

Sectorwatch: IT Consulting

April 2018

IT Consulting

April 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.

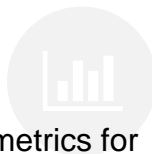
Dashboard

- 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

 **0.01**

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

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

 **0.4%**

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

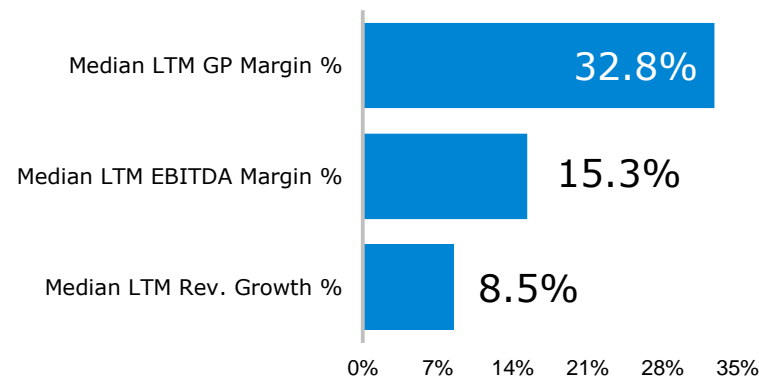
Profitability Momentum

 **-0.4%**

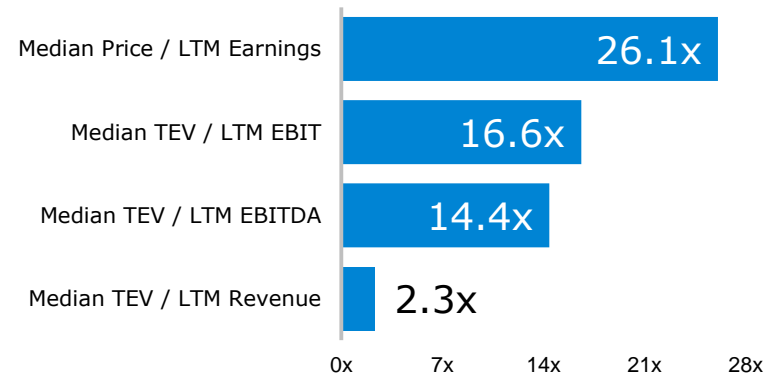
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



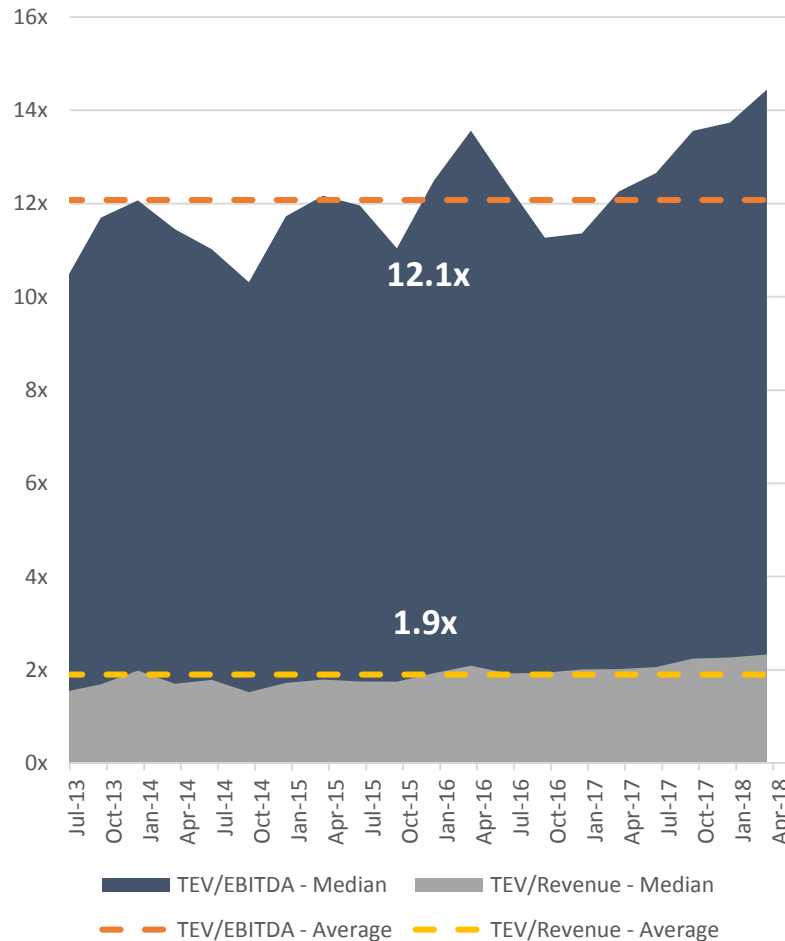
Public Basket



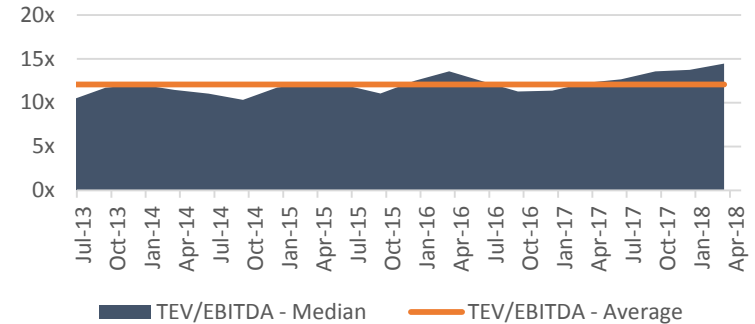
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Perficient, Inc.	891	473	1%	34%	11%	1.9	16.7	3,024	156
Reply S.p.A.	2,308	1,083	13%	15%	13%	2.1	15.9	6,456	168
EPAM Systems, Inc.	5,492	1,450	25%	36%	14%	3.8	26.2	25,962	56
CGI Group Inc.	17,645	8,760	3%	30%	17%	2.1	12.4	71,000	123
NTT Data Corporation	18,906	18,536	27%	25%	14%	1.0	7.3	111,664	166
Capgemini SE	23,441	15,360	2%	26%	13%	1.5	11.8	199,698	77
Infosys Limited	33,830	10,939	7%	35%	27%	3.2	11.8	204,107	54
Cognizant Technology Solutions Corporation	43,158	14,810	10%	38%	20%	2.9	14.2	260,000	57
Tata Consultancy Services Limited	91,074	18,917	4%	44%	26%	4.9	18.6	394,998	48
Accenture plc	94,337	37,126	10%	32%	16%	2.5	15.6	425,000	87
Average	33,108	12,746	10%	31%	17%	2.6	15.1	170,191	99
Median	21,173	12,875	8%	33%	15%	2.3	14.9	155,681	82

share price as of 24Apr18

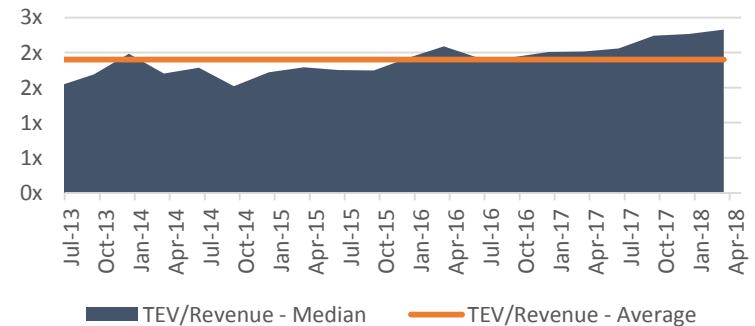
Public Basket Valuation Trends



Public EBITDA Multiples over Time



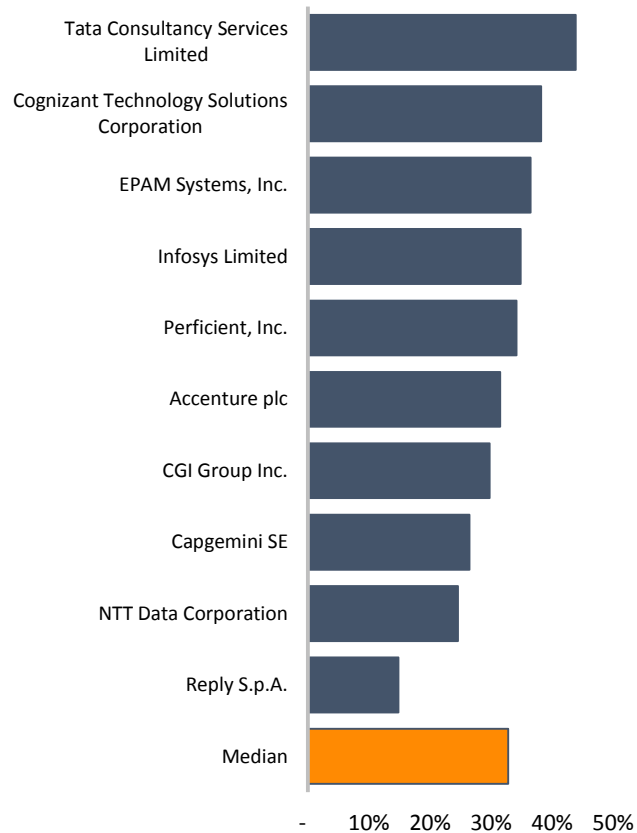
Public Revenue Multiples over Time



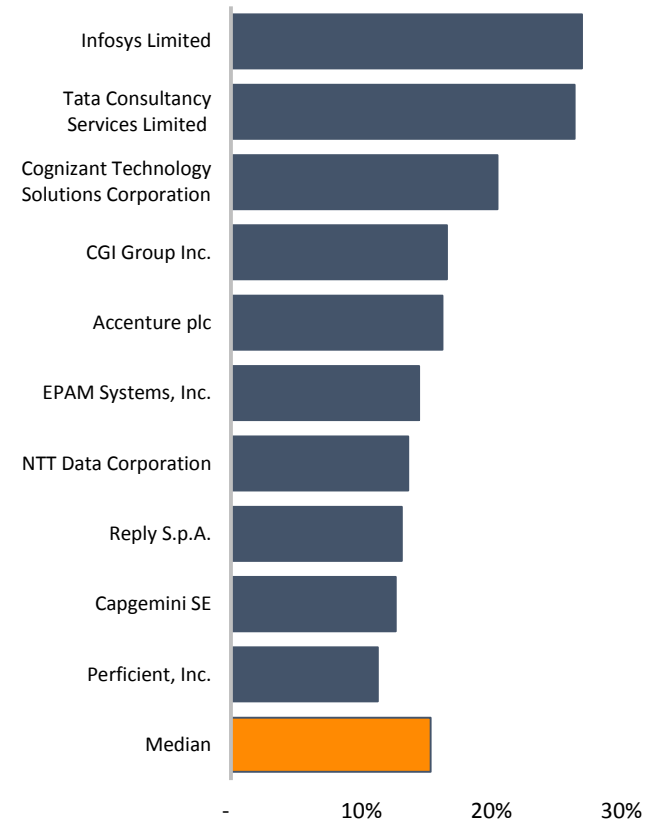
Operational Metrics



LTM Gross Profit Margin %



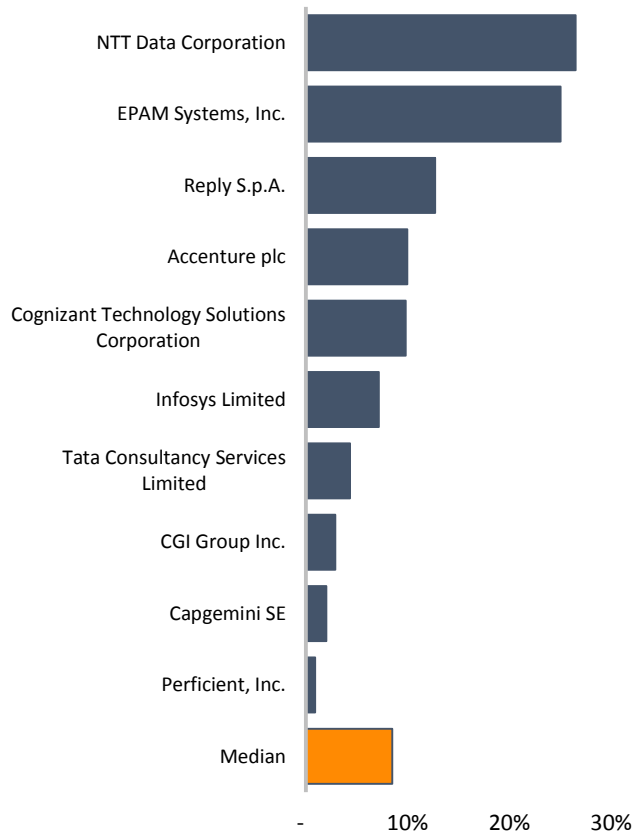
LTM EBITDA %



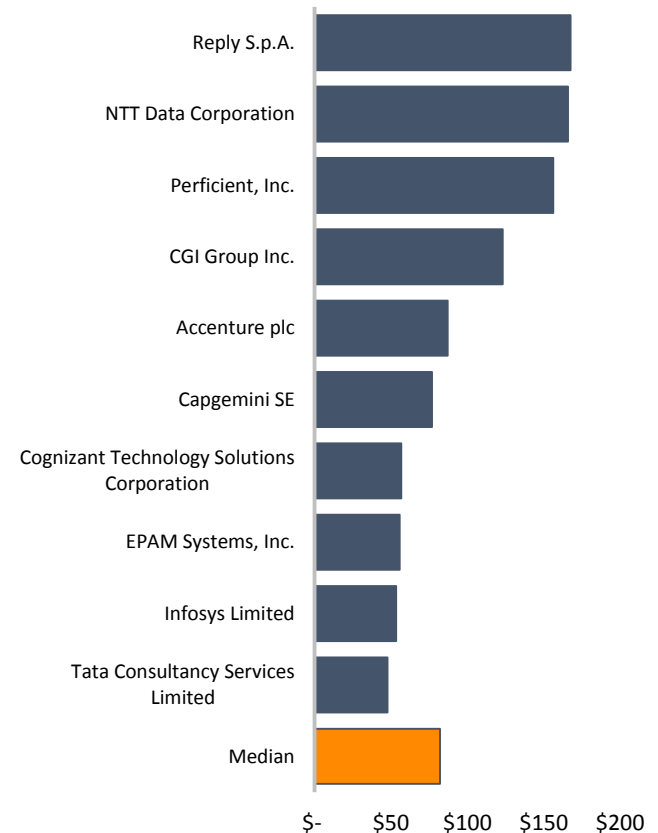
Operational Metrics



LTM Revenue Growth %



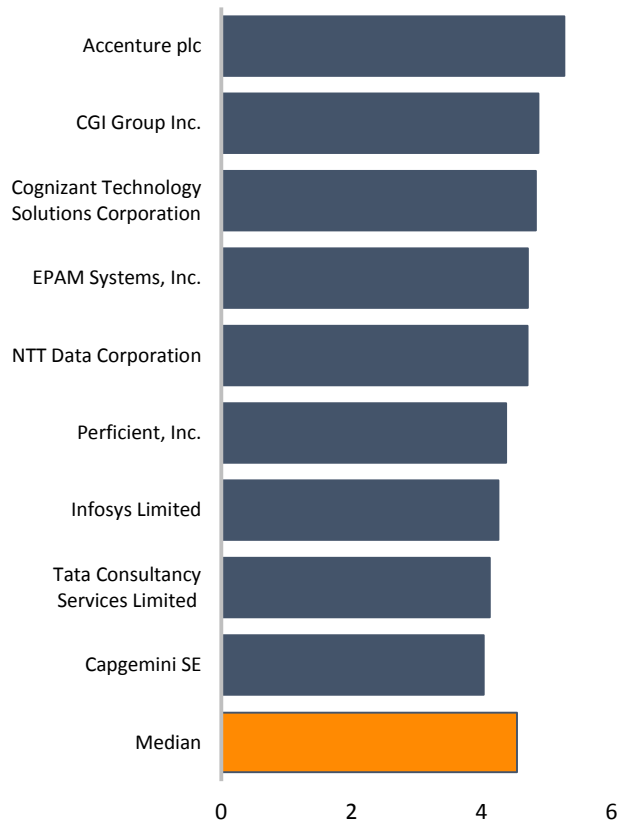
LTM Revenue per Full Time Employee x 000's



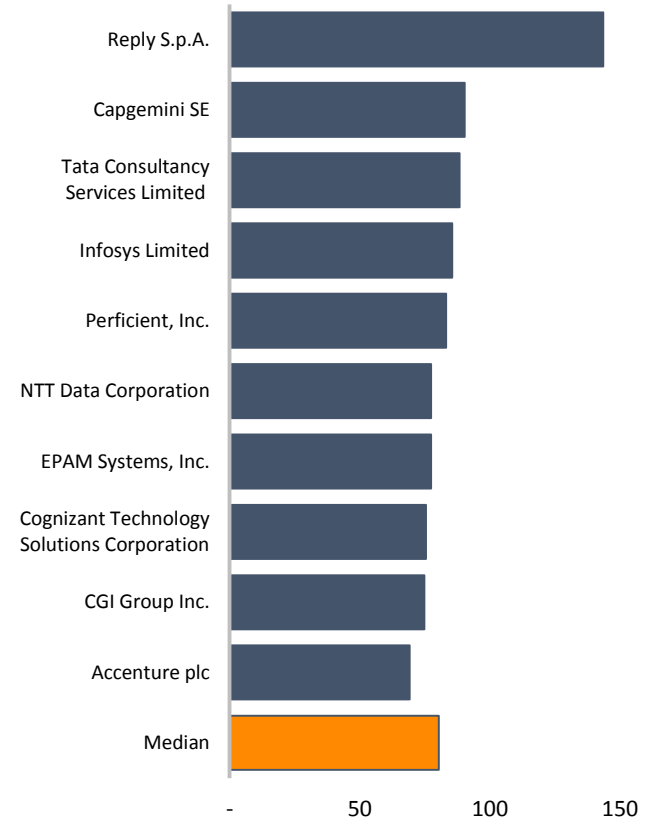
Operational Metrics



Accounts Receivable Turnover



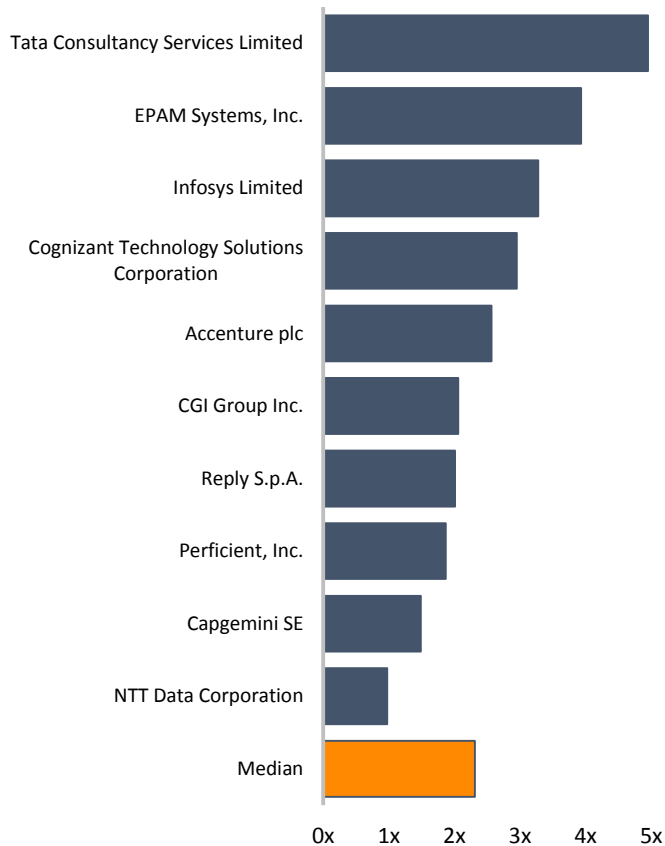
Average Days Sales Outstanding



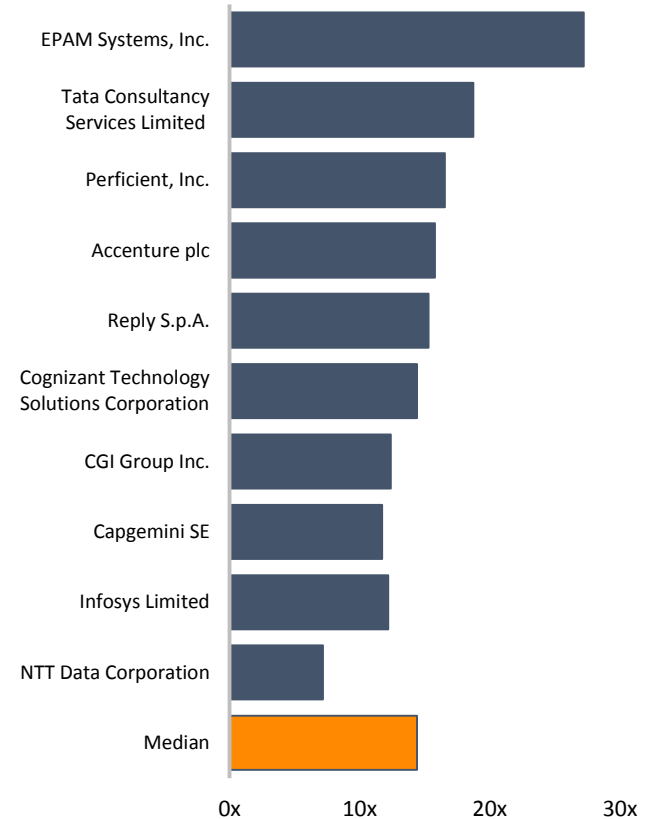
Valuation



TEV / LTM Revenue



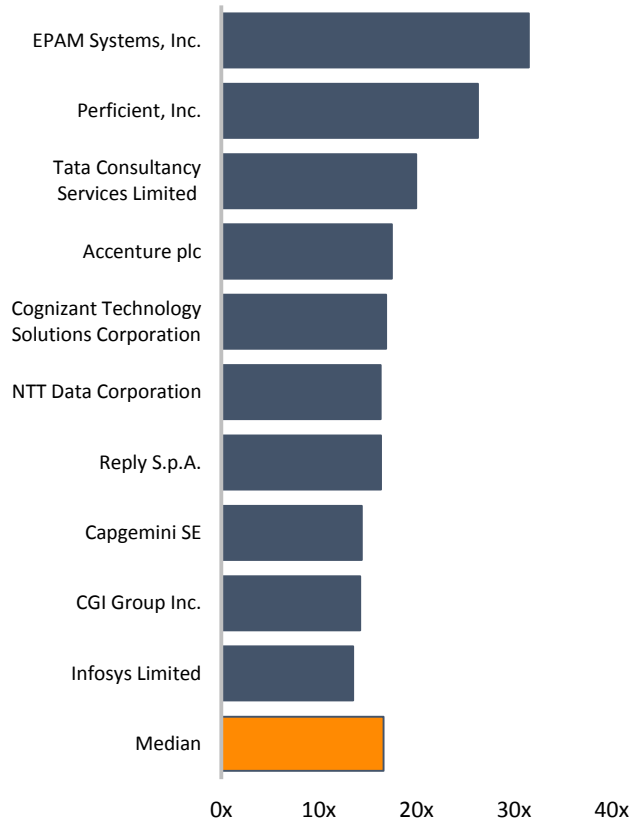
TEV / LTM EBITDA



Valuation



TEV / LTM EBIT



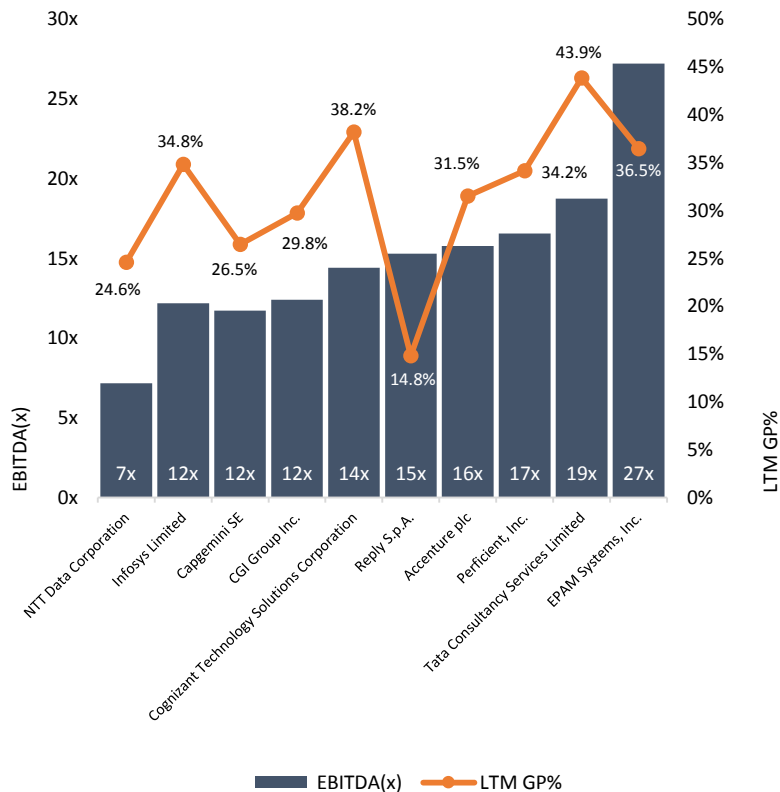
Price / LTM Earnings



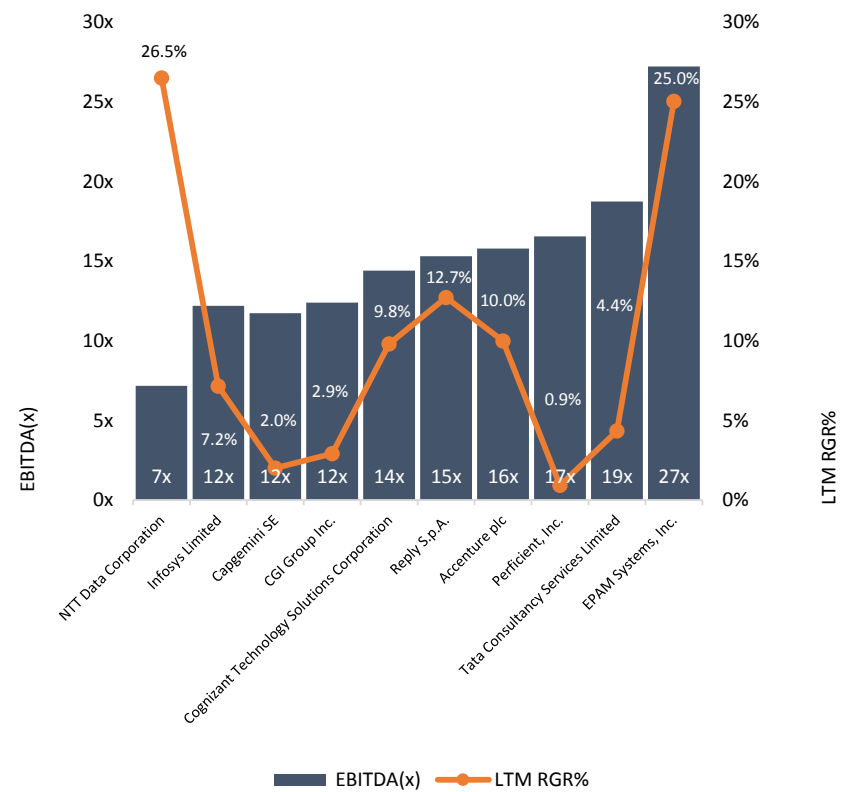
Valuation



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
12Apr18	Action Corporation	HCL Technologies Limited; Sumeru Equity Partners, Inc.	330.00	107.10	3.1x	8.6x
5Apr18	Telrex Marketing Inc.	HCL America, Inc.	60.00	199.00	0.3x	-
2Apr18	Southport Services Group, LLC	Perficient, Inc.	-	17.00	-	-
29Mar18	Element Solutions LLC	Hinduja Global Solutions UK limited	5.00	8.40	1.0x	-
21Mar18	Cynosure, Inc	Zensar Technologies, Inc.	33.00	20.00	1.7x	-
18Mar18	CSRA Inc.	CACI International Inc	10,411.68	5,064.00	2.0x	-
15Mar18	Edgewater Technology, Inc.	Alithya Group Inc.	-	106.19	-	-
12Mar18	eTouch Systems Corp.	Virtusa Corporation	126.00	-	-	-
15Feb18	Arrow Systems Integration, Inc.	ConvergeOne, Inc. (nka:ConvergeOne Holdings, Inc.)	30.66	-	-	-
15Feb18	Financière Soft SAS	Computer Task Group IT Solutions S.A.	20.42	31.20	0.5x	-
18Jan18	Sysorex Arabia, LLC	Sysorex Consulting, Inc.	1.04	-	-	-
3Jan18	knowledgeprice.com, Sabiedriba ar ierobezotu atbildibu	Sapiens International Corporation N.V.	-	-	-	-
15Dec17	Alexander Open Systems, Inc. (nka:AOS, a ConvergeOne Company)	ConvergeOne, Inc. (nka:ConvergeOne Holdings, Inc.)	65.86	-	-	-
15Dec17	Ningbo Baida Network Technology Co., Ltd	Shanghai Fukong Interactive Entertainment Co.,Ltd	206.80	-	-	-
7Dec17	Paragon Solutions, Inc.	CGI Group Inc.	60.58	-	-	-
16Nov17	Netserve365, LLC	Magna5 LLC	-	-	-	-
30Oct17	Xavient Information Systems Inc. (nka:Xavient Digital)	TELUS International, Inc.	130.00	-	-	-
11Oct17	Corus Group, LLC	Converge Technology Partners Inc.	-	-	-	-
2Oct17	Forsythe Technology, Inc.	Sirius Computer Solutions, Inc.	-	1000.0	-	-
20Sep17	Lyons Consulting Group, LLC	Capgemini SE	-	-	-	-
6Sep17	Interactive Broadband Consulting Group, LLC	Accenture plc	-	-	-	-
22Aug17	Summa Technologies, Inc.	CGI Group Inc.	-	-	-	-
14Jul17	Annese & Associates, Inc.	ConvergeOne, Inc. (nka:ConvergeOne Holdings, Inc.)	28.50	-	-	-
7Jul17	InfoTrellis Inc.	Mastech Digital, Inc.	55.00	22.00	-	-
1Jul17	Tribridge, Inc.	UXC Eclipse (USA) Inc.	152.00	-	-	-
2Jul17	NCI, Inc.	H.I.G. Capital, LLC; HIG Middle Market LBO Fund II	289.24	325.44	0.9x	9.6x
27Jun17	Eveo Communication Group, Inc.	LiquidHub, Inc.	-	-	-	-
13Jun17	TMG Health, Inc.	Cognizant Technology Solutions Corporation	-	-	-	-
8Jun17	Elite Analytics LLC	Aviana Global Technologies, Inc.	-	-	-	-
2Jun17	SolutionsIQ, Inc.	Accenture plc	-	-	-	-
25May17	TriCore Solutions, LLC	Rackspace Hosting, Inc.	-	-	-	-
16May17	OneCloud Consulting Inc.	ePlus Technology, inc.	13.30	-	-	-
15May17	Media Hive	Accenture plc	-	-	-	-
8May17	Jibe Consulting, Inc.	The Hackett Group, Inc.	20.00	-	-	-
8May17	Lochbridge, Inc.	Digital Management, Inc.	-	-	-	-
7May17	The Monkeys Pty Limited	Accenture plc	-	-	-	-
1May17	Tomont Solutions Inc.	KPMG LLP (Canada)	-	-	-	-
1May17	AIM Consulting Group, LLC	Addison Group, LLC	-	-	-	-
19Apr17	Computer Technology Solutions, Inc.	CGI Group Inc.	-	-	-	-

IT Consulting

April 2018

APPENDIX: Public Basket Constituents

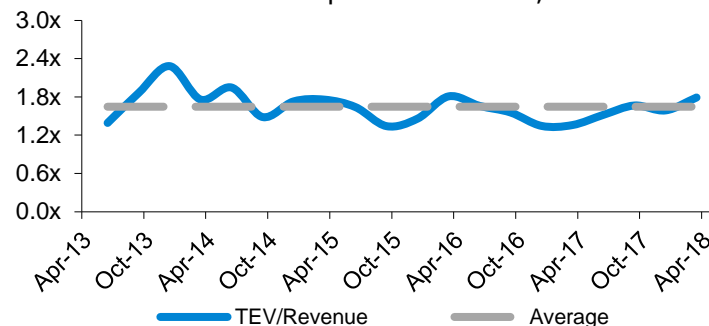
Public Basket



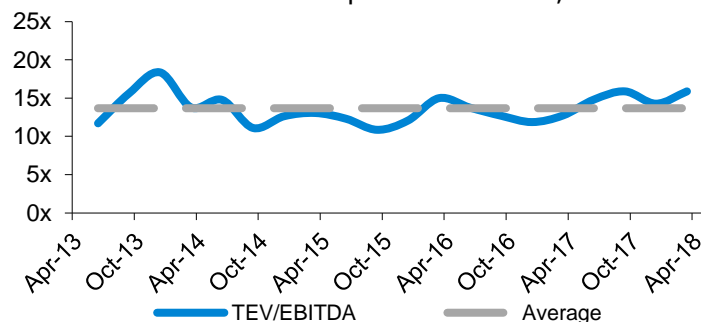
Perficient, Inc.

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. Perficient, Inc. was founded in 1997 and is headquartered in St. Louis, Missouri.

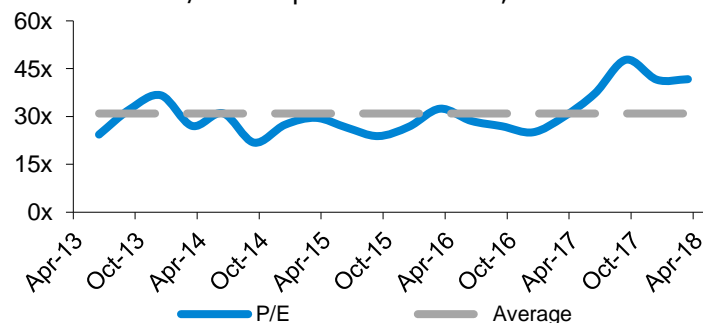
Revenue Multiples - Perficient, Inc.



EBITDA Multiples - Perficient, Inc.



P/E Multiples - Perficient, Inc.



Date Key Development Headline

4/1/18	Perficient, Inc.(NasdaqGS:PRFT) acquired Southport Services Group, LLC.
--------	---

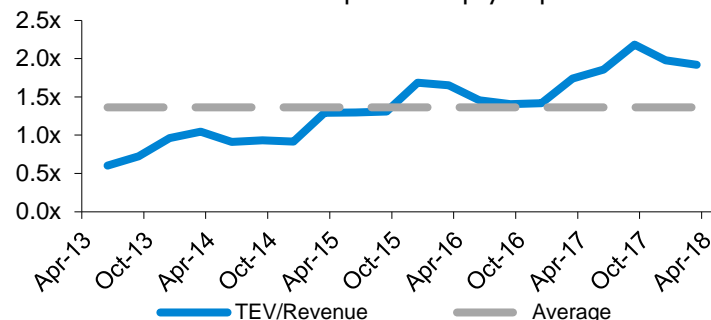
Public Basket



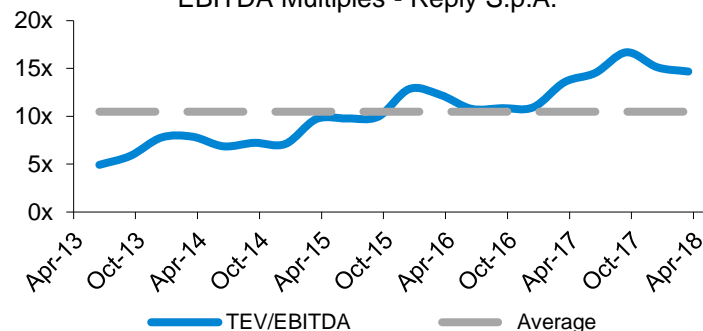
Reply S.p.A.

Reply S.p.A. provides consulting, system integration, application management, and business process outsourcing services in Italy and internationally. The company implements solutions based on communication channels and digital media. It provides Brick Reply, a manufacturing operations management platform for the management and control of a smart factory; Click Reply, a supply chain execution platform; Definio Reply, a technological platform for collection, analysis, control, processing, and distribution of financial data; Discovery Reply, a platform for the digital media management projects; and Gaia Reply platform for use in the field of mobility and multimedia. The company also offers Hi engage, a commercial contextual marketing solution; Pay Reply platform that provides mobile payment solutions, as well as helps banks, financial institutions and telecommunications companies, utilities, and retailers to create and deliver remote and proximity payment services; SideUp Reply, a software application for warehouse management; Starbytes, an online employment service for freelancers and ICT specialists; The company was founded in 1996 and is headquartered in Turin, Italy.

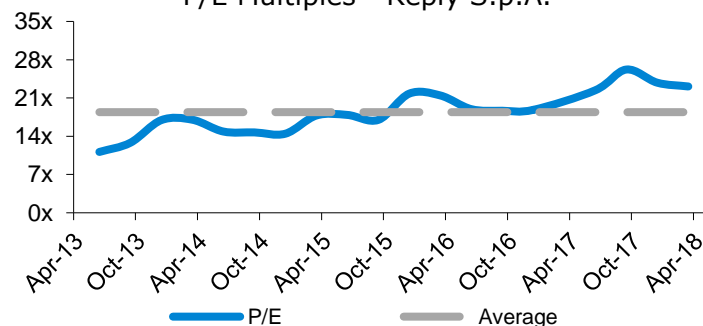
Revenue Multiples - Reply S.p.A.



EBITDA Multiples - Reply S.p.A.



P/E Multiples - Reply S.p.A.



Date	Key Development Headline
4/9/18	Reply S.p.A. (BIT:REY) acquired a majority stake in Valorem Consulting Group, LLC.

Public Basket

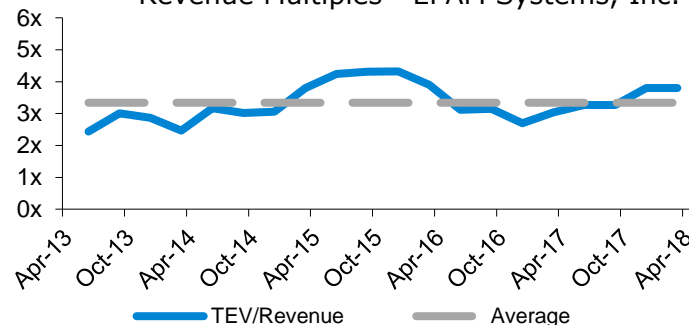


EPAM Systems, Inc.

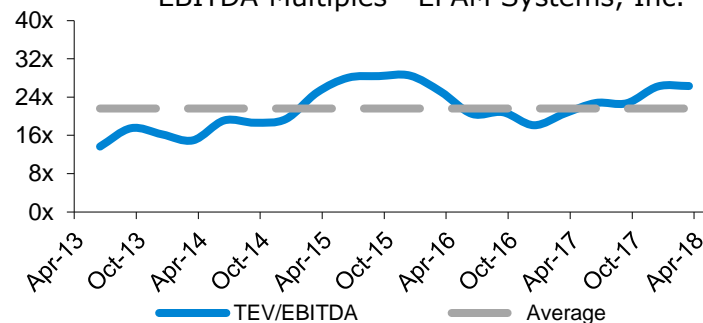
EPAM Systems, Inc. provides software product development and digital platform engineering services primarily in North America, Europe, Asia, and Australia. It offers software product development services, including product research, customer experience design, prototyping, program management, component 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; The company was founded in 1993 and is headquartered in Newtown, Pennsylvania.

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

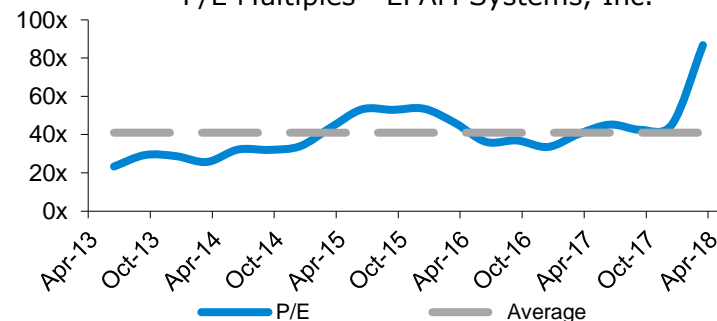
Revenue Multiples - EPAM Systems, Inc.



EBITDA Multiples - EPAM Systems, Inc.



P/E Multiples - EPAM Systems, Inc.



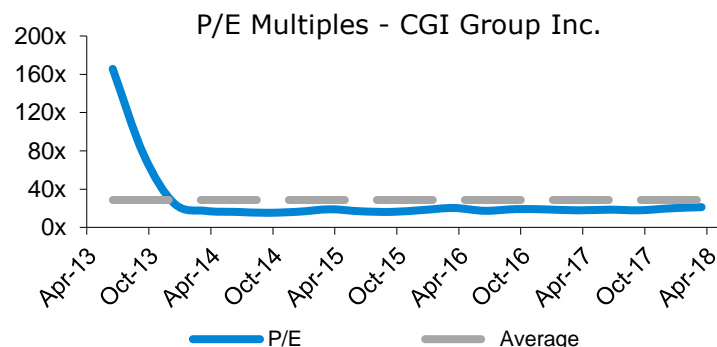
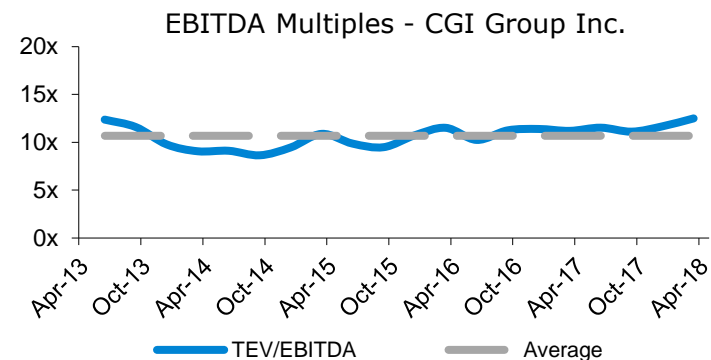
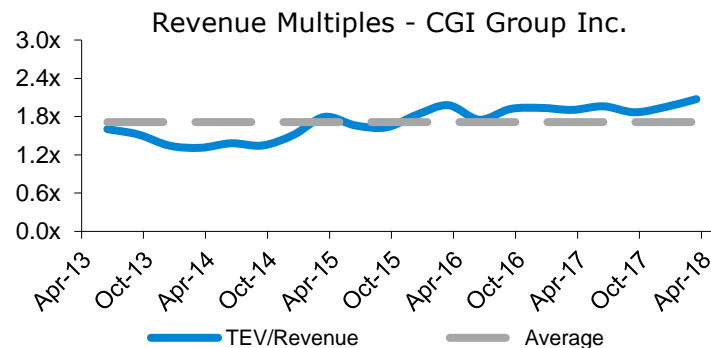
Public Basket



CGI Group Inc.

CGI Group Inc. provides information technology and business process services in Canada and internationally. It offers application development and maintenance, portfolio management, quality assurance and testing, modernization, and migration services; agile, business transformation, change management, CIO advisory, cybersecurity, data analytics, digital enterprise, project management, and industry-specific business consulting services; business-to-business and customer operations support, purchase management, revenue management, and supplier payment services; and data center facilities and management, technical service desk, printing and document management, remote infrastructure, transformation, storage as a service, data vaulting, disaster recovery and archiving as a service, bottomless edge-to-core storage, and file sync and share as a service, as well as infrastructure solutions and consulting services. The company was founded in 1976 and is headquartered in Montreal, Canada.

Date	Key Development Headline
12/6/17	CGI Group Inc. (TSX:GIB.A) acquired Paragon Solutions, Inc. for 60.6 million.
11/8/17	CGI Group Seeks Acquisitions
8/22/17	CGI Group Inc. (TSX:GIB.A) acquired Summa Technologies, Inc.
5/11/17	CGI Group Inc. (TSX:GIB.A) completed the acquisition of ECommerce Systems, Inc.
5/3/17	CGI Group Mulls Acquisitions



Public Basket

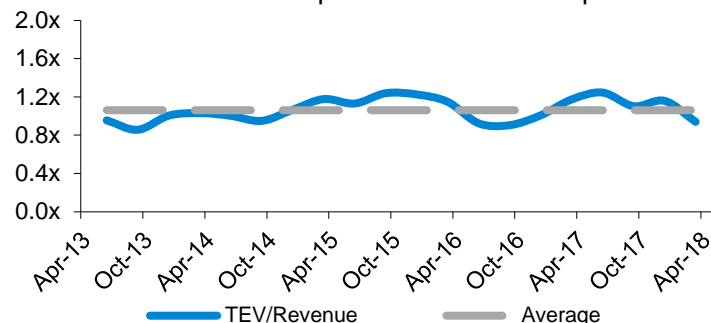


NTT Data Corporation

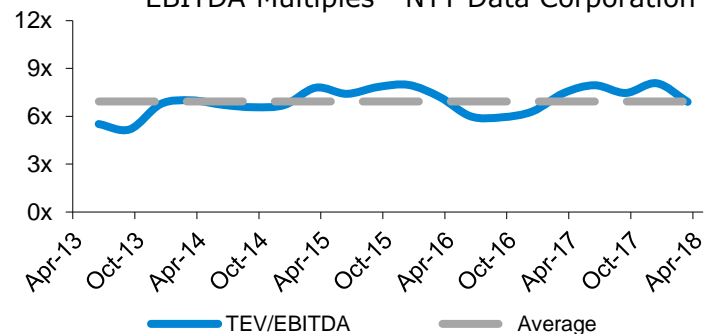
NTT DATA Corporation provides consulting, system development, and business information technology (IT) outsourcing services worldwide. The company operates through four segments: Public & Social Infrastructure, Financial, Enterprise & Solutions, and Global. It offers business consulting services, such as business strategy, business process optimization, and organizational change management; and IT consulting services, including IT strategy and governance, information and knowledge management, and program management office consulting services. NTT DATA Corporation is a subsidiary of Nippon Telegraph and Telephone Corporation.

Date	Key Development Headline
4/2/18	NEXTY Electronics Corporation and NTT Data Corporation (TSE:9613) agreed to acquire 71.5% stake in Cats Co., Ltd. from NTT Data MSE Corporation.
8/31/17	DigitalGlobe, Inc. and NTT Data Corporation Extends Strategic Partnership to Use the DigitalGlobe GBDX Platform to Create AW3D Vector Building Models
7/30/17	NTT Data Corporation (TSE:9613) completed acquisition of 51% stake in Mhi Information Systems Co., Ltd. from Mitsubishi Heavy Industries, Ltd. (TSE:7011).
7/26/17	DTS Corporation (TSE:9682) completed the acquisition of remaining 49.97% stake in DataLinks Corporation (JASDAQ:2145) from a group of sellers.
5/31/17	NTT DATA Expands Business Alliance with MarkLogic

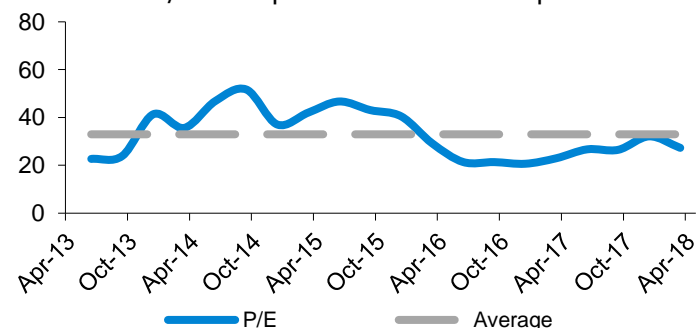
Revenue Multiples - NTT Data Corporation



EBITDA Multiples - NTT Data Corporation



P/E Multiples - NTT Data Corporation

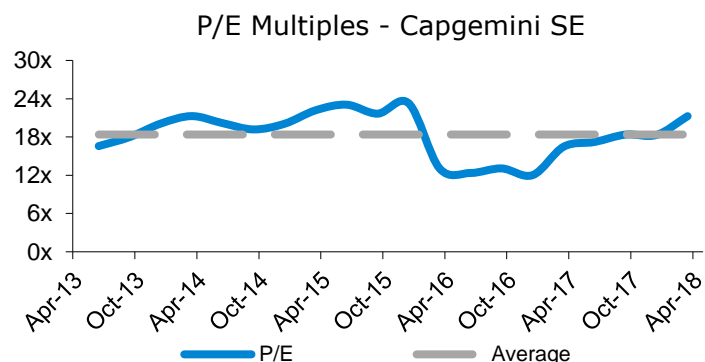
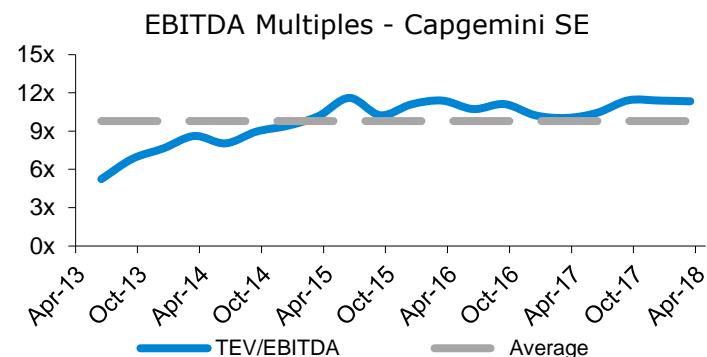
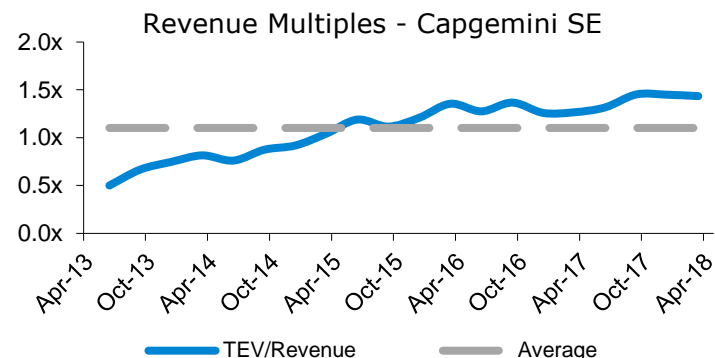


Public Basket



Capgemini SE

Capgemini SE provides consulting, technology, outsourcing, and other managed services. The company's Consulting Services segment offers services to enhance the performance of organizations based on the knowledge of client industries and processes. 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 was founded in 1967 and is based in Paris, France.



Date	Key Development Headline
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.
9/25/17	Capgemini Seeks Investments

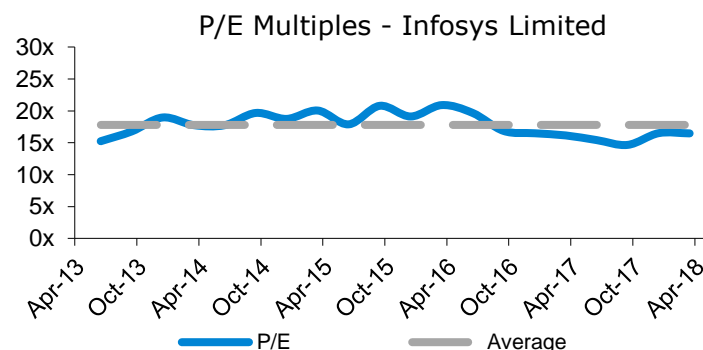
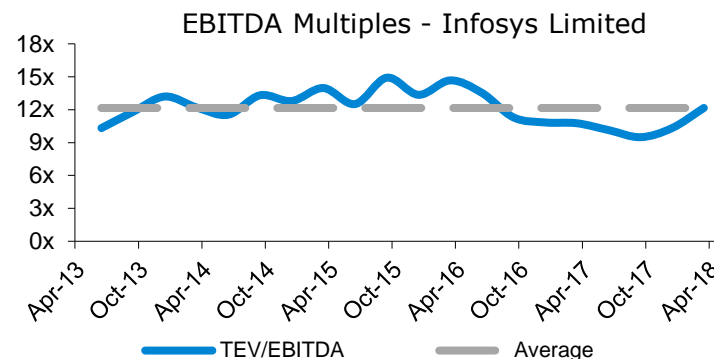
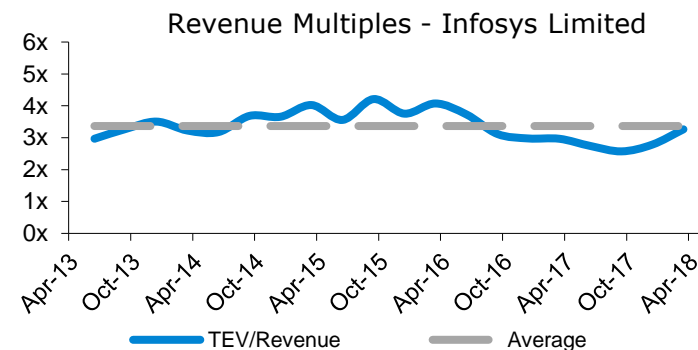
Public Basket



Infosys Limited

Infosys Limited, together with its subsidiaries, provides consulting, technology, and outsourcing services in North America, Europe, India, and internationally. It provides business information technology services, including application development and maintenance, independent validation, infrastructure management, and business process management services, as well as engineering services, such as engineering and life cycle solutions; and consulting and systems integration services comprising consulting, enterprise solutions, systems integration, and advanced technologies. The company's products include Finacle, a banking solution that provides analytics, core banking, consumer e-banking, corporate e-banking, Islamic banking, mobile banking, origination, payments, SME enable, treasury, wealth management, and youth banking solutions. Its products also comprise Infosys Mana, a knowledge-based AI platform; Infosys Limited was founded in 1981 and is headquartered in Bengaluru, India.

Date	Key Development Headline
4/18/18	Infosys Mulls Acquisitions
4/13/18	Infosys Seeks Sell Of Panaya and Skava
4/12/18	Infosys Limited (NSEI:INFY) entered into a definitive agreement to acquire Wongdooddy Holding Company, Inc. for \$75 million.
2/20/18	Infosys and PTC Launch Industrial IoT Center of Excellence
2/15/18	Telesystem Ltd. acquired an unknown stake in OnMobile Systems, Inc. from Infosys Limited (NSEI:INFY) for \$2.5 million.



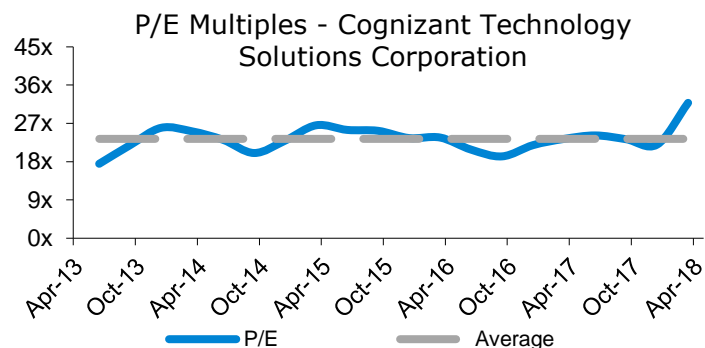
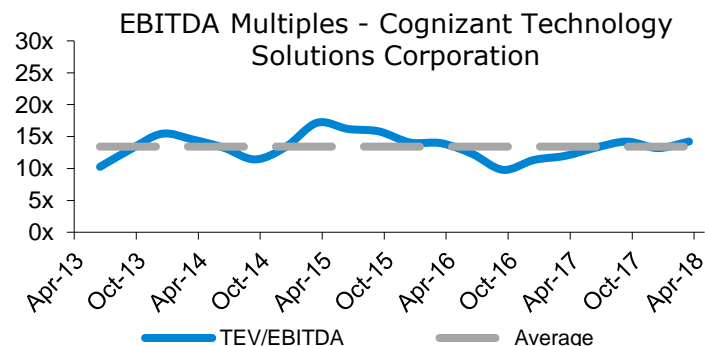
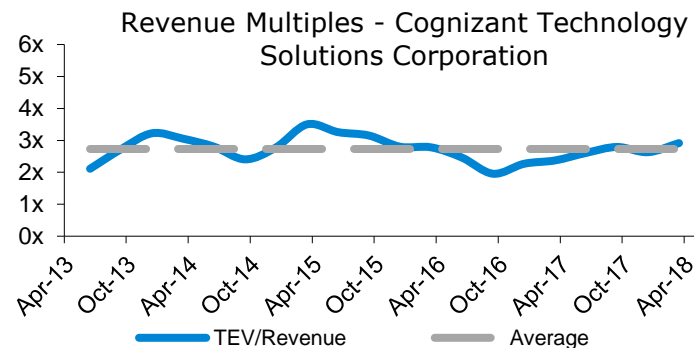
Public Basket



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
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.
8/31/17	Cognizant Technology Mulls Acquisitions

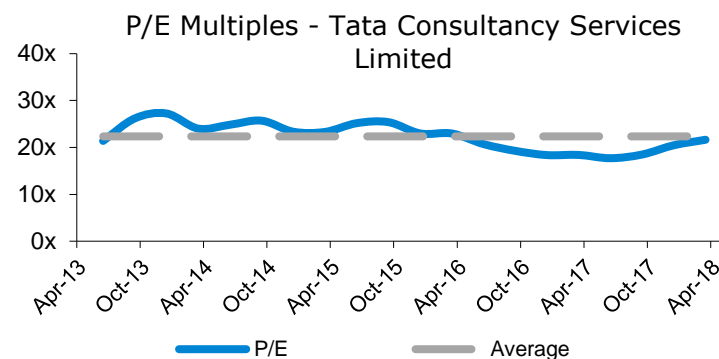
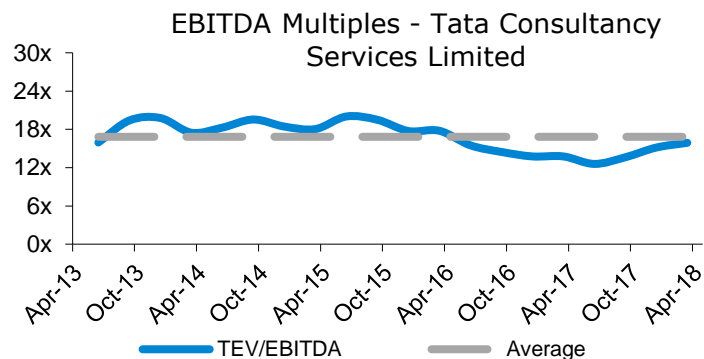
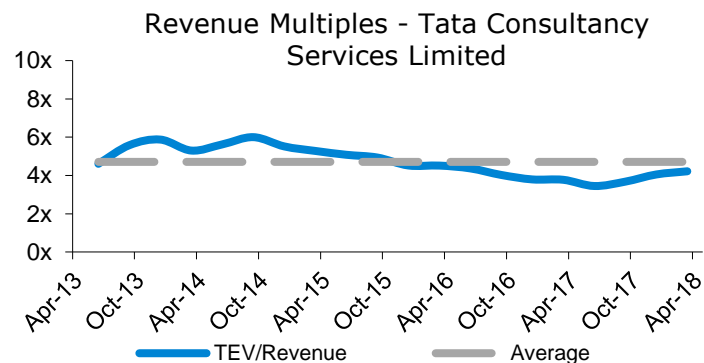


Public Basket



Tata Consultancy Services Limited

Tata Consultancy Services Limited provides information technology (IT) and IT enabled services worldwide. It offers CHROMA, a cloud-based talent management platform for enterprises to drive next generation employee experiences across the requisition-to-retain employee lifecycle; ignio, a cognitive automation system for IT operations in enterprises; iON, an assessment solution; TAP, an accounts payable platform; and TCS MasterCraft, a digital platform to automate and manage IT processes. The company also provides customer intelligence and insight solutions to deliver personalized retail, banking, and communications experiences; Tata Consultancy Services Limited is a subsidiary of Tata Sons Limited.



Date	Key Development Headline
3/5/18	Virgin Atlantic Extends Strategic Partnership with Tata Consultancy Services Limited
10/26/17	Tata Consultancy Services and ACORD Collaborate on Digital Transformation Enhancements for the Insurance Industry
10/25/17	National University Signs Pact with Tata Consultancy Services to Enhance Filipinos' Employability Skills
6/12/17	Tata Consultancy Services Collaborates with Intel Corporation to Drive Digital Transformations
6/5/17	Tata Consultancy Services and Siemens Unveil New Collaboration Around Internet of Things Innovation
5/18/17	Tata Consultancy Services, Qualcomm Incorporated and FHI 360 Collaborate to Create Wireless Solution for Fisheries in Senegal

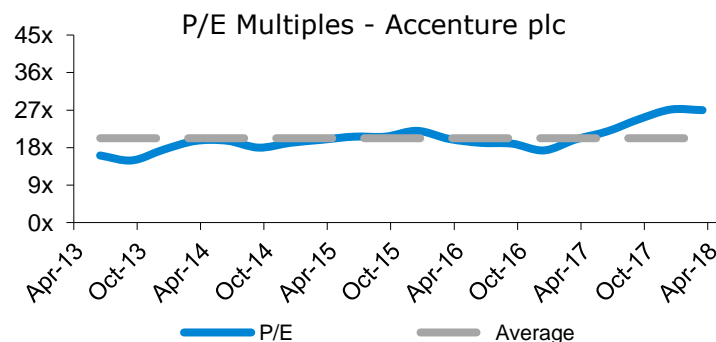
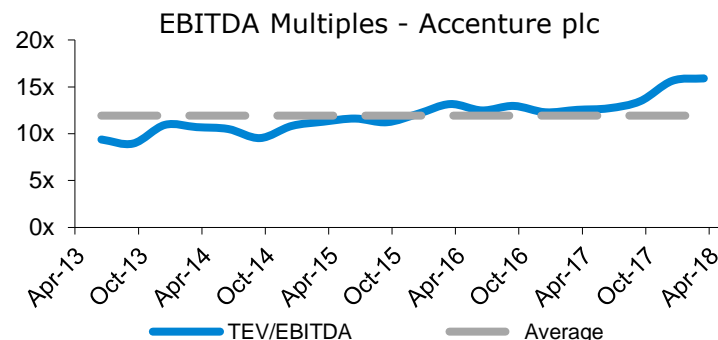
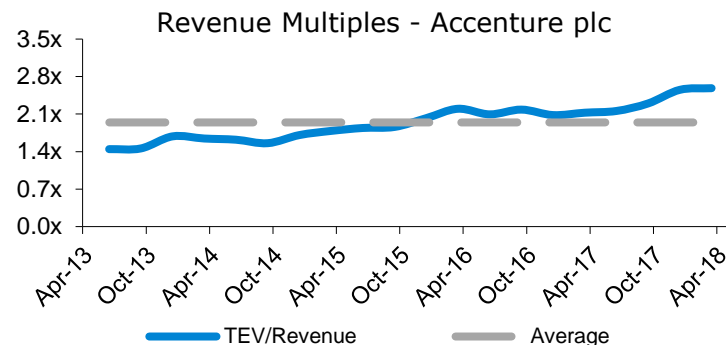
Public Basket



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. This segment serves clients in banking, capital markets, and insurance industries. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
3/28/18	Accenture plc (NYSE:ACN) entered into an agreement to acquire Meredith Xcelerated Marketing from Meredith Corporation (NYSE:MDP).
3/20/18	Accenture and SAP Build and Deploy Extended Planning Solutions on SAP S/4HANA®
3/12/18	Accenture plc (NYSE:ACN) completed the acquisition of remaining 4% stake in Accenture Holdings plc.
2/18/18	Accenture plc (NYSE:ACN) completed the acquisition of MACKEVISION Medien Design GmbH from GIMV NV (ENXTBR:GIMB) and other shareholders.
2/10/18	Accenture Mulls Acquisitions
1/31/18	Accenture plc (NYSE:ACN) completed the acquisition of Rothco Limited.



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