



IT Services

Earnings Call Synopsis / Q2 2019 Results

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ABOUT 7 MILE ADVISORS

7 Mile Advisors is a partner-led middle market investment banking firm providing strategic M&A, private capital transactions, and market insight for business owners, corporations, and private equity firms.

The 7MA team has completed over 120 transactions in the IT Services sector. We provide pragmatic advice, sector expertise and innovative processes to help clients adeptly navigate the decision tree. Our high-touch processes with senior-led deal teams are the cornerstone of the 7MA process.

Select Recent Transactions

 <p>Arrow Digital ACQUIRED BY Softvision</p> 	 <p>AN Global HAS ACQUIRED AgileThought</p> 	 <p>Belatrix Software ACQUIRED BY Globant</p> 
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 <p>Sundog Sundog Interactive ACQUIRED BY Perficient</p> 	 <p>Intellinet ACQUIRED BY FPT</p> 	 <p>MBI Solutions LLC ACQUIRED BY ESW Capital, LLC.</p> 	 <p>UNIGUEST[®] Uniguest HAS ACQUIRED ONELAN</p> 	 <p>Element Solutions Element Solutions, Inc. ACQUIRED BY Hinduja Global Solutions</p> 	 <p>Southport Southport Services Group, LLC ACQUIRED BY Perficient, Inc</p> 
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 <p>corsearch[™] A partner, not just a vendor Corsearch Inc., an Audax portfolio company, HAS ACQUIRED Yellow Brand Protection AB</p> 	 <p>sonoma PARTNERS Sonoma Partners ACQUIRED BY Ernst & Young LLP</p> 	 <p>propelics Propelics Inc. ACQUIRED BY Anexinet Corp.</p> 	 <p>Mainline[™] INFORMATION SYSTEMS Mainline Information Systems HAS ACQUIRED RTP Technology Corporation</p> 	 <p>TRIANZ Trianz, Inc. HAS ACQUIRED Chicago Business Intelligence Group, Inc.</p> 	 <p>SADA systems SADA Systems ACQUIRED BY Core BTS A Tailwind Capital Portfolio Company</p> 
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SUMMARY

We are pleased to present our review and synopsis of results and earnings call commentary for Q2 2019. This summary includes the most recent financial results for key publicly traded companies in the IT Services sector (mix of buyers in Managed Services, Cloud Services, IT Services, and IT Consulting, among other service offerings in the technology market) for the period March–June 2019.

M&A Indicators:

- + **Technical talent and capabilities are a fundamental motivator behind M&A activity.** Especially among public IT Services companies, there exists a pressure to move more of legacy IT businesses towards what is commonly referred to as “digital services.” Broadly speaking, these digital services include customer enterprise software development, application modernization, mobile application development, product development, UX/UI design, and advanced data analytics, among others. We see buyers constantly searching for these capabilities in the M&A market and firms with these capabilities – particularly around the ServiceNow, Adobe, Salesforce, Microsoft, AWS, and Tableau ecosystems, among others – are commanding premium valuations.
- + **Customer relationships drive M&A buying considerations.** For example, both CGI and Globant (in its acquisition of Belatrix Software) cited that acquiring a company with deep relationships with high-value clients is critical for their M&A strategy, as those types of relationships can take years to develop independently. An acquisition brings the relationship onboard immediately and opens opportunities to cross-sell and upsell into those accounts from the buyer’s new menu of offerings.
- + **Our view is that the IT Services M&A market remains strong.** Q2 M&A activity remained significant in Q2 with 6 of the 9 firms in this report acquiring or announcing a transaction with one or more companies during this timeframe. We are certainly seeing a consolidation trend and a frenzied search for lower-middle market companies providing new-age digital services. That said, there also remains a substantial appetite for legacy IT services and value added resellers, reflecting healthy underlying M&A currents in the broader IT segment as well. See the Key Transactions Section in this report for further details.

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RECENT 7MA DEAL SPOTLIGHT

Belatrix Software Acquired by Globant

Product development; UX/UI design; development of enterprise software, custom applications, and mobile applications



- Belatrix Software (“Belatrix”), an elite product development company, has over 600 employees and serves clients around the globe, primarily in the U.S. and Europe. Belatrix leverages its presence in Peru, Colombia, Spain, the U.S., and Argentina to deliver superior results.
- Through the acquisition, Globant strengthens its digital engineering capabilities especially within the finance, payment, insurance, healthcare, and retail verticals.
- The transaction is part of the ongoing and active investment thesis centered around IT Services companies both based in Latin America as well as those based in the U.S. and Europe, leveraging an offshore or nearshore delivery model out of Latin America. This model grants access to strong technical talent in Latin America, drives operating leverage, and increases profitability. 7MA acted as Belatrix’s exclusive sell-side advisor and has become a leading advisor to Tech Services companies in the region.

AN Global Acquires AgileThought

Next-Generation Digital Services, Leading Microsoft Partner



- AN Global INC (“AN Global”), a leader in next-generation digital services, has successfully acquired AgileThought LLC (“AgileThought”), a leading provider of enterprise software development and transformation services and one of Microsoft’s premier enterprise partners.
- By joining forces, AgileThought and AN Global will have a combined workforce of more than 3,000 employees, expanding their digital transformation organization to serve markets including the United States, Mexico, Argentina, Brazil, Chile, Costa Rica, Portugal, and Spain from offices on three continents. The combined businesses will operate under the brand name “AgileThought” with headquarters in Irving, Texas; Manuel Senderos, Founder and Chairman of AN Global, will act as Chairman and CEO. 7MA acted as AN Global’s exclusive buy-side advisor in this acquisition and continues to pursue M&A opportunities for AN Global.

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IT SERVICES INDUSTRY OVERVIEW

Concerns about a global economic slowdown and international trade disputes, on balance, have not impacted the Q2 performance or 2019 full-year forecasts for the overwhelming majority of the leading IT Services companies highlighted in this report. In fact, most firms in this piece reported strong revenue and earnings performance in Q2 and expect solid performance for the duration of 2019. In Q2, revenue grew for 8 of the 9 firms in the report with DXC as the sole exception. Gross margins and operating margins remained steady and as a whole ticked up slightly as compared to Q1. The average gross margin for the comp set increased from 33% to 34%.

The exceptions to the robust performance relate to localized macro impacts on geographic pockets and select verticals (i.e., the U.K. government delaying IT spend decisions until Brexit is resolved – impacting CGI temporarily). Often, if there was a drag on top-line growth, it was associated with the decreasing sales of legacy IT business segments. However, the “digital” side of firms has accelerated even faster in Q2 than in previous quarters, with growth rates consistently reaching above 20% for most firms, and in some cases entering into the 30%+ and 40%+ range. Another reason for the continued optimism among IT Services firms is the contention that IT Services are more resilient to economic downturns as their mission-critical nature is intertwined throughout all business domains: helping companies operate effectively and efficiently, grow revenues, save on costs, and increase profitability.

Additionally, IT Services firms are more frequently offering internally developed IP and SaaS platforms as stand-alone products through recurring revenue licensing models, as well as enticements or complimentary add-ons to core IT services and solutions. The stand-alone model, of course, is a fundamentally different business model than providing IT services. It will be interesting to see how this trend plays out in the IT Services landscape.

IT Services Trends: [Microsoft Azure](#) | [Time for a Gloom and Doom Economy?](#)

 PERFICIENT™

 Globant >

< epam >

 Capgemini

 CGI

 Cognizant

 Infosys

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accenture

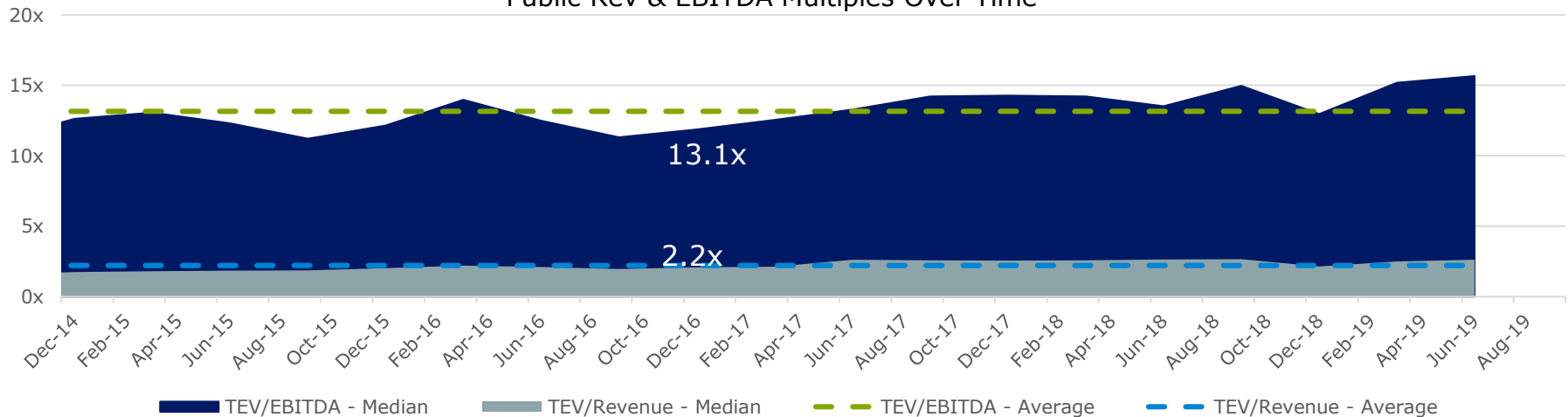
 DXC.technology

PUBLIC BASKET AND VALUATION TRENDS

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Perficient, Inc.	1,327	531	6%	37%	13%	2.5	19.8	3,060	174
Globant S.A.	3,488	578	22%	40%	18%	6.0	33.5	8,384	69
EPAM Systems, Inc.	9,949	2,046	24%	35%	16%	4.9	30.9	30,156	68
DXC Technology Company	18,257	20,361	-7%	28%	20%	0.9	4.6	130,000	157
Capgemini SE	22,566	15,632	8%	27%	13%	1.5	11.6	211,313	74
CGI Inc.	22,831	9,136	6%	30%	17%	2.5	14.9	74,000	123
Cognizant Technology Solutions Corporation	32,556	16,458	6%	38%	19%	2.0	10.2	281,600	58
Infosys Limited	45,657	12,099	9%	33%	24%	3.9	16.1	228,000	53
Accenture plc	121,919	41,244	4%	32%	16%	3.0	18.0	459,000	90
Average	30,950	13,121	9%	33%	17%	3.0	17.7	133,057	102
Median	22,566	12,099	6%	33%	17%	2.5	16.1	74,000	82

share price as of 02Sep19

Public Rev & EBITDA Multiples Over Time

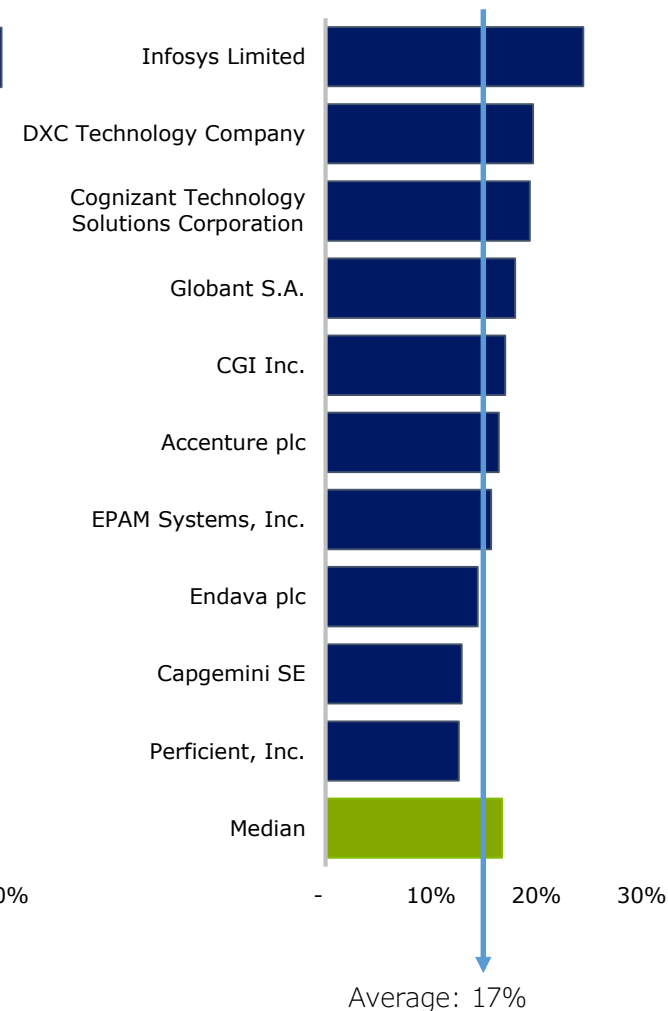
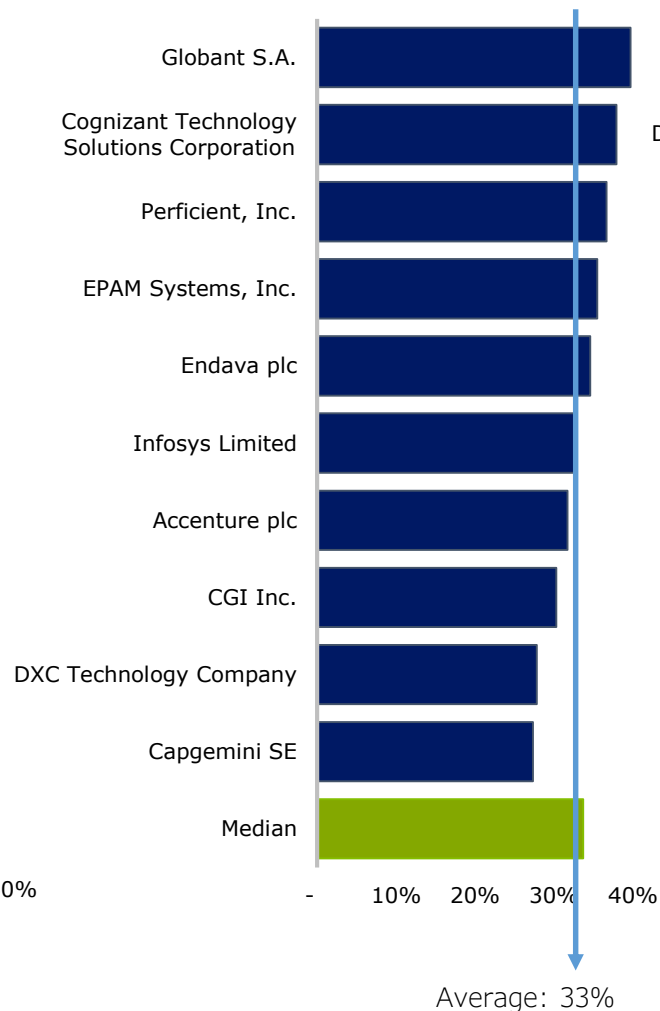
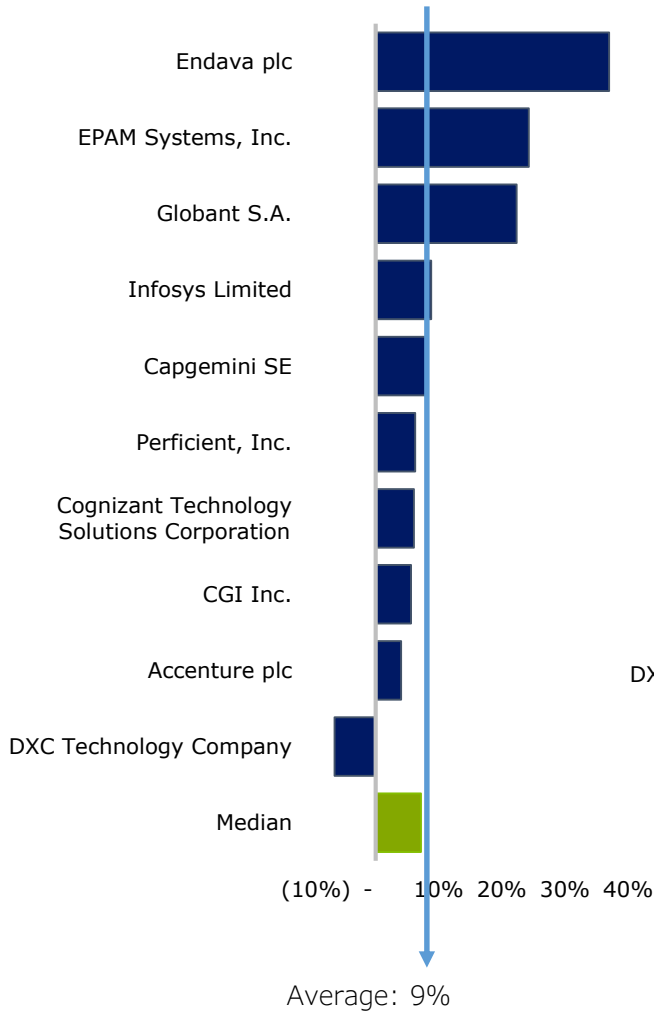


OPERATIONAL METRICS

LTM REVENUE GROWTH %

LTM GROSS PROFIT MARGIN %

LTM EBITDA %



Commentary

"I've been with Perficient for nearly two decades and firmly believe we're as well positioned today as we've ever been to deliver value to our clients, colleagues and shareholders going forward. Coming into 2019, we were optimistic that it could be a very strong year for growth. And that certainly held true in the first half of the year. Double digit revenue growth, meaningful margin expansion and continued strong cash flow from operations."

— Jeffrey Davis, President & CEO

Highlights

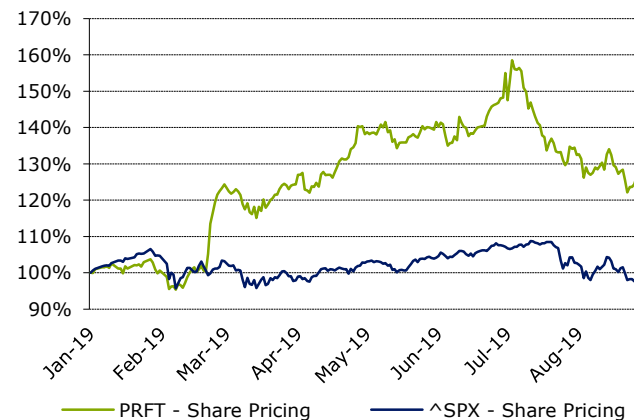
For the quarter ended June 30, 2019 (Q2'19) Perficient:

- Produced strong financial results, with Services revenue up 17% to \$141.2m YoY; EBITDAS came in at \$23.3m or 16.6% of revenue, compared to \$18.4m or \$15.1% in Q2'18; Net Income increased 46% to \$8.5m compared to \$5.8m in the same period in '18.
- Booked 62 deals over \$0.5m in Q2 continuing a strong trend which includes 70 deals during Q1'19, 49 deals during Q4'18, and 54 deals during Q1'18 over that half-million dollar threshold.
- Continues to tout M&A as a key strategic initiative, having closed the acquisition of Sundog Interactive ([7MA acted as Sundog's sell-side advisor](#)); the Company cites companies in Latin America providing nearshore delivery as a main target.
- Reported that clients such as Kaiser are becoming more comfortable with offshore delivery which is a key driver to Perficient of both top-line growth, but also margin expansion (typically above 50%).
- Does not think the trade war with China has impacted them, though it may impact its clients. Perficient is focusing on offshore delivery in areas other than its current China operations. It's favoring India and Latin America - driven more by "economics rather than geopolitical" factors.

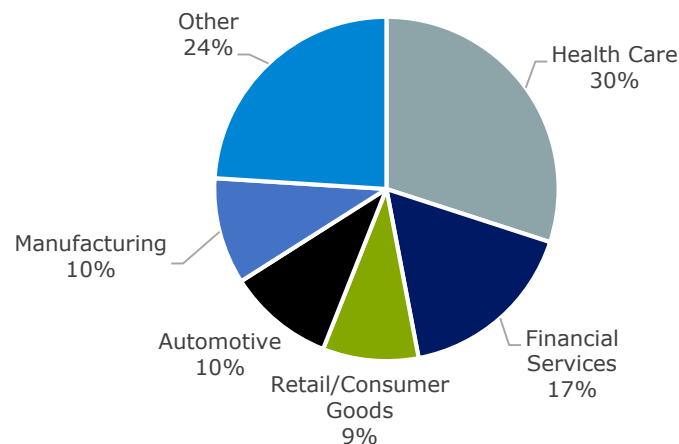
News

- [Sundog has been acquired by Perficient](#)

Market Performance (Q2'18 – Q1'19)



Revenue by Industry



Source: PR, CapitalIQ, Presentation and Earnings Call Transcript

Globant

Commentary

"Every time we are able to beat some of our competitors who are really performing great. And, we've had pretty tough competitors during first and second quarter this year. You need to pay attention to what's happening in quarter three and quarter four. And organic growth is really, really strong for the next quarters. So, I'm a big believer in these long secular trends and Globant is performing really great in this scenario."

— Martín Migoya, CEO & Co-Founder

Highlights

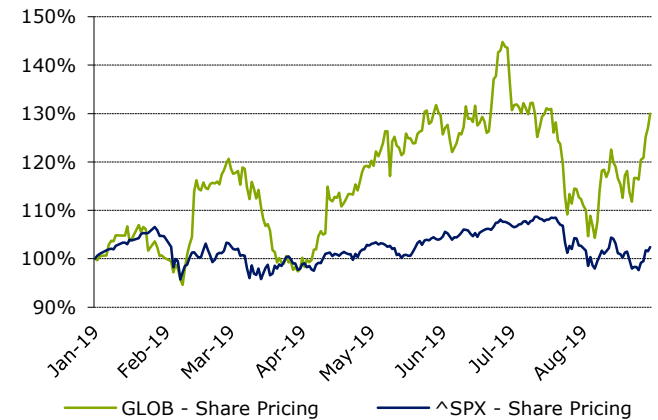
For the quarter ended June 30, 2019 (Q2'19) Globant:

- Generated \$157.5m in revenue, a 23.2% increase YoY and at the high end of management's forecast.
- Continues to innovate and invest for the future, exemplified by recent activity:
 1. Launched a Business Hacking studio which will make greater efforts to quantify and make customers' results measurable
 2. Invested in Singularity University in order to leverage existing curriculum to train Globant employees
 3. Invested in three Argentinian startups through Globant Ventures which it sees as high potential contributors to the company
- Acquired Belatrix Software, the leading agile-focused product development firm based in Argentina serving primarily clients in the U.S. and Europe. Globant expects to integrate Belatrix quickly, the acquisition made to bolster growth, and to add top-tier clients and strengthen partnerships immediately. 7MA was the exclusive sell-side advisor to Belatrix in the transaction.

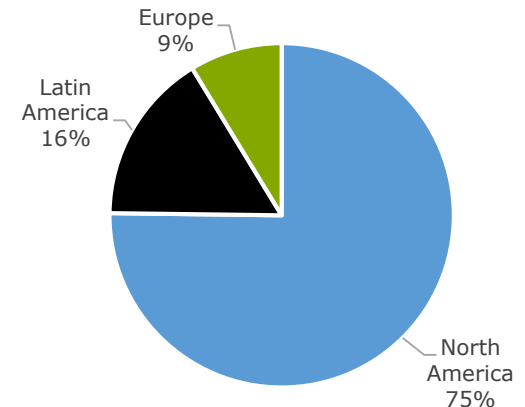
News

- [Belatrix Software Acquired by Globant](#)
- [Globant Ventures Invests in Three Argentine Startups](#)

Market Performance (Q2'18 – Q1'19)



Revenue by Geography





Commentary

“Despite some of the macro-level uncertainties, which we talked about it before and seems like they are here to stay with us for an undefined time, we delivered another quarter of consistent, high-quality results, which underscores our ability to execute and grow in the market that continues to demand high-end expertise and ever-changing capabilities.”

— Arkadiy Dobkin, President & CEO

Highlights

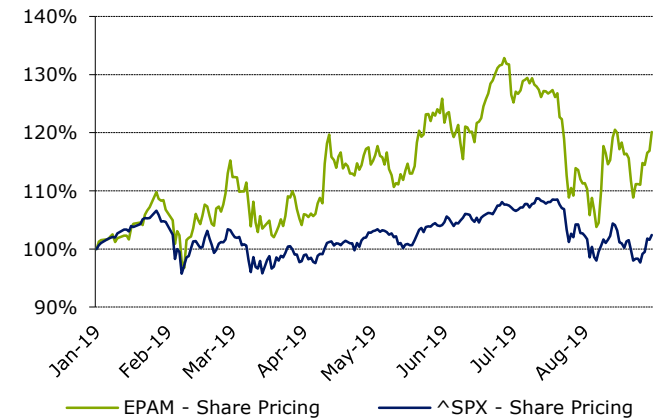
For the quarter ended June 30, 2019 (Q2'19) EPAM:

- Delivered strong results in Q2 despite “macro-level” uncertainties, including revenue of \$551m representing 23.8% YoY growth (25.1% in constant currency terms). GAAOP income from operations was \$72.9m, up from \$54.2m in Q2'18.
- Placed a strong emphasis on internal investments into digital operations platforms that create an adaptive workplace capable of training and retaining top talent.
- Announced the acquisition of Competentum in July, a “very small” company deepening EPAM’s education and learning capabilities internally as well as across client portfolios.
- Will continue to look for opportunistic M&A opportunities, but will not set a quota of deals to close in a given timeframe; M&A typically only contributes marginally to revenue (in the 1% range), as EPAM’s bite size is typically on the smaller side.

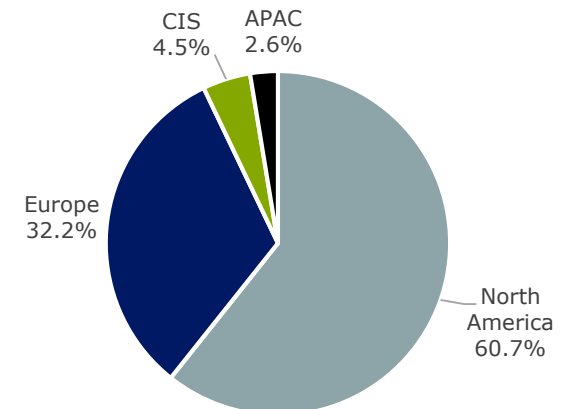
News

- [EPAM Acquires Competentum](#)

Market Performance (Q2'18 – Q1'19)



Revenue by Geography



Commentary

“To conclude, we delivered a good first semester in line with our road map for 2019, and we confirm our outlook: a revenue growth at constant currency between 5.5% and 8% with M&A contribution of 1 to 2 points; an operating margin between 12.3% and 12.6%; an organic free cash flow for the year in excess of €1.1 billion.”

— Paul Hermelin, Chairman & CEO

Highlights

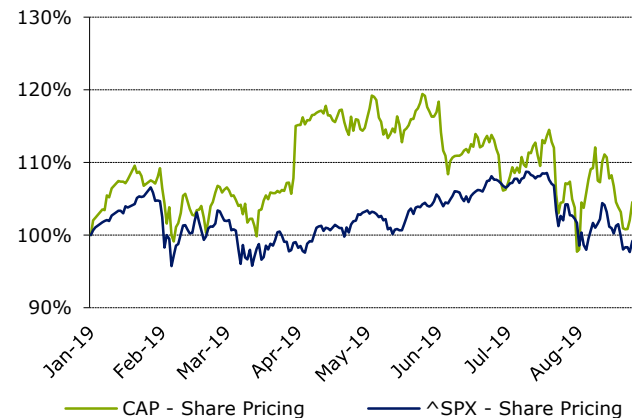
For the quarter ended June 30, 2019 (Q2'19) Capgemini:

- Grew revenue to \$3.9b, representing a modest growth of 6.2%, or 8.4% on a constant currency basis.
- Cloud and digital represent growing segments, with cloud-related activities growing at 70% and AI at 70% in the first half of 2019.
- Made a strategic decision to align closely with AWS, Salesforce, Microsoft and SAP, and has also made strides with Adobe and Dassault Systèmes.
- Announced Capgemini Ventures to invest between 1m and 5m euros into early tech companies that have the potential to positively impact Capgemini.
- Business from Europe, LATAM, and APAC was strong in H1'19, offset by softness in North America, which is anticipated to improve in H2.
- Announced the acquisition of Altran for \$4.1b (3.6b euros), aiming to bolster digital marketing and intelligent industry capabilities.
- Acquired Konexus Consulting – a leading German strategy and management consulting firm focused on the energy industry.

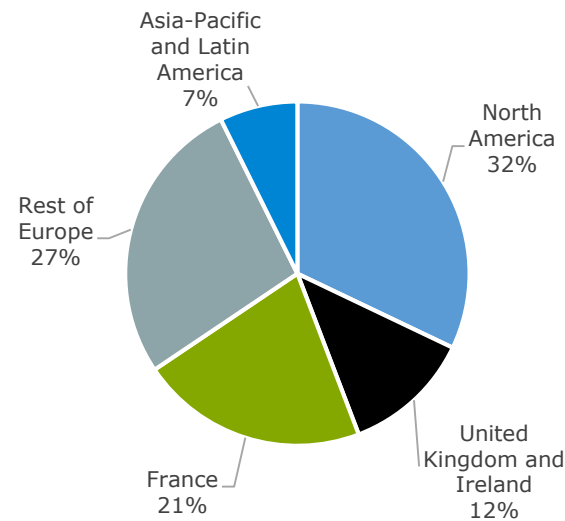
News

- [Capgemini Wins Microsoft SAPN Azure Partner of the Year](#)
- [Capgemini Acquires KONEXUS Consulting](#)
- [Capgemini Altran negotiations continue](#)

Market Performance (Q2'18 – Q1'19)



Revenue by Segment





Commentary

"We are seeing more attractive valuations in the marketplace to drive continued growth from the buy side of our strategy and we continue to evolve our business mix to drive margin expansion. We are well positioned to achieve our strategic aspiration of doubling the size of CGI over the next five to seven years."

— George D. Schindler, President & CEO

Highlights

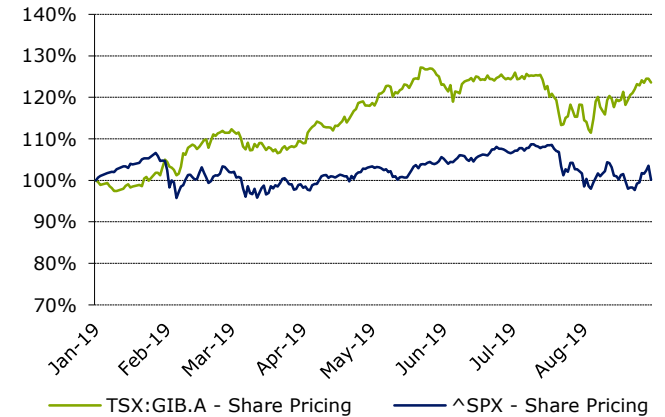
For the quarter ended June 30, 2019 (Q2'19) (Q3 for CGI) CGI:

- Grew revenues to \$3.1b - a modest 6.1% YoY or 6.6% growth in constant currency - of that, over half was organic growth.
- However, adjusted EBIT was \$474m v. \$435m in Q3'18, an 8.9% increase.
- GAAP net income was \$309m v. \$289m in Q3'18, or a 9.9% improvement; cash from operations generated \$375m during the quarter, 18% above the \$317m Q3'19 figure and a total of \$1.6b over the past 12 months.
- Seeing government, utilities, manufacturing, insurance are latecomers to the digital transformation game but jumping into the middle innings head-on.
- Cited ongoing Brexit talks as reason for delayed U.K. government IT procurement decisions.
- Global delivery cornerstone continues to be in Southeast Asia (India).
- Confident that in an economic downturn IT Services will be resilient, citing that every client expects to continue to increase IT spend.
- Seeing trend in some parts of the world of bringing some IT functions back in-house, but not negatively impacting CGI currently.
- CGI ownership of Acando acquired in Q2 reached 96% and the company is squeezing out the remaining shareholders.
- Acquiring U.K.-based Scisys brings capabilities in space, defense and media.
- Targeting companies with under \$500m in revenue in target geographies but are very disciplined in M&A strategy - starting to see more attractive valuations for private firms in North America and Europe.

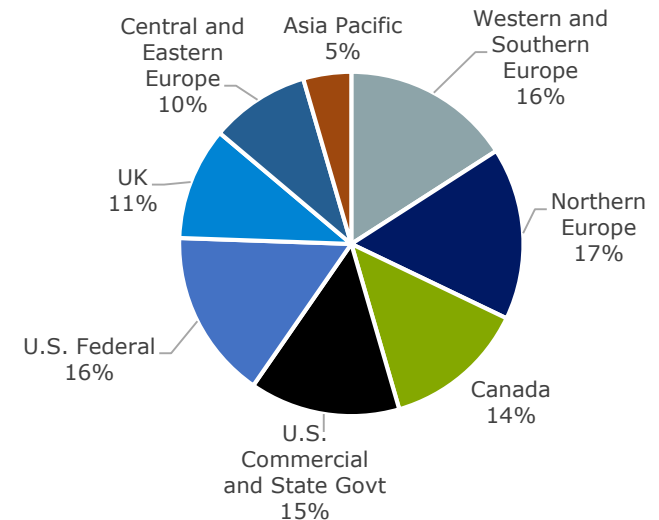
News

- [CGI Intention to Acquire Scisys](#)

Market Performance (Q2'18 - Q1'19)



Revenue by Geography



*Figures in Canadian Dollars

Source: PR, CapitalIQ, Presentation and Earnings Call Transcript

Cognizant

Commentary

“Let me quickly underscore the five focal points of our work: refining our strategic posture, developing greater thought leadership and an innovation agenda by industry sector, accelerating investments in growth, significantly lowering our cost structure, and ensuring greater operational discipline and a more performance-based culture.”

— Brian Humphries, CEO & Director

Highlights

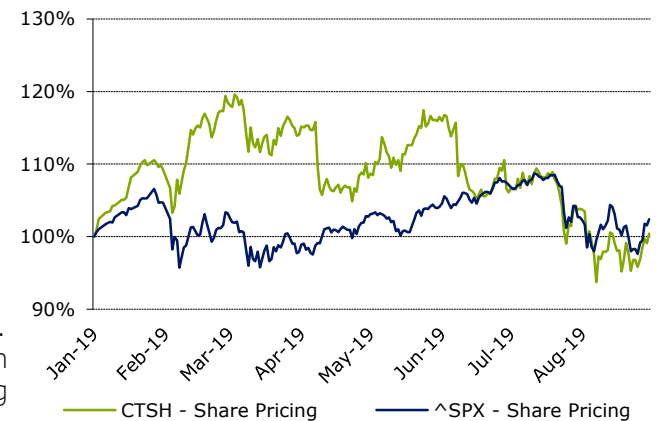
For the quarter ended June 30, 2019 (Q2'19) Cognizant:

- Is placing emphasis on growth rather than margin expansion as done in the past.
- Met its Q2'19 revenue guidance at \$4.14b or 3.4% YoY growth and 4.7% in constant currency. However, the firm was unsatisfied with performance, citing firm-specific issues behind the modest performance.
- Going through a restructuring or what new CEO Brian Humphries calls “refining of strategic positioning,” and as such he replaced the leaders of the Banking and Healthcare groups to spur growth.
- Given Cognizant’s deep exposure to the sector, the structural changes occurring in the Healthcare landscape contributed to the segment declining 1.5% in Q2.
- Has not observed macro concerns as impacting clients’ spending on innovation.
- Has a renewed focus on expanding and delivering digital services (software product development and application modernization).
- While still doing legacy work, will speed up the shift to digital.
- Digital M&A is a high priority, especially with tuck-in acquisitions.
- Acquired Zenith Technologies which expands Cognizant’s IoT portfolio and extends Life Sciences domain expertise.

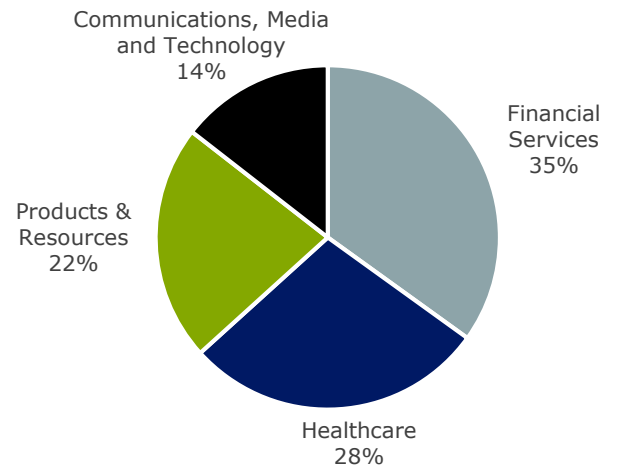
News

- [Cognizant acquires Zenith](#)

Market Performance (Q2'18 – Q1'19)



Revenue by Segment



Commentary

"We are seeing good success in our digital business in terms of revenue momentum and order book. There's continued demand in data and analytics, cloud, SaaS, user experience, security and IoT. In the last quarter Infosys was selected as leader in six of the digital services related capabilities including in modernization, IoT, experience and security."

— Pravin Rao, Chief Operating Officer

Highlights

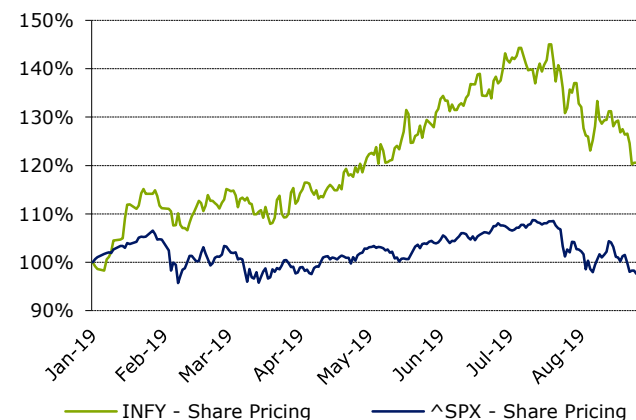
For the quarter ended June 30, 2019 (Q2'19) Infosys:

- Produced strong results in Q2'19 with YoY quarterly revenue growth of 12.4% arriving at \$3.1b, while digital (experience, analytics, cloud, SaaS, IoT, cyber security, AI, machine learning) revenue growth was 41.9% YoY.
- The digital segment is now 35.7% of the overall business.
- Have completed all investments outlined last year when they started their strategic direction program; now the investments focus in the P&L.
- The firm showed decent performance on the bookings end of things with clients over \$100m, increasing by two to 27 total.
- There were some challenges in the U.S. healthcare and regional bank segments due to post-M&A consolidation activity.
- There were some challenges in the U.S. healthcare and regional bank segments due to post-M&A consolidation activity.
- 5G race picking up with Telcos driving growth in that segment.
- Seeing an impact in European manufacturing segment due to the trade war.
- Brexit not having an impact.
- The Financial Services vertical continued its growth acceleration aided by the recent Stater acquisition which will help in strengthening the company's mortgage servicing capabilities through digital platforms and enhance their European presence.

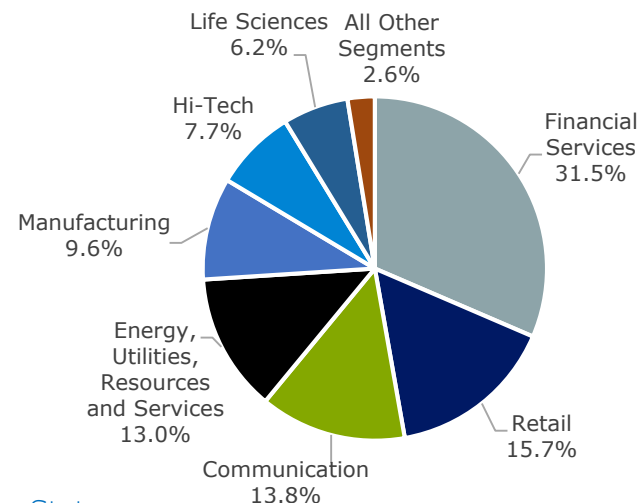
News

- [Infosys Wins HPE SI \(Hybrid Cloud\) Partner of Year Award](#)
- [Infosys completes acquisition of 75% stake in ABN AMRO Bank subsidiary Stater](#)

Market Performance (FY'19)



Revenue by Segment



Source: PR, CapitalIQ and Earnings Call Transcript

Commentary

"We again delivered revenue growth well ahead of the market as well as strong profitability and free cash flow, while continuing to make substantial investments for long-term market leadership."

— David Rowland, Interim CEO

Highlights

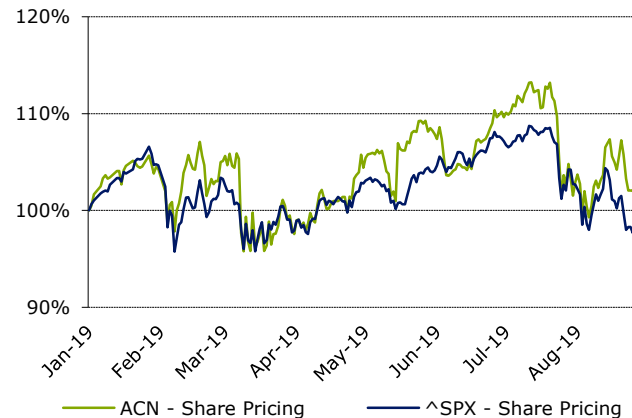
For the quarter ended June 30, 2019 (Q2'19) Accenture:

- Delivered strong revenue of \$11.1b, representing growth of 4% or 8.4% in local currency – landing at top of guidance.
- Accenture also produced double digit growth in all three areas of “the new”: digital, cloud and security related services.
- North America revenue grew 9%, Europe grew 5%, and growth markets grew 13% in local currency terms.
- Accenture outlined a renewed focus on SAP, Microsoft, Oracle, Salesforce and Workday to help clients drive large-scale enterprise-wide transformations within intelligent platform services.
- Similar to peer firms, highlighted its increased work with SAP S/4HANA’s ERP technology.
- On the M&A front, so far in 2019, Accenture has deployed \$1.1b on acquisitions with a focus on digital-centered firms.
- Highlighted their 9 digital agency transactions this year, including the Droga5 deal which will bolster their Interactive Group’s capabilities.
- Planning on \$1.3b for this year’s total M&A spend and their acquisition strategy remains unchanged going forward.
- Believes valuations are currently frothy, especially in analytics and IoT.
- While the CEO search was ongoing at time of the earnings release, it has now closed with Julie Sweet starting as the new CEO as of September 1, 2019.

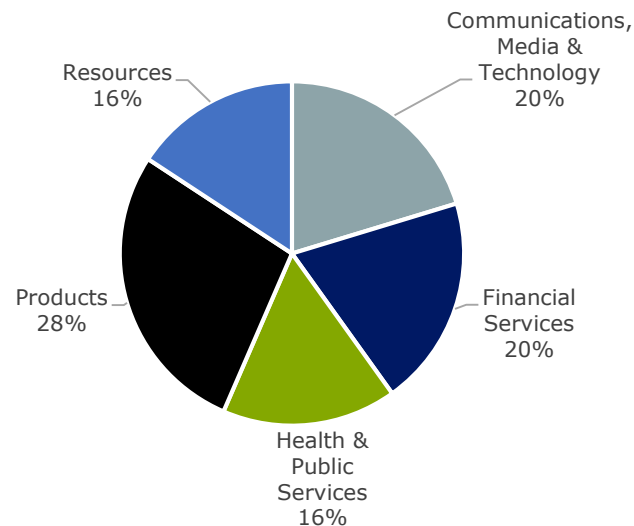
News

- [Accenture Acquires Droga5](#)
- [Accenture Appoints Julie Sweet CEO](#)

Market Performance (Q3'18 - Q2'19)



Revenue by Segment



Source: PR, CapitalIQ and Earnings Call Transcript

Commentary

"Where we had some new news was the acceleration of the movement to cloud and the impact that is having on our traditional ITO business. And then our ability to respond to that in the first quarter from a cost standpoint, we were not able to respond quickly enough."

— John Michael Lawrie, President & CEO

Highlights

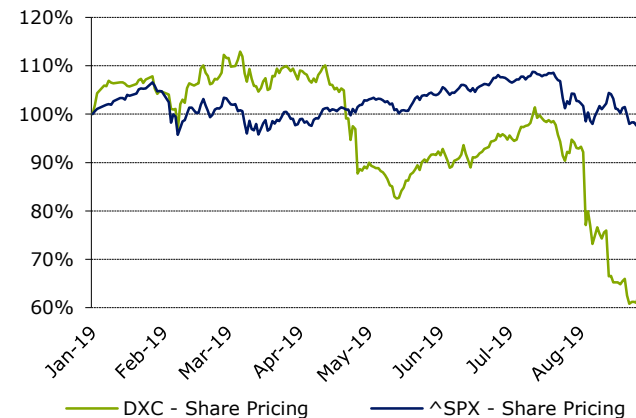
For the quarter ended June 30, 2019 (Q2'19) DXC:

- Generated \$4.89b in revenue or a 4.2% decline YoY.
- Lowered revenue guidance to \$20.2b-\$20.7b given delays in deals and pressures on their traditional business given an increasingly faster move to the cloud from clients in certain verticals.
- Digital revenue grew 35% YoY driven by enterprise and cloud apps, cloud infrastructure and digital workplace projects.
- Saw acceleration in shift from traditional infrastructure to digital solutions; these accelerated client migrations impacted short-term revenue but the changes should present newer business opportunities within digital and should be more profitable than the legacy business in the future.
- DXC announced a joint DXC Microsoft Azure digital transformation practice as well as a partnership with Google Cloud.
- Plans on \$100m of incremental investments this year into their digital transformation platforms.
- Reduced headcount by 3,900 in quarter.
- The firm completed its acquisition of Luxoft in June – this will bolster their digital services talent and add a substantial amount of digital revenue to DXC going forward.

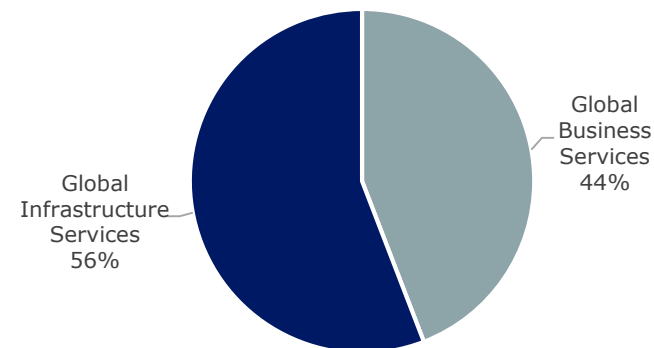
News

- [DXC Completes Acquisition of Luxoft](#)
- [DXC Launches Microsoft Azure Digital Transformation Practice](#)

Market Performance (FY'19)



Revenue by Segment



Source: PR, CapitalIQ and Earnings Call Transcript

Content



Summary
Deal Spotlight
Earnings Call Overview / Players In The Industry
Financial Trends and Transactions

FINANCIAL TRENDS

Company Name	Revenue (\$M)					Revenue Growth (%)		
	CQ2'19	CQ2'18	FY'18	FY'17	FY'16	CQ2'19	FY'18	FY'17
Accenture plc	\$ 11,100	\$ 10,695	\$ 39,573	\$ 34,850	\$ 32,883	3.8%	13.6%	6.0%
Capgemini SE	\$ 3,868	\$ 3,544	\$ 15,109	\$ 15,039	\$ 13,236	9.1%	0.5%	13.6%
CGI Inc.	\$ 2,296	\$ 2,288	\$ 8,902	\$ 8,677	\$ 8,139	0.3%	2.6%	6.6%
Cognizant Technology Solutions Corporation	\$ 4,141	\$ 4,006	\$ 16,125	\$ 14,810	\$ 13,487	3.4%	8.9%	9.8%
DXC Technology Company	\$ 4,890	\$ 5,282	\$ 21,733	\$ 7,607	\$ 7,106	-7.4%	185.7%	7.1%
EPAM Systems, Inc.	\$ 552	\$ 446	\$ 1,843	\$ 1,450	\$ 1,160	23.8%	27.1%	25.0%
Globant S.A.	\$ 158	\$ 128	\$ 522	\$ 413	\$ 323	23.2%	26.3%	28.1%
Infosys Limited	\$ 3,193	\$ 2,703	\$ 10,837	\$ 10,208	\$ 9,501	18.1%	6.2%	7.4%
Perficient, Inc.	\$ 142	\$ 122	\$ 498	\$ 485	\$ 487	16.5%	2.7%	-0.4%
Average	\$ 3,371	\$ 3,246	\$ 12,794	\$ 10,393	\$ 9,591	10.1%	30.4%	11.5%
Median	\$ 3,193	\$ 2,703	\$ 10,837	\$ 8,677	\$ 8,139	9.1%	8.9%	7.4%

Company Name	Gross Margin (%)					EBITDA Margin (%)				
	CQ2'19	CQ2'18	FY'18	FY'17	FY'16	CQ2'19	CQ2'18	FY'18	FY'17	FY'16
Accenture plc	31.8%	31.2%	31.4%	31.7%	31.3%	16.9%	16.5%	16.3%	16.2%	16.0%
Capgemini SE	27.1%	26.6%	27.1%	27.0%	26.8%	11.7%	11.4%	12.8%	12.9%	12.6%
CGI Inc.	15.2%	14.9%	30.6%	30.1%	30.2%	18.5%	18.3%	16.8%	16.7%	17.0%
Cognizant Technology Solutions Corporation	36.5%	39.7%	39.0%	38.2%	39.9%	19.3%	19.8%	20.6%	20.5%	20.0%
DXC Technology Company	25.9%	26.8%	24.9%	27.1%	27.0%	18.3%	21.1%	20.2%	9.6%	12.3%
EPAM Systems, Inc.	35.5%	35.1%	35.6%	36.5%	36.5%	15.2%	14.2%	15.3%	13.9%	13.6%
Globant S.A.	38.5%	38.5%	39.4%	36.4%	40.8%	16.0%	16.7%	18.1%	13.7%	19.2%
Infosys Limited	31.0%	34.7%	34.8%	36.9%	36.2%	23.1%	26.0%	26.8%	27.1%	27.6%
Perficient, Inc.	36.9%	34.6%	35.8%	33.3%	31.1%	13.5%	11.8%	12.1%	11.0%	10.3%
Average	30.9%	31.3%	33.2%	33.0%	33.3%	17.0%	17.3%	17.7%	15.7%	16.5%
Median	31.8%	34.6%	34.8%	33.3%	31.3%	16.9%	16.7%	16.8%	13.9%	16.0%

KEY TRANSACTIONS IN Q2 2019

Date	Target	Buyers/Investors	Details
05/22/2019	Sundog Interactive	Perficient	Sundog focuses on Salesforce solutions within the manufacturing vertical. The rationale for the purchase was voiced by Perficient CEO and Chairman Jeffrey Davis, "Sundog Interactive's marketing strategy, data and insights, and technology integration services are highly complementary to Perficient's end-to-end digital transformation offerings. Adding specialized Salesforce capabilities aimed at accelerating results through smarter marketing further enhances our innovative cloud solutions and better serves our clients' unique needs." 7 Mile Advisors acted as the exclusive sell side advisor to Sundog in the transaction.
06/12/2019	Cirrusseo	Accenture plc	Cirrusseo - one of France's and Europe's largest Google Cloud services providers. Drivers of the purchase for Accenture include expanded expertise and customer reach for Accenture's existing Google Cloud practice. The acquisition highlights increased investor interest of late in IT services firms focusing on cloud services, specifically, the Google Cloud space. Financial terms of the deal were not disclosed.
06/24/2019	PCM	Insight	Leading IT Solutions provider, Insight Enterprises (NASDAQ: NSIT), will acquire PCM Inc. (NASDAQ: PCMI), also a leading solutions provider and value added reseller, in a transaction valued at \$538m. Insight will pay approximately \$35 per share, a 36% premium to PCM's previous monthly average trading price, and a 9.35X EV/EBITDA multiple. Major drivers of the deal include expected cost synergies of \$70m, and through the acquisition Insight bolsters its standing as one of the largest IT firms in North America. Insight also gains additional leverage with vendors, deepens client relationships, and expands capabilities.
06/26/2019	Anexinet	Mill Point Capital	Anexinet has been acquired from Marlin Equity by Mill Point Capital. CEO of Anexinet Todd Pittman will continue to lead the company and commented, "We are thrilled to be partnering with Mill Point given their experience and relationships within the IT solutions industry. I am very proud of what our team has been able to accomplish and look forward to building on the momentum we have created over the past few years." The transaction also underscores the ongoing M&A activity in IT solutions providers and value added resellers (VARs) recently.
7/21/2019	AgileThought	AN Global	In a recent 7MA transaction, AN Global, a next-generation digital solutions developer, acquired AgileThought, a leading enterprise software development and transformation services provider. The merger will ultimately expand the geographic footprint of this joint organization across three regions: the U.S., Latin America, and Western Europe. The transaction highlights the increased M&A activity from companies with strong footprints in Latin America.

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