



Sectorwatch: BI & Analytics Consulting

July 2019

BI & Analytics Consulting

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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.



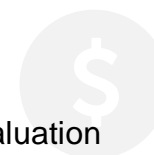
Public Basket Performance

- 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

↓ -2.8%

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

↑ 2.0%

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

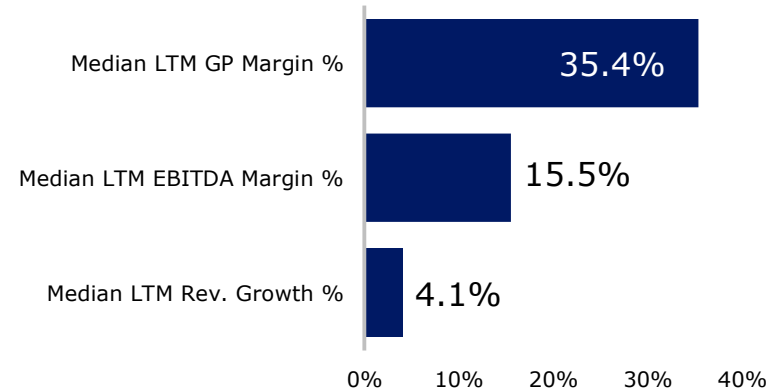
Profitability

↓ -0.2%

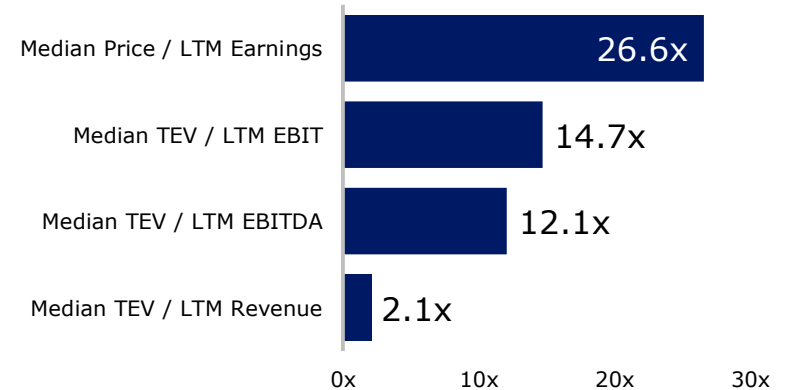
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



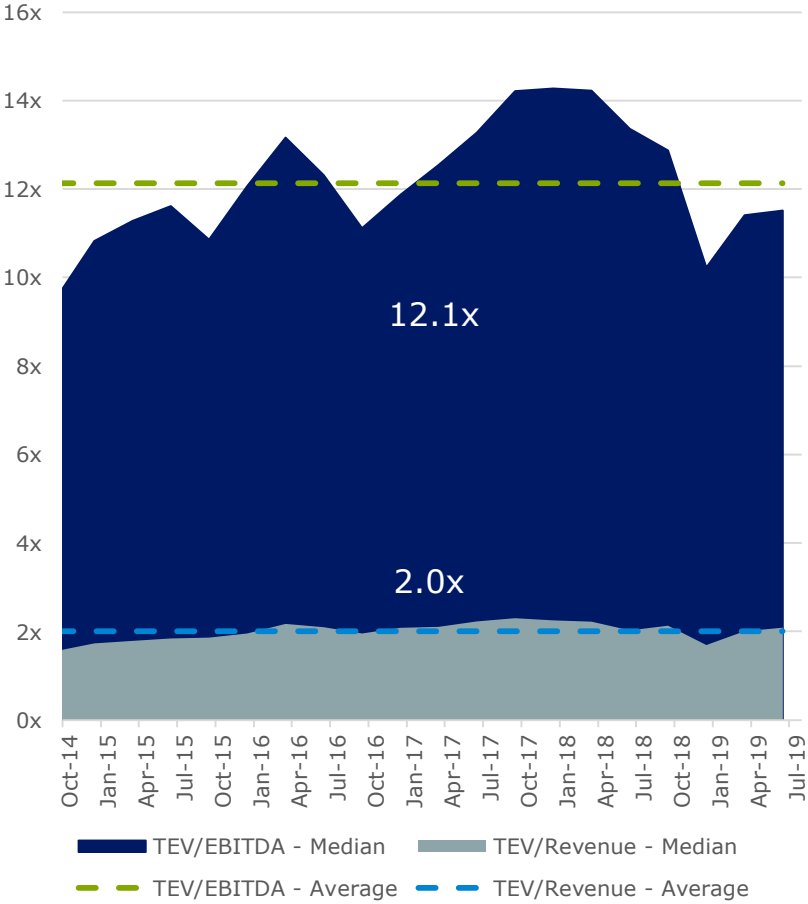
Public Basket



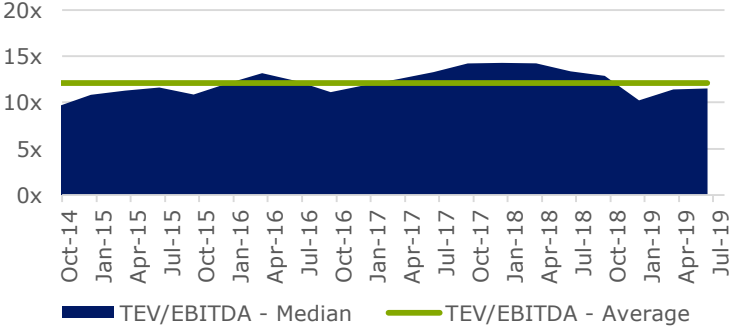
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Perficient, Inc.	1,256	511	3%	36%	12%	2.5	20.2	3,060	167
Genpact Limited	8,651	3,121	11%	36%	15%	2.8	18.0	87,000	36
EPAM Systems, Inc.	9,270	1,940	25%	35%	16%	4.8	30.8	30,156	64
Atos SE	14,763	14,035	2%	15%	13%	1.1	8.0	113,278	124
DXC Technology Company	19,879	20,753	-5%	28%	20%	1.0	4.7	130,000	160
Capgemini SE	22,813	15,110	5%	27%	13%	1.5	12.1	211,313	72
Cognizant Technology Solutions Corporation	34,781	16,323	8%	39%	20%	2.1	10.9	281,600	58
Accenture plc	117,600	41,244	4%	32%	16%	2.9	17.3	459,000	90
International Business Machines Corporation	162,577	78,701	-2%	47%	22%	2.1	9.5	350,600	224
Average	43,510	21,304	6%	33%	16%	2.3	14.6	185,112	111
Median	19,879	15,110	4%	35%	16%	2.1	12.1	130,000	90

share price as of 08Jul19

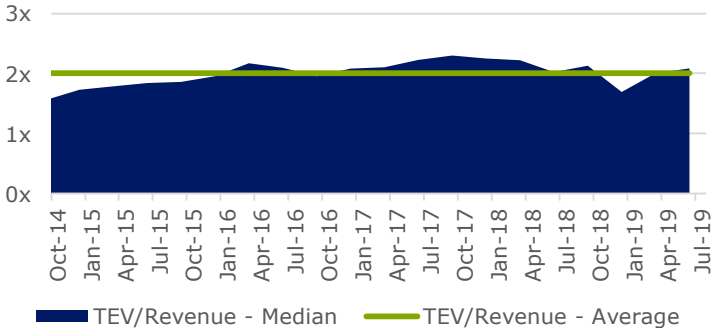
Public Basket Valuation Trends



Public EBITDA Multiples over Time



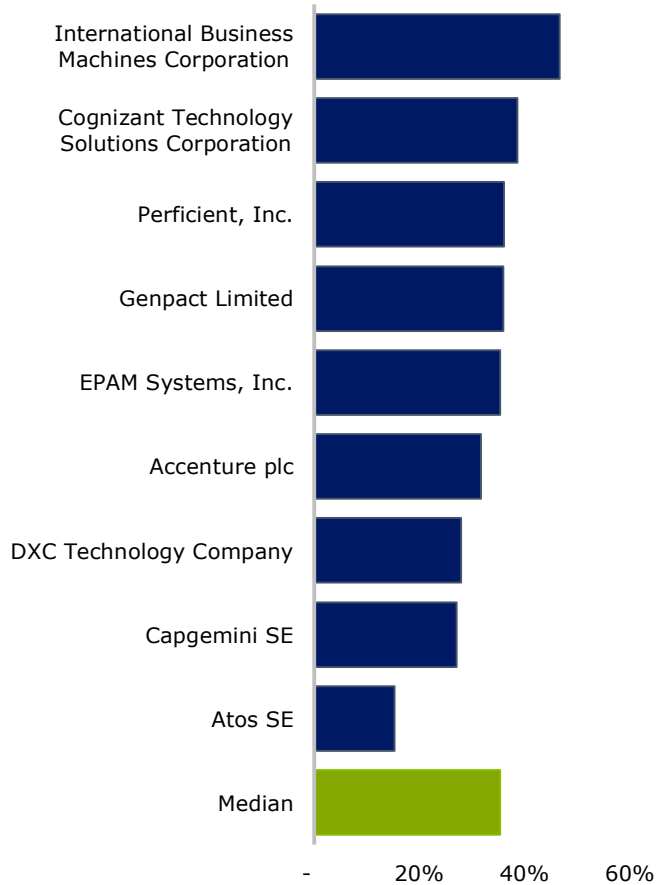
Public Revenue Multiples over Time



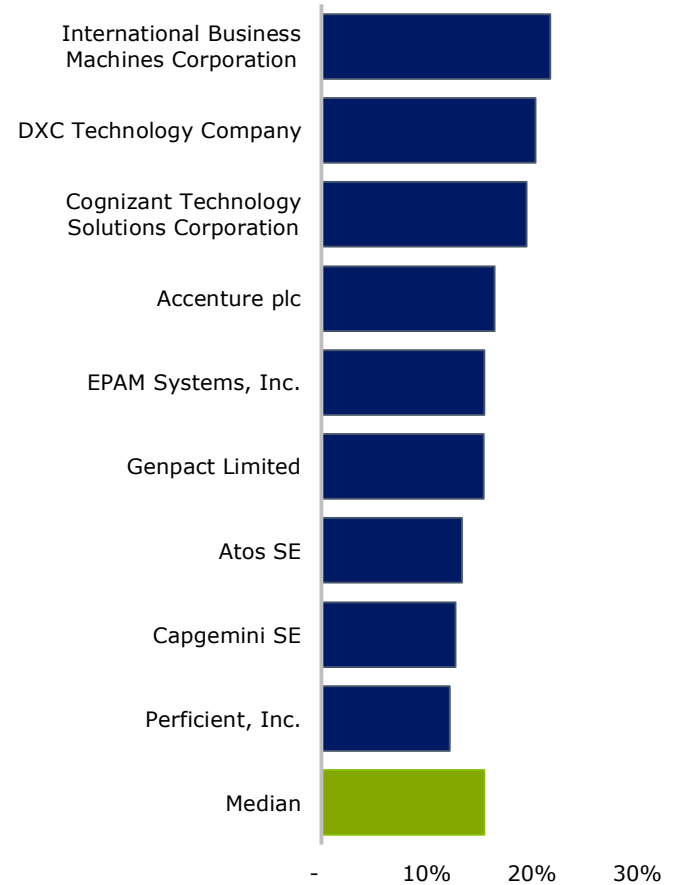
Operational Metrics



LTM Gross Profit Margin %



LTM EBITDA %



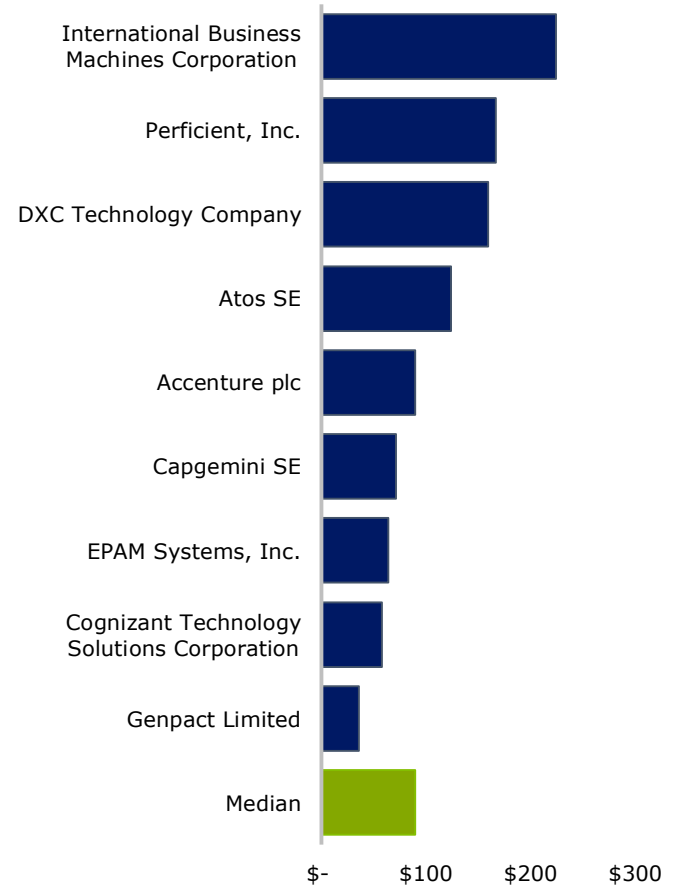
Operational Metrics



LTM Revenue Growth %



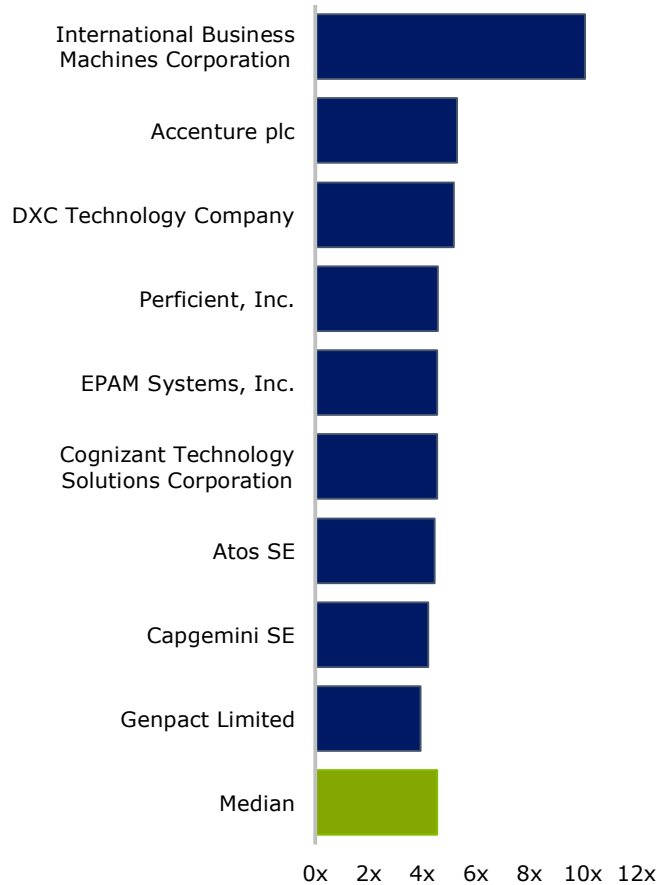
LTM Revenue per Full Time Employee x 000's



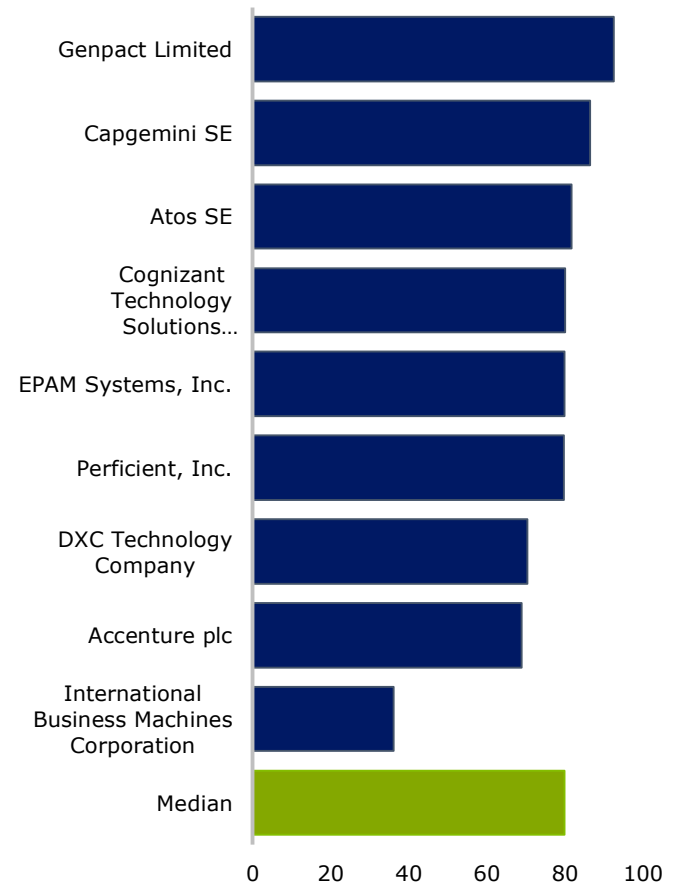
Operational Metrics



Accounts Receivable Turnover



Average Days Sales Outstanding

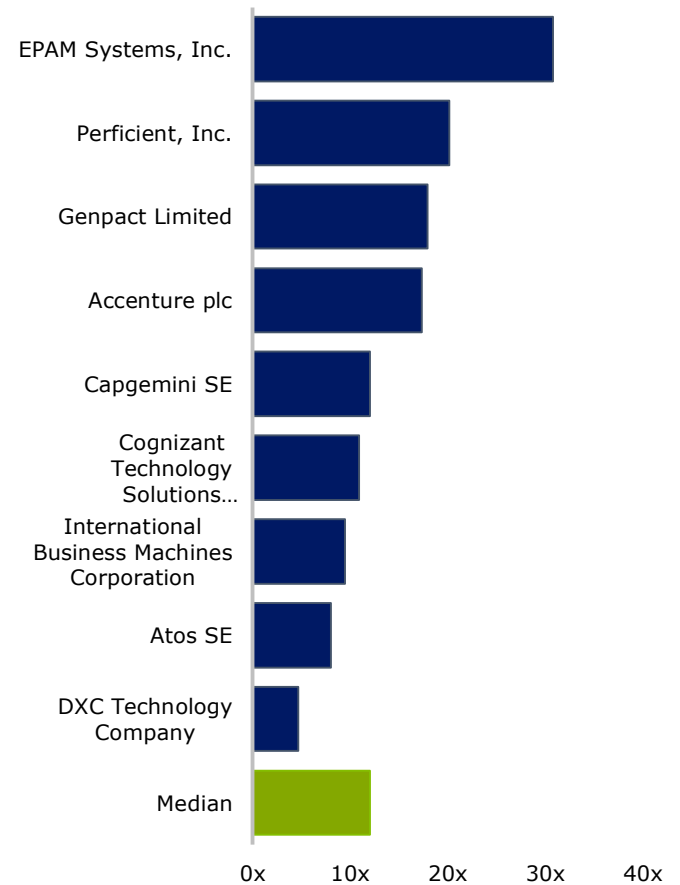
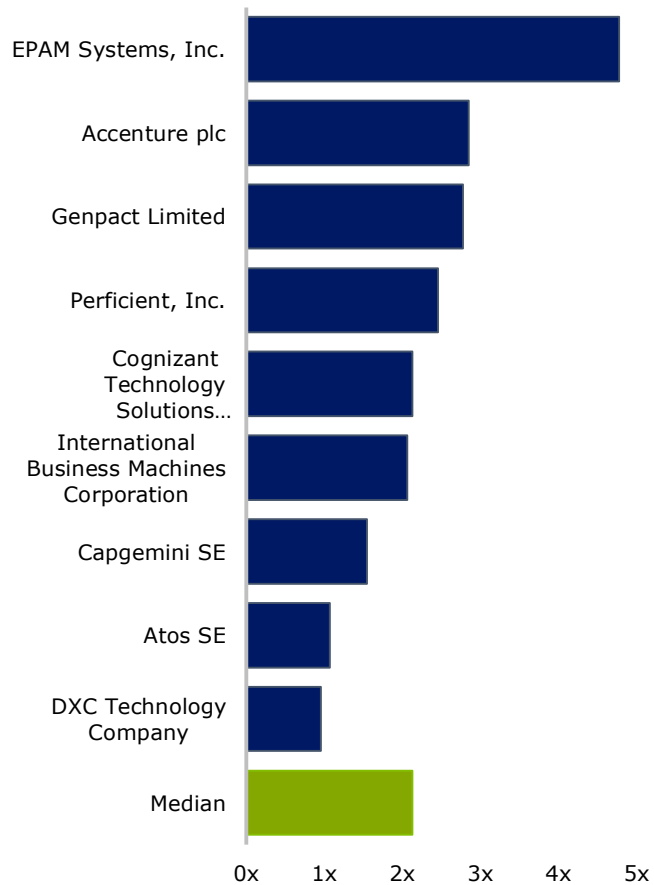


Valuation



TEV / LTM Revenue

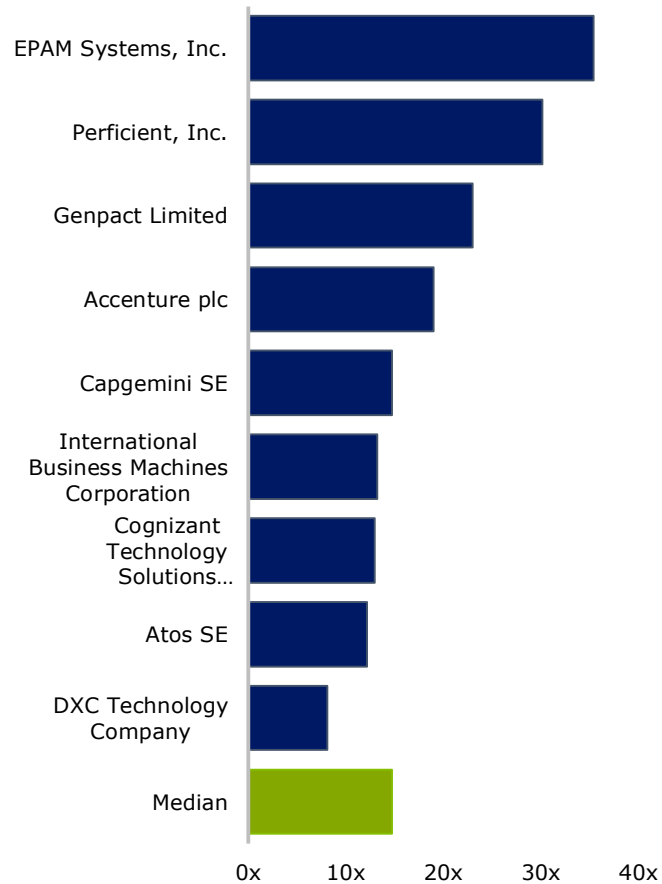
TEV / LTM EBITDA



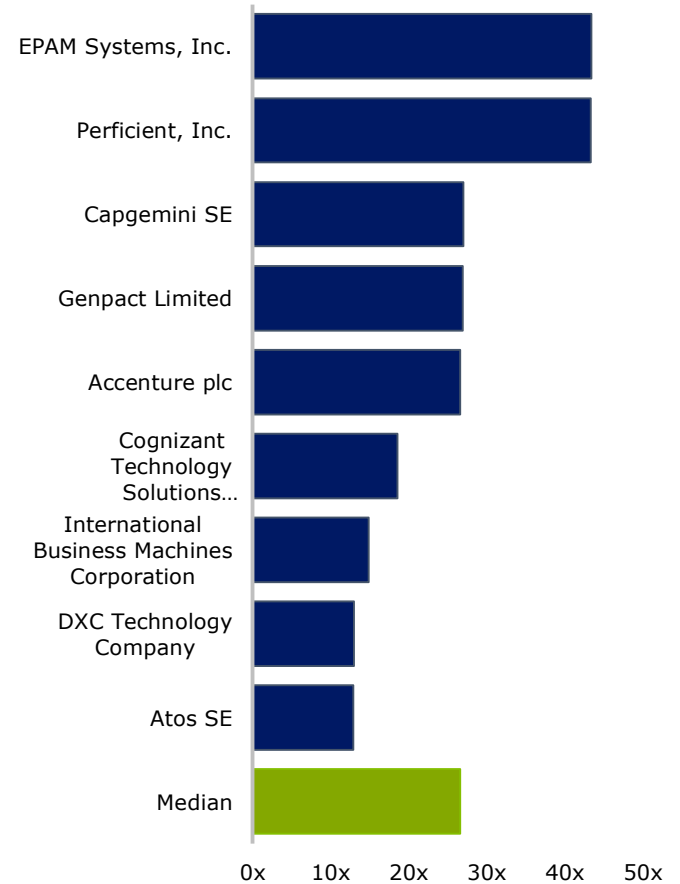
Valuation



TEV / LTM EBIT



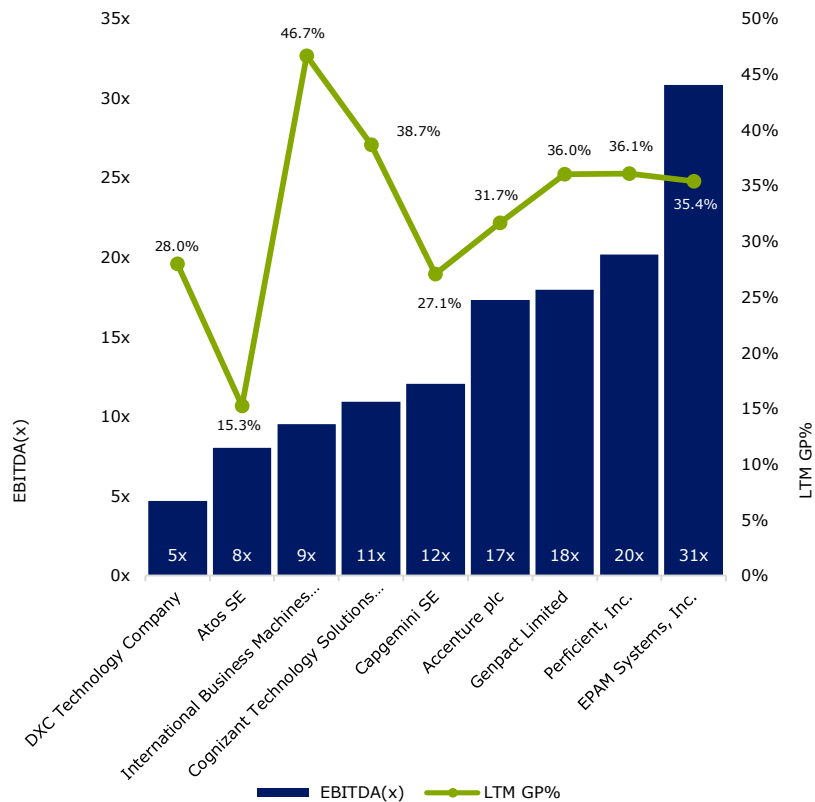
Price / LTM Earnings



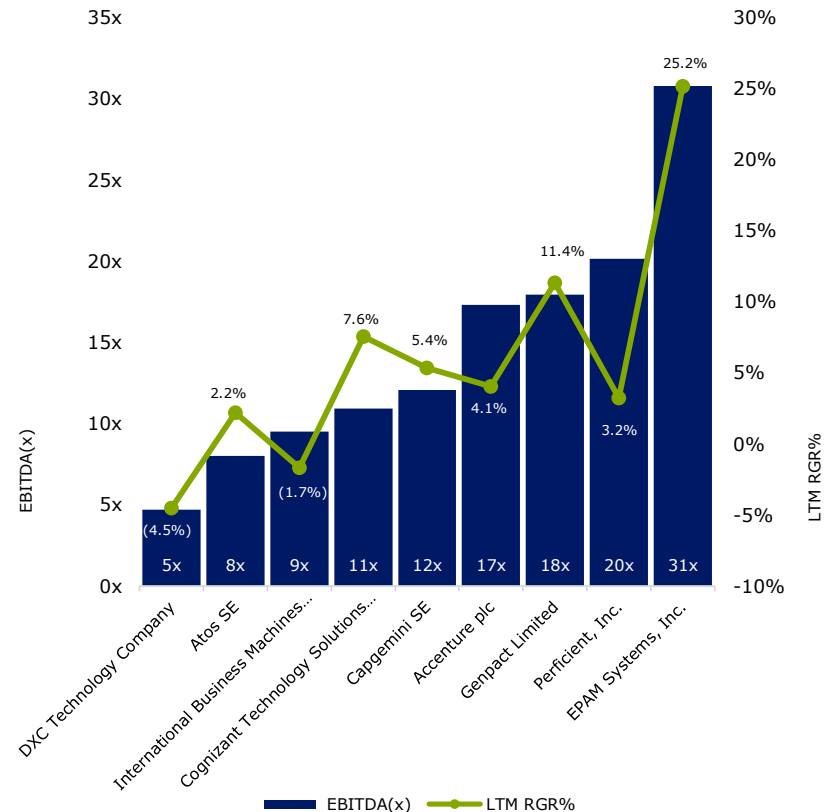
Valuation



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>
9Jun19	Tableau Software, Inc.	salesforce.com, inc.	17,377.59	1,191.61	13.7x	NM
13Mar19	ADVIZOR Solutions, Inc.	The Pursuant Group, Inc.	-	-	-	-
19Feb19	Attunity Ltd.	QlikTech International AB	560.62	86.25	6.0x	57.2x
12Feb19	Jinfony Software, Inc.	Logi Analytics, Inc.	-	-	-	-
4Feb19	Innovizant LLC	R Systems, Inc.	4.00	3.20	1.3x	-
16Jan19	Ruletronics Limited/Ruletronics Systems Inc/Ruletronics Systems Private Limited (India)	Larsen & Toubro Infotech Limited; Larsen & Toubro Infotech GmbH	7.48	3.35	2.2x	-
17Jan19	Cervello Inc.	A.T. Kearney, Inc.	-	-	-	-
8Jan19	Reach Analytics LLC	Data Decisions Group, LLC	-	-	-	-
20Nov18	BlueData Software, Inc.	Hewlett Packard Enterprise Company	-	-	-	-
22Nov18	Noah Data Technologies Inc.	Indium Software, Inc.	-	-	-	-
20Sep18	Allure Global Solutions, Inc.	Creative Realities, Inc.	13.60	9.45	1.4x	NM
21Aug18	Predikto, Inc.	United Technologies Corporation	-	-	-	-
1Aug18	Cardinal Solution Group. Inc.	Insight Enterprises, Inc.	79.00	-	-	-
15Jul18	Kiran Analytics, Inc.	Verint Americas Inc.	40.00	-	-	-
12Jul18	Kogentix Inc.	Accenture plc	-	-	-	-
10Jul18	SWC Technology Partners, Inc.	BDO USA, LLP	-	-	-	-
15Jun18	Meridian Technologies, Inc.	Consulting Solutions International, Inc.	-	-	-	-
9May18	Fusion PPT LLC	Quality Technology, Inc.	-	-	-	-
10Apr18	Valorem Consulting Group, LLC	Reply S.p.A.	-	-	-	-
2Apr18	Southport Services Group, LLC	Perficient, Inc.	21.41	17.00	1.3x	-
14Feb18	Surge, LLC	Catalyst IT Services, Inc.	-	-	-	-
13Feb18	Global View Analytics, Inc.	MindStream Analytics LLC	-	-	-	-
10Jan18	CBIG Consulting, LLC	Trianz Holdings Pvt. Limited	-	-	-	-
30Oct17	Xavient Information Systems Inc. (nka:Xavient Digital)	TELUS International (Cda) Inc.	130.00	-	-	-
31Aug17	BAAX, LLC	Lightwell Inc.	-	-	-	-
31Jul17	Search Technologies Corporation	Accenture plc	-	-	-	-

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APPENDIX:
Public Basket
Constituents

Public Basket

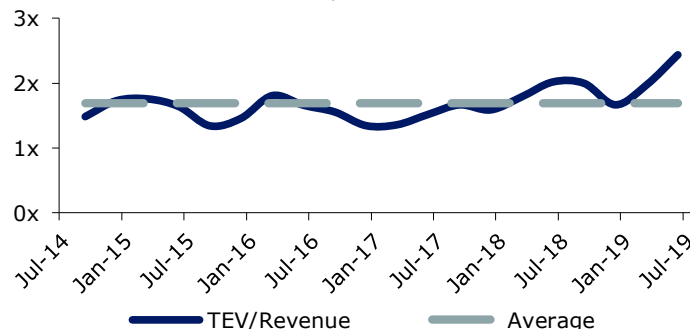


Perficient, Inc.

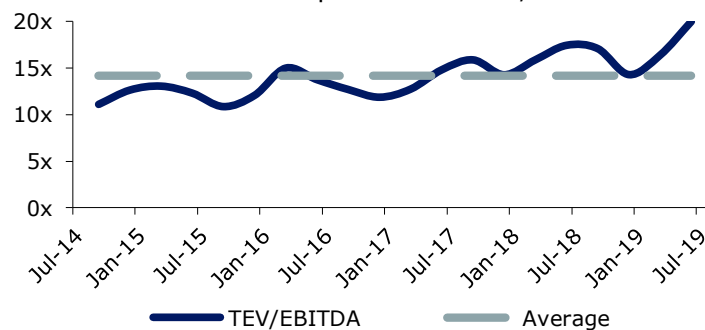
Perficient, Inc. provides information technology and management consulting services in the United States. The company designs, builds, and delivers solutions using middleware software products developed by third-party vendors. Its solutions include portals and collaboration, such as searchable data systems, collaborative systems for process improvement, transaction processing, unified and extended reporting, commerce, content management, 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. Perficient, Inc. was founded in 1997 and is headquartered in St. Louis, Missouri.

Date	Key Development Headline
5/21/19	Perficient, Inc. (NasdaqGS:PRFT) completed the acquisition of the assets of Sundog Interactive, Inc.
5/12/19	Perficient, Inc. (NasdaqGS:PRFT) entered into a purchase agreement to acquire the assets of Sundog Interactive, Inc for \$14 million.
10/28/18	Perficient Inc. (NASDAQ:PRFT) acquired Elixiter Inc. for \$11.7 million.
7/15/18	Perficient, Inc. (NasdaqGS:PRFT) acquired substantially all of the assets of Substantially All of the Assets of Stone Temple Consulting Corporation for \$13.8 million.

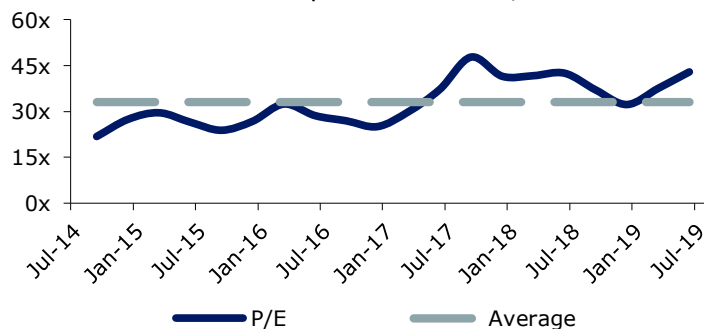
Revenue Multiples - Perficient, Inc.



EBITDA Multiples - Perficient, Inc.



P/E Multiples - Perficient, Inc.



Public Basket

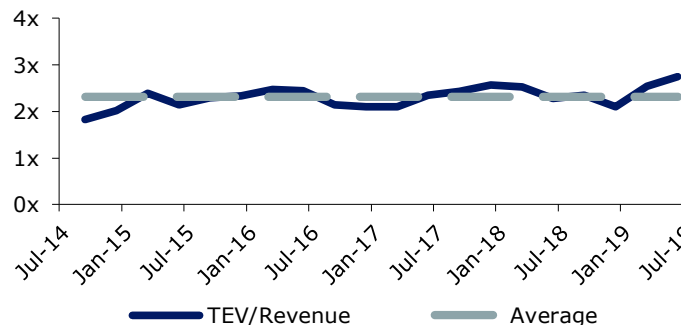


Genpact Limited

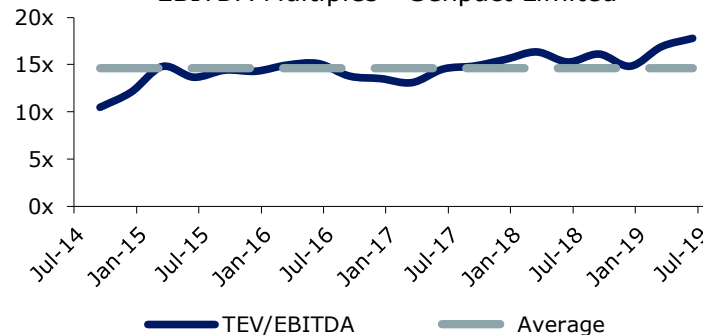
Genpact Limited provides business process outsourcing and information technology (IT) services North and Latin America, India, rest of Asia, and Europe. Its finance and accounting services include accounts payable, such as document management, invoice processing, approval and resolution management, and travel and expense processing; invoice-to-cash services, including customer master data management, credit and contract management, fulfillment, billing, collections, and dispute management services; record to report services comprising accounting, treasury, tax, product cost accounting, and closing and reporting services; enterprise performance management consisting of budgeting, forecasting, and business performance reporting; and enterprise risk and compliance services, including operational risks and controls. Genpact Limited was founded in 1997 and is based in Hamilton, Bermuda.

Date	Key Development Headline
4/23/19	Genpact To Seek Acquisitions
1/7/19	Genpact Limited (NYSE:G) acquired riskCanvas Holdings, LLC from Booz Allen Hamilton Holding Corporation (NYSE:BAH) for \$5.75 million.
8/29/18	Genpact Limited (NYSE:G) completed the acquisition of Barkawi Management Consultants GmbH & Co. KG from Barkawi Group for \$0.10 million.

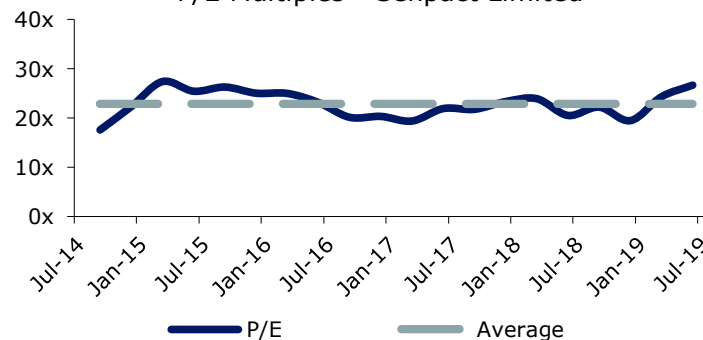
Revenue Multiples - Genpact Limited



EBITDA Multiples - Genpact Limited



P/E Multiples - Genpact Limited



Public Basket

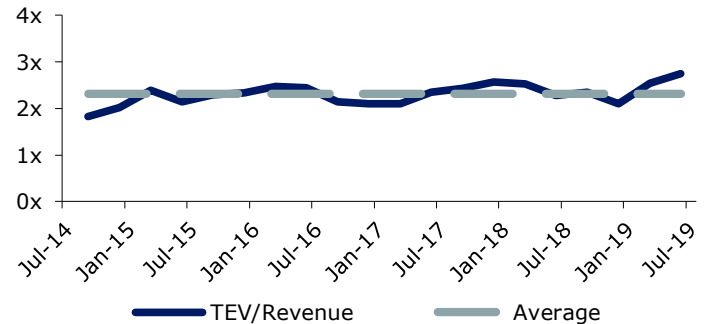


EPAM Systems, Inc.

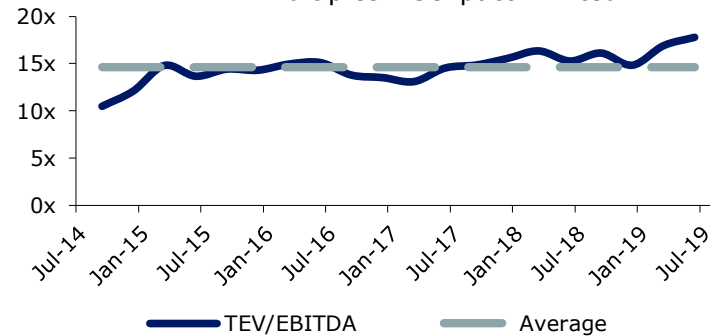
EPAM Systems, Inc. provides software product development and digital platform engineering services primarily in North America, Europe, Asia, and Australia. It offers software product development services, including product research, customer experience design, prototyping, program management, component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

Date	Key Development Headline
7/1/19	EPAM Systems, Inc. acquired Competentum Group.
5/9/19	EPAM To Seek Investments
5/8/19	EPAM Systems, Inc. (NYSE:EPAM) acquired testCloud.de GmbH for \$17.3 million.
10/31/18	EPAM Systems, Inc. (NYSE:EPAM) acquired Think Limited for \$35.2 million.

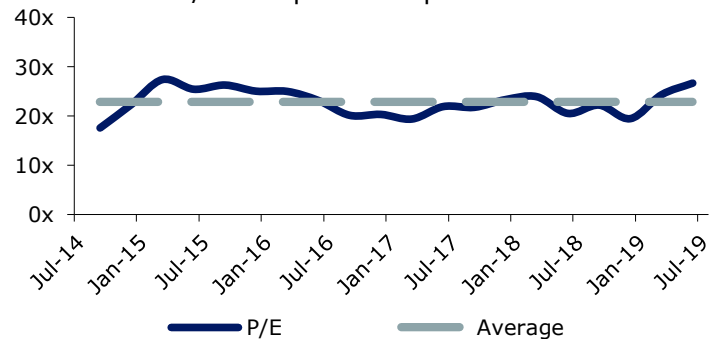
Revenue Multiples - Genpact Limited



EBITDA Multiples - Genpact Limited



P/E Multiples - Genpact Limited



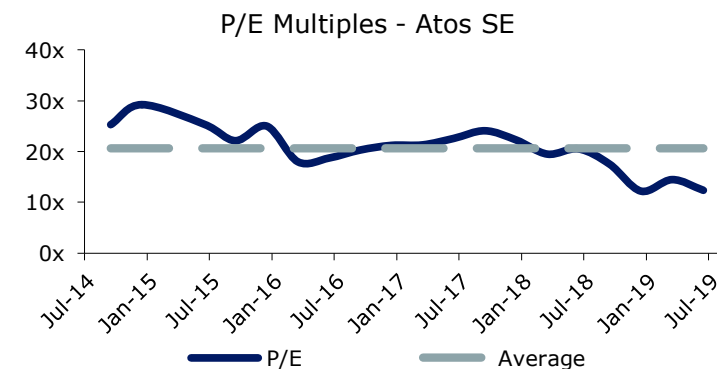
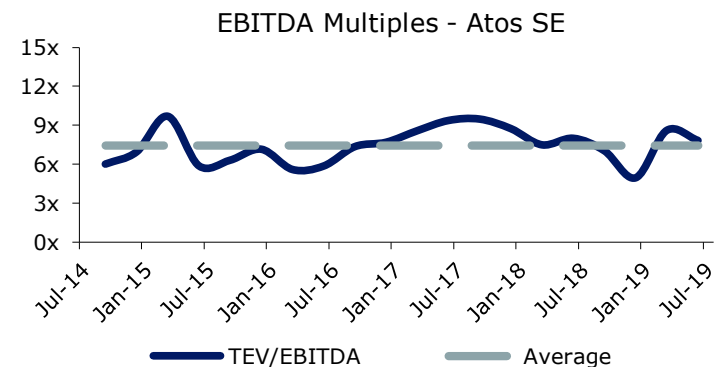
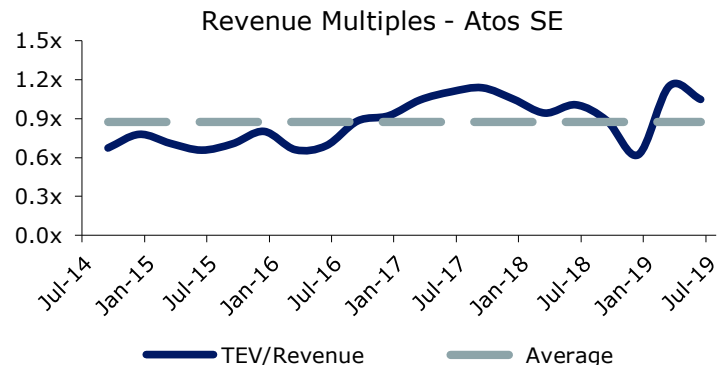
Public Basket



Atos SE

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

Date	Key Development Headline
10/8/18	Atos SE (ENXTPA:ATO) completed the acquisition of Syntel, Inc. (NasdaqGS:SYNT).
8/23/18	Atos SE and Nozomi Networks Inc. Teams to Deliver Cybersecurity and Data Analytics to Operational Technology Environments
7/21/18	Atos SE (ENXTPA:ATO) entered into a definitive merger agreement to acquire Syntel, Inc. (NasdaqGS:SYNT) for \$3.4 billion.



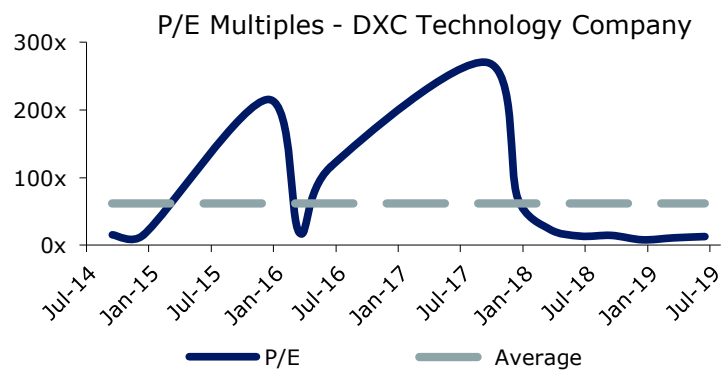
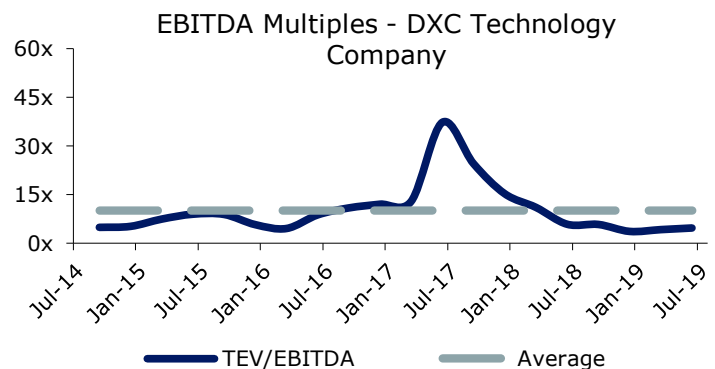
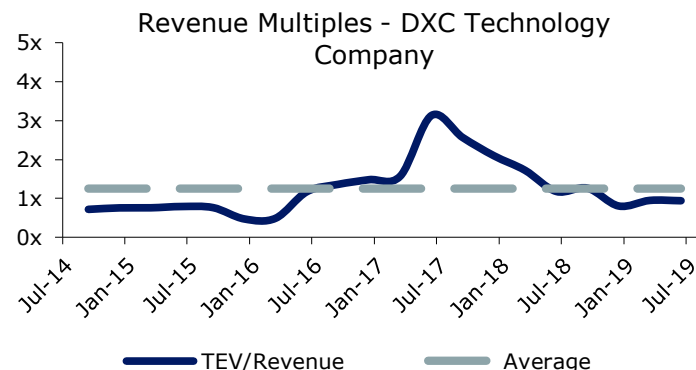
Public Basket



DXC Technology Company

DXC Technology Company, together with its subsidiaries, provides information technology services and solutions primarily in North America, Europe, Asia, and Australia. The GBS segment offers technology solutions comprising consulting, applications services, and software. This segment also provides applications services, which optimize and modernize clients' business and technical environments that enable clients to capitalize on emerging services, such as cloud, mobility, and big data within new commercial models, including the 'as a Service' and digital economies; consulting services, which help organizations innovate, transform, and create sustainable competitive advantage. DXC Technology Company was founded in 1959 and is headquartered in Tysons, Virginia.

Date	Key Development Headline
6/13/19	DXC Technology Company (NYSE:DXC) completed the acquisition of Luxoft Holding, Inc. (NYSE:LXFT) from IBS Group Holding Limited, Codeffroy Ltd., Awosting Ltd. and others.
5/1/19	DXC Technology Company (NYSE:DXC) acquired Sime Darby Global Services Centre Sdn Bhd from Sime Darby Berhad (KLSE:SIME) for MYR 2.8 million.
2/14/19	DXC Technology Company (NYSE:DXC) completed the acquisition of service business from EG A/S.
1/24/19	DXC Technology Company (NYSE:DXC) agreed to acquire the service business from EG A/S.
1/7/19	DXC Technology Company, Luxoft Holding, Inc. - M&A Call



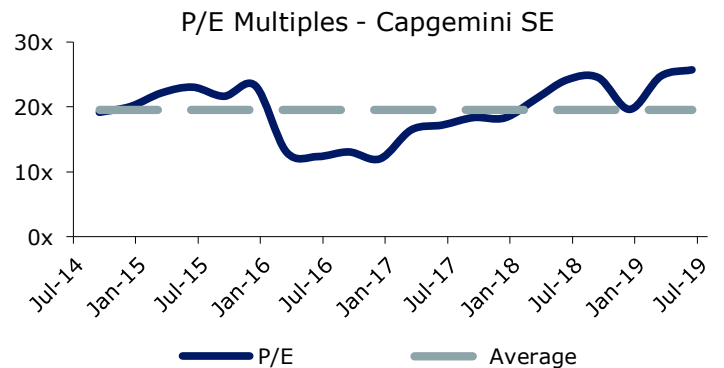
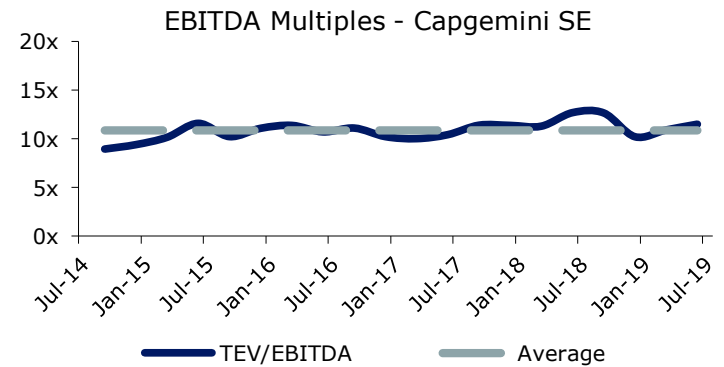
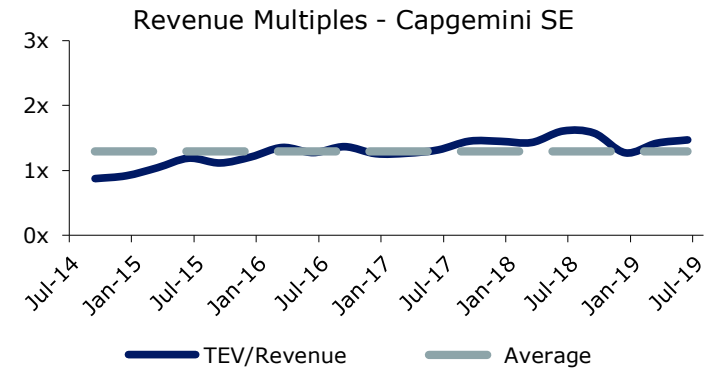
Public Basket



Capgemini SE

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

Date	Key Development Headline
6/24/19	Altran Technologies S.A., Capgemini SE - M&A Call
6/23/19	Capgemini SE (ENXTPA:CAP) entered into an agreement to acquire Altran Technologies S.A. (ENXTPA:ALT) from Altamir SCA (ENXTPA:LTA), Apax Partners SAS and others for €3.6 billion.
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



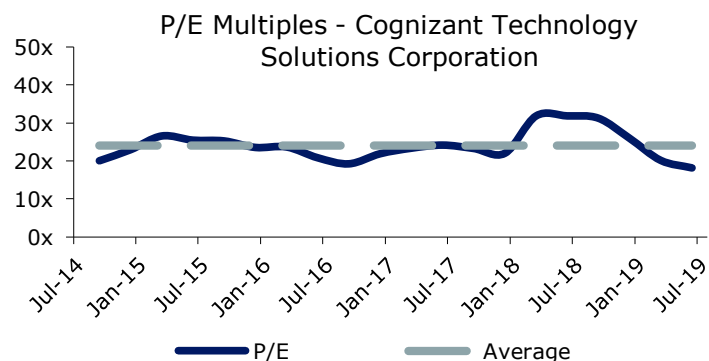
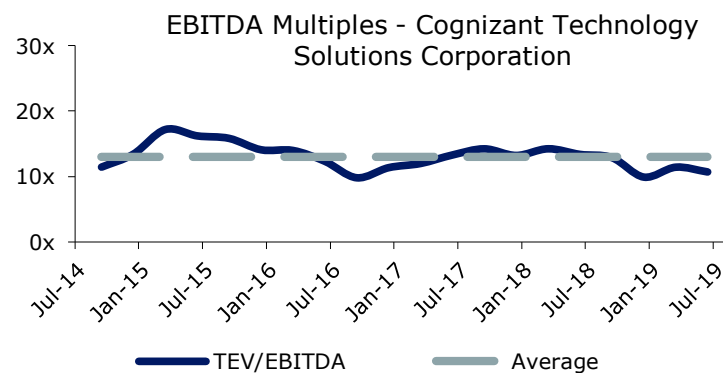
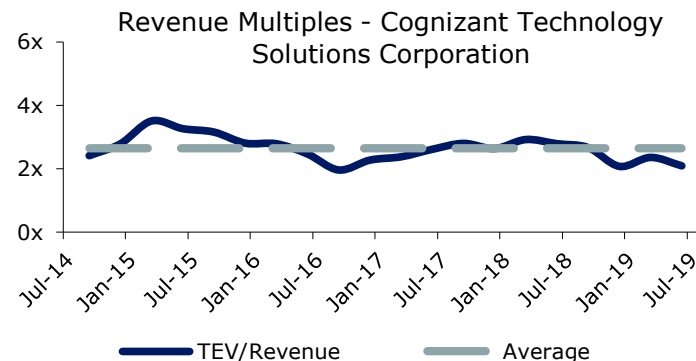
Public Basket



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
6/17/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Zenith Technologies Ltd. from GE UK Group and other shareholders.
5/7/19	AVEVA and Cognizant Expand R&D Partnership to Build Next-Gen Industrial Software
5/2/19	Cognizant Technology Solutions Intends To Seek Acquisitions
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

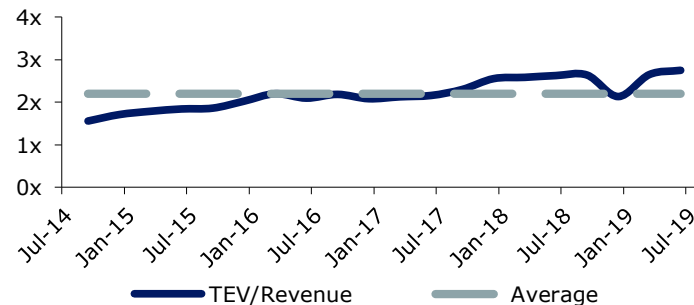


Accenture plc

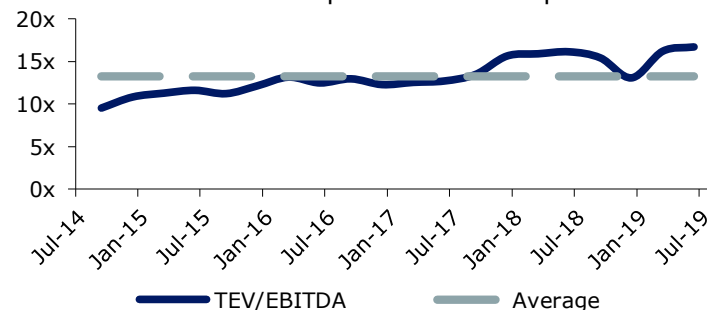
Accenture plc provides consulting, technology, and outsourcing services worldwide. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, and enhance business results through industry-specific solutions for communications, 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. Its Health & Public Service segment provides research-based insights and offerings, including consulting services and digital solutions to help clients deliver social, economic, and health outcomes. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
7/2/19	Accenture, Cisco and Quest Alliance Team to Skill Youth for the Digital Economy
6/30/19	Accenture plc (NYSE:ACN) completed the acquisition of BCT Solutions Pty Ltd.
6/27/19	Accenture and Mujin Collaborate to Help Clients Accelerate Digital Transformation in the Logistics Industry
6/26/19	Accenture plc Collaborates with JPMorgan Chase to Create Branch
6/25/19	Accenture plc (NYSE:ACN) entered into an agreement to acquire BCT Solutions Pty Ltd.

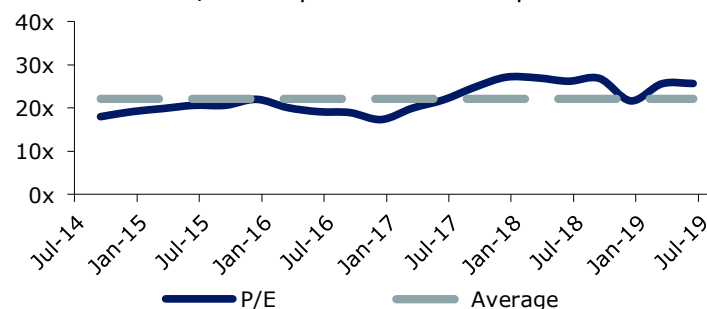
Revenue Multiples - Accenture plc



EBITDA Multiples - Accenture plc



P/E Multiples - Accenture plc



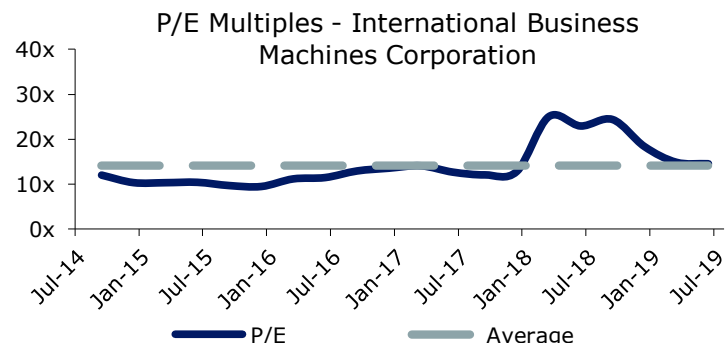
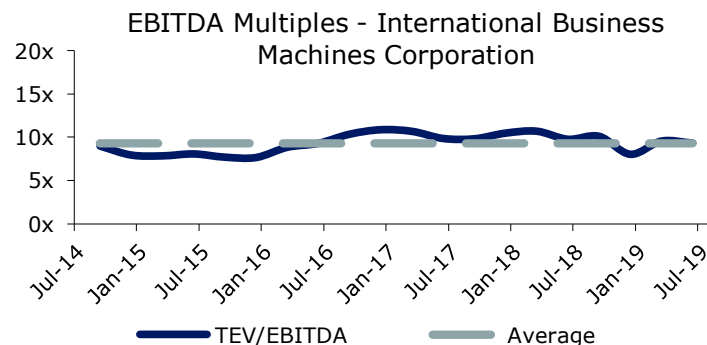
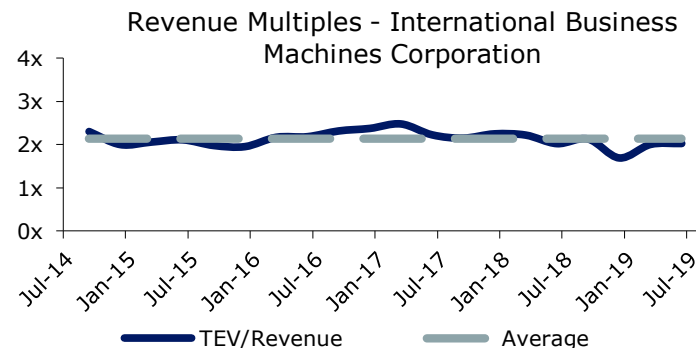
Public Basket



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
7/1/19	Simplilearn Collaborates with IBM to Introduce Four Master's Programs in Data Science, Artificial Intelligence Fields
6/29/19	HCL Technologies Limited (NSEI:HCLTECH) completed the acquisition of Software Portfolio from International Business Machines Corporation (NYSE:IBM).
6/21/19	IBM and Cloudera Announce Strategic Partnership
6/17/19	IBM and Adweek Create Institute for Brand Marketing™
5/10/19	International Business Machines Intends To Seek Acquisitions



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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