



# Sectorwatch: Robotics Process Automation

August 2018

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# Overview

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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.

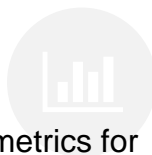
## Dashboard

- 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

↓ -0.07

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

↓ -0.5%

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

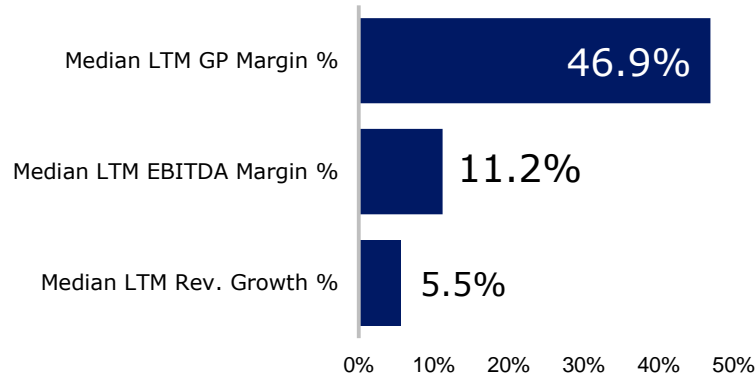
## Profitability Momentum

↑ 1.2%

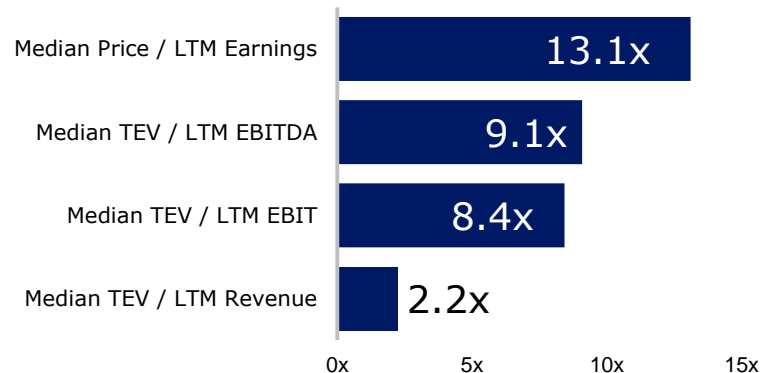
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

## Operating Metrics



## Valuation



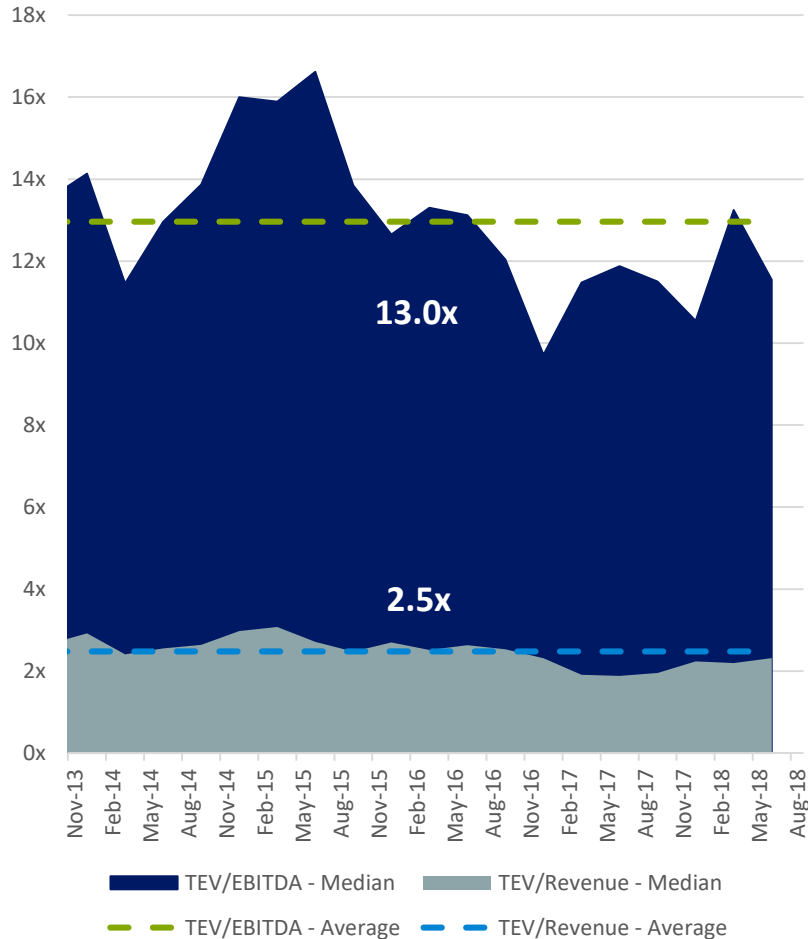
# Public Basket



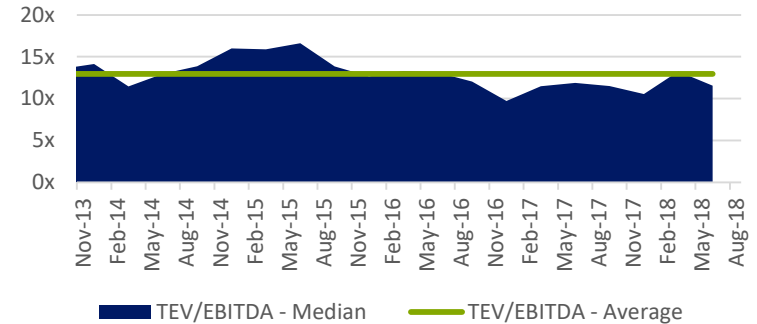
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Jacada Ltd.	16	15	2%	56%	-27%	1.1	0.0	106	139
Expert System S.p.A.	55	38	8%	6%	-14%	1.5	0.0	231	166
JASTEC Co., Ltd.	79	150	4%	22%	13%	0.5	3.9	1,264	119
Blue Prism Group plc	1,561	52	154%	100%	-30%	31.5	0.0	187	280
Verint Systems Inc.	3,345	1,163	8%	64%	10%	2.9	27.4	5,200	224
Syntel, Inc.	3,508	966	4%	38%	27%	3.6	13.3	22,114	44
Pegasystems Inc.	4,220	819	-1%	65%	1%	5.1	0.0	4,237	193
Conduent Incorporated	5,602	5,889	-6%	18%	12%	1.0	8.0	90,000	65
NICE Ltd.	6,841	1,362	24%	65%	23%	5.3	23.2	5,208	262
Tech Mahindra Limited	7,483	4,631	7%	33%	16%	1.6	10.2	112,807	41
<b>Average</b>	3,271	1,509	20%	47%	3%	5.4	8.6	24,135	153
<b>Median</b>	3,426	893	6%	47%	11%	2.2	5.9	4,719	153

share price as of 06Aug18

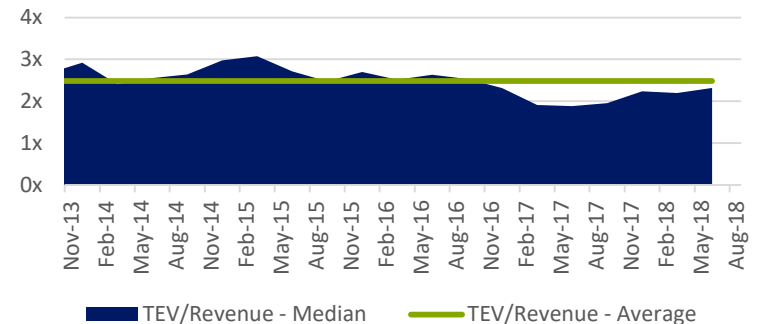
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



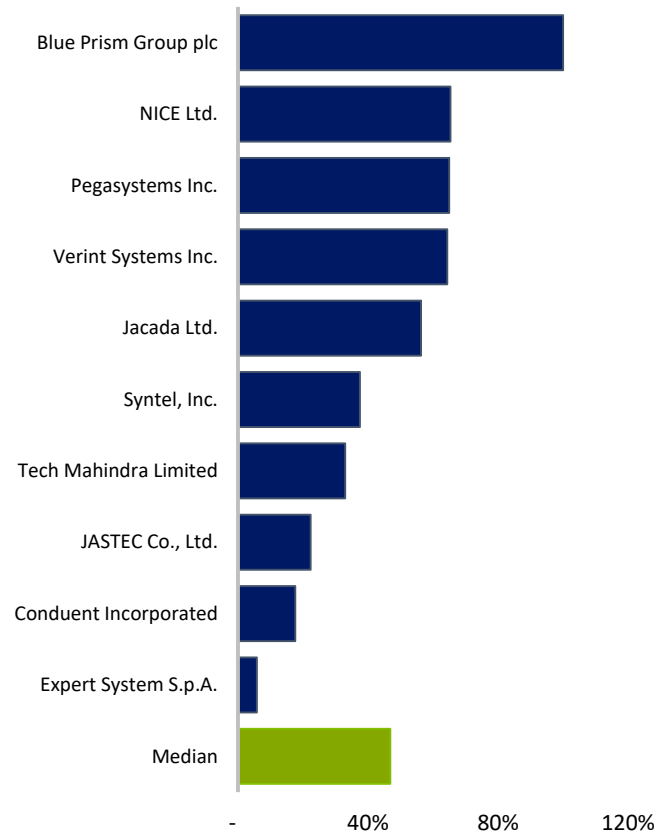
## Public Revenue Multiples over Time



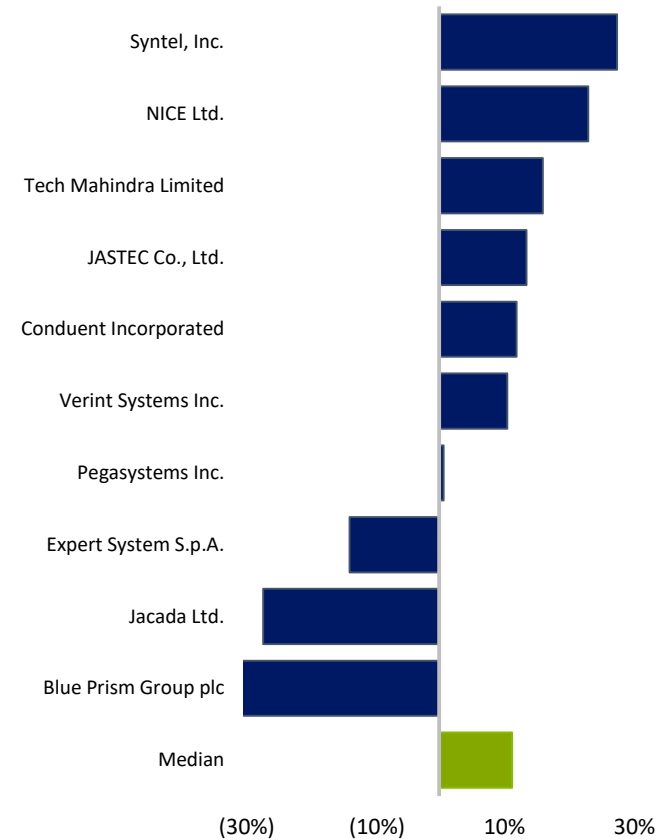
# Operational Metrics



## LTM Gross Profit Margin %



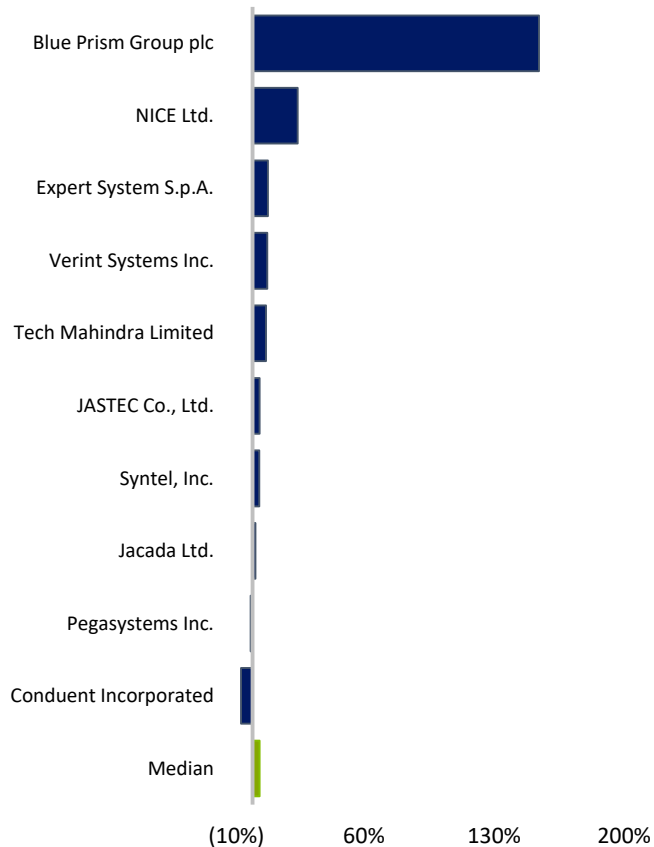
## LTM EBITDA %



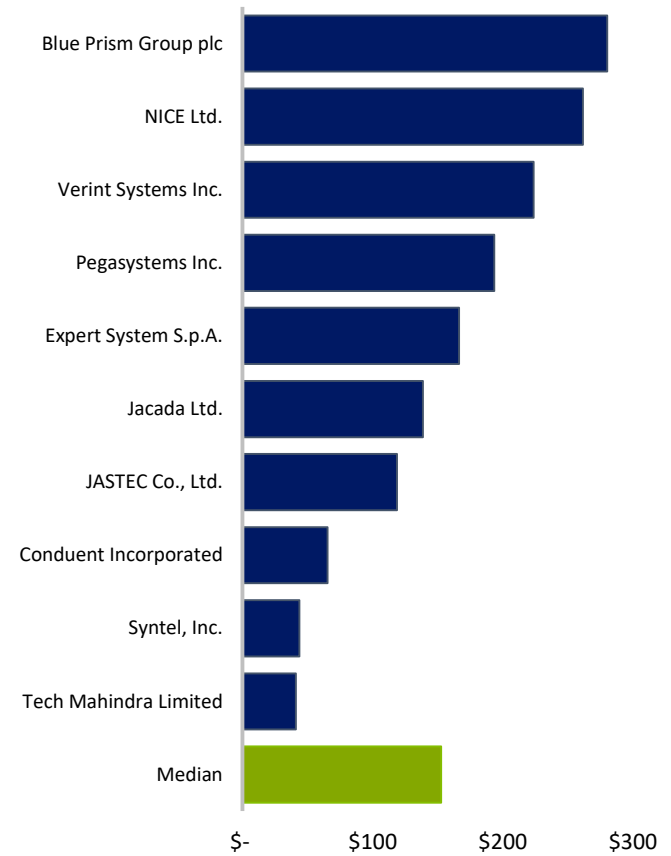
# Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's

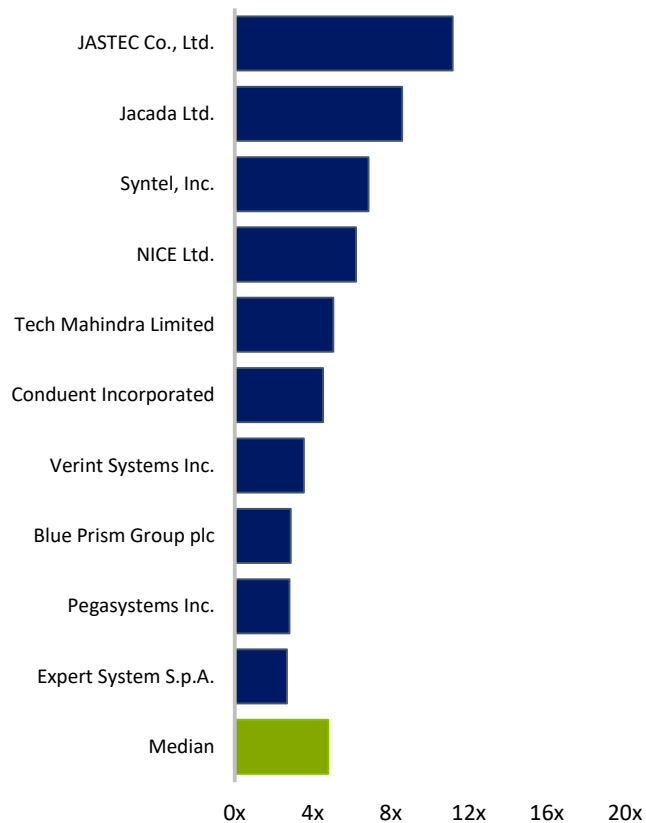




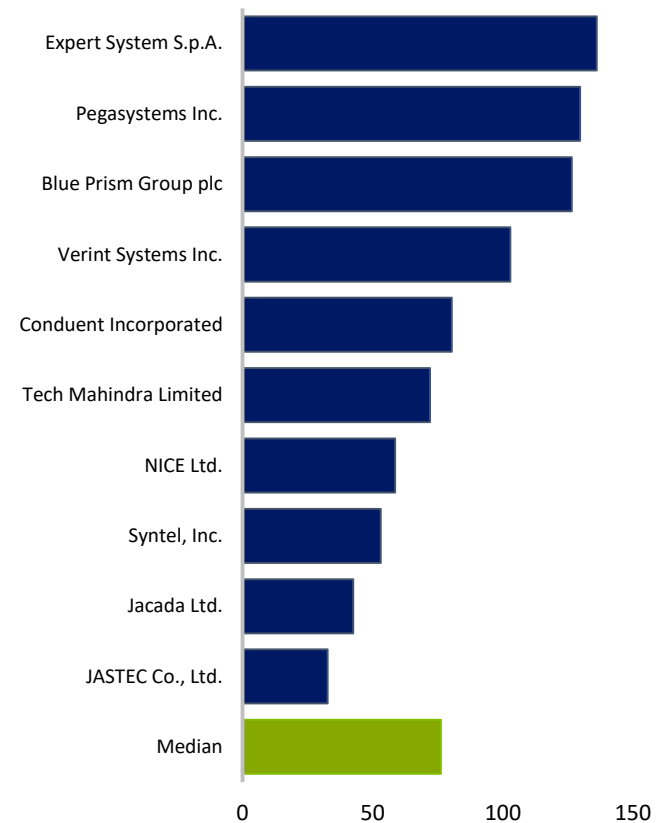
# Operational Metrics



## Accounts Receivable Turnover



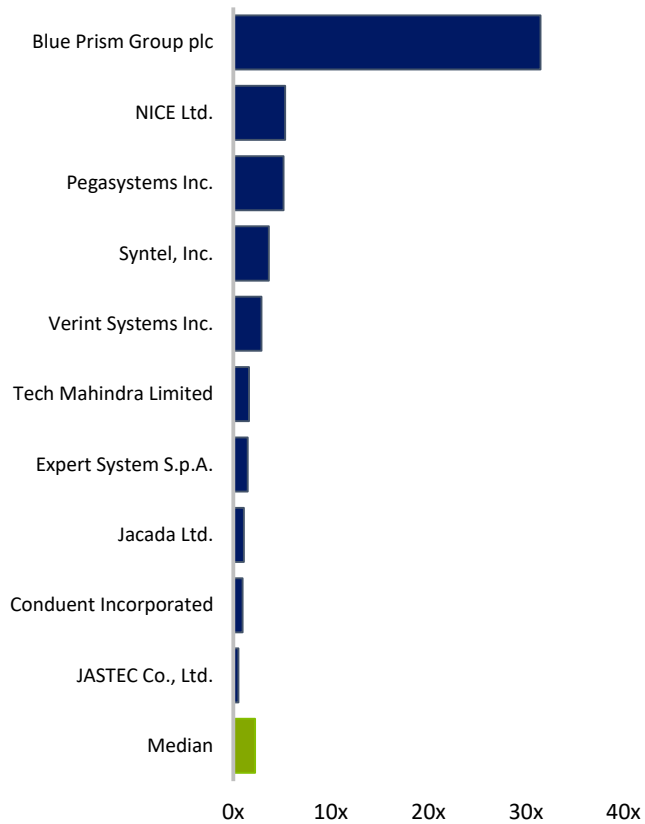
## Average Days Sales Outstanding



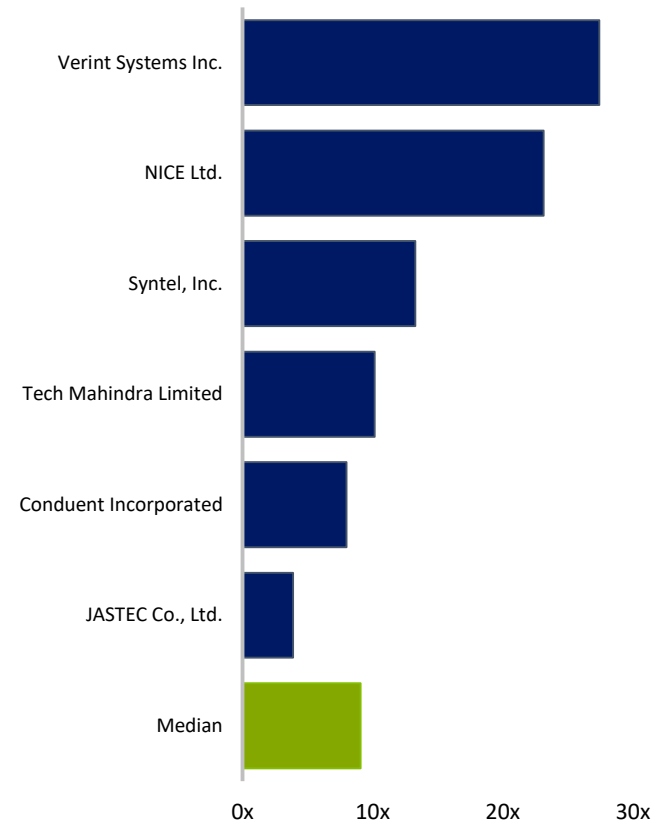
# Valuation



TEV / LTM Revenue



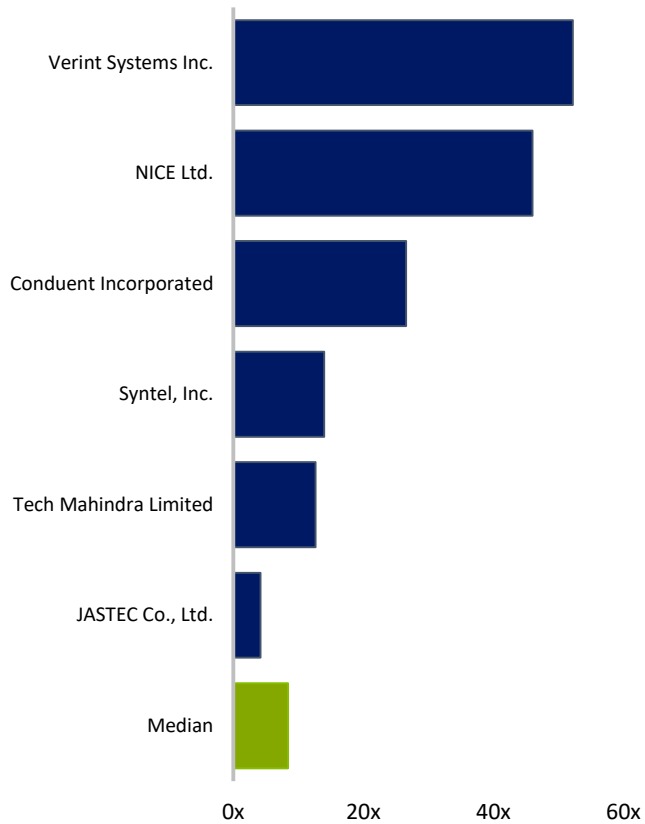
TEV / LTM EBITDA



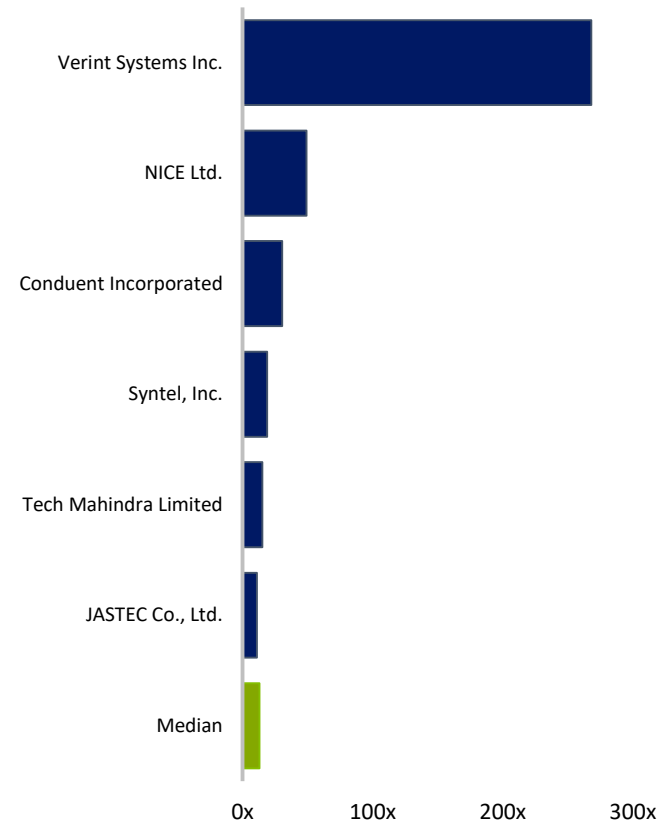
# Valuation



## TEV / LTM EBIT



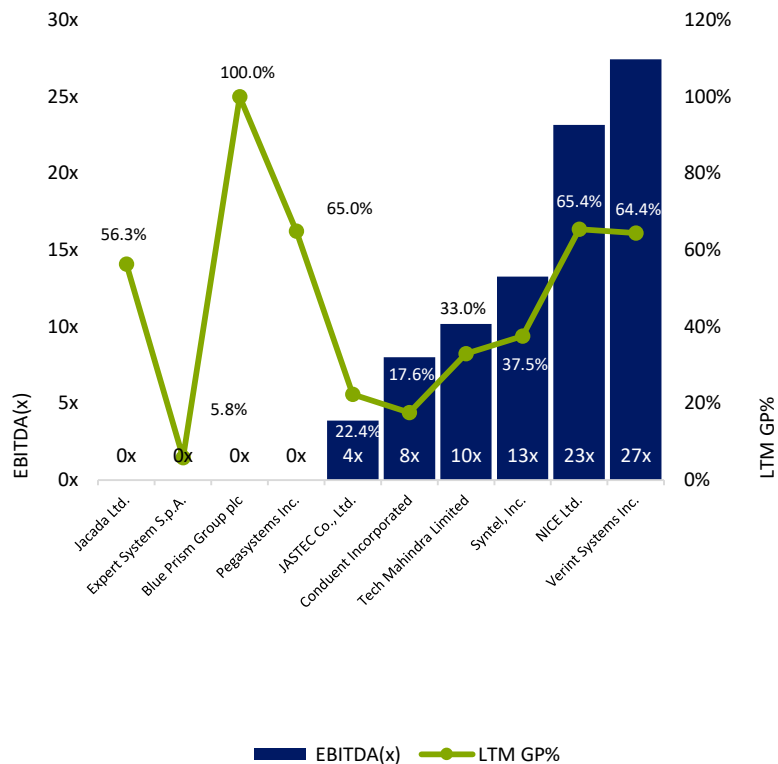
## Price / LTM Earnings



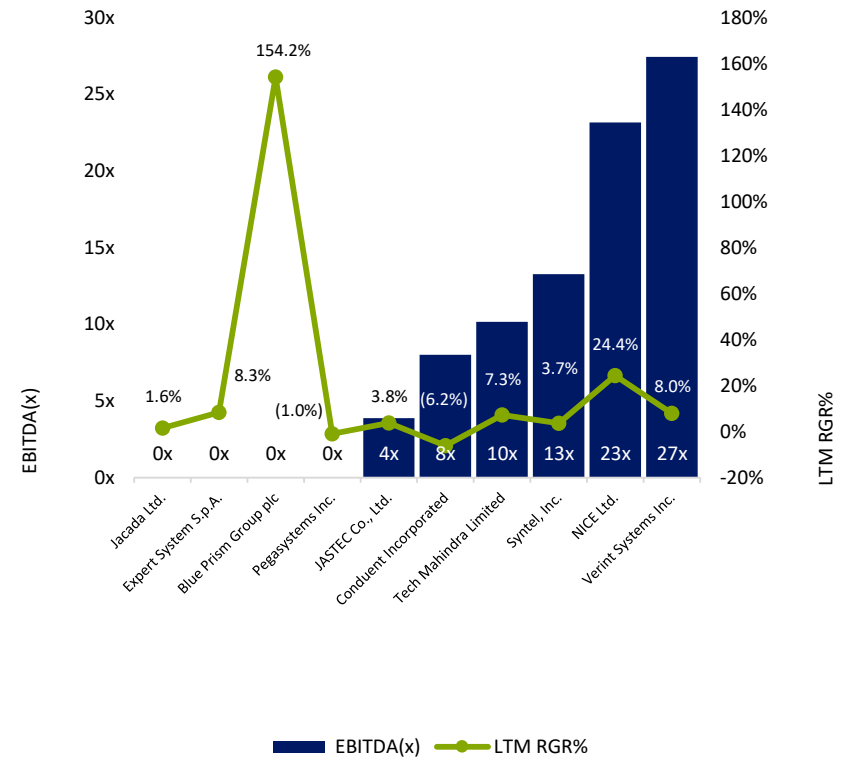
# Valuation



## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions



7 MILE  
ADVISORS

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Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
30Jul18	Olive, Inc.	Ascension Ventures; Oak HC/FT Partners LLC	32.80	-	-	-
24Jul18	Arrow Digital LLC	Softvision, LLC	-	-	-	-
28Jun18	Convergys Corporation	Concentrix Corporation	2,733.43	2,738.70	0.9x	7.0x
24Apr18	ACALL Inc.	Mizuho Capital Co. Ltd.; Genesis Ventures, Inc.	0.92	-	-	-
4Apr18	WorkFusion, Inc.	iNovia Capital; NGP Capital; Georgian Partners Growth LP; Declaration Partners; Hawk Equity LLC	50.00	-	-	-
2Mar18	UiPath Inc.	Accel Partners; Kleiner Perkins Caufield & Byers; Earlybird Venture Capital GmbH & Co. KG; Credo Ventures; Seedcamp; Earlybird Digital East Fund 2012 SCA SICAR; CapitalG	153.00	-	-	-
2Nov17	Premier Logic, LLC	ALTEN Calsoft Labs, Inc.	-	-	-	-
26Sep17	Formpipe Software AB	Humble Kapitalförvaltning; Humle Smabolagsfond	-	46.86	-	-
7Apr17	Aecus Limited	The Hackett Group, Inc.	8.02	-	-	-
3Apr17	Genfour Ltd	Accenture plc	-	-	-	-
5Dec16	Top Image Systems Ltd.	Hale Capital Partners; Hale Capital Partners, LP	5.00	-	-	-
29Sep16	Jacada Ltd.	Israel Growth Partners	1.37	-	-	-

# Robotics Process Automation

August 2018

## APPENDIX: Public Basket Constituents

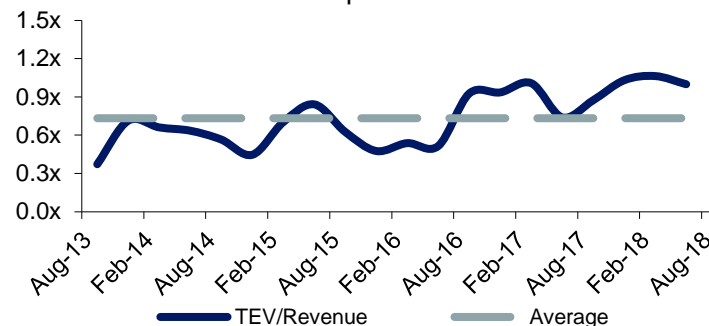
# Public Basket



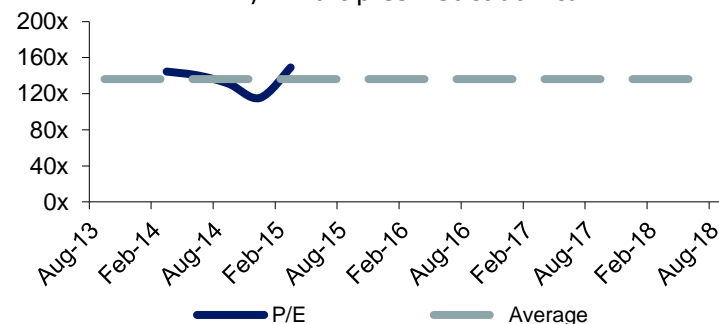
## Jacada Ltd.

Jacada Ltd. develops, markets, and supports customer experience management and robotic process optimization solutions that automate customer service processes in North America, Europe, Asia, the Middle East, Africa, and internationally. Its products include Jacada Workspace Agent Desktop, which unifies customer interaction tools and provides a single access point to various mission-critical applications for customer service representatives; Jacada Visual interactive voice response that enables end users to engage in a mobile self-service sessions; and Jacada Intelligent Assistant, a virtual customer assistant that allows end users to engage in an automated conversation to answer their questions and complete transactions on their behalf. The company's products also comprise Jacada Advisor, which helps call centers enhance customer service by providing real-time agent guidance; Jacada Integration and Automation, a solution that allows companies to Web-enable and integrate their Microsoft Windows client/server and Web-based applications without modifying or changing existing applications; Jacada Agent Guidance, which guides the customer service agent through an optimized interaction with the customer; Jacada Workflow that creates business process management workflows; Jacada HostFuse, a software solution for integrating core host-centric business systems. Jacada Ltd. was founded in 1990 and is headquartered in Herzliya, Israel.

Revenue Multiples - Jacada Ltd.



P/E Multiples - Jacada Ltd.



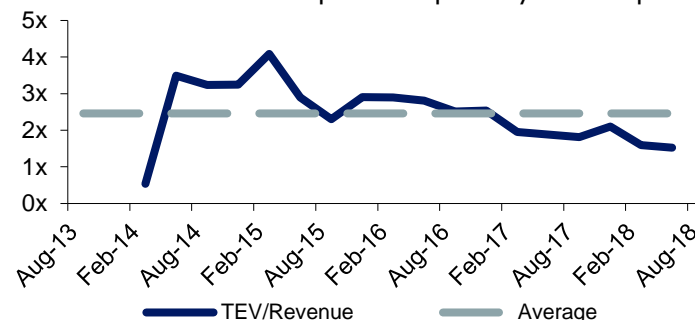
# Public Basket



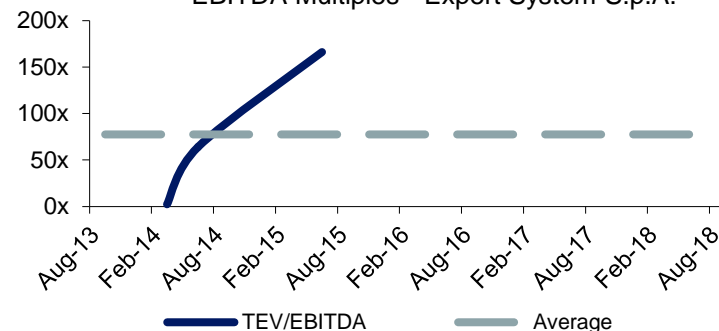
## Expert System S.p.A.

Expert System S.p.A. develops and sells cognitive computing software products based on artificial intelligence algorithms to read and understand written language in Italy and internationally. It offers Cogito cognitive technology for robotic process automation and information intelligence; Cogito Discover for entity extraction, classification, and text analytics; Cogito Intelligence Platform, an intelligence platform that processes content, and populates categories and entity lists to reveal the information for analysis activities; Cogito Answers, a customer experience management and analytics software solution; and Analysts' Workspace, a case management software and information intelligence solution. The company also provides Cogito Studio that helps organizations and developers to assert their business priorities while creating semantic-powered solutions for robotic process automation and information intelligence; Biopharma Navigator, a natural language processing software for life sciences; and Cogito API, a natural language processing API, as well as Cogito integrations. It serves small and medium-sized businesses in the banking and insurance government, life science and pharma, oil and gas, media and publishing, and other industries. The company was founded in 1989 and is based in Modena, Italy.

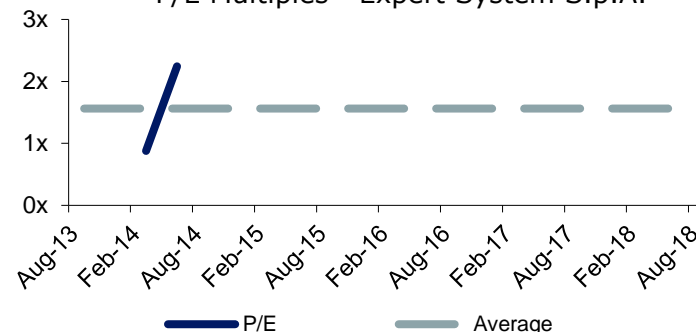
Revenue Multiples - Expert System S.p.A.



EBITDA Multiples - Expert System S.p.A.



P/E Multiples - Expert System S.p.A.





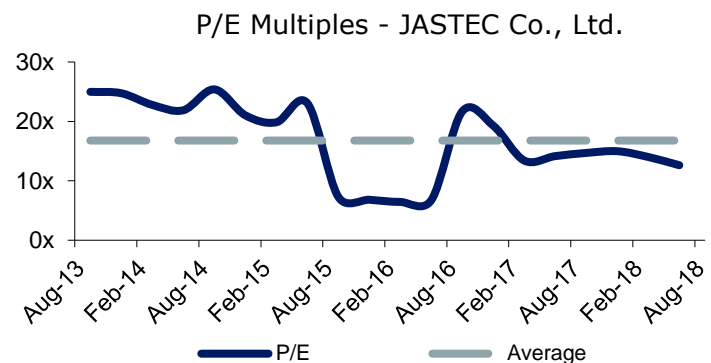
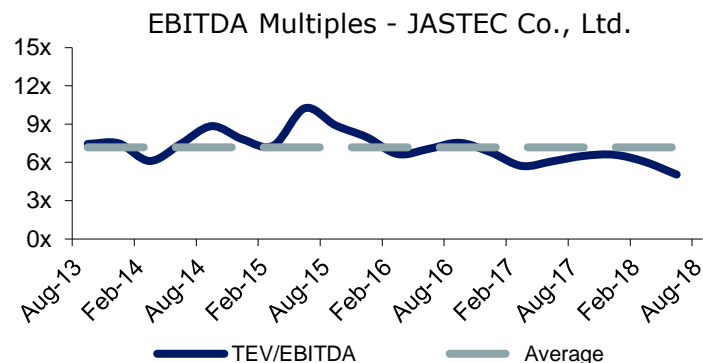
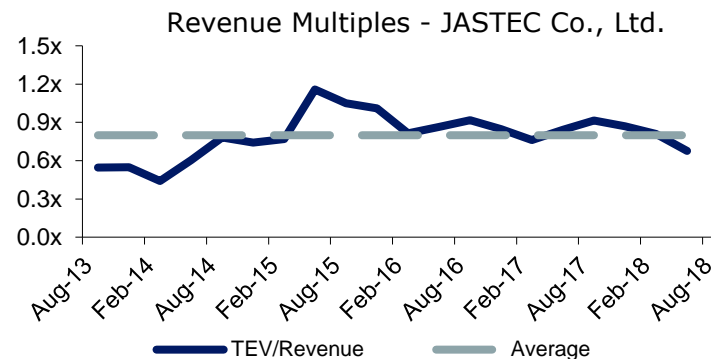
# Public Basket



## JASTEC Co., Ltd.

JASTEC Co., Ltd. provides custom software development and system integration services in Japan. It offers business automation solutions, including targeted business service systems; software for purchasing support, sales support, decision support, operation management support, information analysis, etc.; general business service systems; and software for general business applications, such as accounting, financial, human resource, etc. The company also provides process automation software for process control of rationalizing production facilities, communication equipment, technical calculation, etc.; operating system and other software products, such as operating system software, programming language software, utility software, middle-ware, etc.; and package software products for enterprise use. It serves enterprises in raw materials, construction, manufacturing, financial, insurance, securities, distribution, and service industries. The company was founded in 1971 and is headquartered in Tokyo, Japan.

Date	Key Development Headline
10/1/17	Digital Packaging S.A.S. entered into a contract to acquire Jastec France S.A.S from JASTEC Co., Ltd. (TSE:9717).

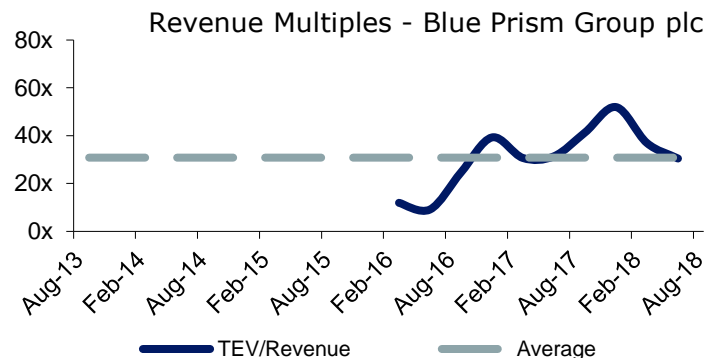


# Public Basket



## Blue Prism Group plc

Blue Prism Group plc, together with its subsidiaries, engages in the licensing of robotic process automation software in the United Kingdom, the United States, and internationally. Its robotic process automation software platform provides organizations with a business owned and IT supported digital workforce, which automates processes in any department where clerical or administrative work is performed across organizations. The company also provides professional and customer support services. It serves customers in financial services, energy, telco, insurance, logistics, BPO, and healthcare sectors. Blue Prism Group plc was founded in 2001 and is based in Newton-le-Willows, the United Kingdom.



Date	Key Development Headline
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5/22/18	Blue Prism Collaborates with Google Cloud to Drive Adoption of AI and Intelligent Automation in the Enterprise
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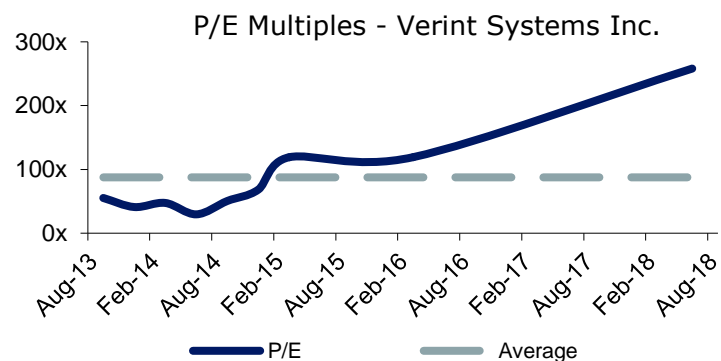
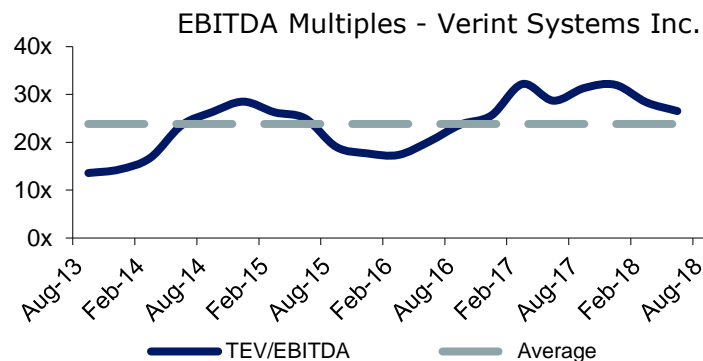
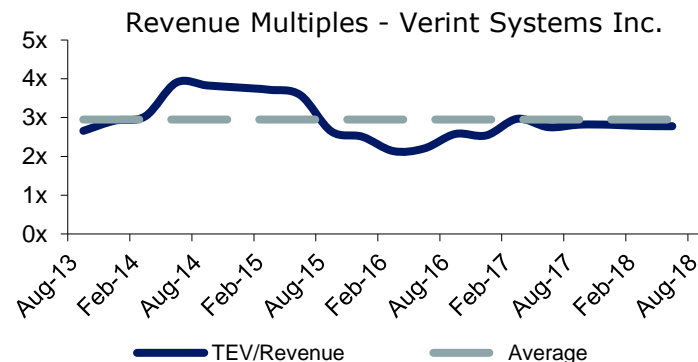
# Public Basket



## Verint Systems Inc.

Verint Systems Inc. provides actionable intelligence solutions and value-added services worldwide. Its Customer Engagement Solutions segment provides automated quality management, automated verification, branch surveillance and investigation, case management, chat engagement, coaching/learning, compliance recording, customer communities, desktop and process analytics, digital feedback, email engagement, employee desktop, enterprise feedback, financial compliance, full-time recording, gamification, identity analytics, internal communities, knowledge management, mobile workforce, performance management, robotic process automation, social analytics, speech and text analytics, virtual assistant, voice self-service, voice self-service fraud detection, Web/mobile self-service, work manager, and workforce management solutions. The company's Cyber Intelligence Solutions segment offers cyber security solutions; intelligence fusion center and Web and social intelligence software that enables collection, fusion, and analysis of data from the Web. The company was founded in 1994 and is headquartered in Melville, New York.

Date	Key Development Headline
12/19/17	Verint Systems Seeks Acquisitions
12/18/17	Verint Systems Inc. (NasdaqGS:VRNT) acquired Next IT Corporation and Next IT Innovation Labs, LLC for \$51 million.
12/6/17	Verint Systems Seeks Acquisitions
9/6/17	Verint Seeks Acquisitions



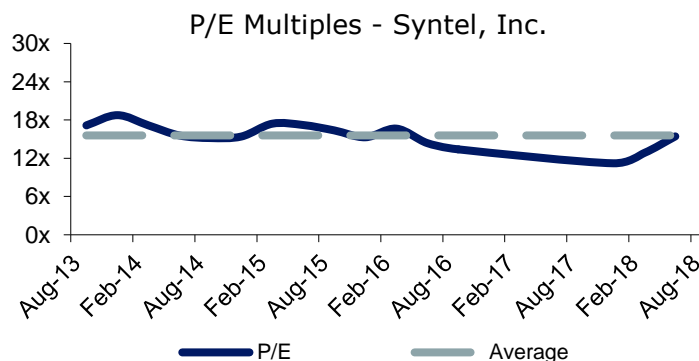
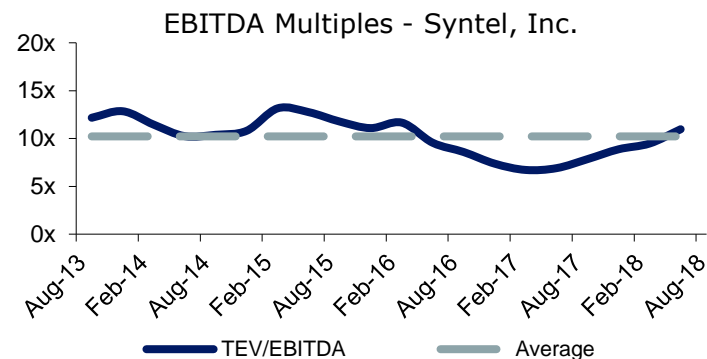
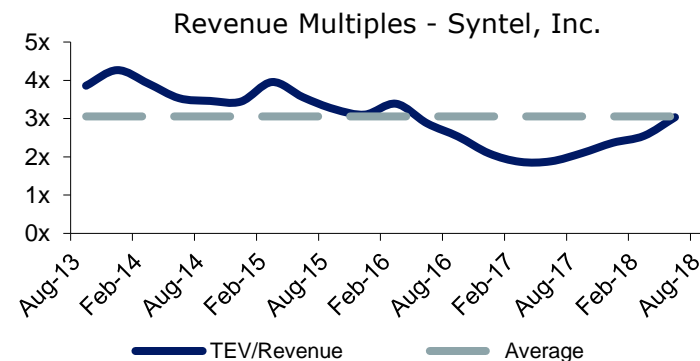
# Public Basket



## Syntel, Inc.

Syntel, Inc. provides digital transformation, information technology (IT), and knowledge process outsourcing (KPO) services worldwide. The company operates through Banking and Financial Services; Healthcare and Life Sciences; Insurance; Manufacturing; and Retail, Logistics, and Telecom segments. It provides end-to-end, integrated application, and infrastructure management services; develops software applications; and offers legacy modernization services, such as software analysis, language conversion, reverse engineering, database migration, code optimization, cloud onboarding and migration, ecosystem migration, testing, and management. The company also provides consulting, implementation, and management services for enterprise architecture, data warehousing, business intelligence, and enterprise application integration, as well as mobility, big data, analytics, and Internet of Things technologies. In addition, it offers KPO services that provide outsourced solutions for knowledge and business processes. Syntel, Inc. was founded in 1980 and is headquartered in Troy, Michigan.

Date	Key Development Headline
7/21/18	Atos SE (ENXTPA:ATO) entered into a definitive merger agreement to acquire Syntel, Inc. (NasdaqGS:SYNT) for \$3.4 billion.
4/9/18	Syntel, Inc. Partners with Esko for Life Sciences Labeling and Packaging Solutions



# Public Basket

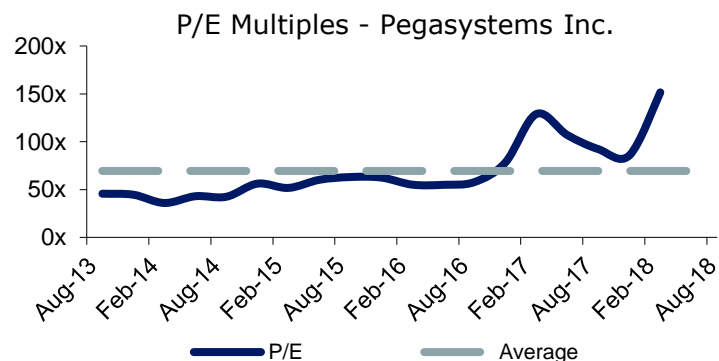
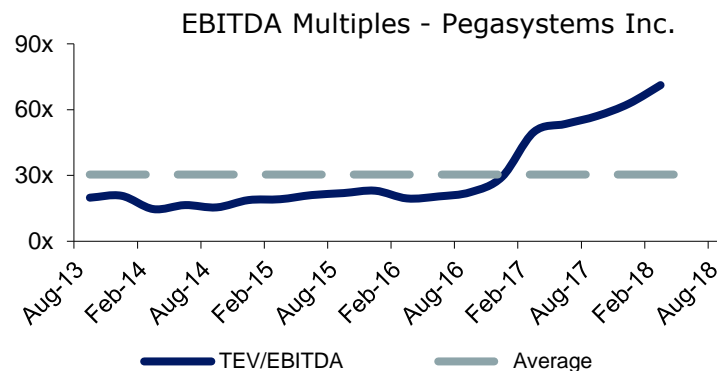
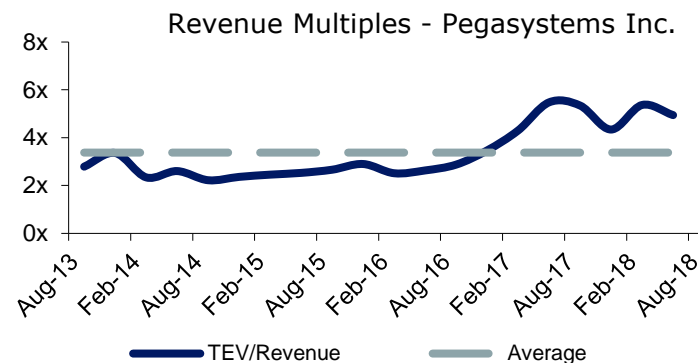


## Pegasystems Inc.

Pegasystems Inc. develops, markets, licenses, and supports software applications for marketing, sales automation, customer service, and operations in the United States and internationally. It provides Pega Platform, an application development product for clients to build and extend their own applications. The company offers customer engagement applications, including Pega Marketing that enable enterprises to enhance customer acquisition and experiences across inbound, outbound, and paid media channels; Pega sales automation to automate and manage the sales process from prospecting to product fulfillment; and Pega customer service to anticipate customer needs, connect customers, the right people and systems, and automate or intelligently guide customer interactions to evolve the customer service experience and to allow enterprises to deliver interactions across channels and enhance employee productivity. It also provides digital process automation products, such as industry-specific software applications that include real-time, omni-channel AI; end-to-end robotic automation; journey-centric rapid delivery; software that writes your software; and unified future-proof platform for businesses with robust capabilities to automate industry-specific business processes. Pegasystems Inc. was founded in 1983 and is headquartered in Cambridge, Massachusetts.

### Date Key Development Headline

5/10/18 Pegasystems Seeks Acquisitions



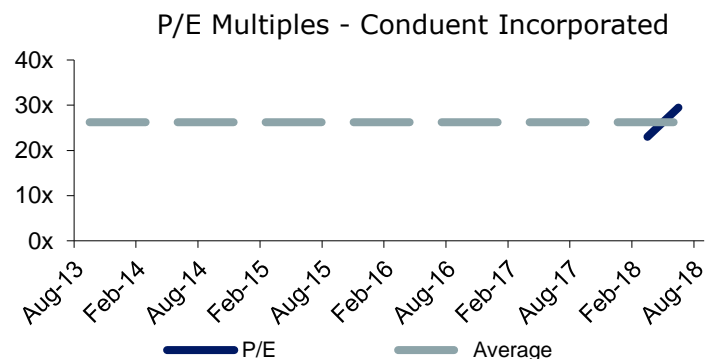
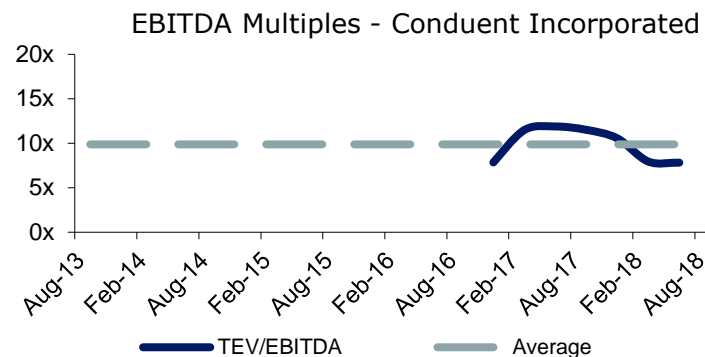
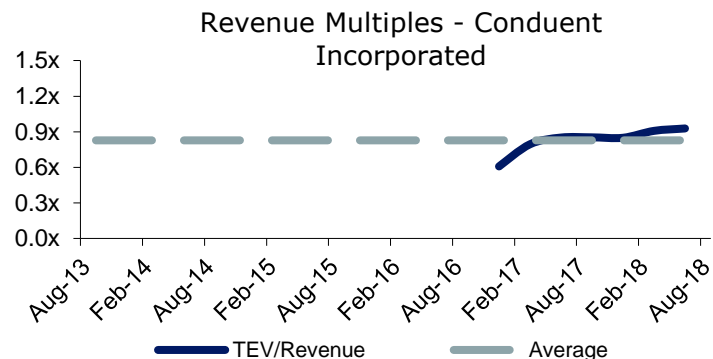
# Public Basket



## Conduent Incorporated

Conduent Incorporated provides business process services with capabilities in transaction-intensive processing, analytics, and automation in the United States and internationally. It operates in two segments, Commercial Industries and Public Sector. The Commercial Industries segment offers business process services and customized solutions to clients in various industries. This segment delivers end-to-end business-to-business and business-to-customer services, including customer care, human resource management, and finance and accounting services that enable its clients to optimize their processes. The company is headquartered in Florham Park, New Jersey.

Date	Key Development Headline
8/5/18	Avenu Insights & Analytics entered into an agreement to acquire the assets and operations of the Local and Municipal Constituent Government Software Solutions business from Conduent Incorporated (NYSE:CNDT).
7/9/18	Andera Partners along with management completed the acquisition of an off-street parking business of Conduent Incorporated (NYSE:CNDT).
6/27/18	Investment funds managed by Alinda Capital Partners LLC completed the acquisition of commercial vehicle operations business of Conduent Incorporated (NYSE:CNDT).
6/8/18	Conduent Seeks Acquisitions
5/17/18	Investment funds managed by Alinda Capital Partners LLC entered into a binding agreement to acquire commercial vehicle operations business of Conduent Incorporated (NYSE:CNDT).



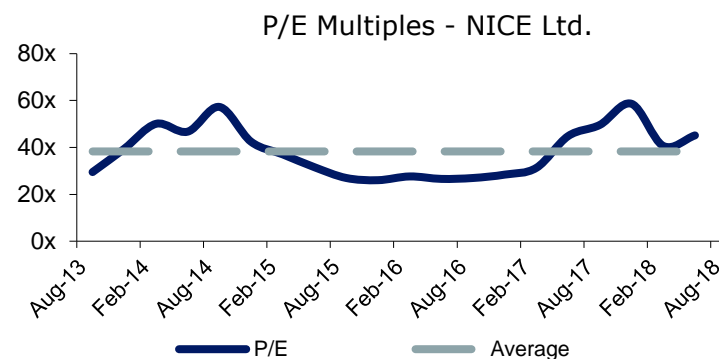
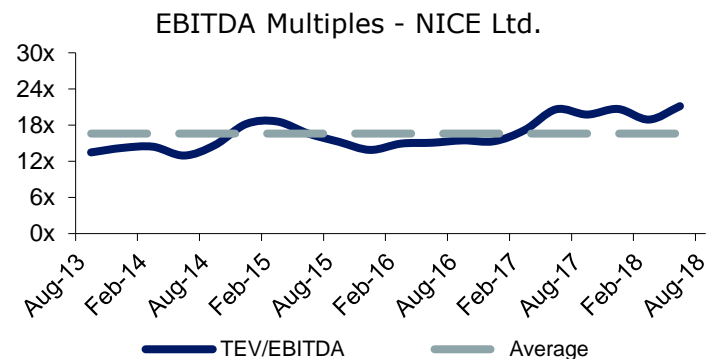
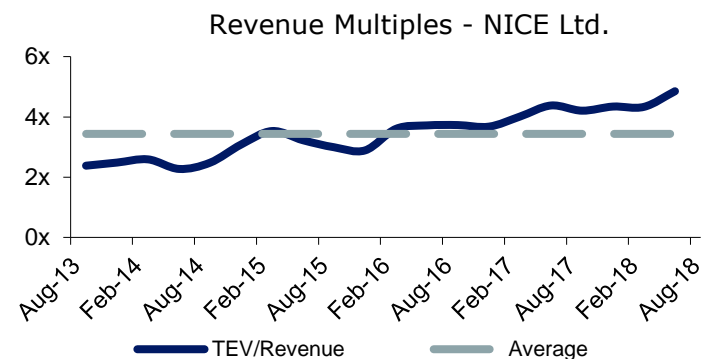
# Public Basket



## NICE Ltd.

NICE Ltd. provides enterprise software solutions worldwide. It operates in two segments, Customer Engagement and Financial Crime and Compliance. The Customer Engagement segment offers platform and solutions that empower businesses to deliver consistent and personalized experience across the customer journey, and delivered in the cloud, as well as on premise. Its solutions also optimize business performance and ensure compliance. This segment serves contact centers, back office operations, and retail branches in various industries, including banking, telecommunications, insurance, healthcare, business process outsourcing, government, utilities, travel, entertainment, and e-commerce. The Financial Crime and Compliance segment provides real time and cross-channel fraud prevention, anti-money laundering, brokerage compliance, and enterprise-wide case management services for financial institutions and regulatory authorities. NICE Ltd. was founded in 1986 and is headquartered in Ra'anana, Israel.

Date	Key Development Headline
11/12/17	NICE Partners with Convexus to Expand Investment in Latin American Market
10/10/17	NICE Ltd. (TASE:NICE) acquired WorkFlex Solutions LLC from CincyTechUSA, Investment Arm.
9/24/17	Enacomm, Inc. acquired CalIVU Ltd.
9/8/17	NICE Ltd. (TASE:NICE) acquired Satmetrix Systems, Inc.

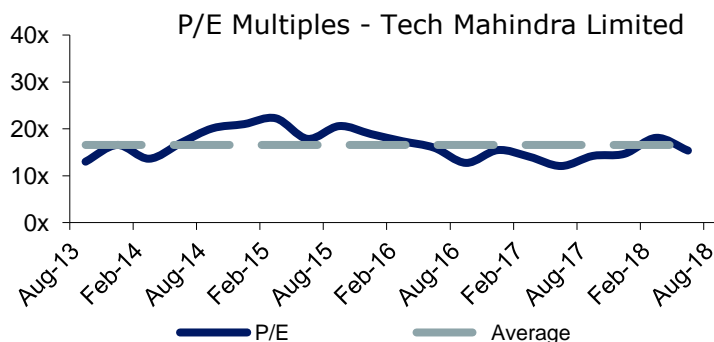
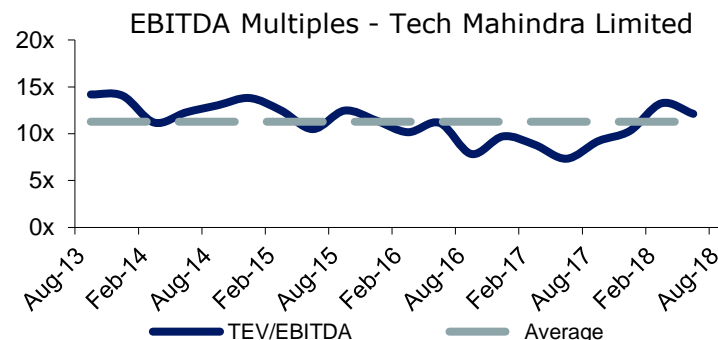
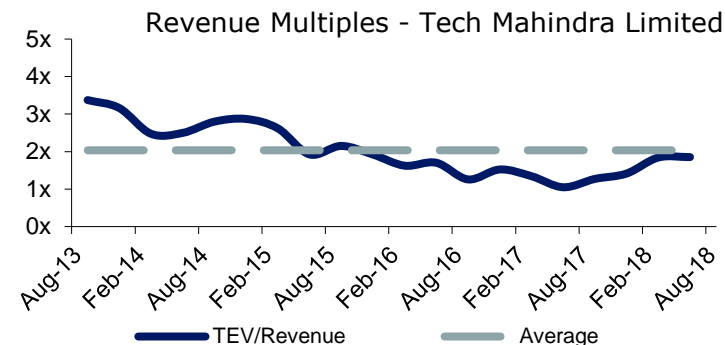


# Public Basket



## Tech Mahindra Limited

Tech Mahindra Limited provides information technology (IT) services and solutions in the Americas, Europe, India, and internationally. It offers IT outsourcing, consulting, next generation, application outsourcing, network, infrastructure management, integrated engineering, business process outsourcing, platform, and mobile value added services. The company provides consulting-led integrated portfolio services to telecom equipment manufacturers and telecom service providers; IT infrastructure services; business process outsourcing services; and enterprise solutions services of IT and IT-enabled services. The company was founded in 1986 and is based in Pune, India.



Date	Key Development Headline
6/20/18	Tech Mahindra Partners with the University of Texas to Launch Inaugural Makers Lab in the U.S
5/25/18	Tech Mahindra Seeks Acquisitions
12/30/17	Tech Mahindra Limited (NSEI:TECHM) completed acquisition of 9.93% stake in Comviva Technologies Limited from Westbridge Ventures II Investment Holdings.
12/21/17	Tech Mahindra Limited (NSEI:TECHM) entered into an agreement to acquire 32.07% stake in Comviva Technologies Limited from Bharti Enterprises Limited and Westbridge Ventures II Investment Holdings for INR 3.3 billion.
11/6/17	Toshiba Digital Solutions and Tech Mahindra Partners to Target Smart Factory



# 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
Garth Martin, Associate	704.899.5960 x 109	garth.martin@7mileadvisors.com
Chevonese Dacres, Analyst	360.499.1502	chevonese@7mileadvisors.com