



Sectorwatch: Salesforce Partners

April 2019

Salesforce Partners

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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.



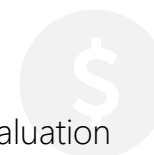
Public Basket Performance

- 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

↓ -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

↑ 0.9%

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

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

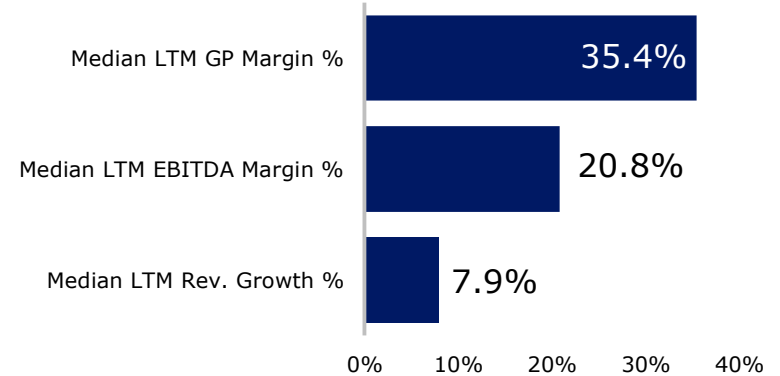
Profitability

↓ -0.2%

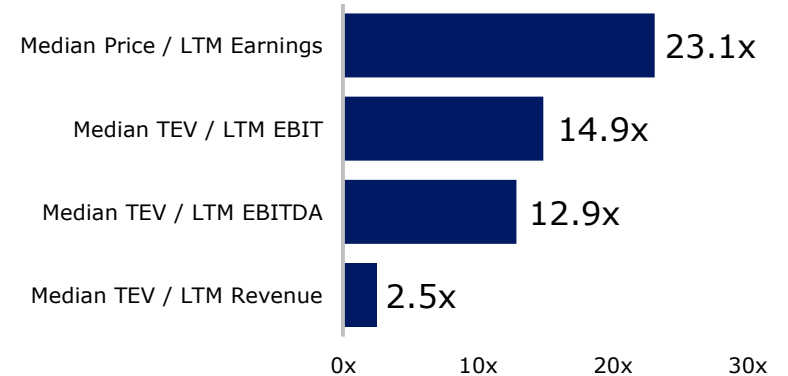
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



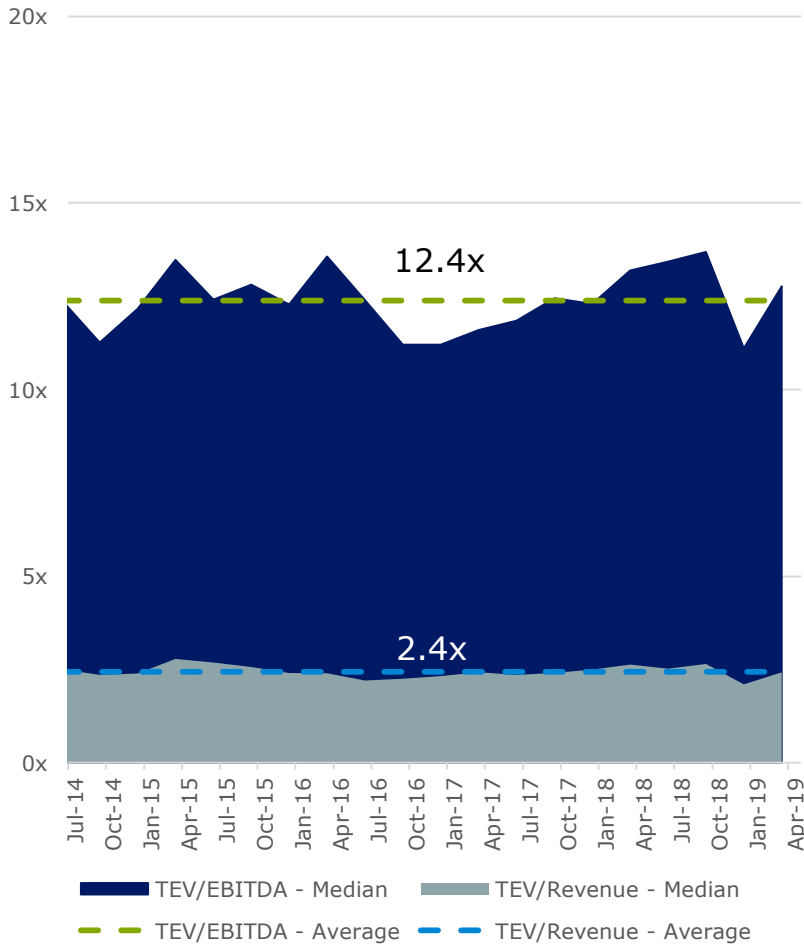
Public Basket



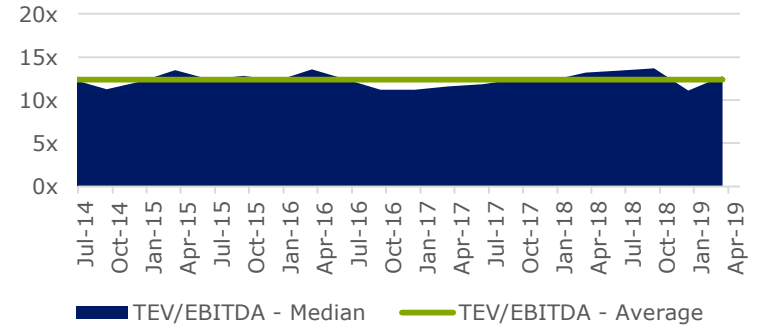
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Perficient, Inc.	1,003	498	3%	36%	12%	2.0	16.7	3,060	163
HCL Technologies Limited	21,333	8,393	10%	35%	23%	2.5	10.9	-	NA
Capgemini SE	22,352	15,110	5%	27%	13%	1.5	11.7	211,313	72
Infosys Limited	41,692	11,799	8%	35%	25%	3.5	14.0	228,123	52
Cognizant Technology Solutions Corporation	38,958	16,125	9%	39%	21%	2.4	11.7	281,600	57
Accenture plc	109,890	40,840	8%	32%	16%	2.7	16.5	459,000	89
Tata Consultancy Services Limited	112,744	21,139	19%	45%	27%	5.3	19.8	-	NA
International Business Machines Corporation	162,472	79,591	1%	46%	21%	2.0	9.7	350,600	227
Average	63,806	24,187	8%	37%	20%	2.8	13.9	191,712	110
Median	40,325	15,617	8%	35%	21%	2.5	12.9	219,718	80

share price as of 15Apr19

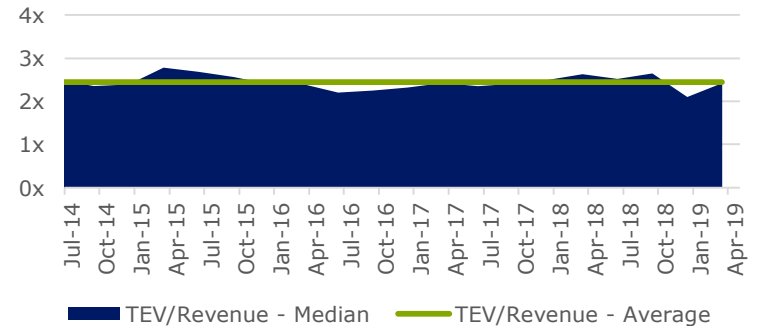
Public Basket Valuation Trends



Public EBITDA Multiples over Time



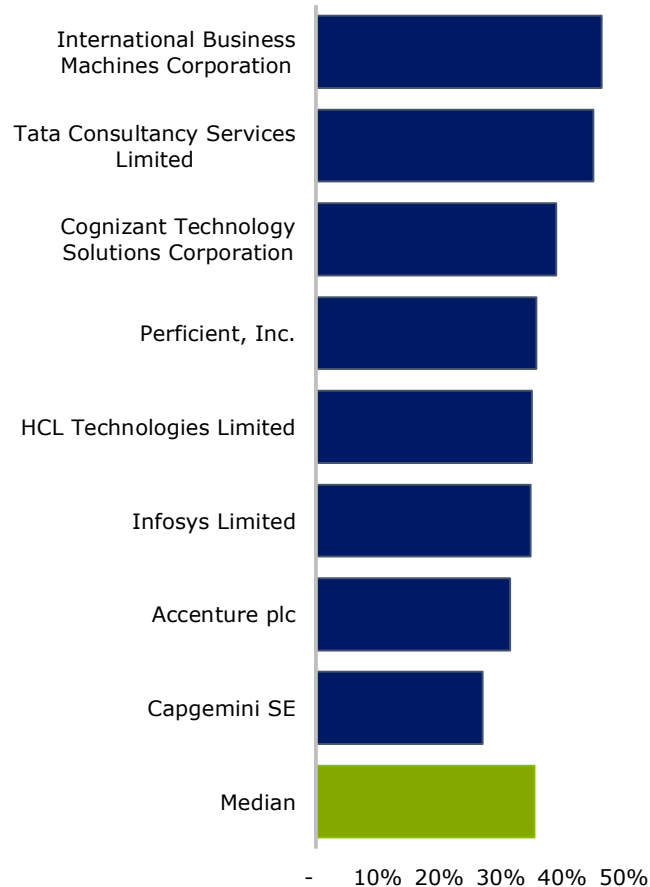
Public Revenue Multiples over Time



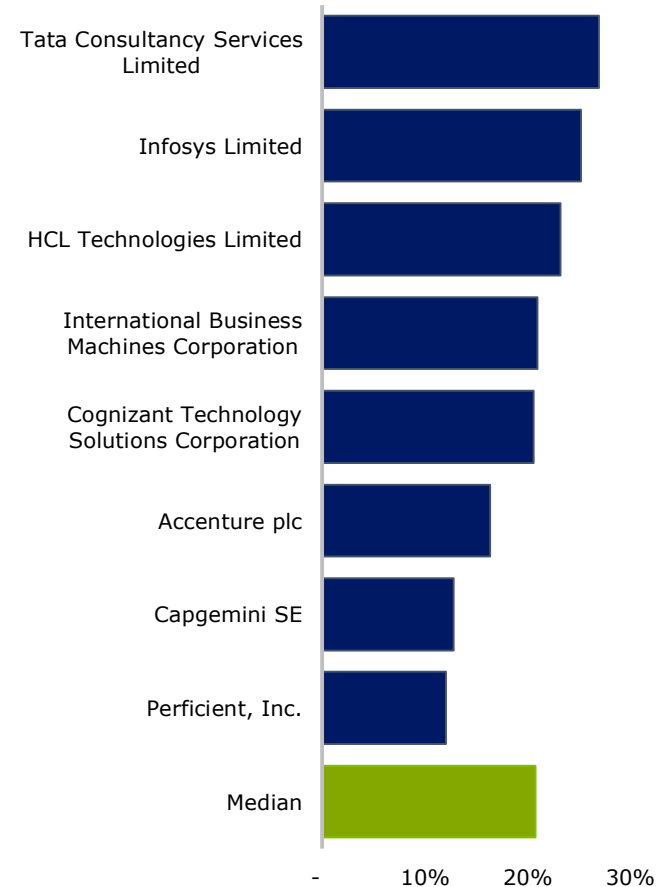
Operational Metrics



LTM Gross Profit Margin %



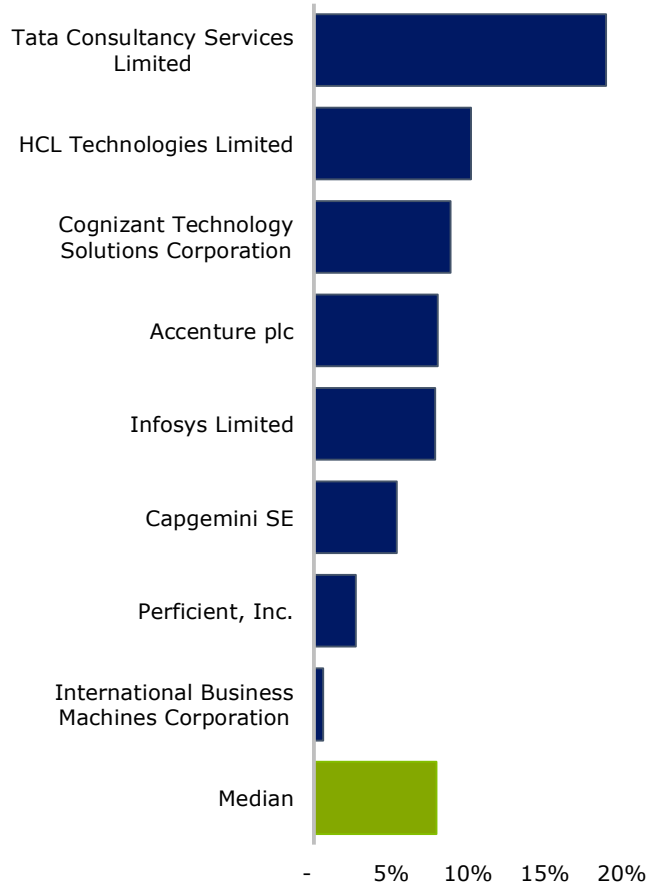
LTM EBITDA %



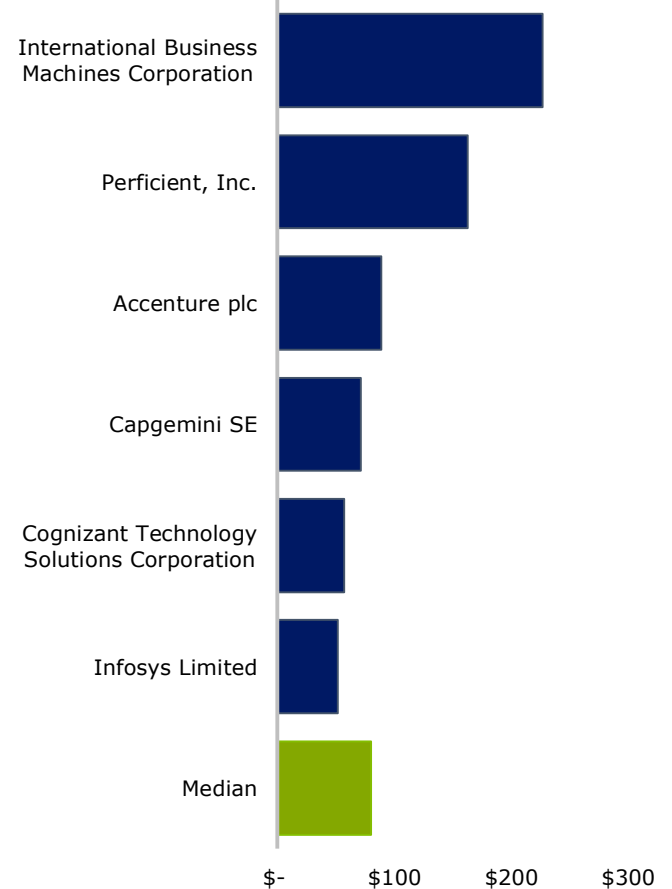
Operational Metrics



LTM Revenue Growth %



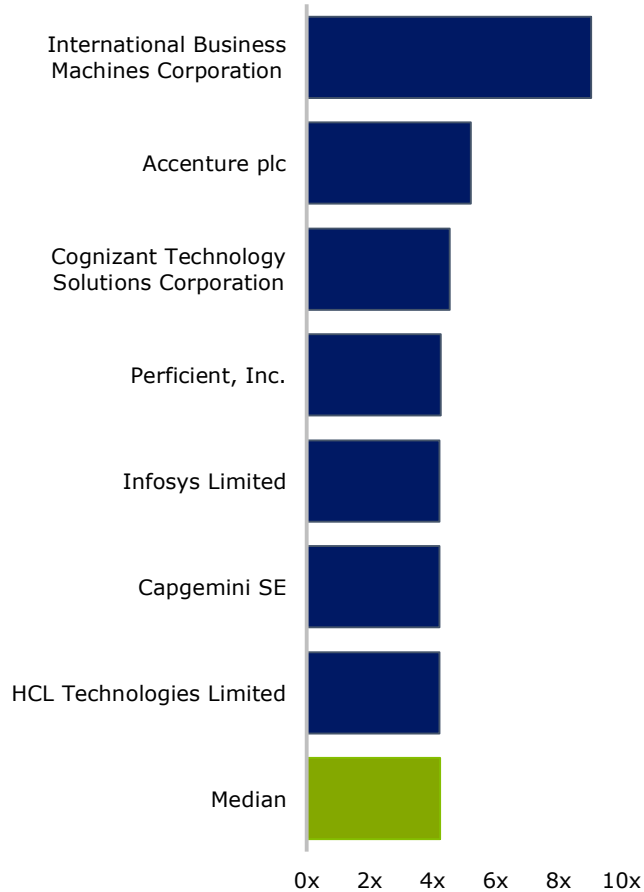
LTM Revenue per Full Time Employee x 000's



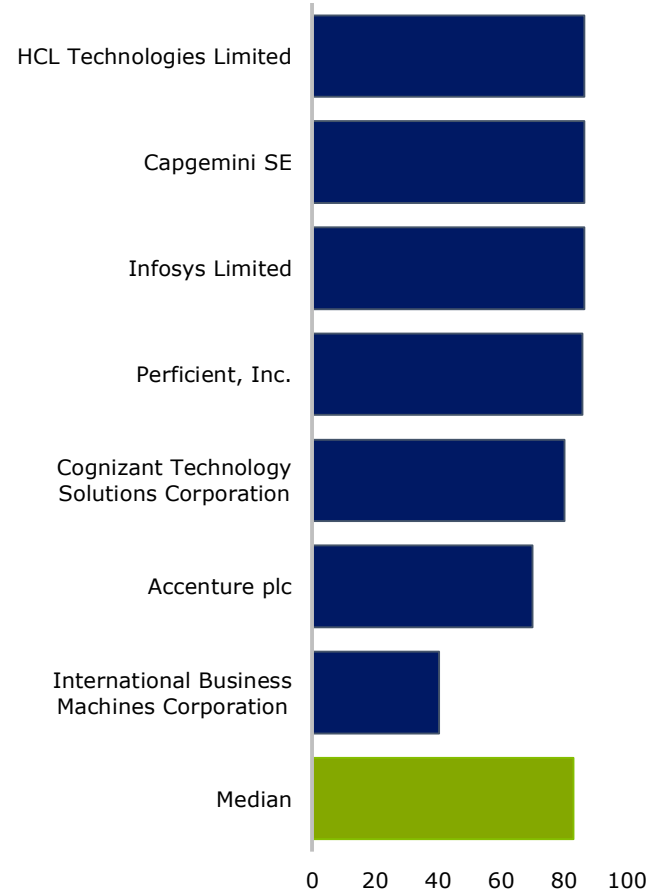
Operational Metrics



Accounts Receivable Turnover



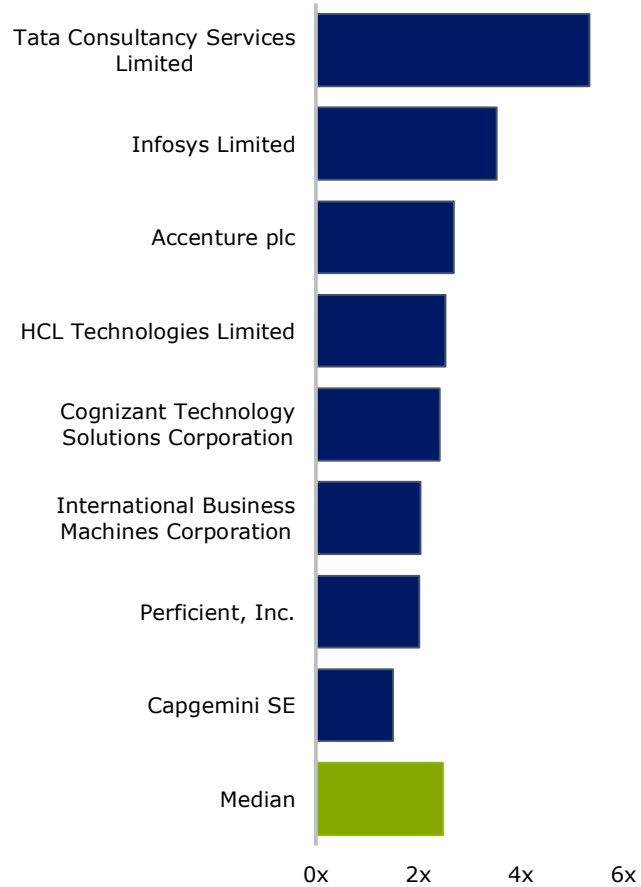
Average Days Sales Outstanding



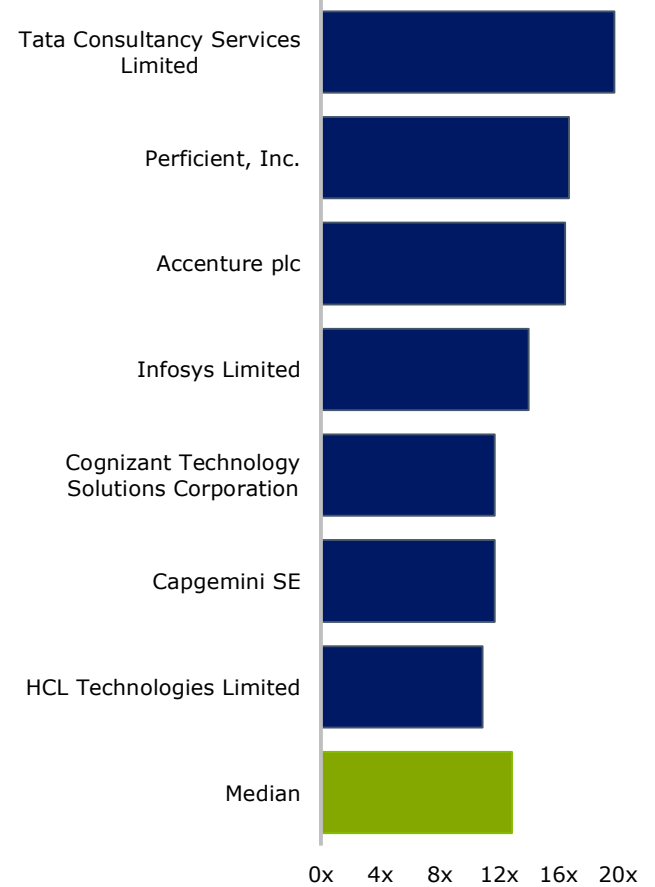
Valuation



TEV / LTM Revenue



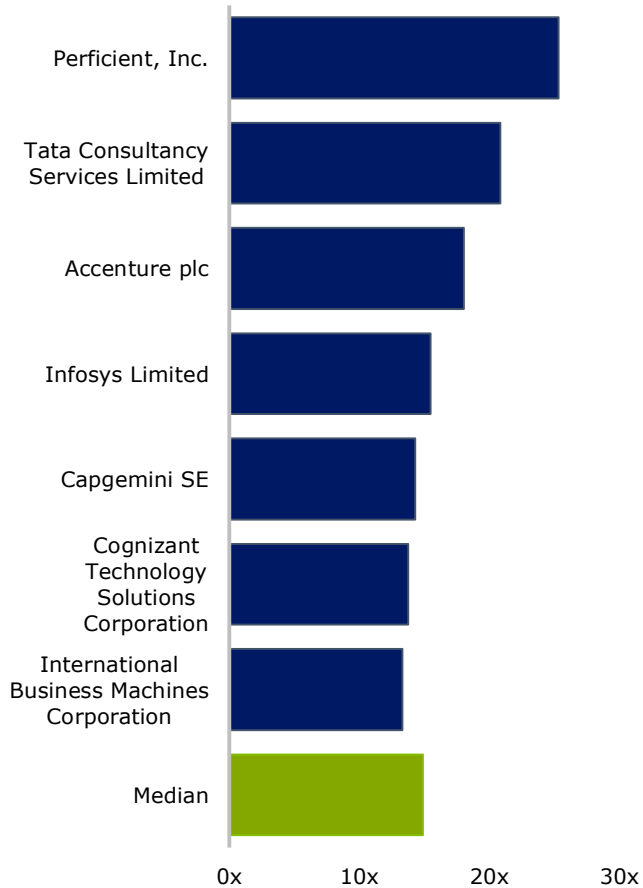
TEV / LTM EBITDA



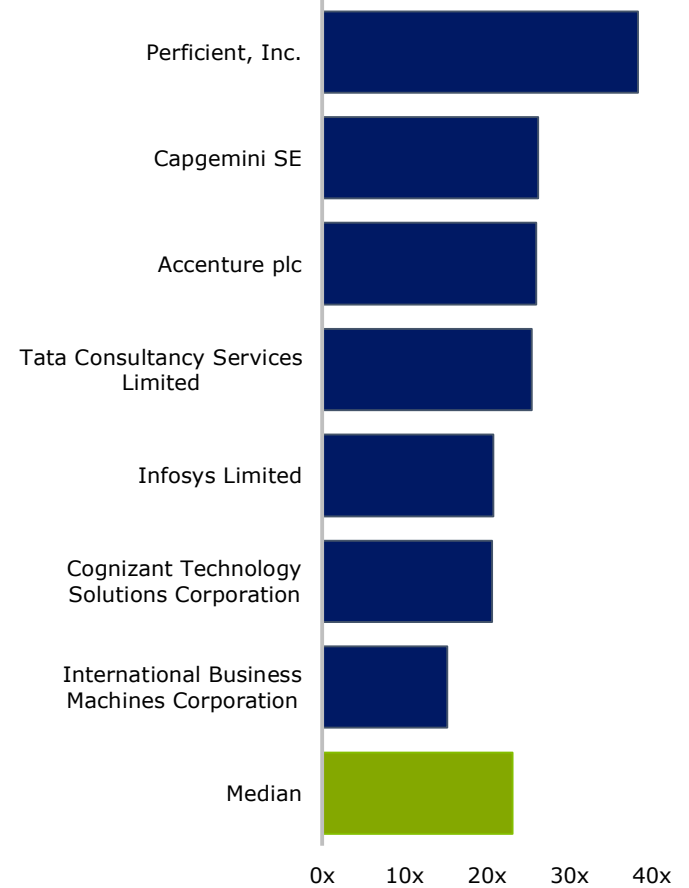
Valuation



TEV / LTM EBIT



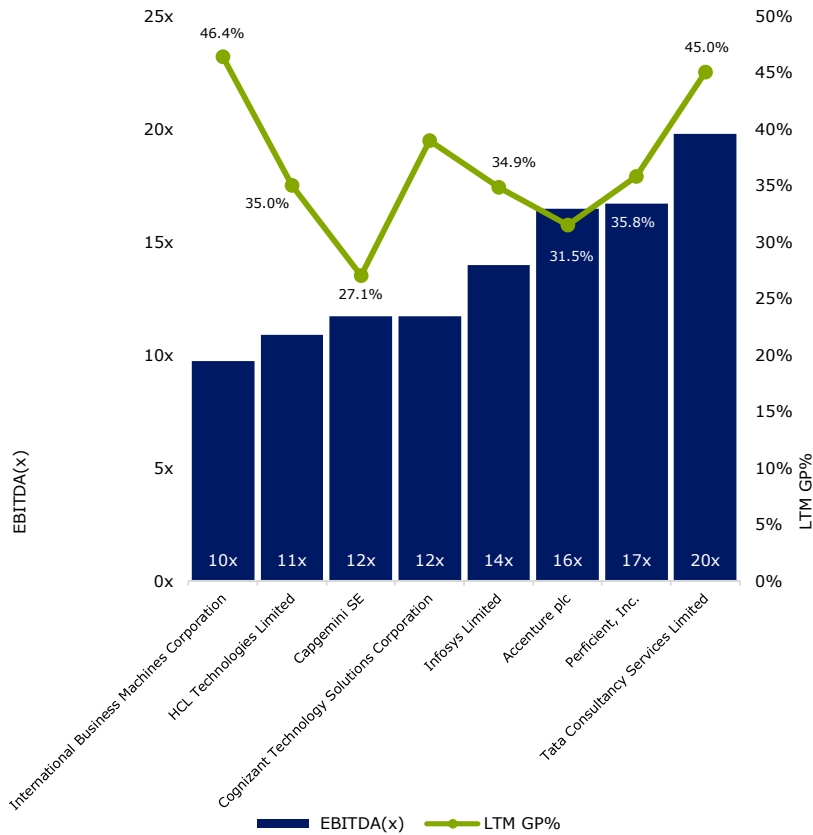
Price / LTM Earnings



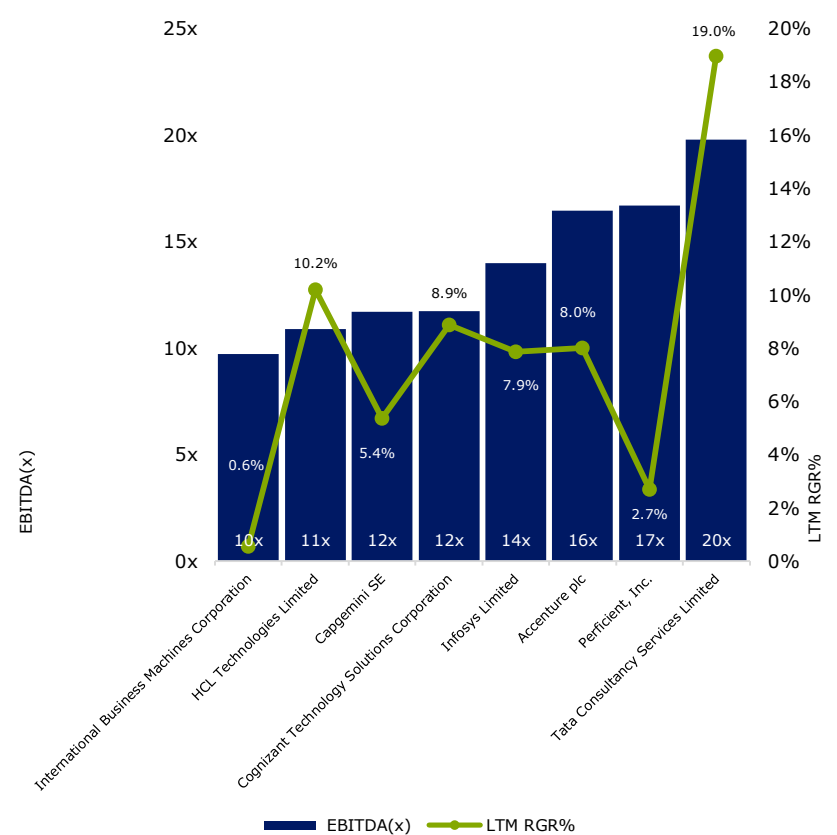
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
11Apr19	LEADCLIC SOLUTIONS S.L.	We Are Marketing, S. L.	-	-	-	-
30Jan19	Square Peg Pty Ltd	Simplus	-	-	-	-
30Jan19	Digital Transformation Business of Statéra	Catalyst IT Services, Inc.	-	-	-	-
20Dec18	Oxala Consulting	Deloitte Digital	-	-	-	-
29Oct18	Elixiter, Inc.	Perficient, Inc.	9.70	6.00	1.6x	-
26Sep18	System Partners Pty Ltd	DXC Technology Company	-	-	-	-
24Sep18	Emark B.V.	Wunderman Limited	-	-	-	-
14Sep18	FLUIDO LTD.	Infosys Limited	75.80	-	-	-
23Aug18	SaaSForce Consulting Pvt. Ltd.	Cognizant Technology Solutions Corporation	-	-	-	-
20Aug18	Canpango LLC	ScanSource, Inc.	-	-	-	-
10Jul18	SWC Technology Partners, Inc.	BDO USA, LLP	-	-	-	-
28Jun18	RO Innovation, Inc.	Qvidian Corporation	14.25	6.00	2.4x	-
28Jun18	Sybit GmbH	itelligence AG	-	-	-	-
12Jun18	Gap Consulting Ltd	Incremental Group Limited	-	-	-	-
6Jun18	Scribe Software Corporation	TIBCO Software Inc.	-	-	-	-
5Jun18	Third Wave Consulting Inc.	Deloitte Digital	-	-	-	-
18May18	Certain Assets of Information Systems Management, Inc.	SWK Technologies, Inc.	1.30	-	-	-
30Apr18	Red Sky Solutions LLC	Presidio, Inc.	-	-	-	-
1May18	Buan Consulting Inc.	Spaulding Ridge, LLC	-	-	-	-
8Apr18	Red Sky Solutions	FMT Consultants, LLC	-	-	-	-
1Mar18	Sonnick Partners LLC	Pamlico Capital	-	-	-	-

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APPENDIX:
Public Basket
Constituents

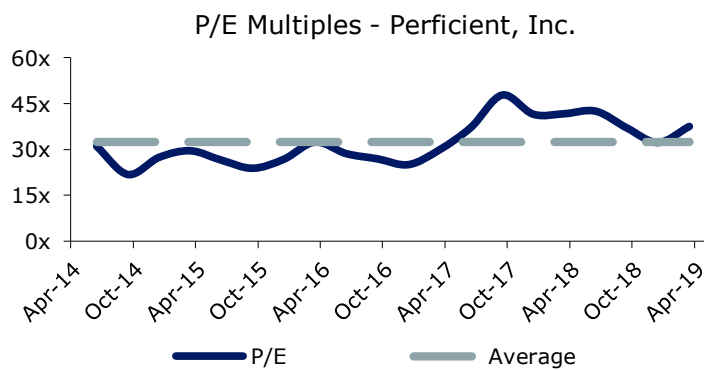
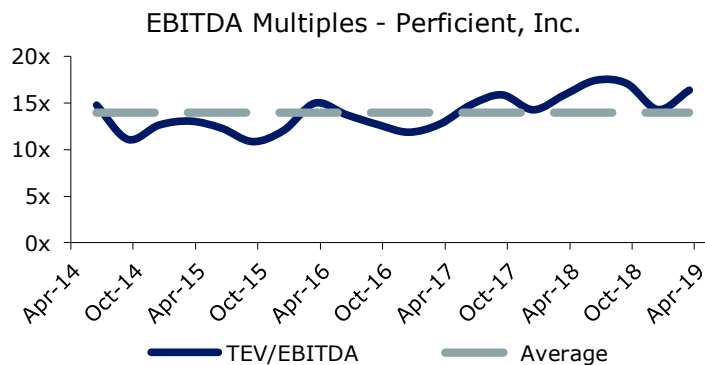
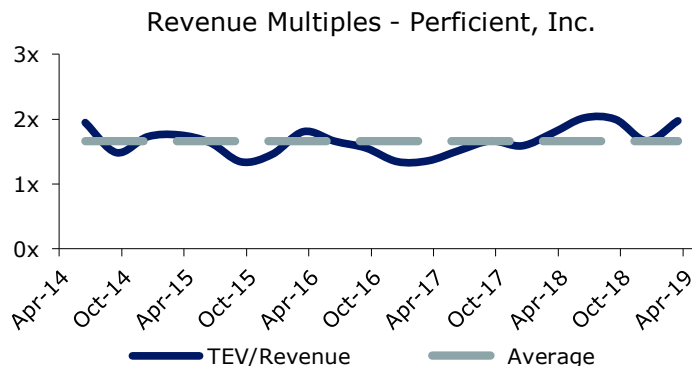
Public Basket



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.

Date	Key Development Headline
10/28/18	Perficient Inc. (NASDAQ:PRFT) acquired Elixiter Inc. for \$9.7 million.

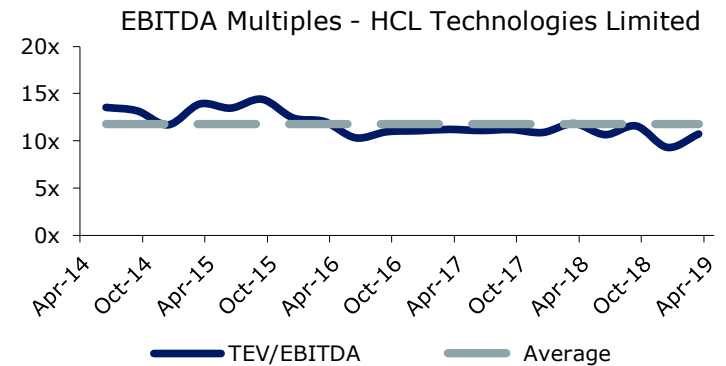
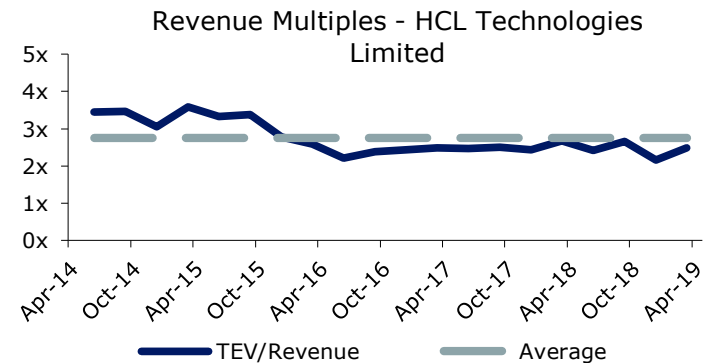


Public Basket



HCL Technologies Limited

HCL Technologies Limited offers software, information technology (IT) infrastructure, and business process outsourcing services worldwide. It provides application development and maintenance services; SAP landscape transformation, system conversion, and implementation services; Microsoft customer relationship management, cloud, analytics, infrastructure, and workplace innovation services; Oracle business consulting, implementation, upgrade, managed, and migration services; and business assurance and testing services, as well as autonomics and orchestration services, products, and platforms. The company also offers data center, workplace, network, mainframe, and service integration and management services. In addition, it provides embedded, software, digital, mechanical, and system and hardware engineering services, as well as product lifecycle management, product testing, and VLSI design services. HCL Technologies Limited was founded in 1976 and is headquartered in Noida, India.



Date	Key Development Headline
2/14/19	HCL Technologies Announces Collaboration with IBM to Help Advance the Hybrid Cloud Journeys of Organizations Worldwide
2/5/19	HCL Technologies (HCL) Partners with Harris Geospatial Solutions Inc. to Provide an AI Driven, Remote Sensing Data Analytics System for its Utilities Customers
1/29/19	HCL Technologies Seeks Acquisitions

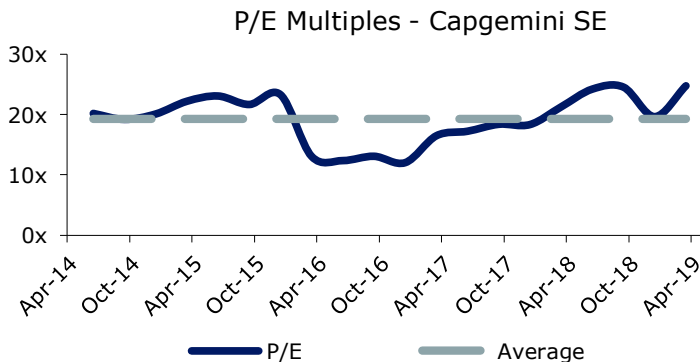
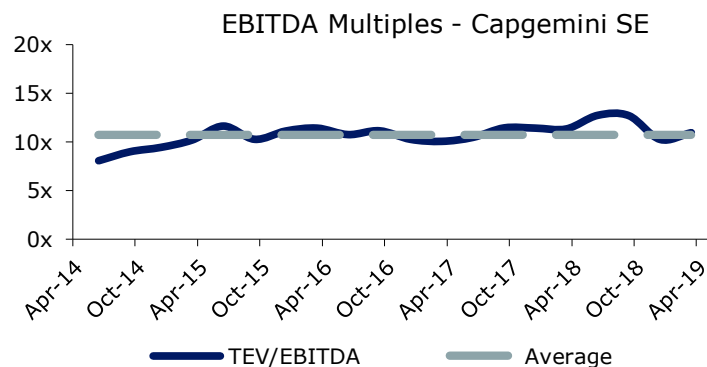
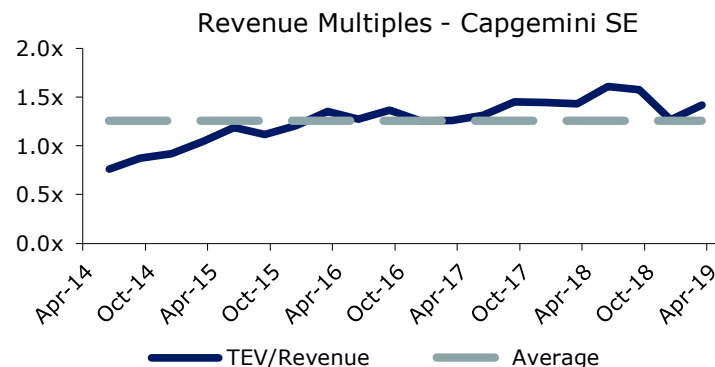
Public Basket



Capgemini SE

Capgemini SE provides consulting, technology, and digital transformation services. It addresses clients' opportunities in the world of cloud, digital, and platforms, as well as enables organizations to realize business ambitions through an array of services from strategy to operations. The company's Consulting Services segment offers strategy and transformation consulting services primarily in digital transformation that enhance the performance of organizations based on intimate client relationships, and 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
2/20/19	Capgemini SE (ENXTPA:CAP) completed the acquisition of Leidos Cyber, Inc. from Leidos Intermediate Holdings, Inc. and others.
2/14/19	Capgemini To Seek Acquisitions



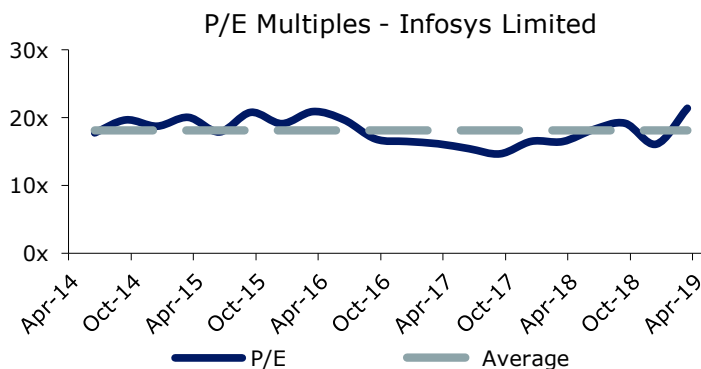
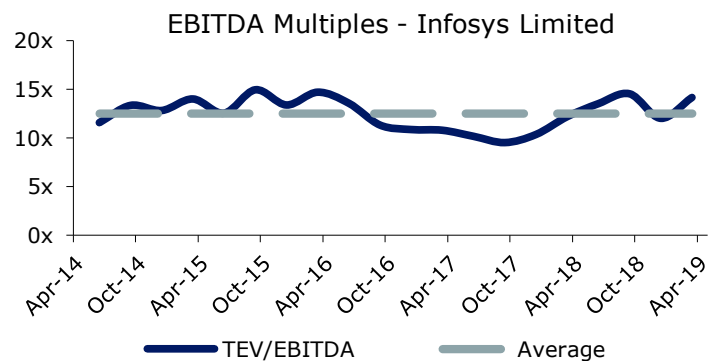
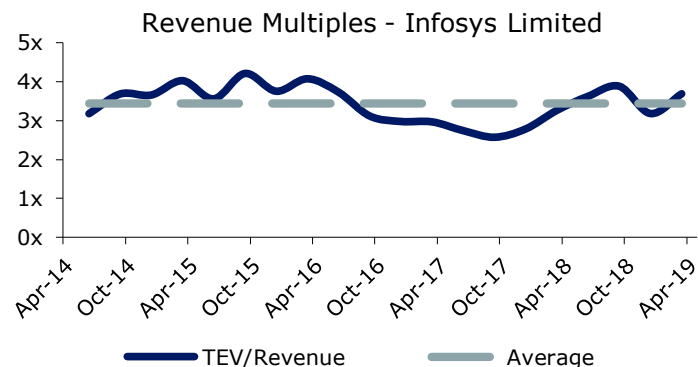
Public Basket



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. Infosys Limited was founded in 1981 and is headquartered in Bengaluru, India.

Date	Key Development Headline
3/28/19	Infosys Limited and ABN AMRO Announce Strategic Partnership in the Netherlands
1/11/19	Infosys Drops Plan To Sell Panaya, Skava and Kallidus
1/9/19	Amazon Web Services, Inc. completed the acquisition of CloudEndure Ltd. from Infosys Limited (NSEI:INFY) and others.
12/26/18	Infosys Seeks Investments
12/14/18	Amazon Web Services, Inc. entered into an agreement to acquire CloudEndure Ltd. from Infosys Limited (NSEI:INFY) and others.

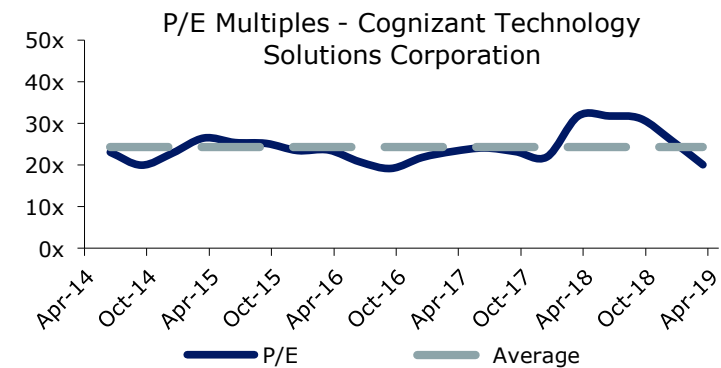
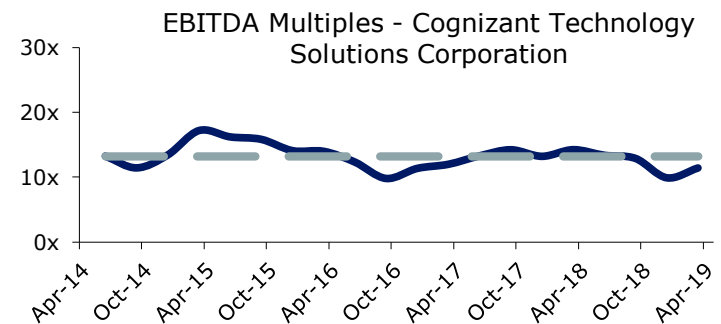
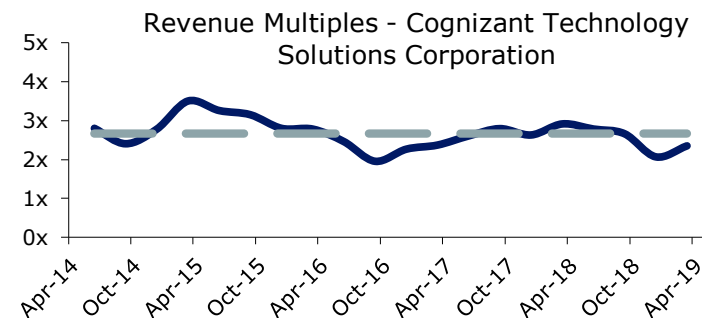


Public Basket



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
3/31/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Oy Samlink AB from Posti Group Oyj, Aktia Bank p.l.c. (HLSE:AKTIA), Oma Säästöpankki Oyj (HLSE:OMASP), Savings Bank Group, Svenska Handelsbanken AB (publ), Asset Management Arm, POP Pankkiliitto osk and other minority shareholders.
3/4/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) acquired Meritsoft from Synova Capital Fund II managed by Synova Capital LLP, 22C Capital and others.

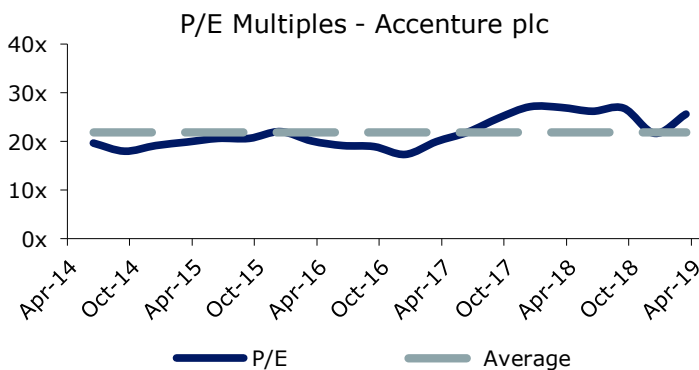
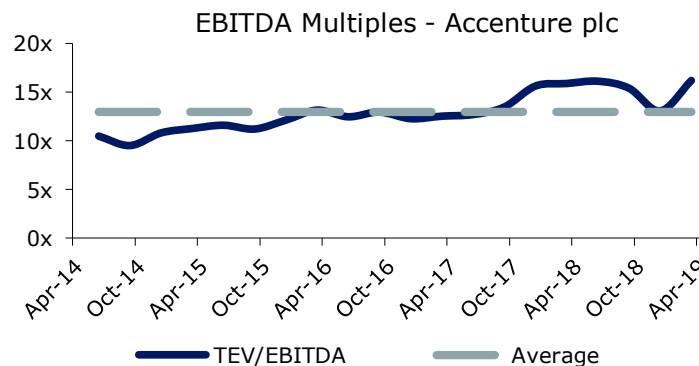
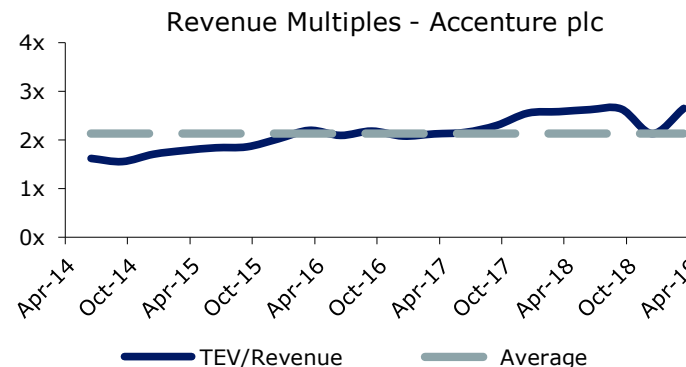
Public Basket



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. 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
4/10/19	Pitney Bowes Inc. and Accenture Team to Help Clients Take Advantage of Intelligent, Data-Driven Solutions
3/28/19	Accenture plc (NYSE:ACN) agreed to acquire selected assets from Caltec Scube Co., Ltd.
3/14/19	Accenture plc (NYSE:ACN) acquired Storm Digital.
3/4/19	Accenture plc (NYSE:ACN) agreed to acquire Enterprise System Partners Limited.
3/3/19	Accenture plc (NYSE:ACN) acquired ?What If! Limited.



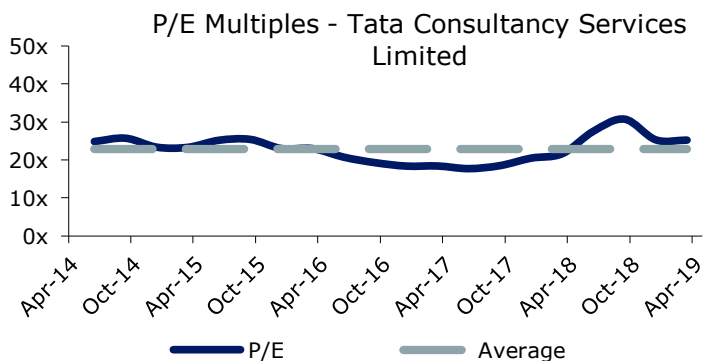
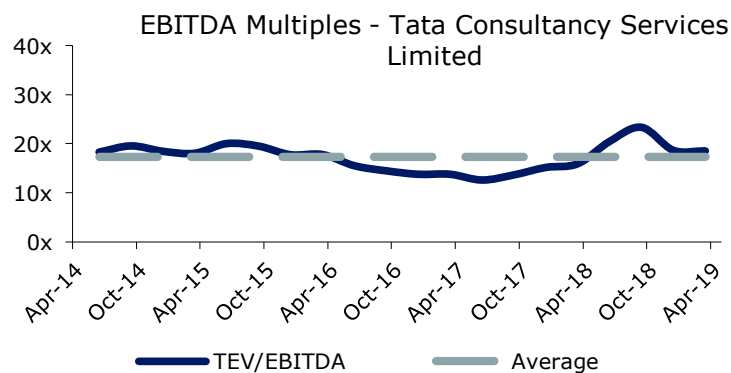
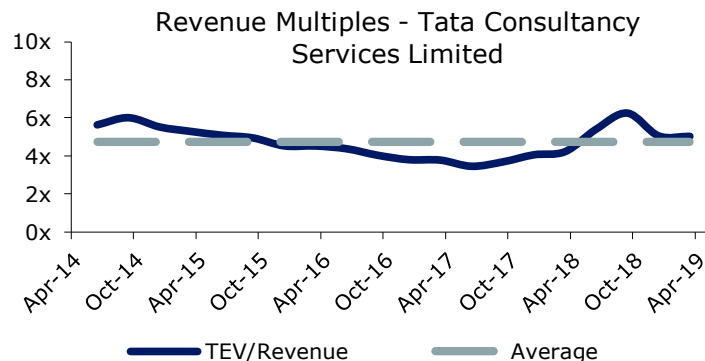
Public Basket



Tata Consultancy Services Limited

Tata Consultancy Services Limited provides information technology (IT) and IT enabled services worldwide. The company offers CHROMA, a cloud-based talent management solution that enables organizations to drive transformational employee experiences; ignio, a cognitive automation system; iON, an assessment solution; TAP, a cloud solution, including TAP contract management, purchasing, accounts payable, and supplier management solutions; and TCS MasterCraft, a platform to automate and manage IT processes. It also provides customer intelligence and insight solutions to deliver personalized retail, banking, and communications experiences; Intelligent Urban Exchange, an enterprise software to accelerate smart city transportation, water, and energy programs for cities; Tata Consultancy Services Limited is a subsidiary of Tata Sons Limited.

Date	Key Development Headline
2/11/19	Tata Consultancy Services Announces Global Partnership with JDA Software to Build Next-Generation Cognitive Solutions
1/10/19	TCS Seeks Acquisitions
12/18/18	Tata Consultancy Services Extends Collaboration with Red Hat to Build Microservices-Based Open Source Solutions and Frameworks
11/27/18	Tata Consultancy Services Limited (NSEI:TCS) acquired Assets of BridgePoint Group, LLC.
11/20/18	Tata Consultancy Services Partners with SAP to Build Intelligent Rail Digital Maintenance

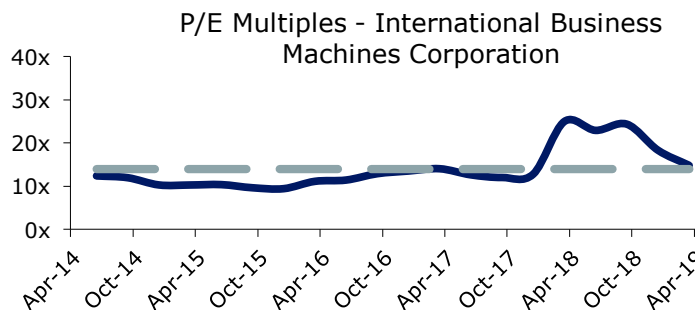
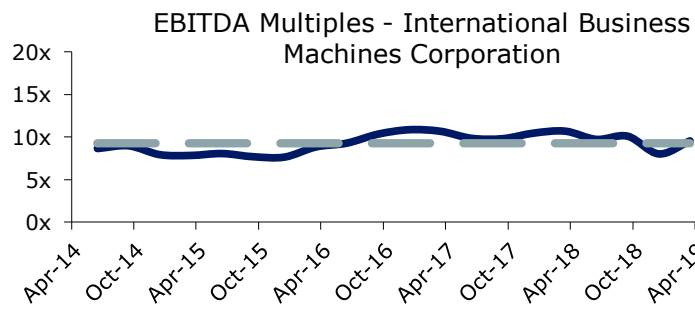
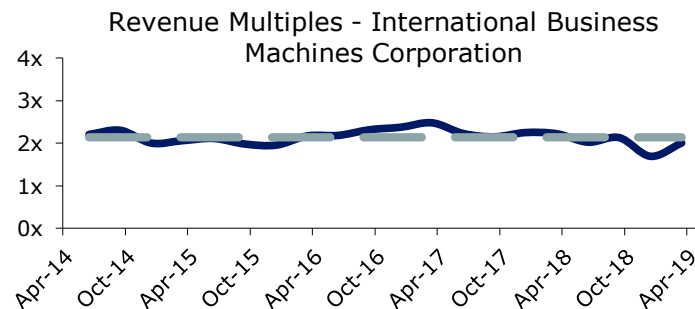


Public Basket



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
4/3/19	Funds advised by affiliates of Centerbridge Partners, L.P. entered into a definitive agreement to acquire Marketing Platform and Commerce Software Offerings of International Business Machines Corporation (NYSE:IBM).
2/27/19	Nationstar Mortgage LLC completed the acquisition of Seterus, Inc. from International Business Machines Corporation (NYSE:IBM).
2/26/19	SEAT & IBM Revolutionize Urban Mobility with AI
2/14/19	HCL Technologies Announces Collaboration with IBM to Help Advance the Hybrid Cloud Journeys of Organizations Worldwide
2/4/19	McCormick & Company, Incorporated and IBM Announces Collaboration Pioneering the Use of Artificial Intelligence in Flavor and Food Product Development

CONTACT INFO

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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