



Sectorwatch: Managed Service Providers

December 2019

Managed Service Providers

December 2019

- Sector Dashboard [4]
- Public Basket Performance [5]
- Operational Metrics [7]
- Valuation Comparison [10]
- Recent Deals [13]
- Appendix [14]

Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



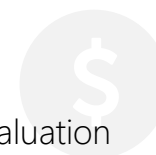
Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth Momentum

↑ 0.6%

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

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

Pricing / Gross Margin

↓ -2.2%

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

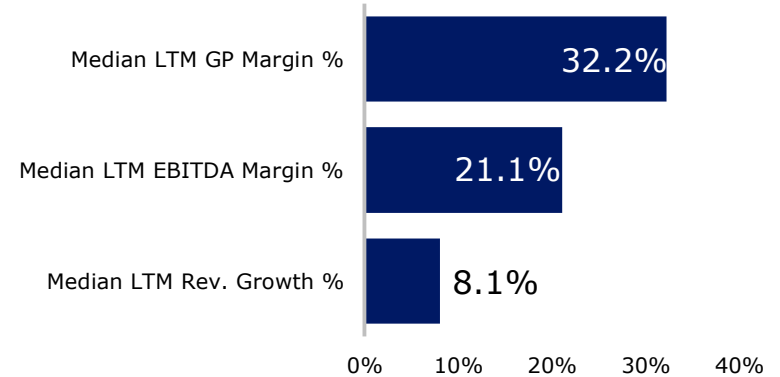
Profitability Momentum

↑ 0.7%

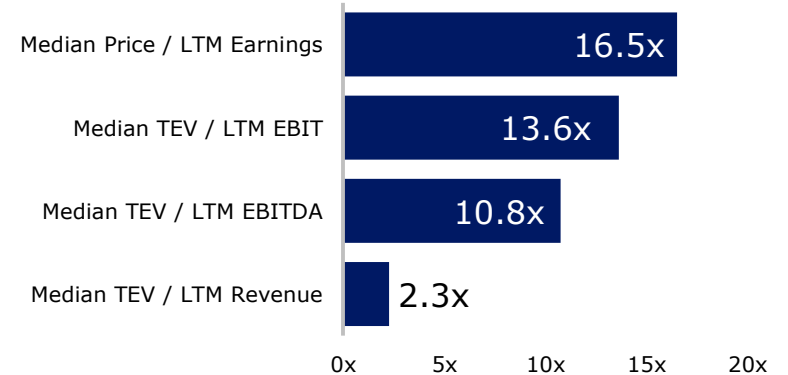
1 - year EBITDA % compared to EBITDA % average for last 3 years

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



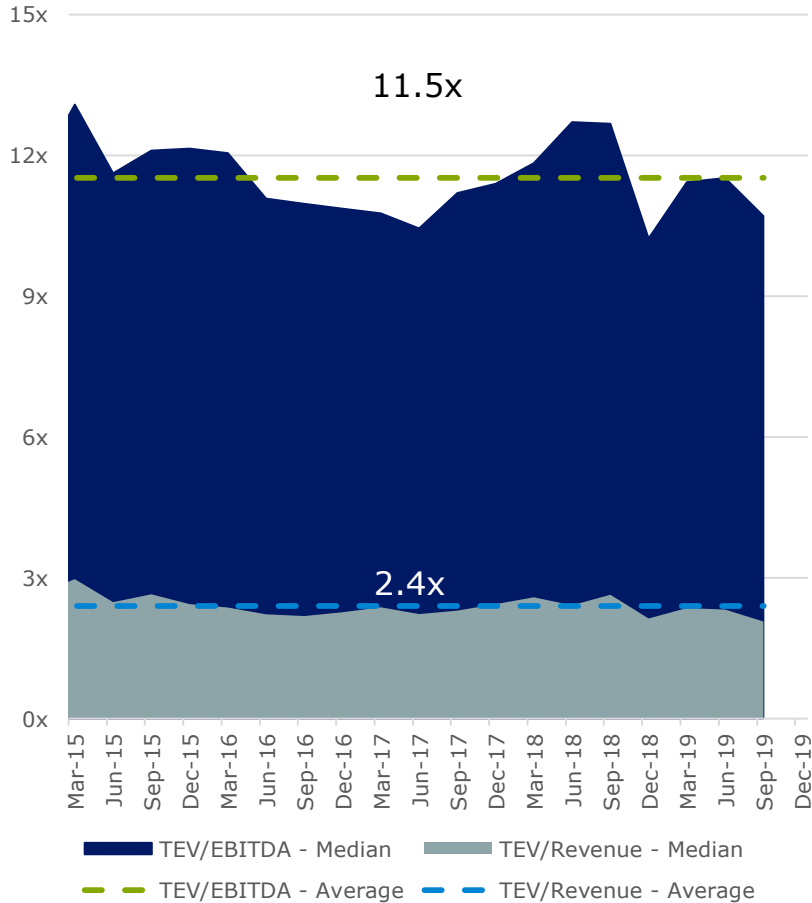
Public Basket



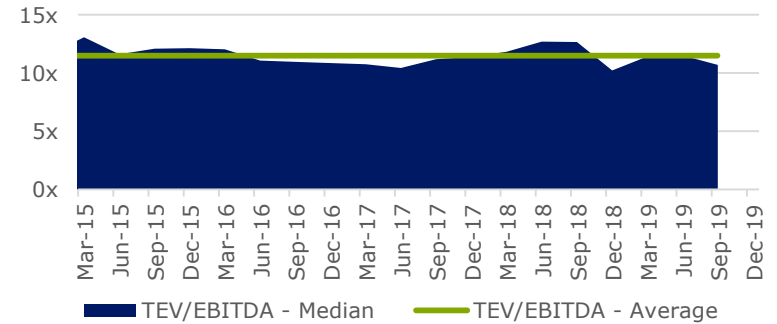
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Atos SE	13,779	14,521	14%	14%	14%	1.0	7.1	113,278	128
Wipro Limited	16,221	8,479	7%	30%	21%	1.9	9.1	170,000	50
HCL Technologies Limited	21,215	9,328	14%	35%	22%	2.3	10.2	-	NA
Capgemini SE	22,346	15,632	8%	27%	13%	1.5	11.4	211,313	74
Cognizant Technology Solutions Corporation	32,079	16,628	5%	37%	19%	1.9	10.1	281,600	59
Infosys Limited	40,572	12,386	9%	32%	24%	3.3	13.6	228,123	54
Tata Consultancy Services Limited	99,651	21,584	14%	44%	27%	4.6	17.5	424,285	51
Accenture plc	122,514	43,215	5%	31%	16%	2.8	17.7	492,000	88
International Business Machines Corporation	179,402	77,131	-4%	47%	22%	2.3	10.8	350,600	220
Average	60,864	24,323	8%	33%	20%	2.4	11.9	252,355	91
Median	32,079	15,632	8%	32%	21%	2.3	10.8	228,123	67

share price as of 11Dec19

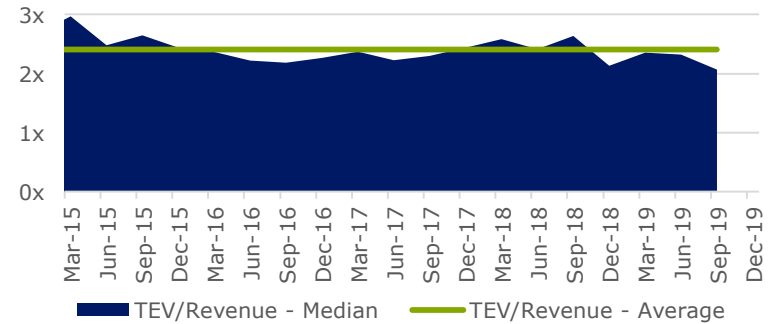
Public Basket Valuation Trends



Public EBITDA Multiples over Time



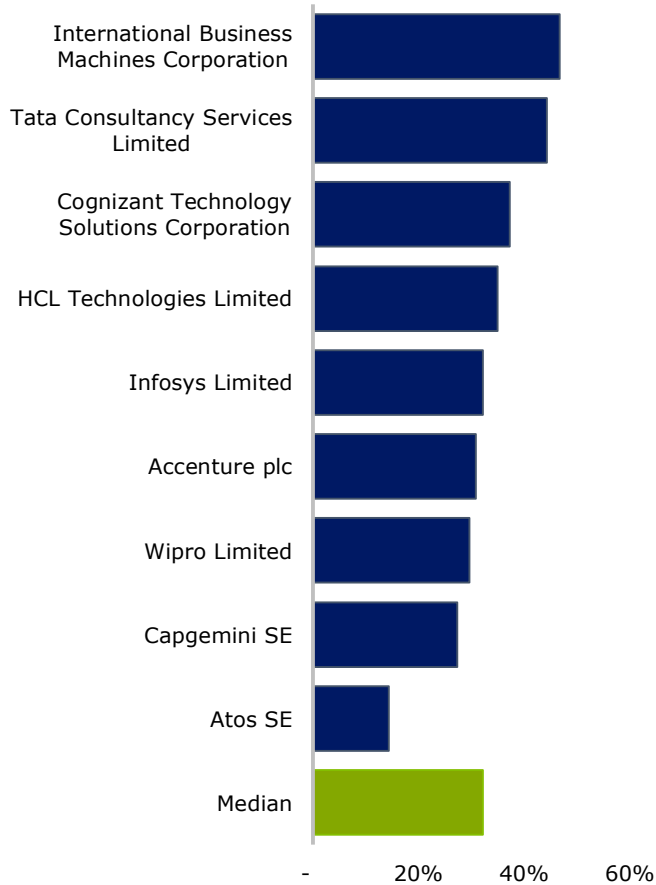
Public Revenue Multiples over Time



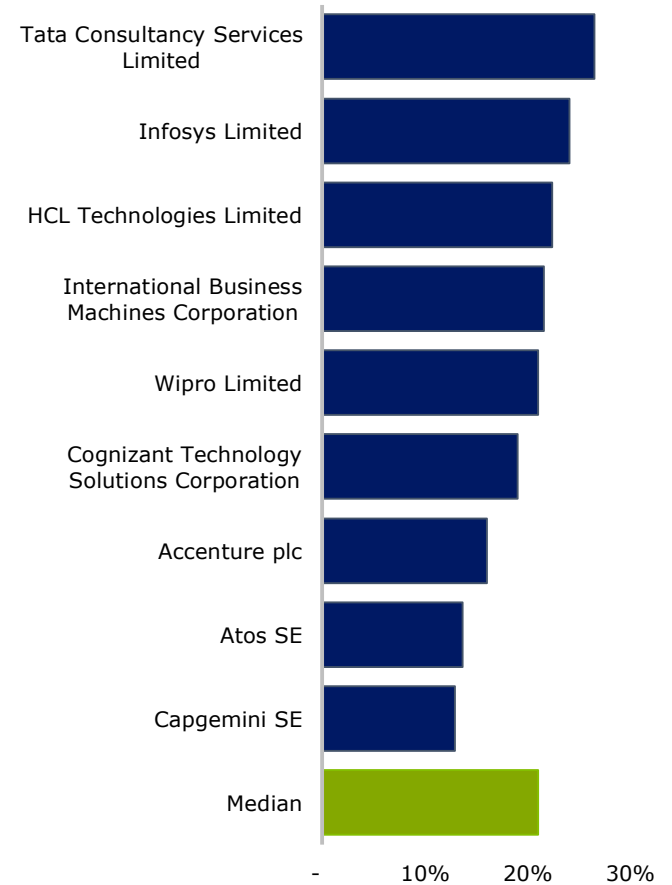
Operational Metrics



LTM Gross Profit Margin %



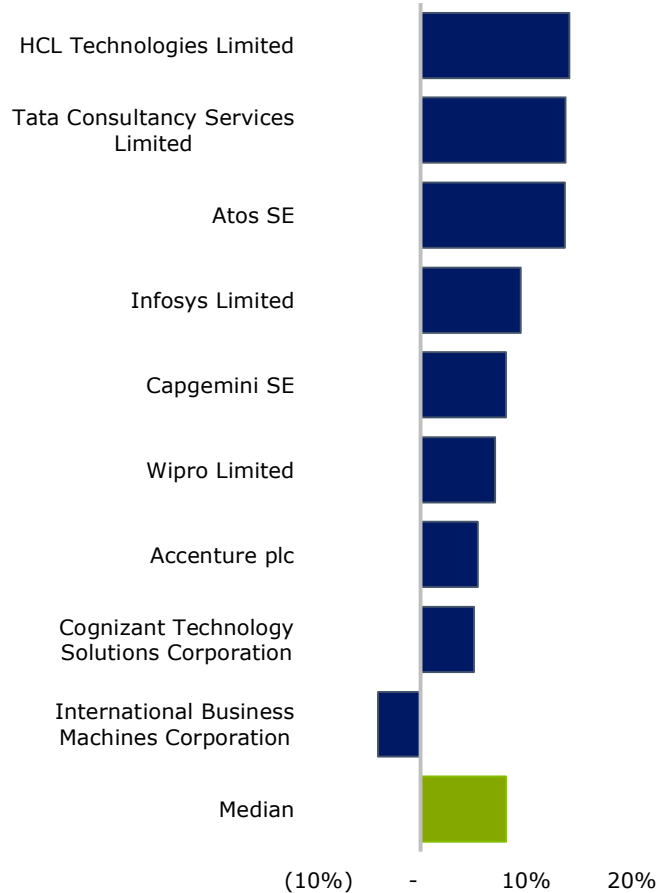
LTM EBITDA %



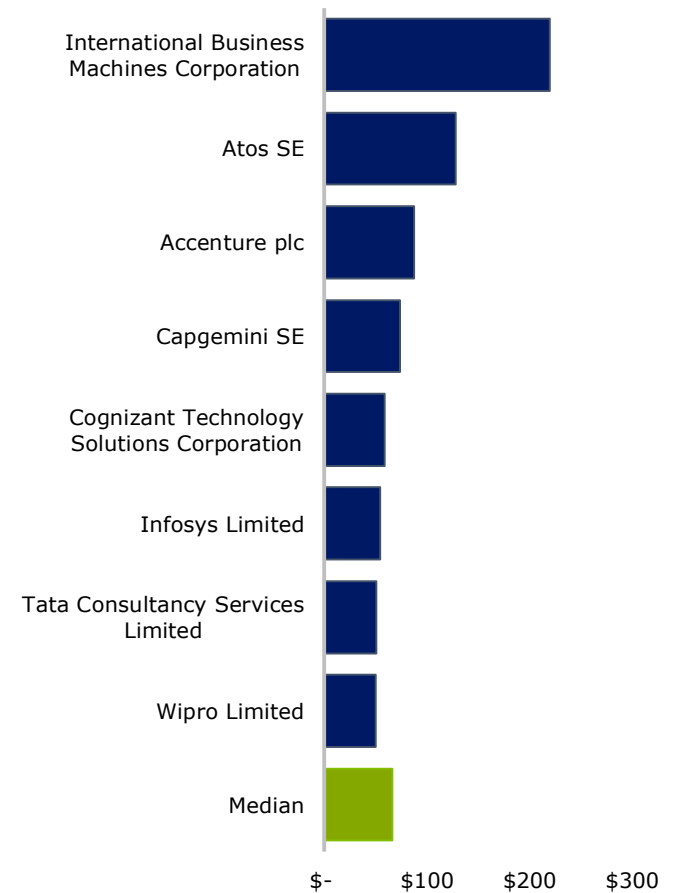
Operational Metrics



LTM Revenue Growth %



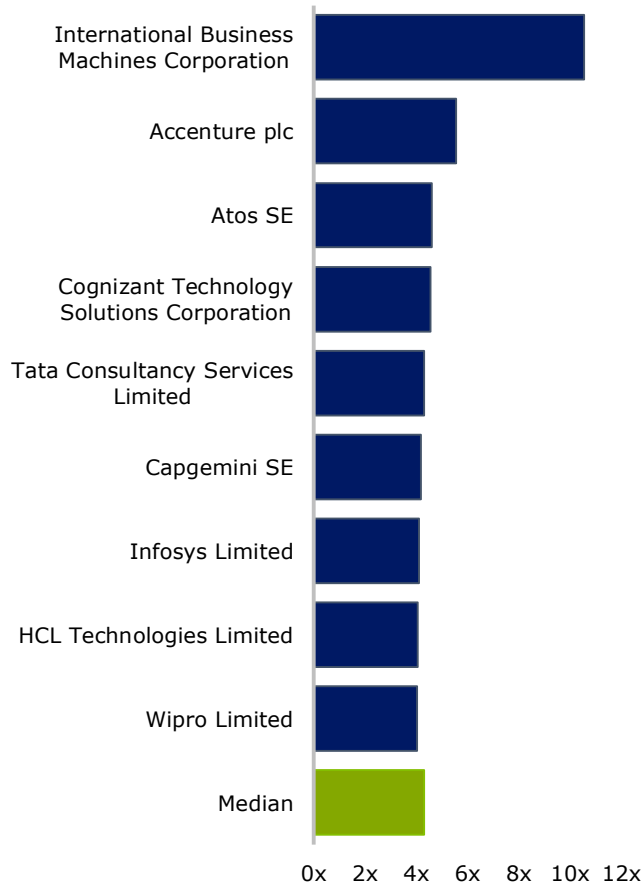
LTM Revenue per Full Time Employee x 000's



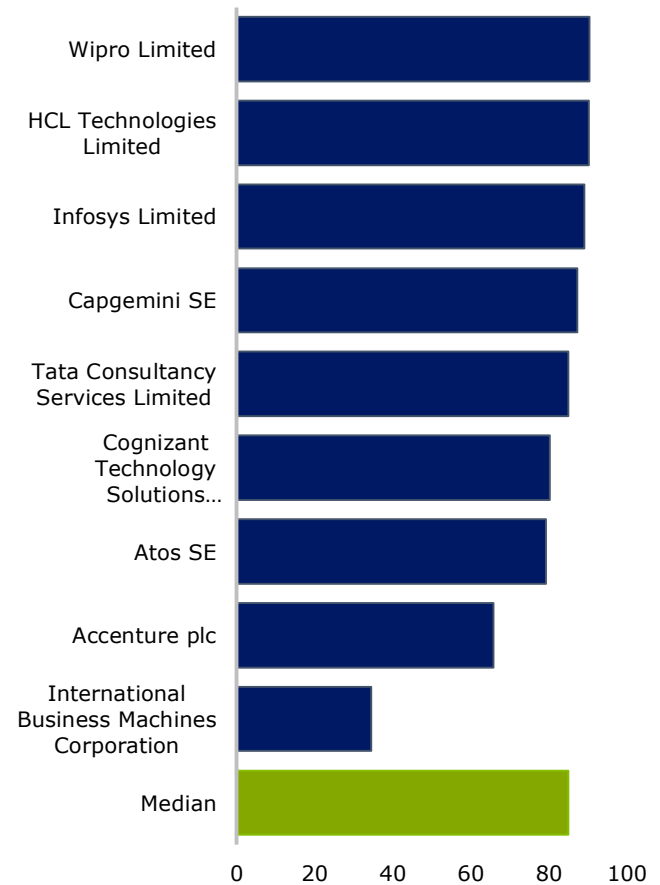
Operational Metrics



Accounts Receivable Turnover



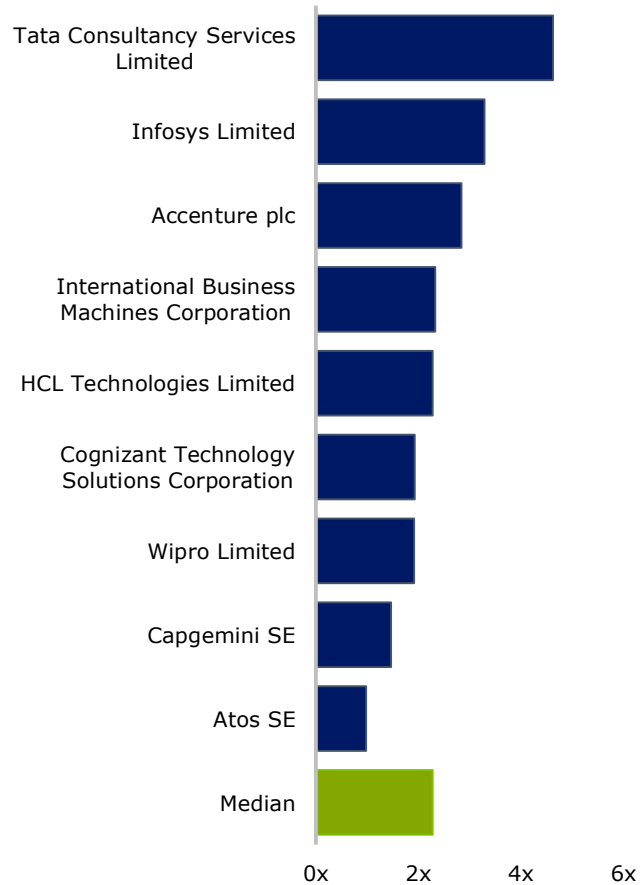
Average Days Sales Outstanding



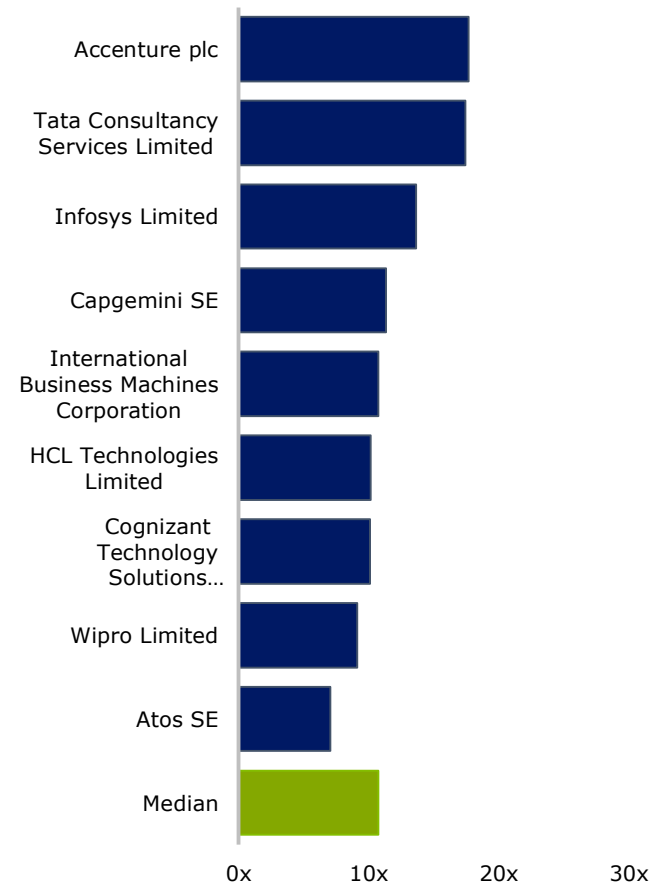
Valuation



TEV / LTM Revenue



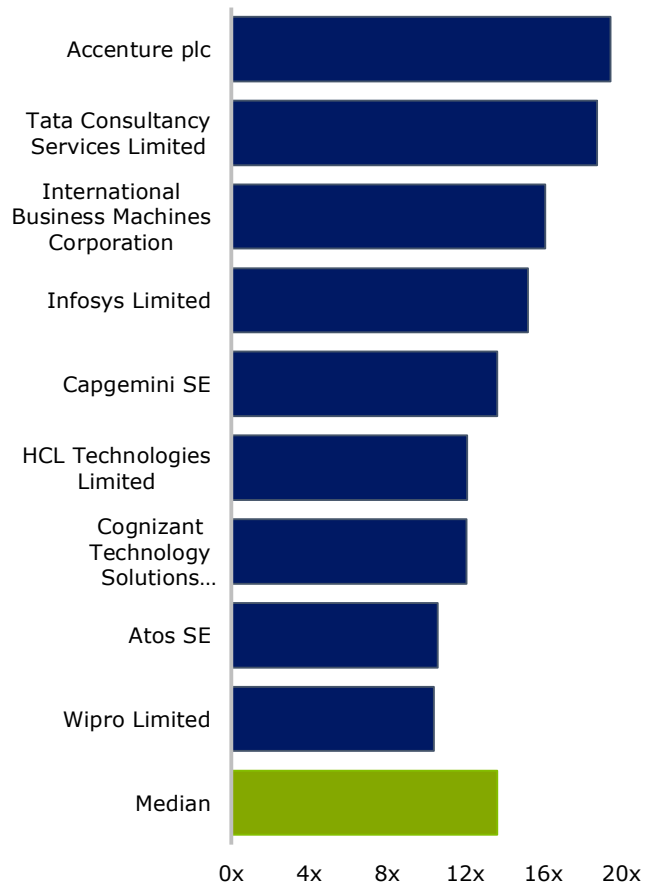
TEV / LTM EBITDA



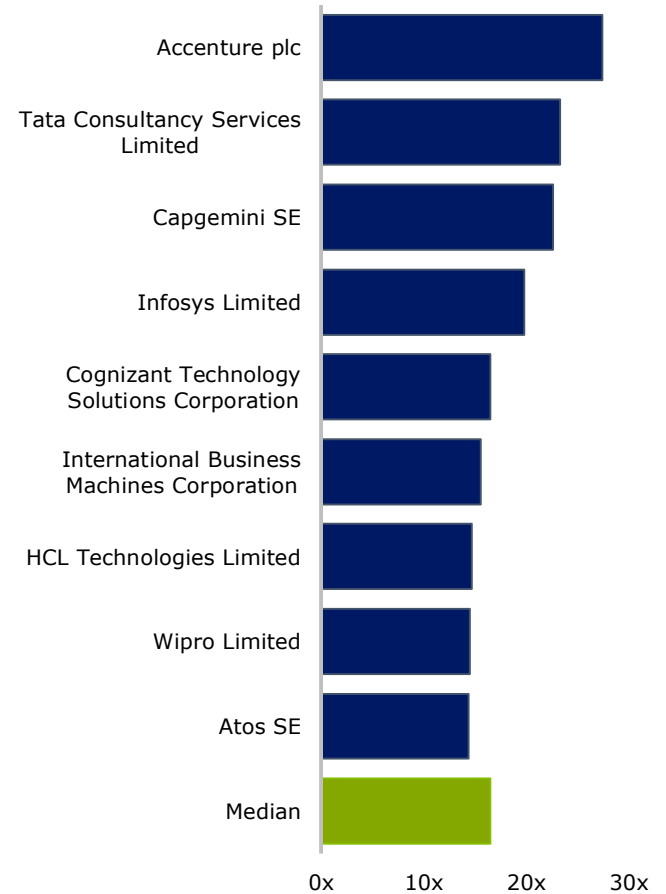
Valuation



TEV / LTM EBIT



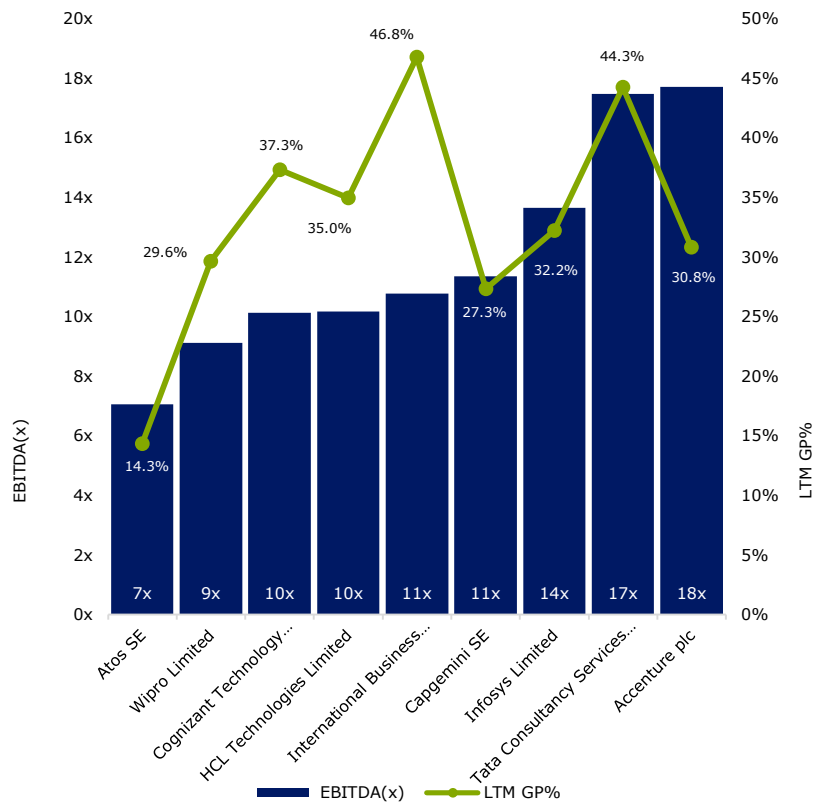
Price / LTM Earnings



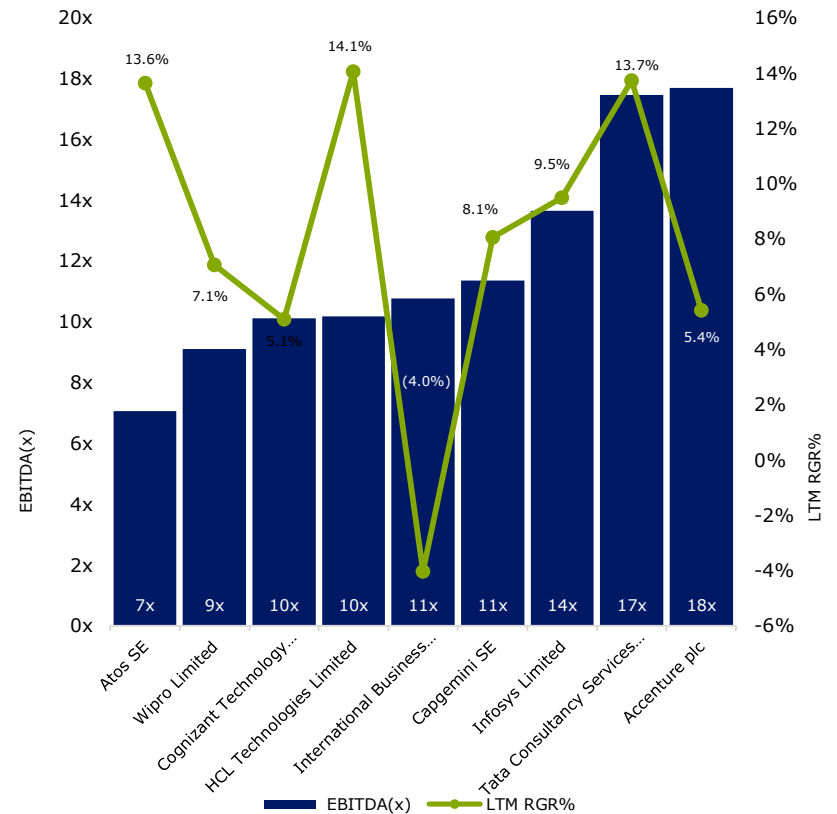
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
4Dec19	Symmetry Networks Pty Limited	United Networks Limited	-	-	-	-
3Dec19	Maginus Software Solutions Ltd.	Digital Goodie Ltd.	-	-	-	-
2Dec19	Tesserent Limited	-	0.20	3.59	-	-
26Nov19	Eura DC/Eurafibre/ATE	Eurofiber Nederland B.V.	-	-	-	-
25Nov19	SEWAN, SAS	Kartesia Advisor LLP	82.56	-	-	-
22Nov19	Ridgwall Limited	Inflexion Private Equity Partners LLP; Inflexion Enterprise Fund V, L.P.	-	-	-	-
21Nov19	EOH Holdings Limited	Public Investment Corporation Limited	-	802.26	-	-
20Nov19	Diso AG	micData AG	-	-	-	-
19Nov19	IGNUM, s.r.o.	Webglobe-Yegon, s.r.o.	-	-	-	-
19Nov19	Bison Trails Hosting Co LLC	Kleiner Perkins Caufield & Byers; Galaxy Digital Holdings Ltd.; Collaborative Fund; Initialized Capital Management, LLC; Blockchain Capital; Notation Capital; Sound Ventures, LLC; Accomplice Management LLC; ConsenSys Inc.; Coinbase, Inc., Investment Arm; Coinbase Ventures; A Capital Ventures.	25.50	-	-	-
18Nov19	VSS Holdings, LLC	Converge Technology Solutions Corp.	29.15	80.00	0.4x	5.1x
18Nov19	Guangdong DO1 Information Technology Co., Ltd.	Tencent Holdings Limited	-	-	-	-
30Sep19	Chunghwa Telecom Co., Ltd.	Corient Capital Partners, LLC	-	6,810.95	-	-
15Nov19	Element Solutions LLC	Hinduja Global Solutions UK limited	1.61	15.50	0.7x	-
14Nov19	DMARC Analyzer B.V	Mimecast Limited	-	-	-	-
30Sep19	NetEffects, Inc.	Magic Software Enterprises Ltd.	-	-	-	-
13Nov19	Aayuv Technologies Pvt., Ltd.	Ventureast Fund Advisors India Limited; Eight Roads Ventures India; Touchstone Equities Ltd.	3.60	-	-	-
13Nov19	Pico Quantitative Trading, LLC	EDB Investments Pte. Ltd.	-	-	-	-
13Nov19	Alfa Financial Software Holdings PLC	Hampshire Trust Bank Plc	-	88.64	-	-
12Nov19	N-Dimension Solutions Inc.	IPKeys Technologies LLC	-	-	-	-
12Nov19	Total Server Solutions L.L.C.	Layer 7 Capital LLC, Investment Arm	35.50	-	-	-
11Nov19	United Internet AG	Rocket Internet SE	365.00	-	1.8x	7.7x
11Nov19	Agility CIS Ltd	Pioneer Capital Partners; SilverTree Equity	-	5,722.21	-	-
8Nov19	Lume Technologies LLC	-	4.30	-	-	-
7Nov19	Kajabi, LLC	Spectrum Equity Management, L.P.	-	-	-	-
6Nov19	Evocative, Inc.	Crestline Investors, Inc.	30.00	-	-	-
5Nov19	2Keys Corporation	Interac, Inc.	-	-	-	-
5Nov19	Cable & Wireless (Seychelles) Limited	Joe Albert Group; JFA Group; ACM & Associates	104.00	-	-	-
5Nov19	Ease Technologies, Inc.	Thrive Operations, LLC	-	-	-	-
5Nov19	Effectual Inc.	Lumerity Capital, LLC	-	-	-	-
5Nov19	Tectrade Computers Ltd.	Computer Systems Integration Limited	-	40.15	-	-
4Nov19	Onica Inc.	Rackspace Hosting, Inc.	-	-	-	-

Managed Service Providers

December 2019

APPENDIX:
Public Basket
Constituents

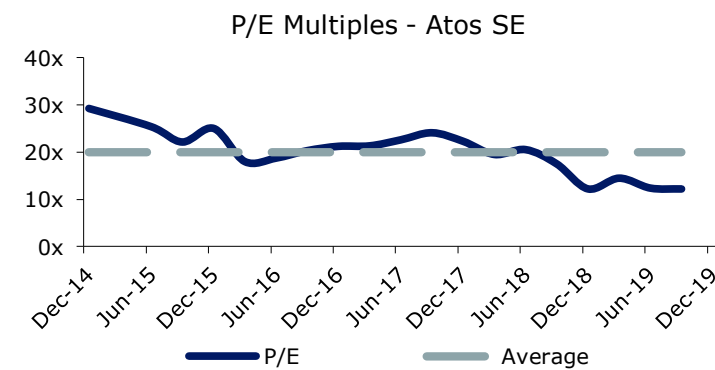
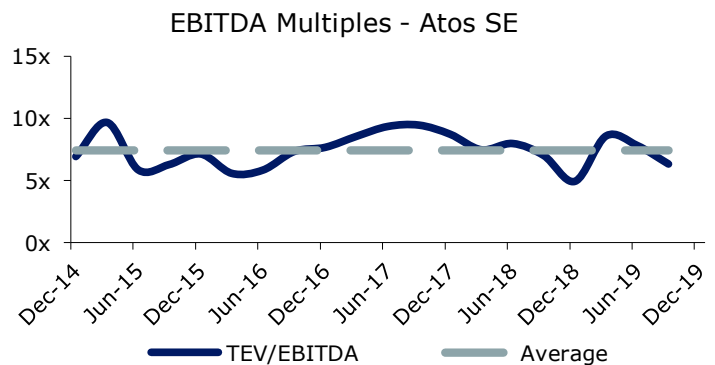
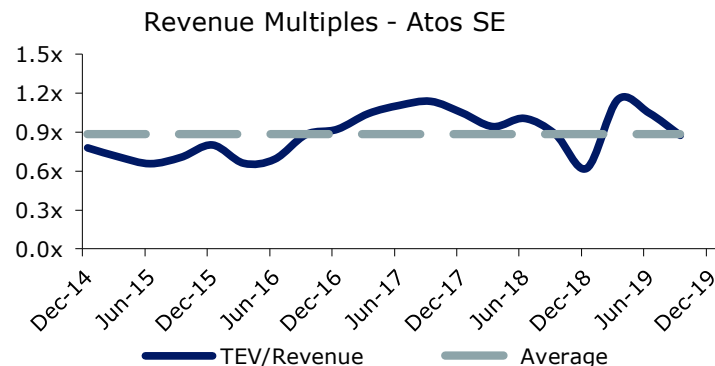
Public Basket



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. Atos SE was incorporated in 1982 and is headquartered in Bezons, France.

Date	Key Development Headline
10/23/19	Atos SE (ENXTPA:ATO) agreed to acquire X-Perion Consulting Ag.
9/30/19	Atos SE (ENXTPA:ATO) completed the acquisition of Keynectis S.A., from Euro Information Services SAS, IDEMIA France SAS, Thales Group, Banque des Territoires and Thierry Dassault Holding.
7/28/19	Atos SE (ENXTPA:ATO) entered into exclusive negotiations to acquire Keynectis S.A., from Euro Information Services SAS, IDEMIA France SAS, Thales Group, Banque des Territoires and Thierry Dassault Holding.



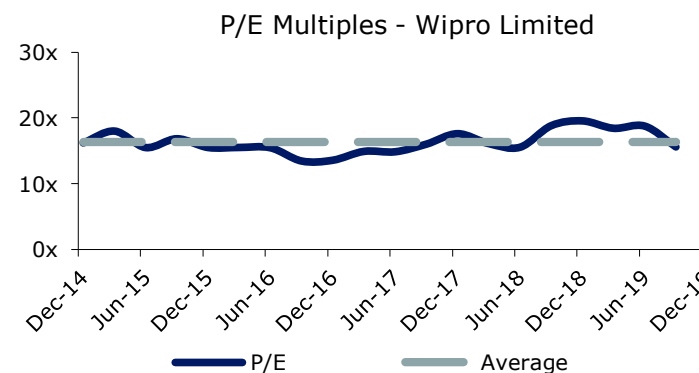
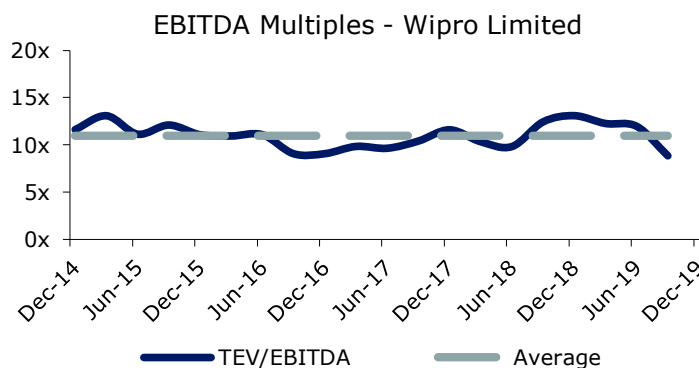
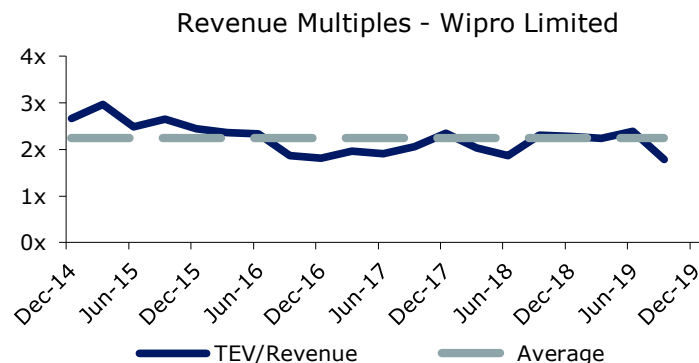
Public Basket



Wipro Limited

Wipro Limited operates as an information technology (IT), consulting, and business process services (BPS) company worldwide. It operates in three segments: IT Services, IT Products, and India State Run Enterprise (ISRE). The company's IT services segment offers a range of IT and IT-enabled services, including digital strategy advisory, customer-centric design, technology consulting, IT consulting, custom application design, development, re-engineering and maintenance, systems integration, package implementation, infrastructure, analytics, business process, research and development, and hardware and software design services to enterprises. Wipro Limited was founded in 1945 and is based in Bengaluru, India.

Date	Key Development Headline
11/19/19	University of Oulu, Wipro Sign MoU to Collaborate on 5G/6G Technologies
11/13/19	Wipro Limited Announces 5G Collaboration with Telecom Infra Project
10/2/19	Wipro Limited (BSE:507685) completed the acquisition of International TechneGroup Incorporated.
9/3/19	Wipro Limited (BSE:507685) entered into a business transfer agreement to acquire Vara Infotech for INR 3.21 billion.
8/29/19	Wipro Limited Announces the Expansion of Its Strategic Partnership with Google Cloud to Accelerate Cloud Adoption and Digital Transformation for Global Enterprises



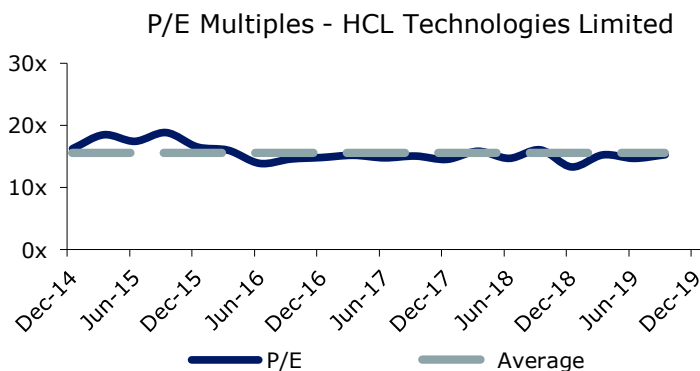
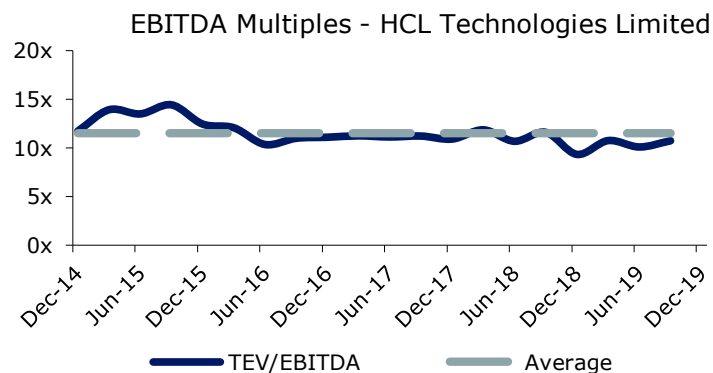
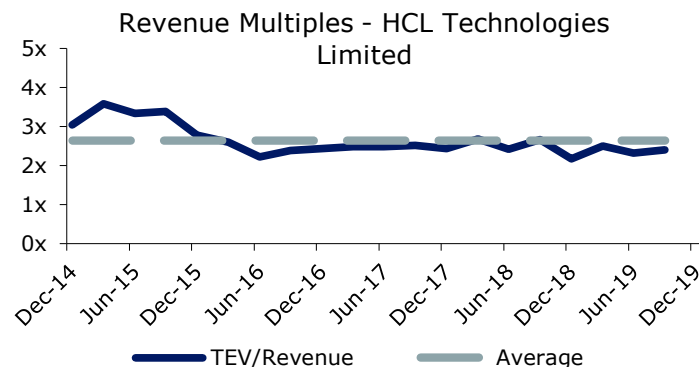
Public Basket



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. HCL Technologies Limited was founded in 1976 and is headquartered in Noida, India.

Date	Key Development Headline
10/31/19	HCL Technologies Launches Dedicated Google Cloud Business Unit to Accelerate Enterprise Cloud Adoption
10/9/19	HCL Technologies Limited (NSEI:HCLTECH) completed the acquisition of Sankalp Semiconductor Pvt. Ltd.
9/8/19	HCL Technologies Limited (NSEI:HCLTECH) agreed to acquire Sankalp Semiconductor Pvt. Ltd for INR 1.8 billion.
8/5/19	HCL Technologies and Oracle Health Sciences Collaborate to Accelerate mHealth in Clinical Trials
6/29/19	HCL Technologies Limited (NSEI:HCLTECH) completed the acquisition of Software Portfolio from International Business Machines Corporation (NYSE:IBM).



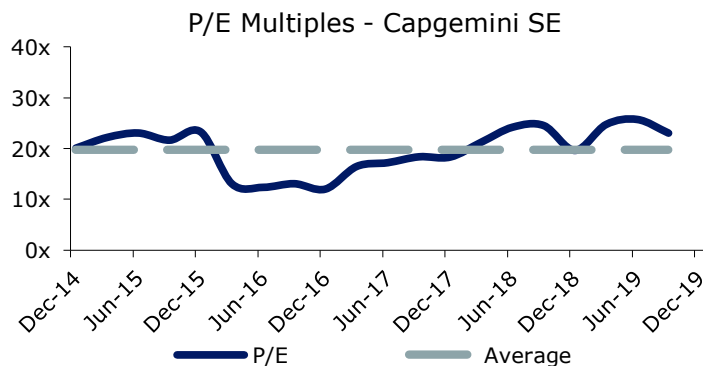
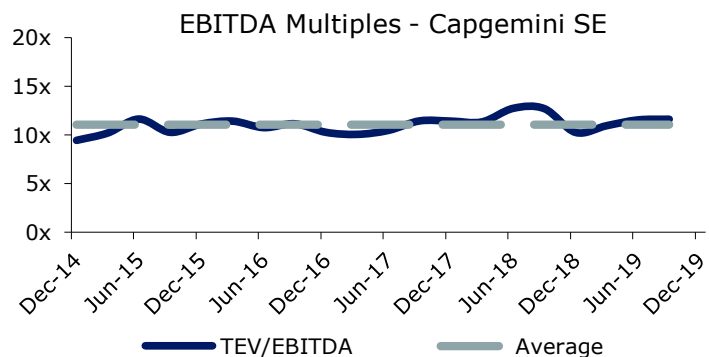
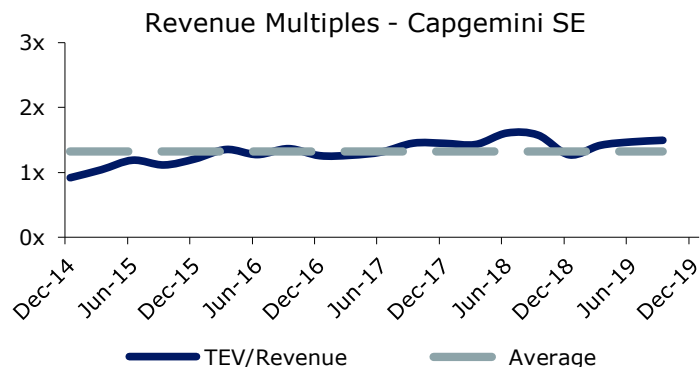
Public Basket



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, including strategy, technology, data science, and creative design to support various companies and organizations in creating models, and products and services within the digital economy. Its Technology and Engineering Services segment provides assistance and support to internal IT and engineering teams within clients' organizations in the cloud, cybersecurity, quality assurance, testing, and new technologies fields. The company was founded in 1967 and is headquartered 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



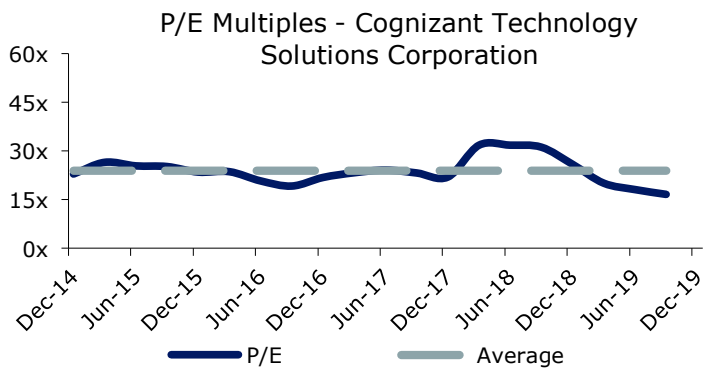
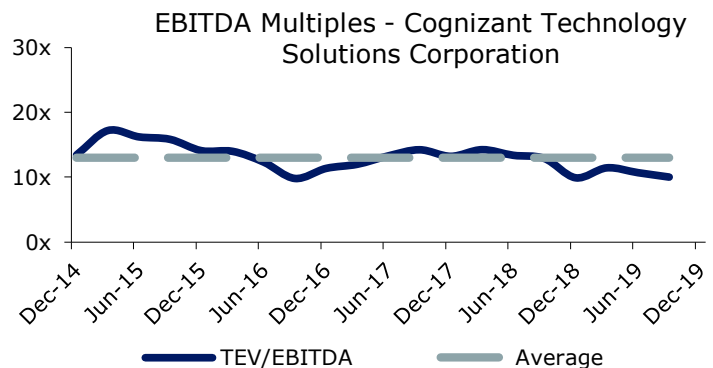
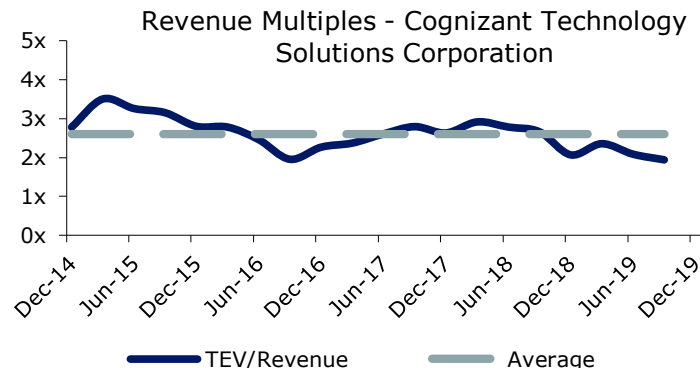
Public Basket



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
10/15/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) entered into an agreement to acquire Contino LTD from Columbia Capital, L.P., Top Tier Capital Partners, LLC and others.
8/12/19	Cognizant Technology Solutions To Seek Acquisitions
7/30/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Zenith Technologies Ltd. from GE UK Group and other shareholders.
6/17/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Zenith Technologies Ltd. from GE UK Group and other shareholders for approximately €140 million.
5/7/19	AVEVA and Cognizant Expand R&D Partnership to Build Next-Gen Industrial Software



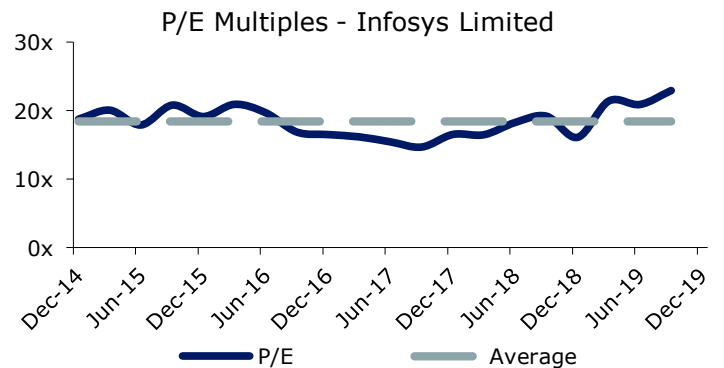
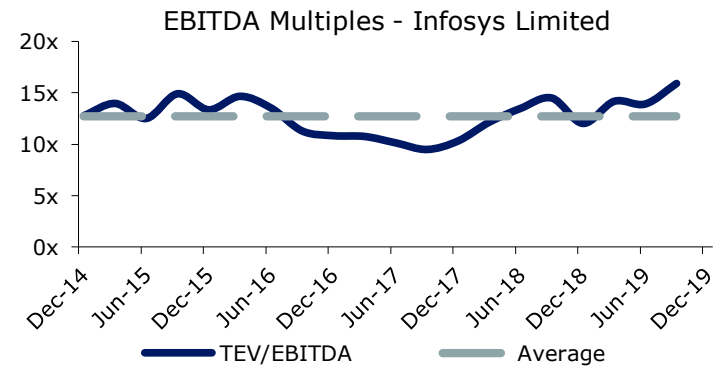
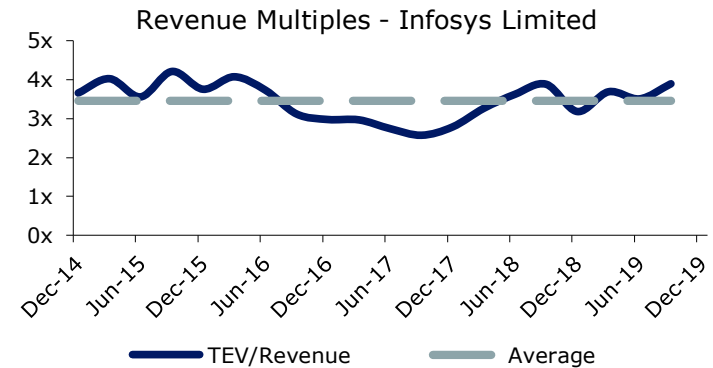
Public Basket



Infosys Limited

Infosys Limited, together with its subsidiaries, provides consulting, technology, and outsourcing services in North America, Europe, India, and internationally. It provides application development and management, independent validation, product engineering and management, infrastructure management, enterprise application management, and support and integration services. The company's products and platforms include Finacle, a core banking solution; Edge suite of products; Infosys NIA - an artificial intelligence platform; McCamish - an insurance platform; Panaya; and Skava. The company serves clients in the financial services and insurance, life sciences and healthcare, manufacturing, retail, consumer packaged goods and logistics, hi-tech, communications, telecom OEM, media, energy, utilities, resources, services, and other industries. Infosys Limited was founded in 1981 and is headquartered in Bengaluru, India.

Date	Key Development Headline
10/9/19	Infosys Enters into Strategic Partnership with Eishtec
8/22/19	Infosys and University of Illinois Urbana-Champaign Enter a Strategic Partnership for Precision Medicine
7/12/19	Infosys To Seek Acquisitions
5/9/19	Infosys Seeks Acquisitions
5/2/19	Infosys Seeks Acquisitions



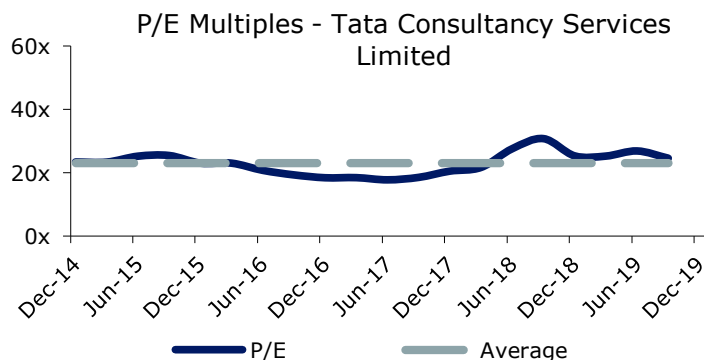
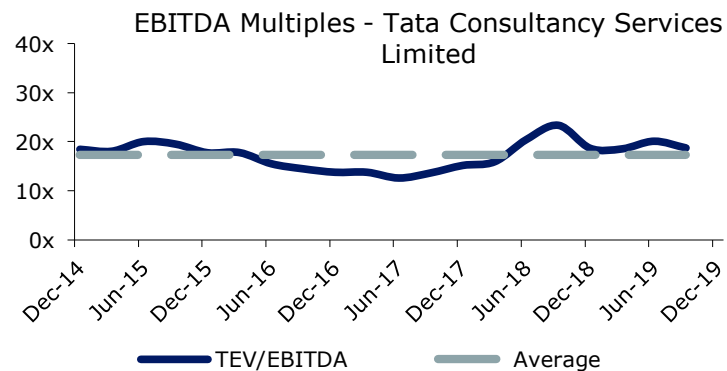
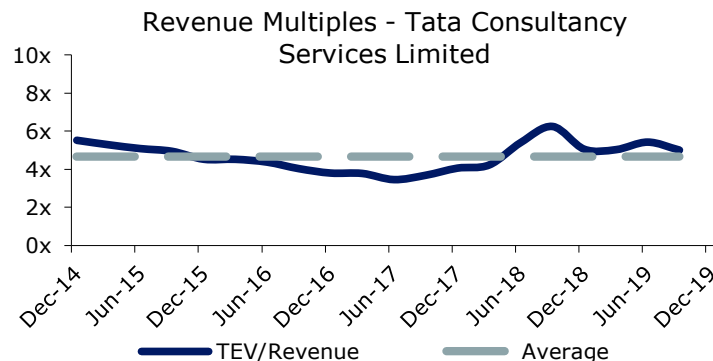
Public Basket



Tata Consultancy Services Limited

Tata Consultancy Services Limited provides information technology (IT) and IT enabled services worldwide. It operates through Banking, Financial Services and Insurance; Manufacturing; Retail and Consumer Business; Communication, Media and Technology; and Others segments. The company offers CHROMA, a cloud-based talent management solution; ignio, a cognitive automation software product; iON, an assessment platform; TAP, a procurement offering; TCS MasterCraft, a platform to automate and manage IT processes; and Quartz, a blockchain solution. It also provides customer intelligence and insight solutions to deliver retail, banking, and communications experiences; Intelligent Urban Exchange, an integrated software to accelerate smart city programs; OPTUMERA, a digital merchandising suite; TCS BaNCS, a financial platform; and Jile, an agile DevOps product. Tata Consultancy Services Limited is a subsidiary of Tata Sons Private Limited.

Date	Key Development Headline
9/15/19	Tata Consultancy Services Limited (NSEI:TCS) entered into an agreement to acquire Certain Assets of General Motors Technical Centre India Private Limited.
9/5/19	Posten Norge Expands Its Strategic Partnership with TCS to Enable Superior Customer Experience
4/14/19	Tata Consultancy Services To Seek Acquisitions
2/11/19	Tata Consultancy Services Announces Global Partnership with JDA Software to Build Next-Generation Cognitive Solutions



Public Basket

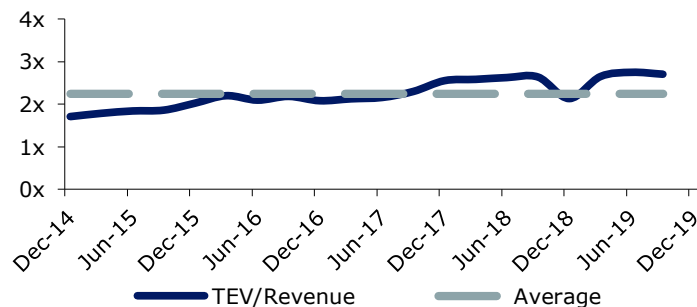


Accenture plc

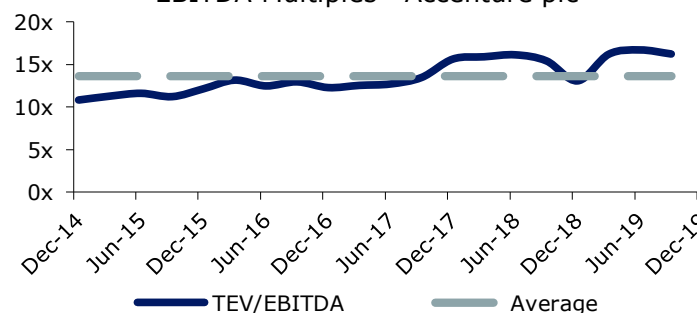
Accenture plc provides consulting, technology, and outsourcing services in Ireland and internationally. Its Communications, Media & Technology segment provides professional services for clients to accelerate and deliver digital transformation, develop industry-specific solutions, and enhance efficiencies and business results for communications, media, high tech, software, and platform companies. Its Health & Public Service segment provides consulting services and digital solutions to help clients deliver social, economic, and health outcomes for healthcare payers and providers, as well as government departments and agencies, public service organizations, educational institutions, and non-profit organizations. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
12/1/19	Accenture plc (NYSE:ACN) acquired Apis Group Pty Limited.
11/27/19	Accenture and Snam Sign a Memorandum of Understanding to Study and Assess Solutions Based on Internet of Things (IoT) Technologies
11/13/19	Accenture plc (NYSE:ACN) agreed to acquire Silveo.
11/7/19	Ajinomoto Co., Inc. and Accenture plc Establishes Joint Venture in Japan
10/20/19	Accenture plc (NYSE:ACN) completed the acquisition of Nytec Inc.

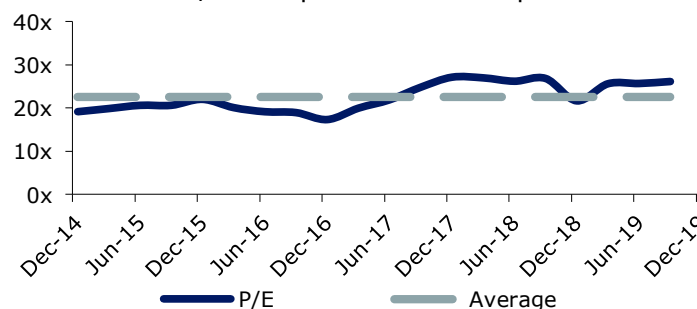
Revenue Multiples - Accenture plc



EBITDA Multiples - Accenture plc



P/E Multiples - Accenture plc



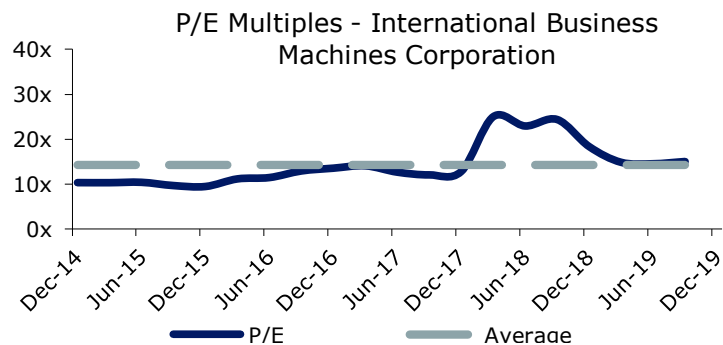
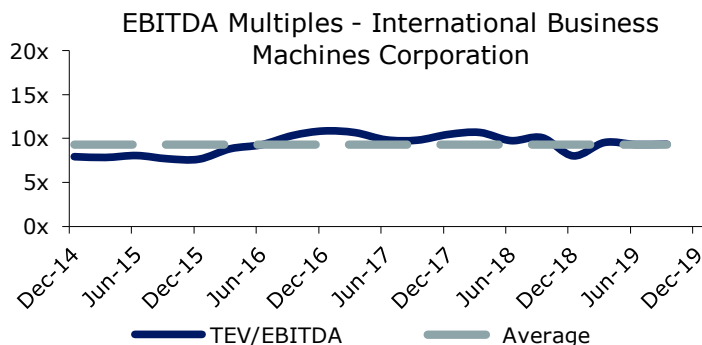
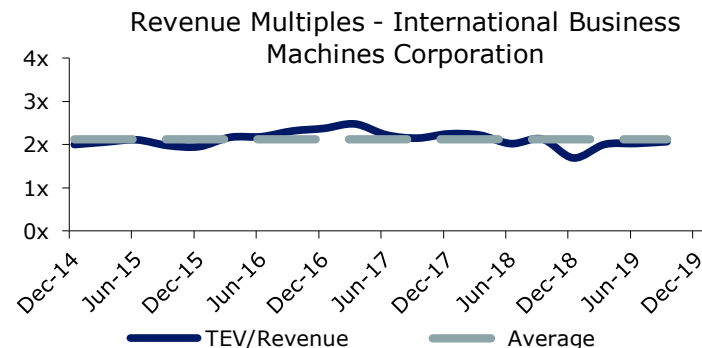
Public Basket



International Business Machines Corporation

International Business Machines Corporation operates as an integrated technology and services company worldwide. Its Cognitive Solutions segment offers a portfolio of enterprise artificial intelligence platforms, such as analytics and data management platforms, cloud data services, talent management, and industry solutions primarily under the Watson Platform, Watson Health, and Watson Internet of Things names. This segment also offers transaction processing software for use in banking, airlines, and retail industries. The company was incorporated in 1911 and is headquartered in Armonk, New York.

Date	Key Development Headline
12/1/19	SS&C Technologies Holdings, Inc. (NasdaqGS:SSNC) completed the acquisition of certain Algorithmics and related assets from International Business Machines Corporation (NYSE:IBM).
11/24/19	Great Hill Partners, LP and Spectrum Equity Management, L.P. signed a definitive agreement to acquire Sales Performance Management Business of International Business Machines Corporation (NYSE:IBM).
11/19/19	Open Invention Network Teams with IBM, Linux Foundation and Microsoft to Further Protect Open Source from Patent Trolls
11/15/19	IBM to Collaborate with VetBloom to Form a Group Focused on the Application of Blockchain for Learning Credentials in the Veterinary Industry
9/24/19	SS&C Technologies Holdings, Inc. (NasdaqGS:SSNC) entered into a definitive agreement to acquire certain Algorithmics and related assets from International Business Machines Corporation (NYSE:IBM).



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.

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
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Jeff Stoecklein, Managing Director	312.796.9330	jeff@7mileadvisors.com
John Cooper, Managing Director	704.973.3996	john@7mileadvisors.com
Neil Churman, Director	281.742.9340	neil@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Coordinator	704.409.9912	emily@7mileadvisors.com
Marty Johnson, Senior Associate	704.973.3999	marty@7mileadvisors.com
Sydney Scadden, Senior Associate	704.973.3998	sydney@7mileadvisors.com
Garth Martin, Senior Associate	704.973.3997	garth.martin@7mileadvisors.com
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Dennis Fox, Associate	704.706.9168	dennis@7mileadvisors.com
Rory Julyan, Associate	704.981.2520	rory@7mileadvisors.com