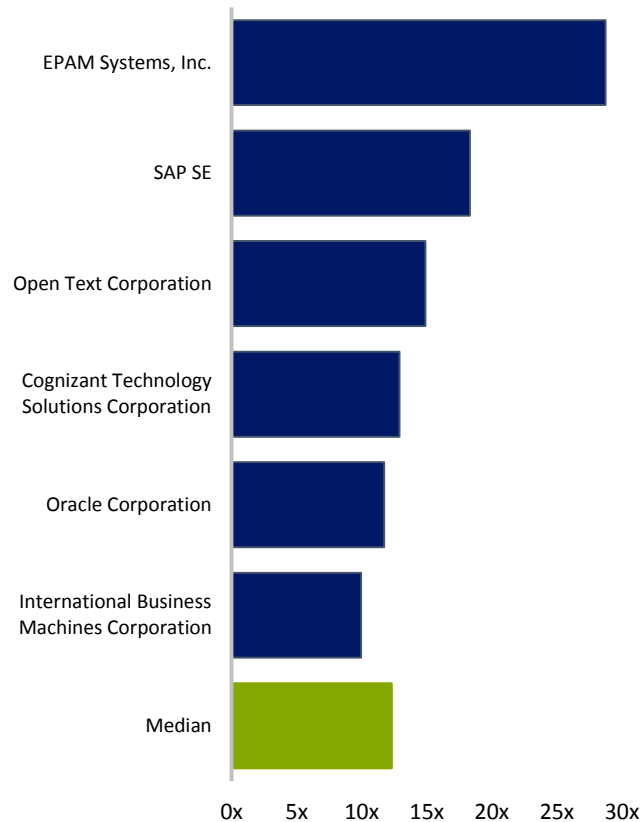
Valuation



TEV / LTM Revenue



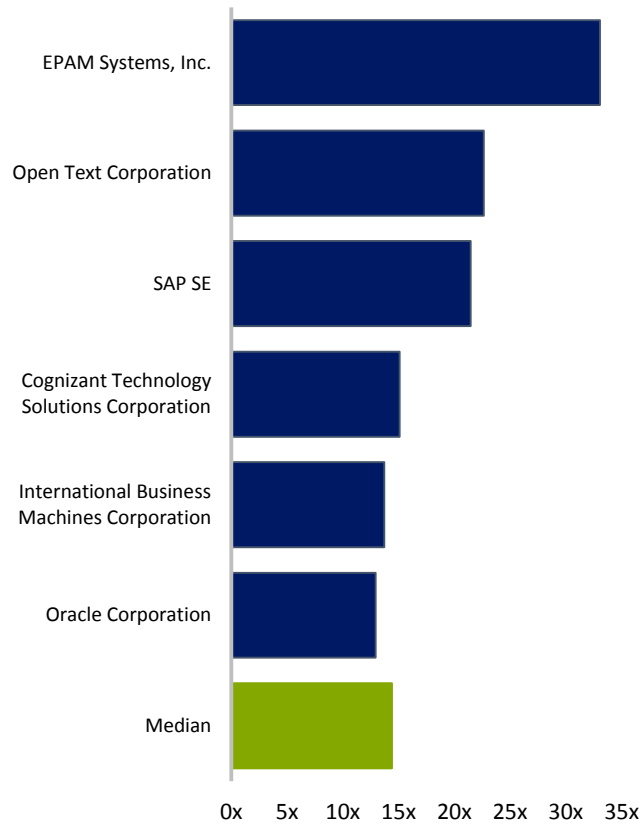
TEV / LTM EBITDA



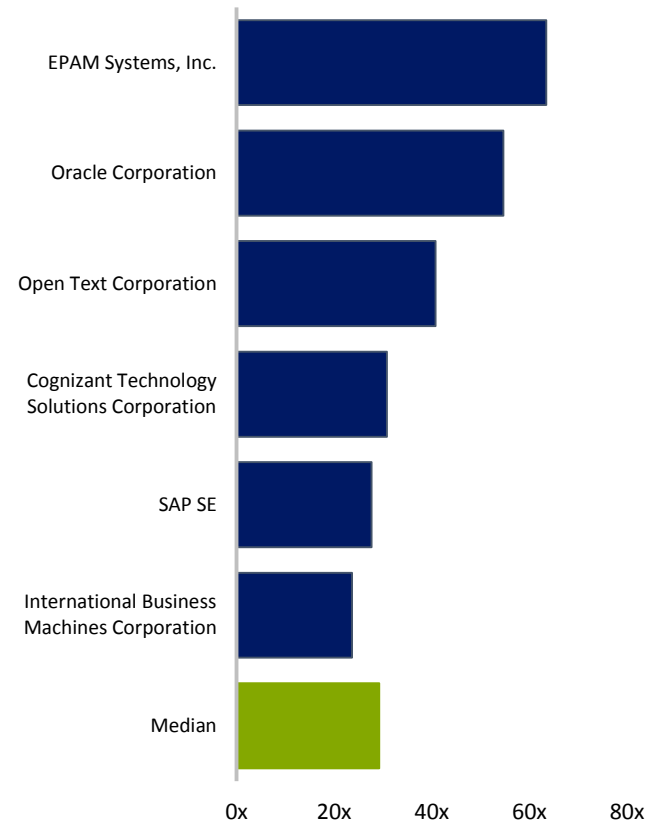
Valuation



TEV / LTM EBIT



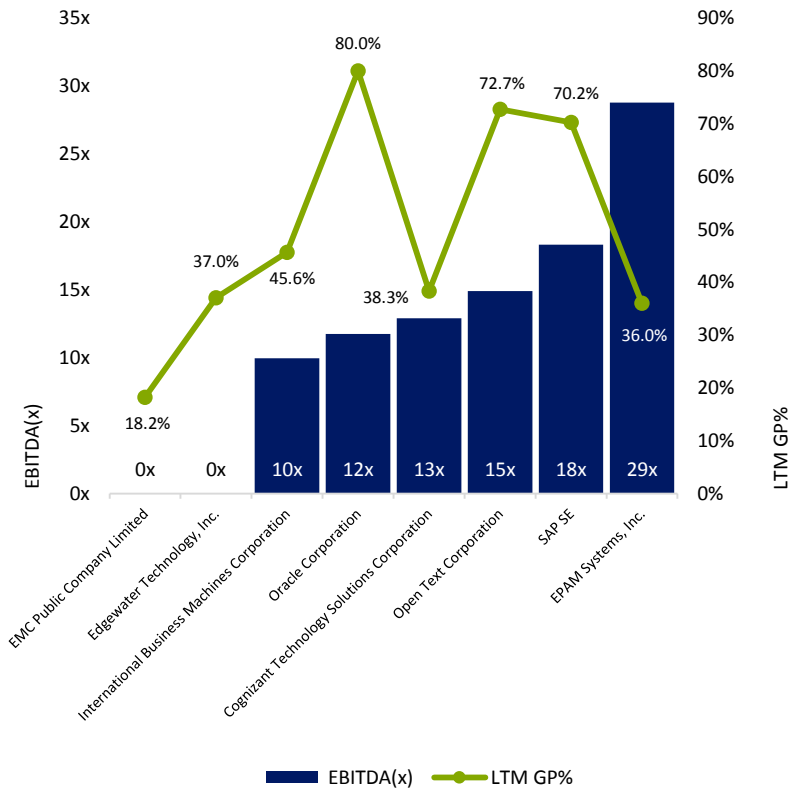
Price / LTM Earnings



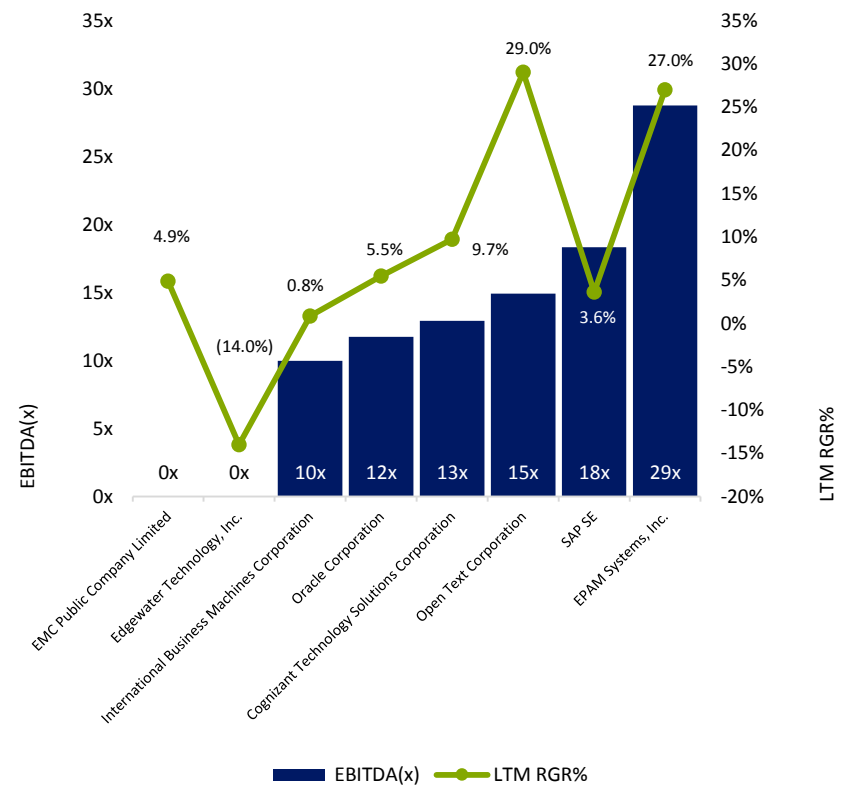
Valuation



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
5Apr18	IBsolution Bulgaria (nka:Camelot ITLab Bulgaria)	Camelot ITLab GmbH	-	-	-	-
15Mar18	Edgewater Technology, Inc.	Alithya Group Inc.	-	106.19	-	-
31Jan18	ECS Federal, Inc.	On Assignment, Inc. (nka:ASGN Incorporated)	775.00	-	-	-
29Jan18	RGS Associates, Inc.	USfalcon Inc.	-	-	-	-
21Aug17	Affecto Oyj	CGI Nordic Investments Limited	132.94	140.98	0.8x	16.3x
18May17	Business & Decision SA	Network Related Services SA	93.38	259.39	0.4x	13.8x
19Apr17	CONET Technologies AG	H.I.G. Europe; H.I.G. Europe Capital Partners II, L.P.	-	72.20	-	-
16Feb17	Sichuan Troy Information Technology Co.,Ltd.	-	-	162.22	-	-
8Dec16	Osauhing Affecto Estonia	-	1.91	-	-	-
12Oct16	Datacentrix Holdings Limited	Pinnacle Holdings Limited (nka:Alviva Holdings Limited)	39.13	201.80	0.4x	4.8x
9May16	Metanet, Inc.	Magellan Asia B.V.	49.72	215.69	0.4x	11.5x
15Jul16	INSYS Group Inc.	Luxoft Holding, Inc.	71.40	-	-	-
3May16	IPL Group Limited	Civica UK Limited	-	43.91	-	-
7Dec15	IMCue, LLC	First San Francisco Partners, LLC	-	-	-	-
16Nov15	Decision First Technologies, Inc.	Protiviti Inc.	-	-	-	-
15Oct15	Fitzgerald Analytics, Inc.	Square Root Solutions, Inc.	-	-	-	-
8Oct15	Zensar Technologies Limited	Apax Partners LLP	128.63	438.05	1.2x	7.9x
6Oct15	EdgeRock Technologies, LLC	CDI Corporation	35.30	44.00	0.8x	-
21Sep15	WS Technology Consultants Limited	Axxsys Consulting	-	4.65	-	-
17Sep15	Ceyoniq Holding GmbH	KYOCERA Document Solutions Inc.	31.76	-	-	-
5Aug15	KPIT Technologies Limited	Proficient Finstock LLP	-	479.85	-	-
21May15	Rightpoint Consulting, LLC	Stella Point Capital, LLC	55.00	-	-	-
5May15	Incessant Technologies Pvt Ltd.	NIIT Technologies Limited	-	-	-	-
9Mar15	Cloudeeva, Inc.	First Tek Inc.	7.55	-	-	-
25Feb15	Wave Technology Solutions Group, Inc.	Breakaway Capital, LLC; Breakaway Capital Partners Fund, L.P.	6.50	-	-	-
16Feb15	Elca Informatique SA	-	-	107.46	-	-

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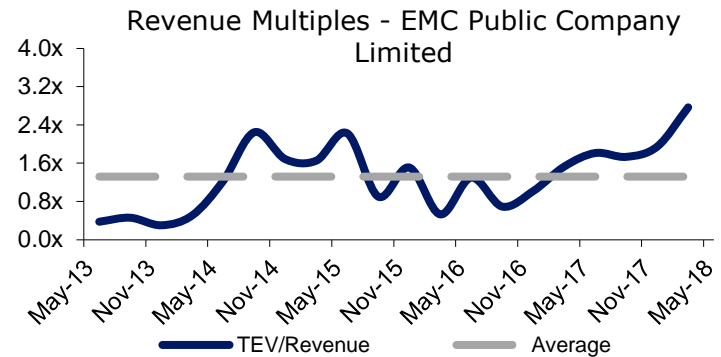
APPENDIX:
Public Basket
Constituents

Public Basket



EMC Public Company Limited

EMC Public Company Limited engages in the construction and real estate development businesses in Thailand. It undertakes long-term service agreements and construction agreements. The company was formerly known as EMC Engineering Limited Partnership. EMC Public Company Limited was founded in 1979 and is headquartered in Bangkok, Thailand.

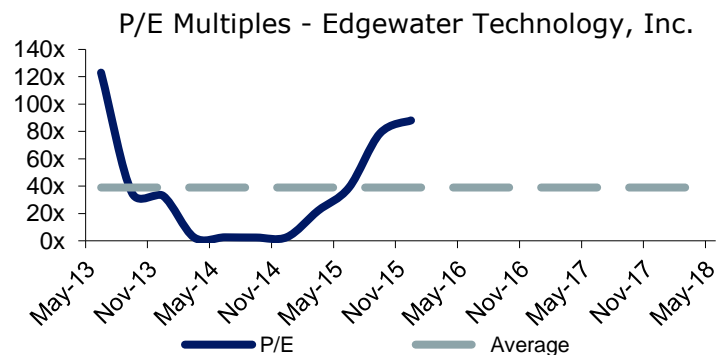
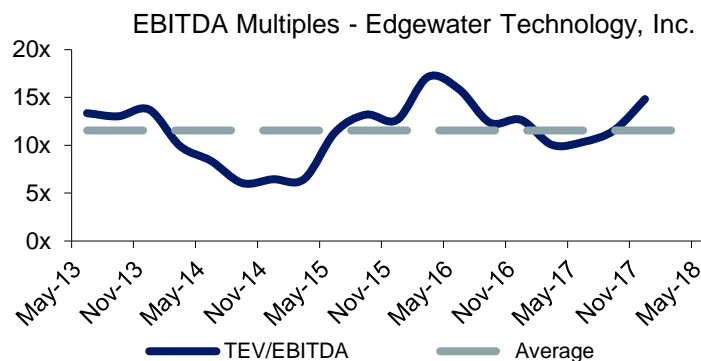
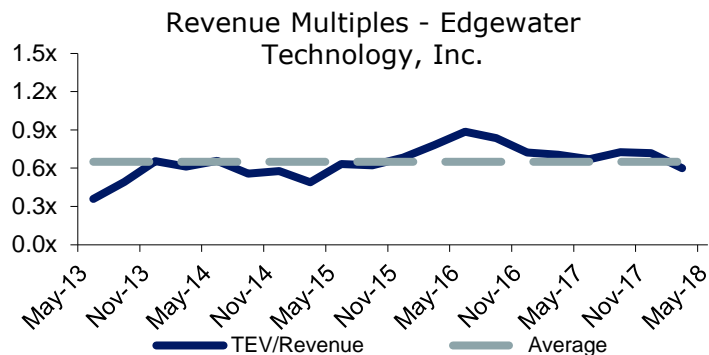


Public Basket



Edgewater Technology, Inc.

Edgewater Technology, Inc. provides business and technology services, and channel-based solutions in the United States, Canada, and internationally. It offers digital transformation; CFO/CIO advisory; business improvement roadmaps; organizational change management; program/project management; business process rejuvenation and integrated social media practices; specialized operational, due diligence, and technology management services to mergers and acquisitions, private equity, and venture capital; and strategic advice, costing, estimates to complete, and failing or failed programs or project initiatives. The company also provides independent package selection and request for information or proposal process design and implementation; domain; technical architecture, roadmaps, and design; strategic technology selections; data analytics and reporting; custom component design and implementation; customer intelligence solutions using Web/mobile analytics; cloud architecture, integration, and phasing solutions; on-going support; and infrastructure optimization and redesign, disaster recovery, and business continuity specialized design and assistance services. Edgewater Technology, Inc. was founded in 1992 and is headquartered in Wakefield, Massachusetts.



Date	Key Development Headline
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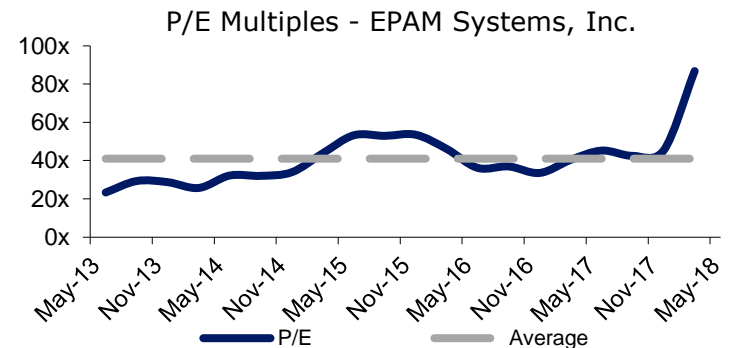
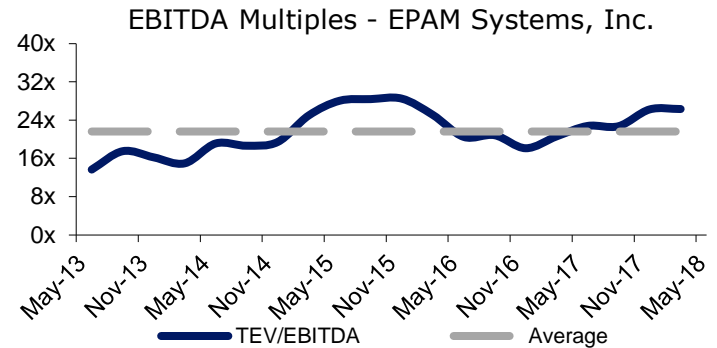
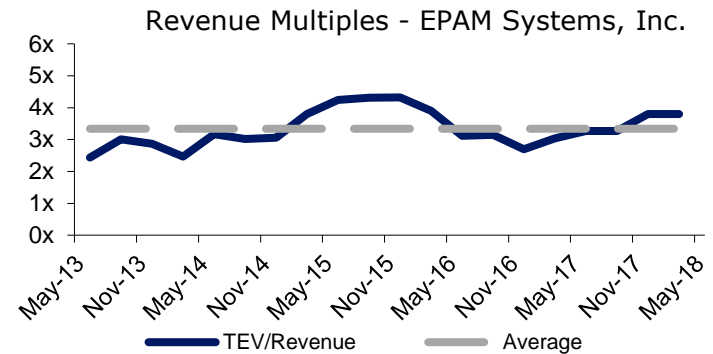
3/15/18	Alithya Group Inc. entered in an arrangement agreement to acquire Edgewater Technology, Inc. (NasdaqGM:EDGW) from group of shareholders in a reverse merger transaction.
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Public Basket



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. It also offers application testing services, including software application testing, testing for enterprise IT, and consulting services; application maintenance and support services, such as incident management, fault investigation diagnosis, and work-around provision. The company was founded in 1993 and is headquartered in Newtown, Pennsylvania.



Date	Key Development Headline
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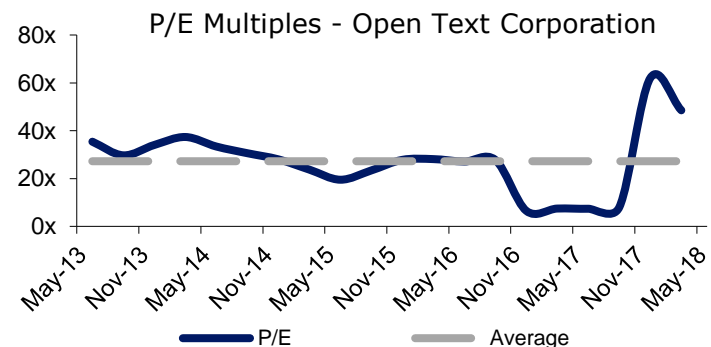
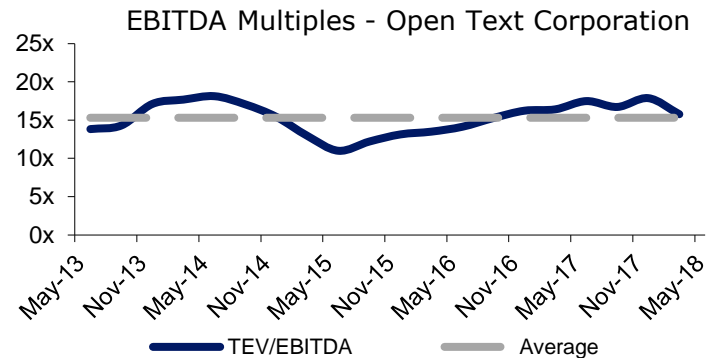
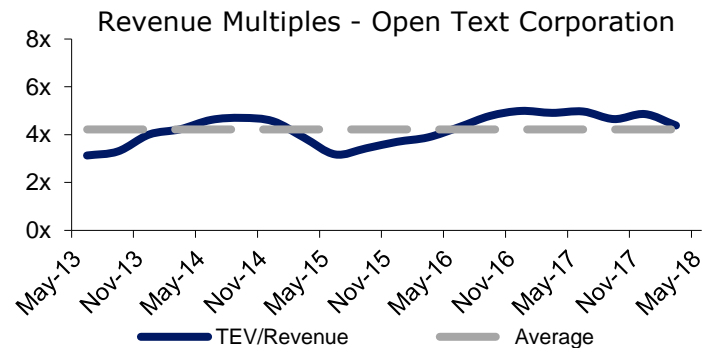
- | | |
|---------|--|
| 3/14/18 | EPAM Systems, Inc. (NYSE:EPAM) acquired Continuum LLC. |
| 1/11/18 | Epam Systems and Black Box Create In-Store Dynamic Advertising Solution Using Instant Facial Recognition |

Public Basket



Open Text Corporation

Open Text Corporation provides a suite of software products and services that assist organizations in finding, utilizing, and sharing business information from various devices. The company offers content solutions that provide content and records management, archiving, and email management and capture solutions, as well as Core, a software as a service based multi-tenant cloud solution; business process management for analyzing, automating, monitoring, and optimizing structured business processes; and customer experience management products, which offer Web content management, digital asset management, customer communications management, social software, and portal. Its products also include business network solutions comprising business-to-business integration, fax solutions, and secure messaging; analytics solutions, including embedded reporting and visualization, and big data analysis; Open Text Corporation was founded in 1991 and is headquartered in Waterloo, Canada.



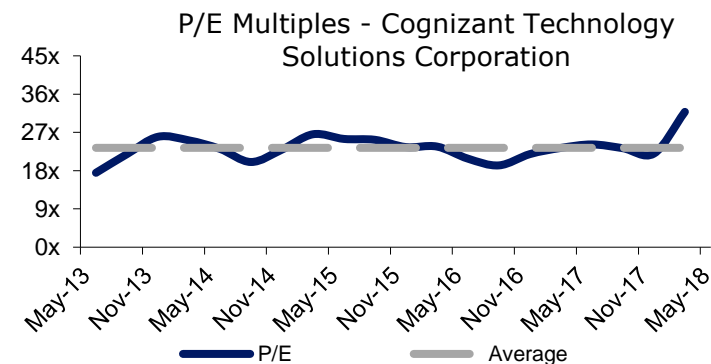
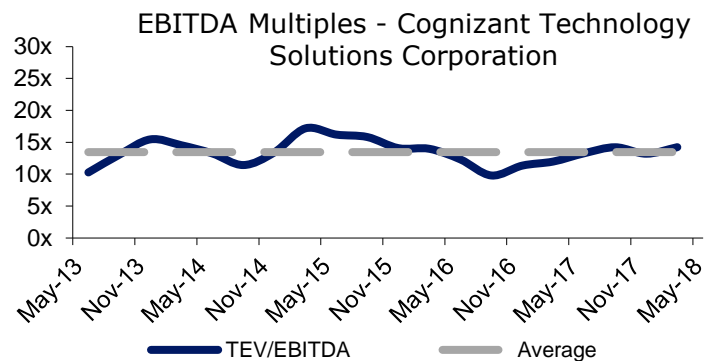
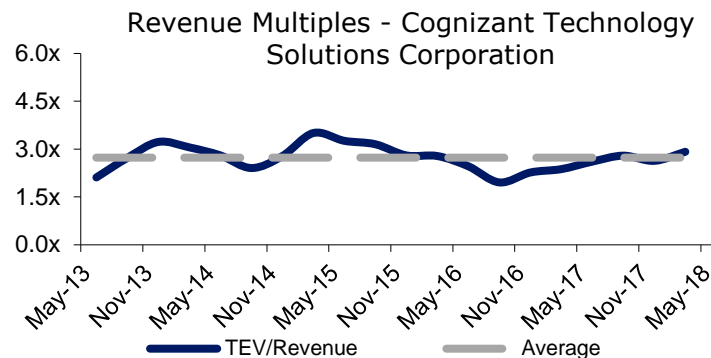
Date	Key Development Headline
2/13/18	Open Text Corporation (NasdaqGS:OTEX) acquired Hightail, Inc.
1/31/18	Open Text Mulls Acquisitions
11/2/17	Open Text Seeks Acquisitions
10/1/17	Honeywell International Seeks Acquisitions
9/12/17	Open Text Corporation (NasdaqGS:OTEX) ('Open Text') completed the acquisition of Guidance Software, Inc. (NasdaqGM:GUID) ('Guidance').

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 was founded in 1994 and is headquartered in Teaneck, New Jersey.



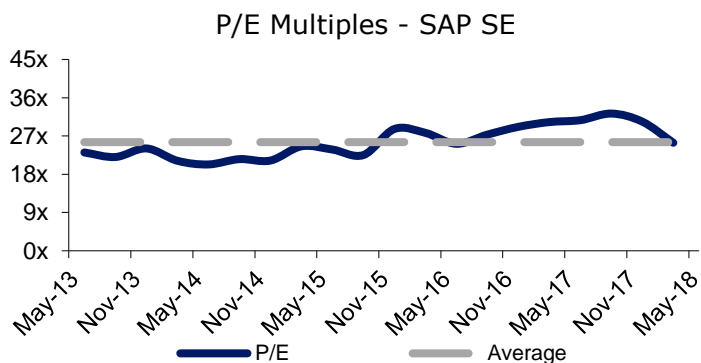
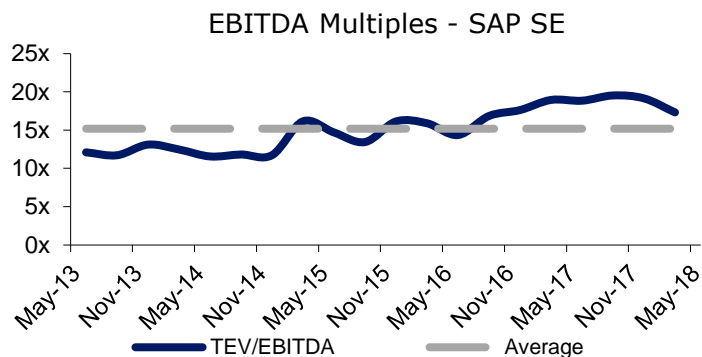
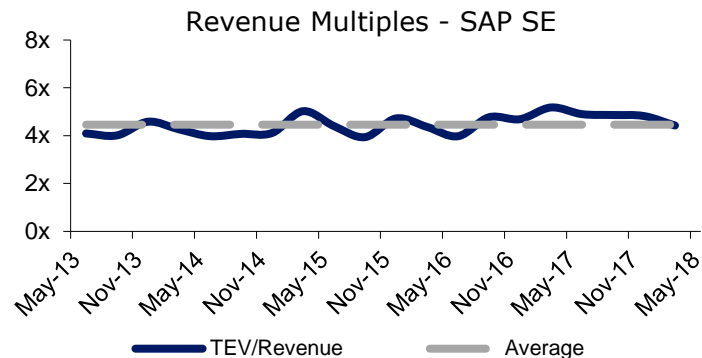
Date	Key Development Headline
5/1/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) acquired Hedera Consulting BVBA.
4/18/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Bolder Healthcare Solutions LLC from Bolder Capital, LLC and The Edgewater Funds.
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.
10/23/17	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) entered into an agreement to acquire Netcentric AG.

Public Basket



SAP SE

SAP SE operates as an enterprise application software, and analytics and business intelligence company worldwide. It offers SAP HANA, which enables businesses to process and analyze live data; SAP Data Hub, a solution that enables businesses to manage data from various sources; SAP Cloud Platform, which enables businesses to connect and integrate applications; SAP BW/4HANA, a data warehouse solution; SAP Leonardo, a system that enables customers to make business sense and opportunity of disruptive technologies; and SAP Analytics Cloud, which leverages the intersection of business intelligence, planning, and predictive analytics. The company also provides SAP S/4HANA, an enterprise resource planning (ERP) suite for the intelligent enterprise; SAP SE was founded in 1972 and is headquartered in Walldorf, Germany.



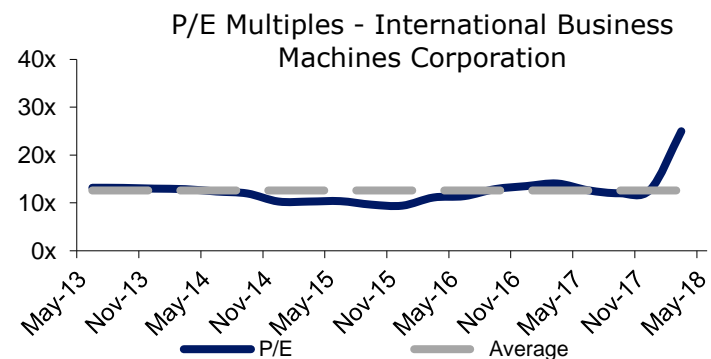
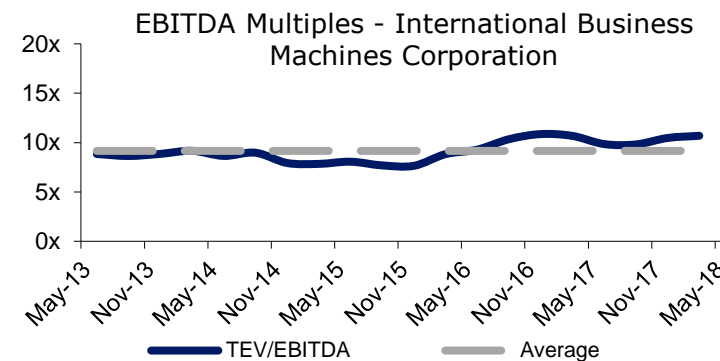
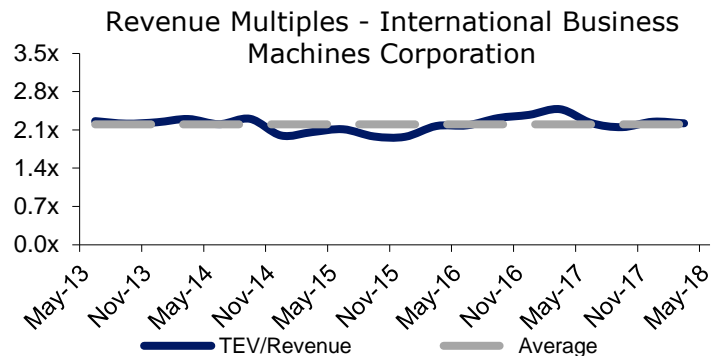
Date	Key Development Headline
5/8/18	Accenture plc Teams with SAP SE to Help High-Tech Companies Create Digital As-A-Service Business Models Quickly and Easily
3/20/18	Accenture and SAP Build and Deploy Extended Planning Solutions on SAP S/4HANA®
2/12/18	SAP Seeks Acquisition
2/1/18	Virtual Power Systems Joins SAP and Schneider Electric to Prove Software-Defined Power Optimizes Energy Utilization in Data Centers and Clouds
11/14/17	EY Collaborates with SAP to Continue Advancement of Blockchain Deployment Across Industries Worldwide

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.



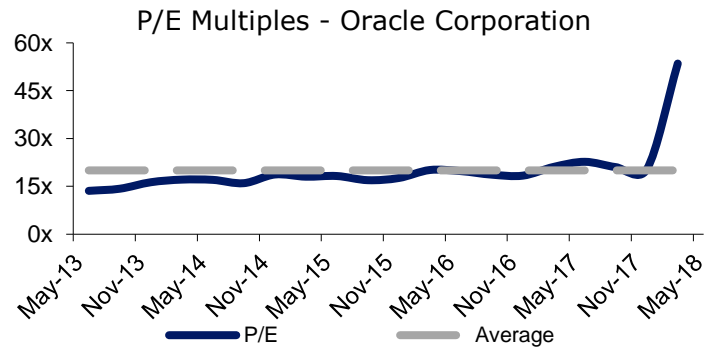
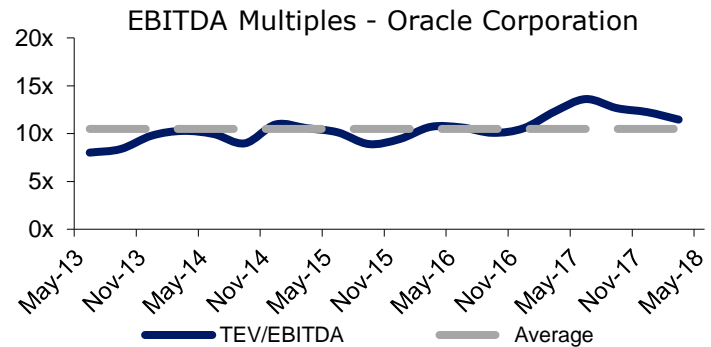
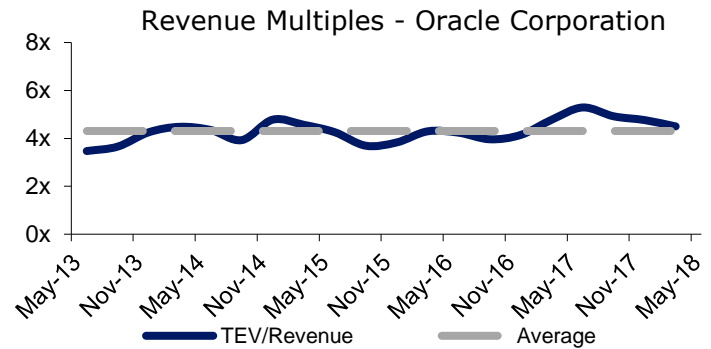
Date	Key Development Headline
4/26/18	Host Hotels & Resorts, Inc. Announces Joint Development Agreement with IBM Research
2/22/18	Industrial Realty Group, LLC completed the acquisition of the Rochester, Minnesota technology campus of International Business Machines Corporation (NYSE:IBM) for \$33.9 million.
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.

Public Basket



Oracle Corporation

Oracle Corporation develops, manufactures, markets, sells, hosts, and supports application, platform, and infrastructure technologies for information technology (IT) environments worldwide. It provides services in three primary layers of the cloud: Software as a Service, Platform as a Service, and Infrastructure as a Service. The company licenses its Oracle Database software, which enables storage, retrieval, and manipulation of data; and Oracle Fusion Middleware software to build, deploy, secure, access, and integrate business applications, as well as automate their business processes. It also provides software for mobile computing to address the development needs of businesses; Java, a software development language; and big data solutions. The company was founded in 1977 and is headquartered in Redwood City, California.



Date	Key Development Headline
4/29/18	Oracle Corporation (NYSE:ORCL) acquired Vocado, LLC.
4/23/18	Oracle Corporation (NYSE:ORCL) signed an agreement to acquire Grapeshot Limited.
3/21/18	Oracle Seeks Acquisitions
2/14/18	Oracle Corporation (NYSE:ORCL) entered into an agreement to acquire Zenedge LLC.
11/7/17	Oracle Corp. Mulls Acquisitions

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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