



Sectorwatch: Digital Transformation

January 2020

Digital Transformation

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Overview

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

Dashboard

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



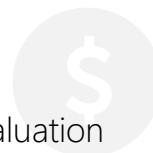
Public Basket Performance

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



Valuation Comparison

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



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth

↓ -0.5%

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

↓ -0.5%

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

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

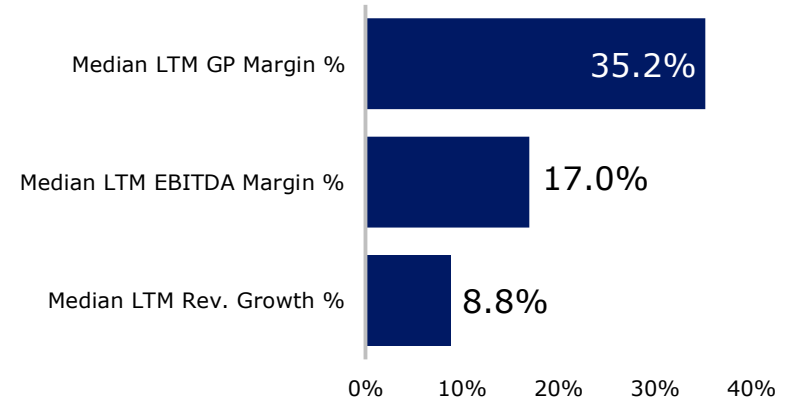
Profitability Momentum

↑ 0.6%

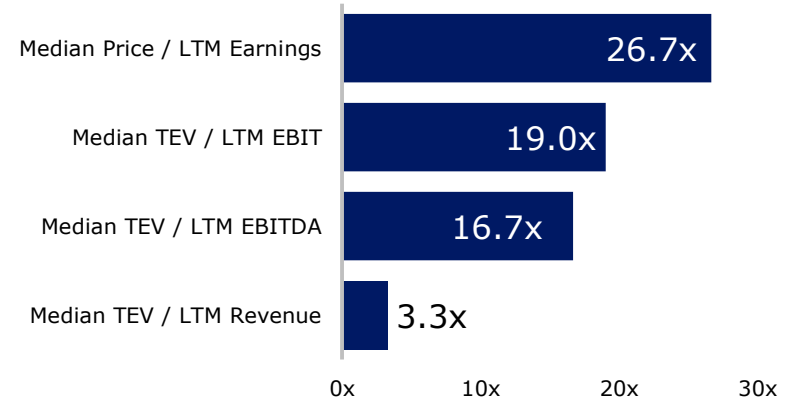
1 - year EBITDA % compared to EBITDA % average for last 3 years

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



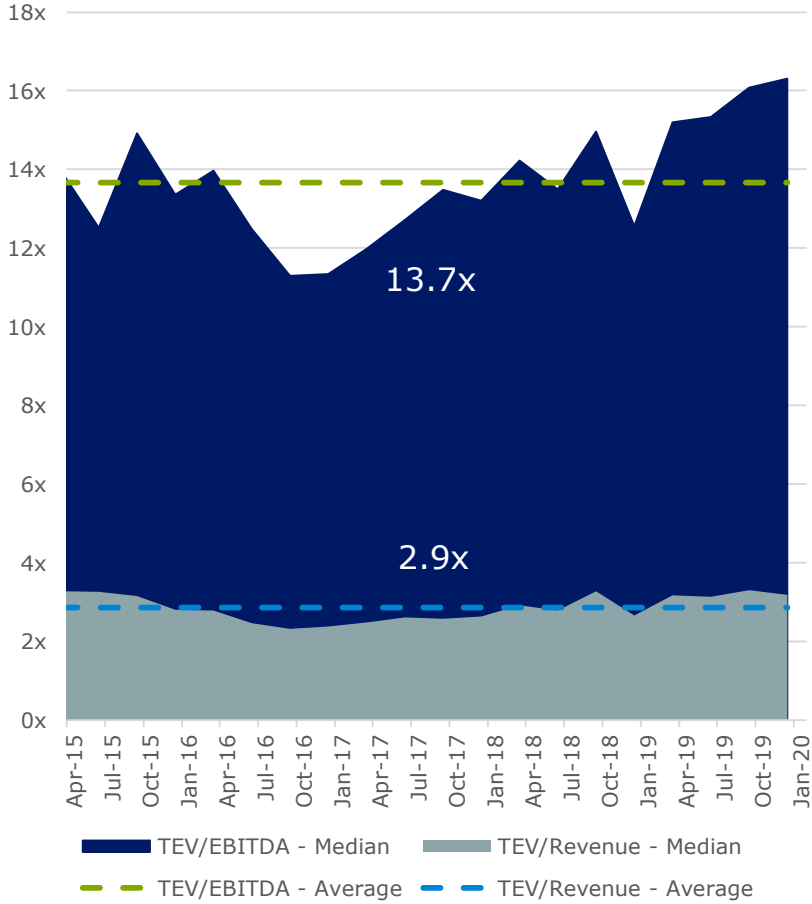
Public Basket



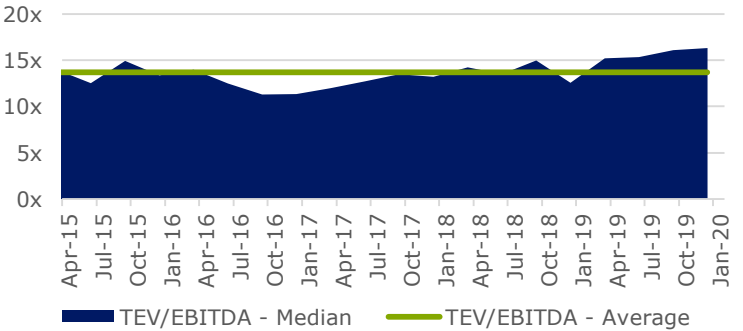
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava plc	2,359	374	28%	35%	16%	6.3	40.7	5,754	65
Globant S.A.	4,572	615	24%	39%	18%	7.4	41.6	8,384	73
EPAM Systems, Inc.	12,040	2,166	25%	35%	16%	5.6	35.5	30,156	72
Capgemini SE	24,847	15,632	8%	27%	13%	1.6	12.7	211,313	74
Cognizant Technology Solutions Corporation	32,873	16,628	5%	37%	19%	2.0	10.4	281,600	59
Infosys Limited	44,322	12,642	10%	32%	24%	3.5	14.7	228,123	55
Accenture plc	131,783	43,968	5%	31%	16%	3.0	18.6	492,000	89
International Business Machines Corporation	185,965	77,147	-3%	47%	22%	2.4	11.2	-	NA
Average	54,845	21,146	13%	36%	18%	4.0	23.2	157,166	70
Median	28,860	14,137	9%	35%	17%	3.3	16.7	120,735	72

share price as of 23Jan20

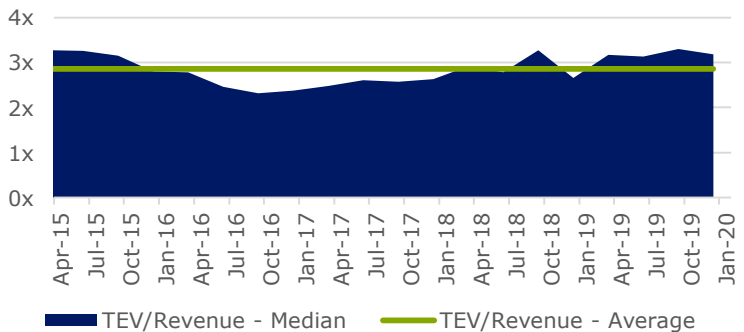
Public Basket Valuation Trends



Public EBITDA Multiples over Time



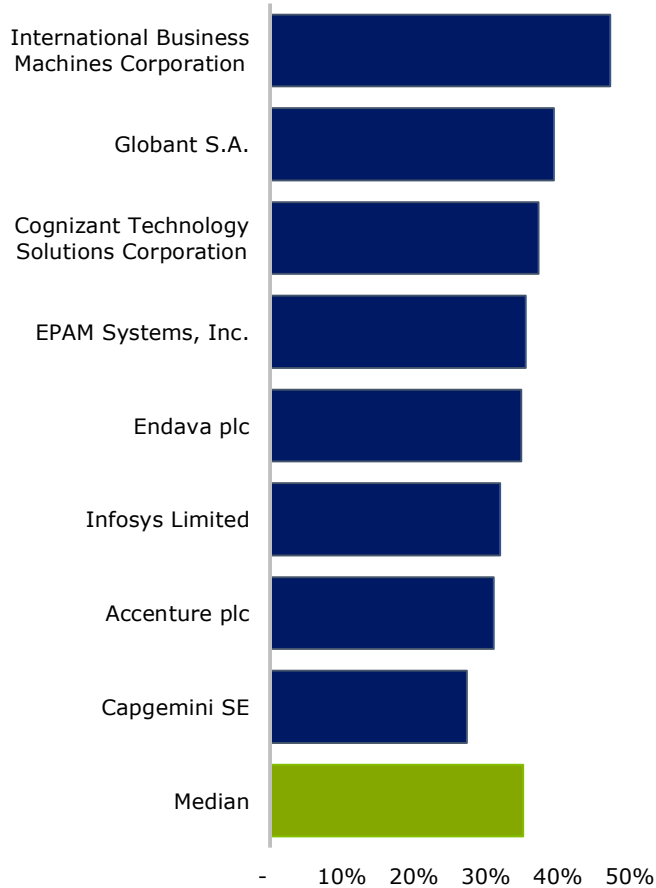
Public Revenue Multiples over Time



Operational Metrics



LTM Gross Profit Margin %



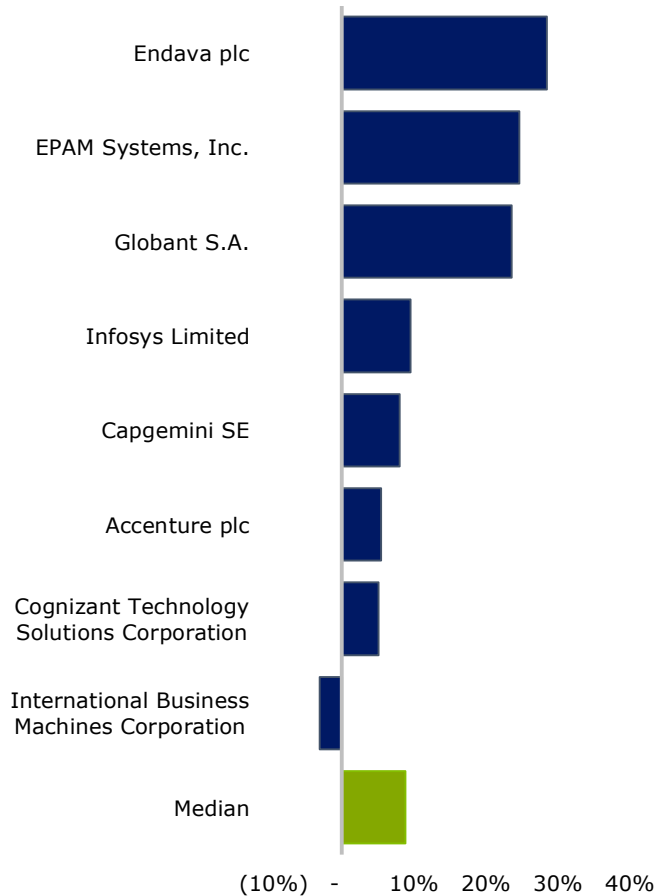
LTM EBITDA %



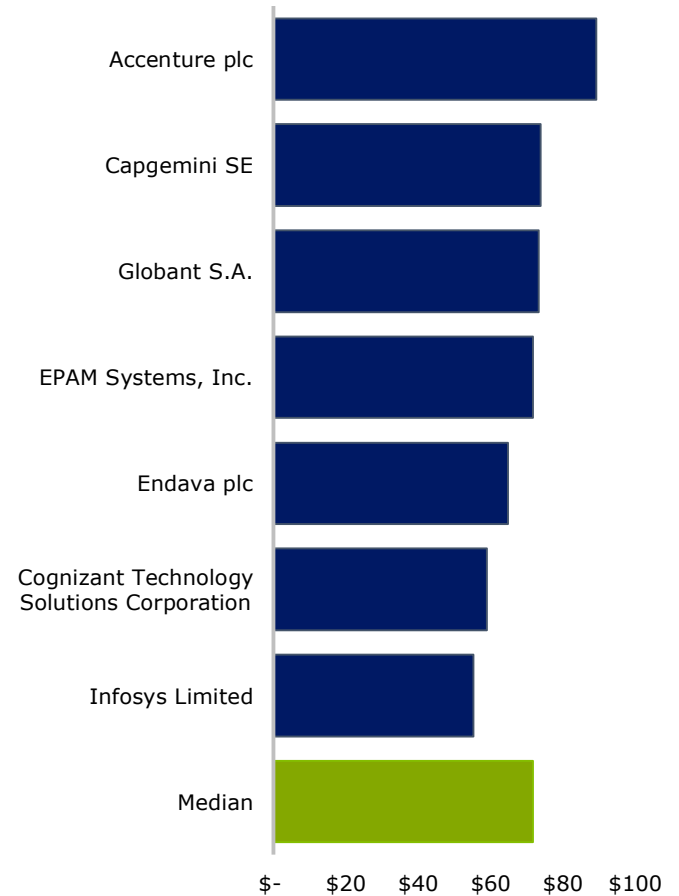
Operational Metrics



LTM Revenue Growth %



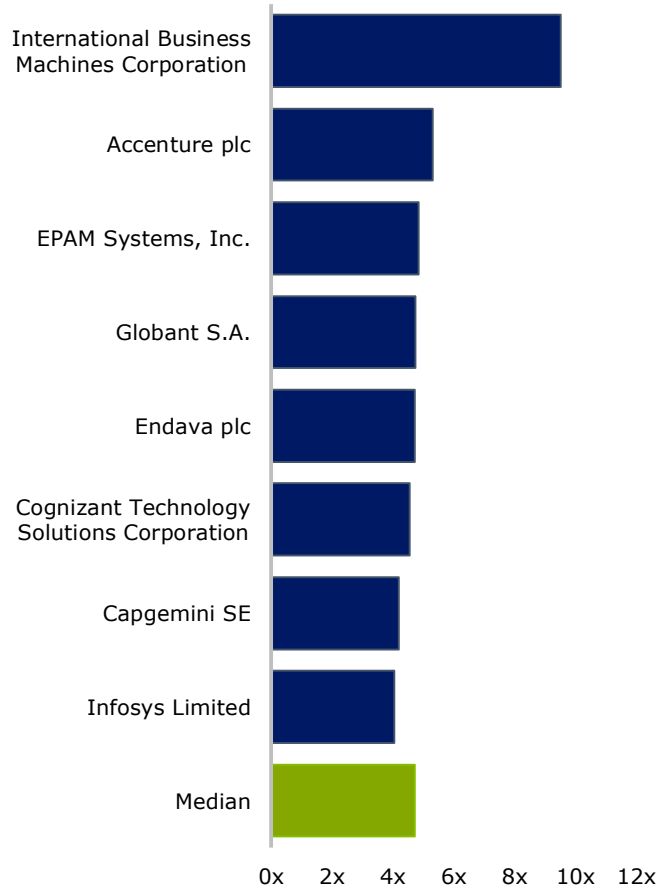
LTM Revenue per Full Time Employee x 000's



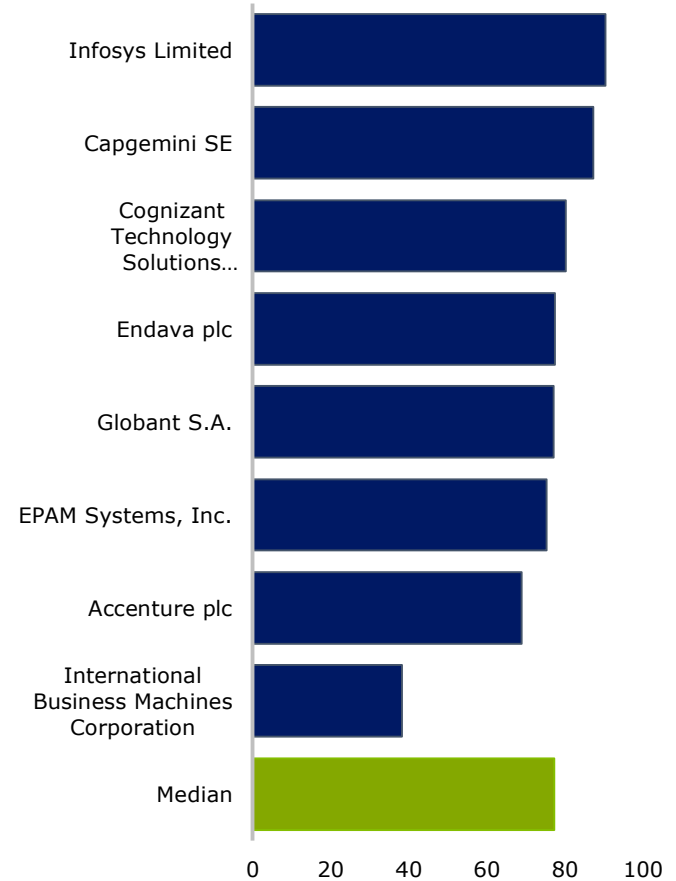
Operational Metrics



Accounts Receivable Turnover



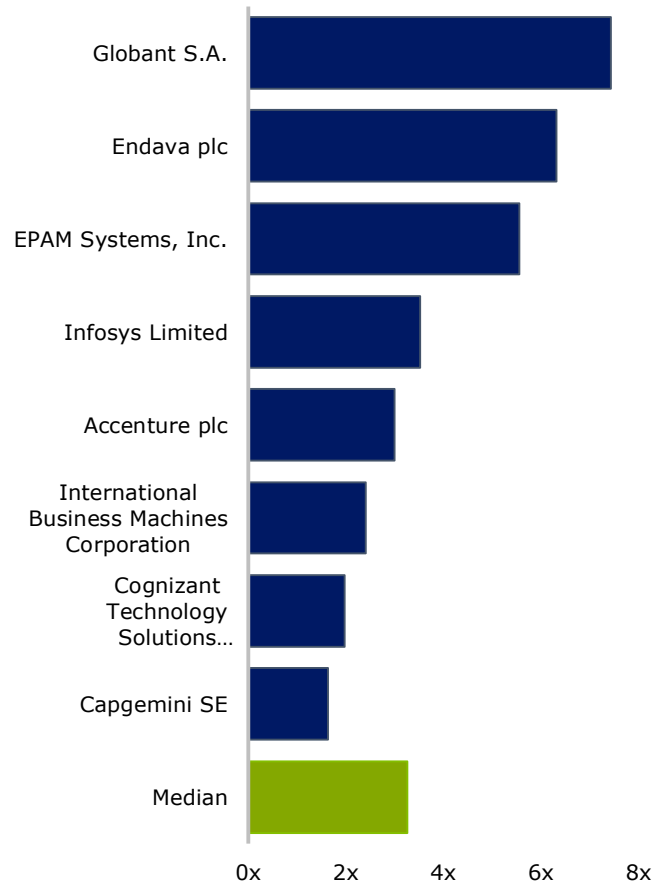
Average Days Sales Outstanding



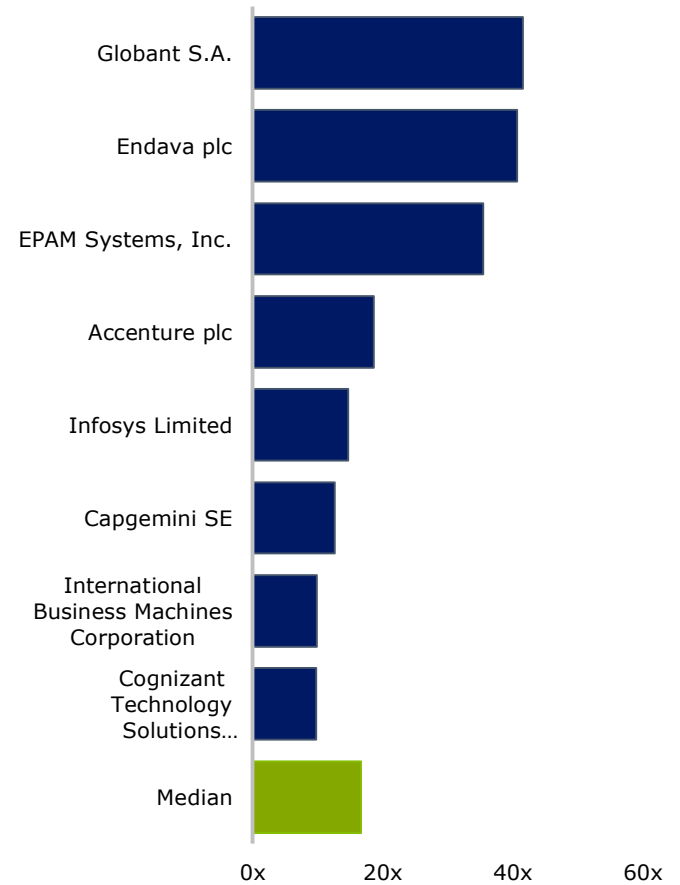
Valuation



TEV / LTM Revenue



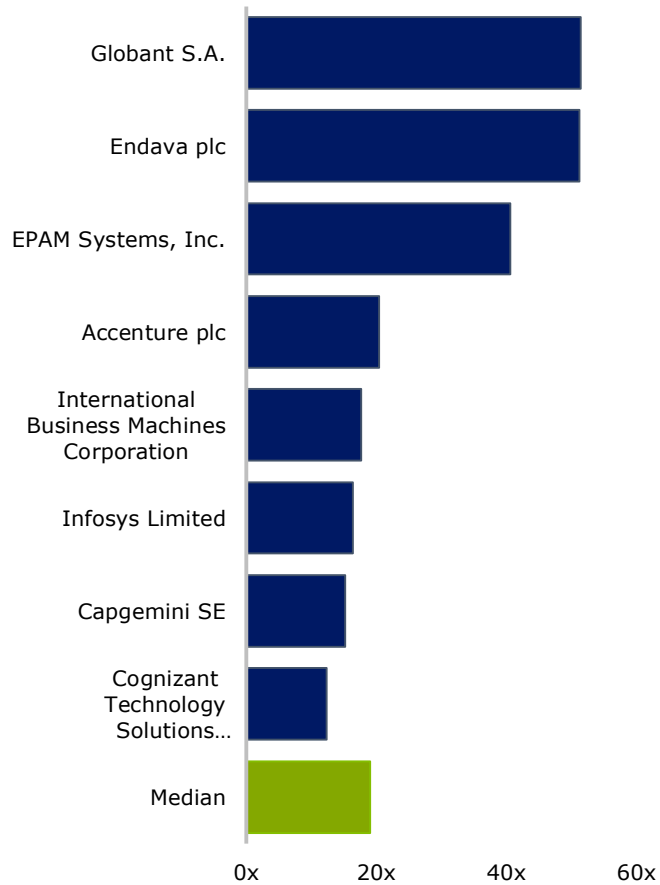
TEV / LTM EBITDA



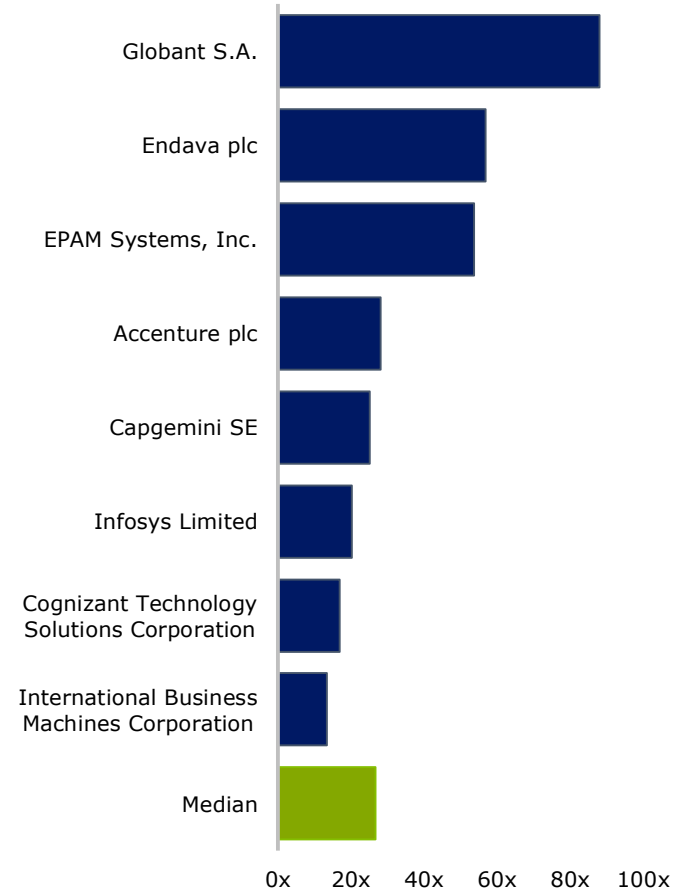
Valuation



TEV / LTM EBIT



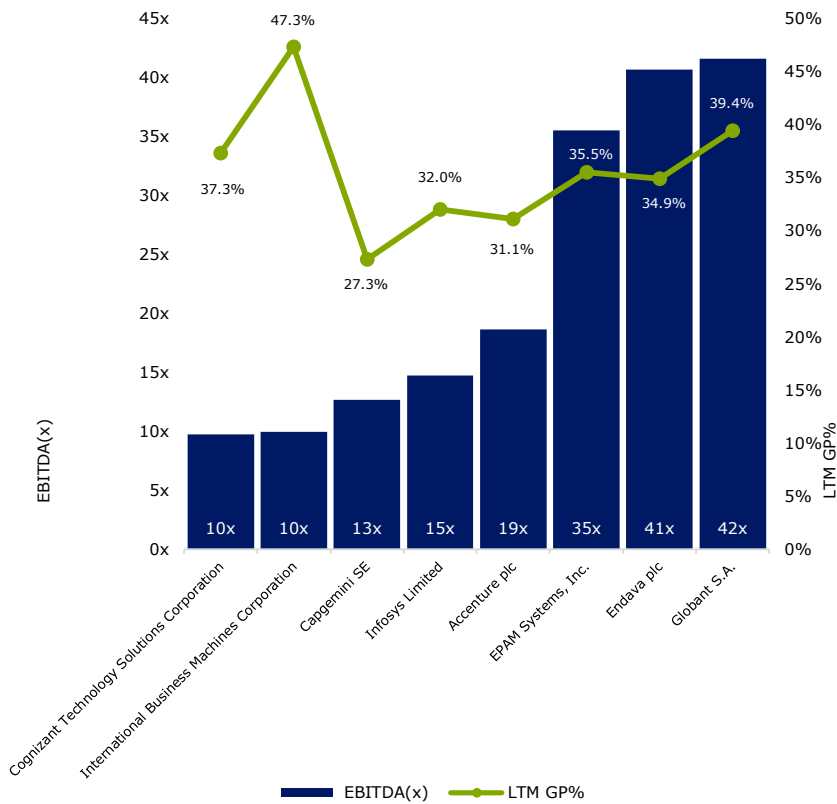
Price / LTM Earnings



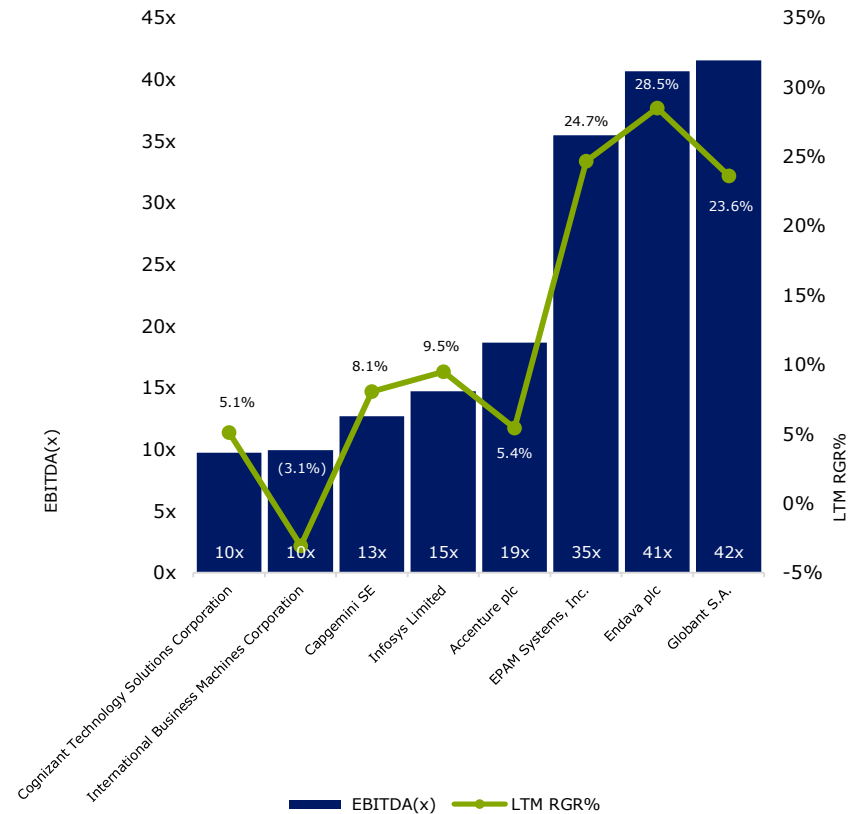
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value (\$m)	Target Revenue (\$m)	TEV / Revenue (X)	TEV / EBITDA (X)
12-Jan-20	Incentive Technology Group, LLC	ICF Incorporated, L.L.C.	255.00	90.00	2.8	-
20-Dec-19	Altran Technologies S.A.	Goldman Sachs International	-	3475.60	-	-
18-Dec-19	Maven Wave Partners LLC	Atos SE	-	-	-	-
17-Dec-19	Exozet Berlin GmbH	Endava plc	-	-	-	-
13-Dec-19	Proact IT Group AB (publ)	Carey Trustees Ltd	-	359.87	-	-
5-Nov-19	Born Commerce Pvt Ltd/Born Group Pte Ltd	Tech Mahindra Ltd.	120.00	-	-	-
5-Nov-19	Naya Pai Technologies Ltd	EPAM Systems, Inc.	-	-	-	-
4-Nov-19	Onica Inc.	Rackspace Hosting, Inc.	-	-	-	-
1-Nov-19	Intuitus Limited	Endava plc	-	-	-	-
15-Oct-19	Rightpoint Consulting, LLC	Genpact USA, Inc.	270.00	100.00	2.7	18.0
9-Oct-19	Essex Technology Group, Inc.	Converge Technology Solutions Corp.	-	52.00	-	-
9-Aug-19	Belatrix Global Corporation	Globant S.A. (NYSE:GLOB)	69.00	-	-	-
30-Jul-19	Mad*Pow Media Solutions LLC	Tech Mahindra (Americas), Inc.	16.71	14.70	1.7	-
1-Jul-19	COMPETENTUM USA, Ltd.	EPAM Systems, Inc.	14.20	-	-	-
19-Jun-19	Tieto Oyj (nka:TietoEVERY Oyj)	Solidium Oy	137.54	1796.52	2.2	20.4
18-Jun-19	Zenith Technologies Limited	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH)	144.19	84.80	8.0	-
13-May-19	Assets of Sundog Interactive, Inc.	Perficient, Inc.	Confidential	Confidential	Confidential	Confidential
2-May-19	Advanced Broadcast Solutions, Inc.	Key Code Media, Inc.	-	-	-	-
12-Apr-19	Epsilon Data Management, LLC	Publicis Groupe Holdings B.V.; MMS USA Investments, Inc.	4400.00	1900.00	2.3	8.2
6-Apr-19	NIIT Technologies Limited	Hulst B.V.	292.24	531.74	2.1	12.6
29-Mar-19	Droga5, LLC	Accenture Interactive	-	-	-	-
18-Mar-19	Mindtree Limited	Larsen & Toubro Limited	476.47	968.61	2.3	14.3
13-Mar-19	Strong-Bridge Holdings, Inc.	HCL America, Inc.	45.00	45.60	1.0	-
5-Mar-19	Touchtown, Inc.	Uniguest Inc.	Confidential	Confidential	Confidential	Confidential
1-Mar-19	Microsoft Business Unit of SADA Systems, Inc.	Core BTS, Inc.	Confidential	Confidential	Confidential	Confidential
21-Feb-19	Happy Marketer Private Ltd.	Dentsu Aegis Network Ltd.	-	4.85	-	-
15-Jan-19	Brillio, LLC	Bain Capital Private Equity, LP	-	-	-	-
6-Jan-19	Luxoft Holding, Inc.	DXC Technology Company	2072.15	904.44	2.2	20.6
Average			639.4	737.8	2.7	15.7
Median			144.2	229.9	2.3	16.2

7 MILE ADVISORS

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APPENDIX:
Public Basket
Constituents

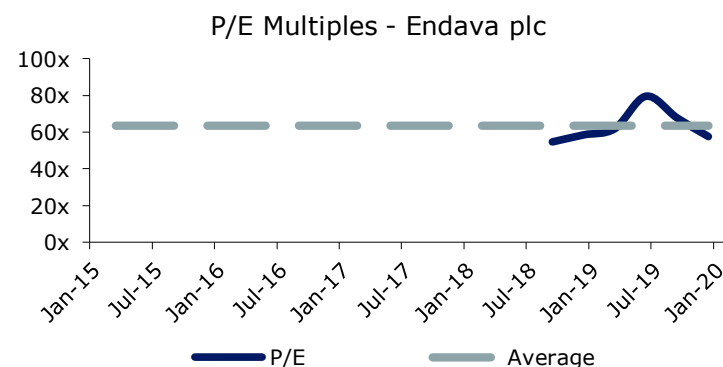
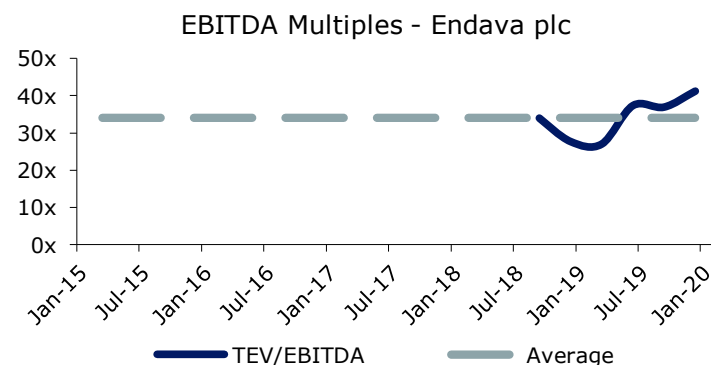
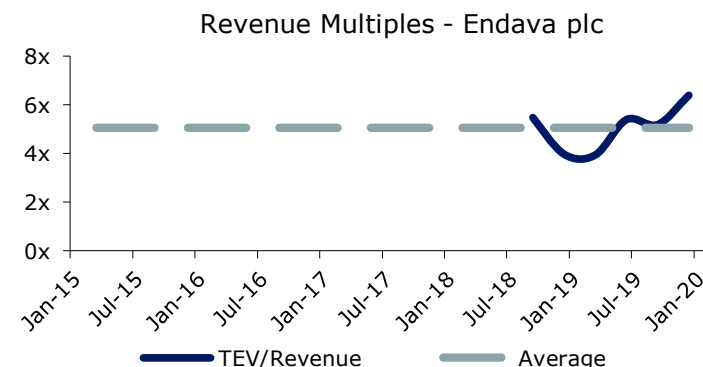
Public Basket



Endava plc

Endava plc provides technology services for clients in the consumer products, healthcare, logistics, and retail verticals in Europe, Latin America, and the United States. It offers strategy, creative and user experience, insights through data, mobile and Internet of Things, architecture, smart automation, software engineering, test automation and engineering, continuous delivery, cloud, applications management, and smart desk services across the digital evolution, agile transformation, and automation solution areas. The company was founded in 2000 and is headquartered in London, United Kingdom.

Date	Key Development Headline
12/16/19	Endava plc (NYSE:DAVA) acquired Exozet Berlin GmbH from German Startups Group GmbH & Co. KGaA (XTRA:GSJ) and others.
11/3/19	Endava plc (NYSE:DAVA) acquired of Intuitus Limited.
8/30/19	WorldPay (UK) Limited completed the acquisition of Endava Technology SRL from Endava plc (NYSE:DAVA).
6/2/19	WorldPay (UK) Limited agreed to acquire Endava Technology SRL from Endava plc (NYSE:DAVA) for £6 million.



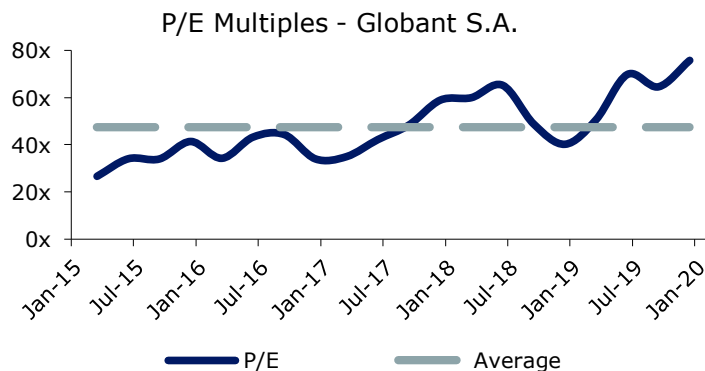
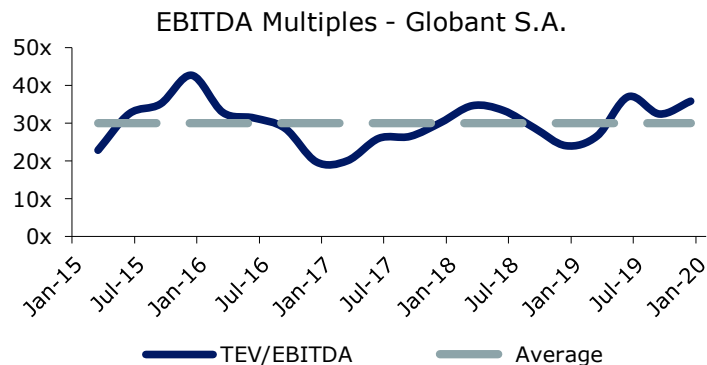
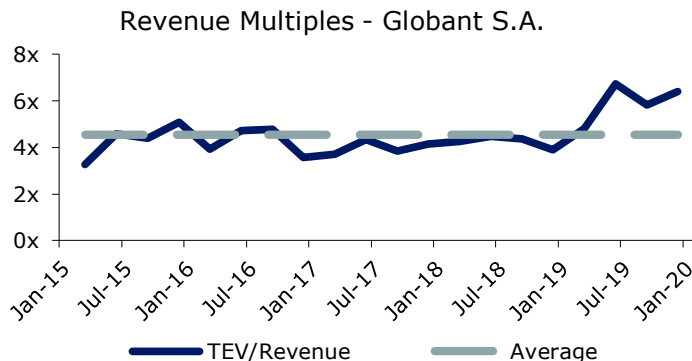
Public Basket



Globant S.A.

Globant S.A., a technology services company, provides services related to application development, testing, infrastructure management, and application maintenance worldwide. The company offers machine learning, pattern recognition, natural language understanding, future of organizations, customer insight, behavioral change, product innovation, design thinking, product management discovery and delivery, and product coaching services. It also provides process appraisal, automated, process evolution, delivery management, agile consultancy, management consulting, user experience, visual and service, industrial design, mobile engineering, fast prototyping, and mobile and product strategy services. In addition, the company offers game engineering and experience, digital platform, virtual and augmented reality, graphics engineering, 3D and 2D art, e-Sports, data architecture, data science, distributed platform, data integration, data visualization, and blockchain services. Globant S.A. was founded in 2003 and is based in Luxembourg City, Luxembourg.

Date	Key Development Headline
8/11/19	Globant S.A. (NYSE:GLOB) acquired Belatrix Global Corporation S.A. for \$65 million.
1/31/19	Globant S.A. (NYSE:GLOB) completed the acquisition of Avanzo (Bermuda) Limited.



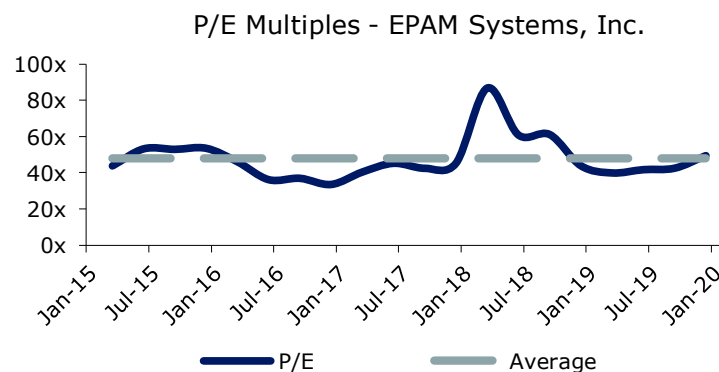
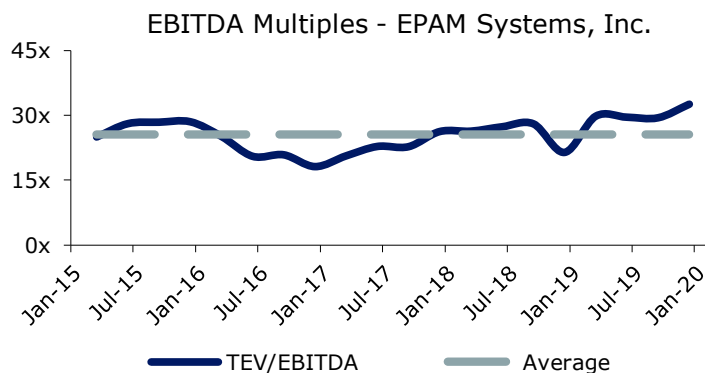
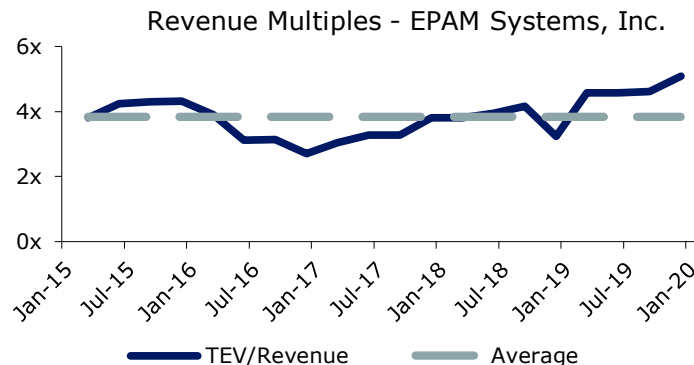
Public Basket



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
11/4/19	EPAM Systems, Inc. (NYSE:EPAM) acquired NAYA Technologies.
7/1/19	EPAM Systems, Inc. (NYSE:EPAM) acquired Competentum-USA Ltd. for \$14.2 million.
5/9/19	EPAM To Seek Investments
5/8/19	EPAM Systems, Inc. (NYSE:EPAM) acquired testCloud.de GmbH for approximately \$17.3 million.



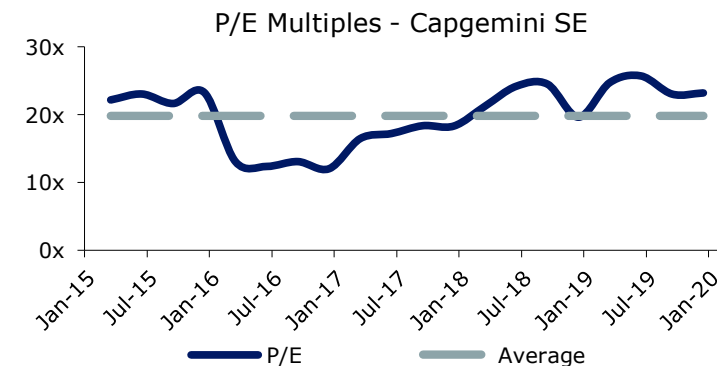
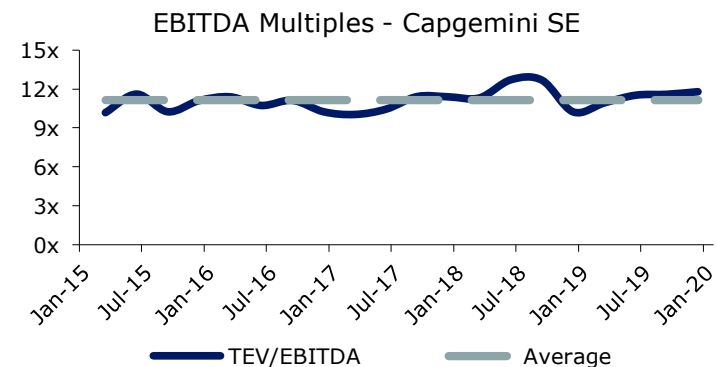
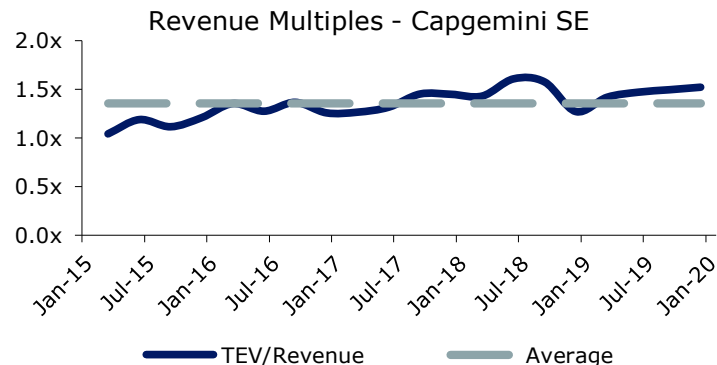
Public Basket



Capgemini SE

Capgemini SE provides consulting, technology, and digital transformation services. It addresses clients' opportunities in the world of cloud, digital, and platforms, as well as enables organizations to realize business ambitions through an array of services from strategy to operations. The company's Consulting Services segment offers strategy and transformation consulting services primarily in digital transformation that enhance the performance of organizations based on intimate client relationships, and the knowledge of client industries and processes. Its Technology & Engineering Services segment provides assistance and support to internal IT teams of client companies. 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, Elliott Management Corporation and others for €3.7 billion.
4/3/19	Capgemini to Enter into Alliance Partnership with Autodesk, Inc. for the Deployment of a Comprehensive BIM Platform
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



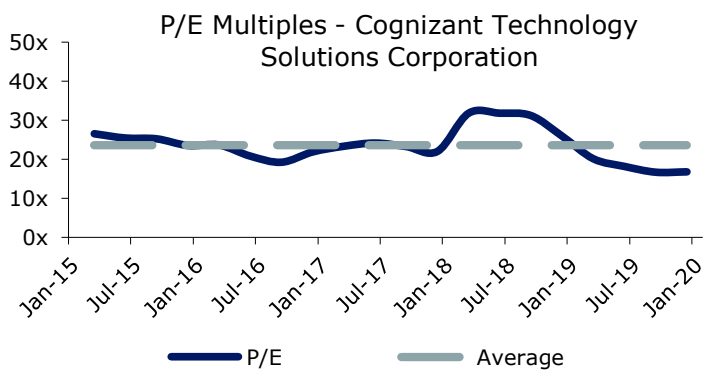
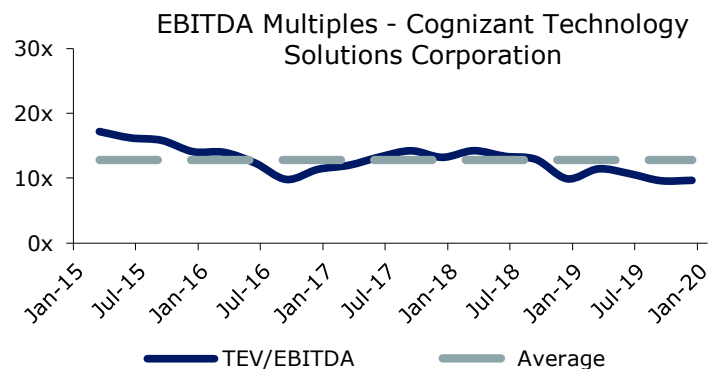
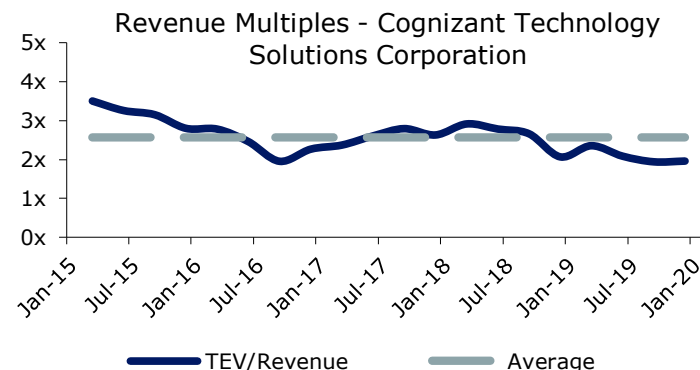
Public Basket



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



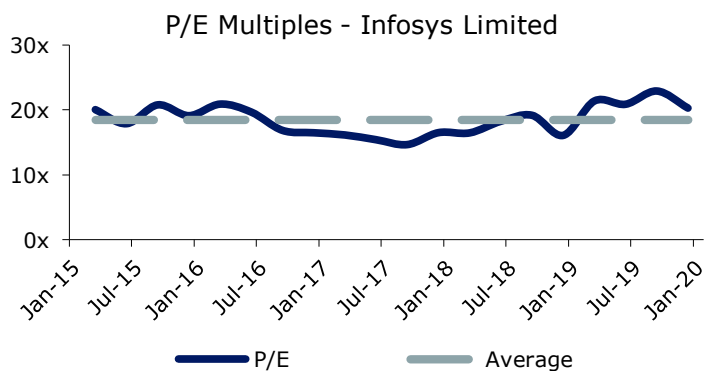
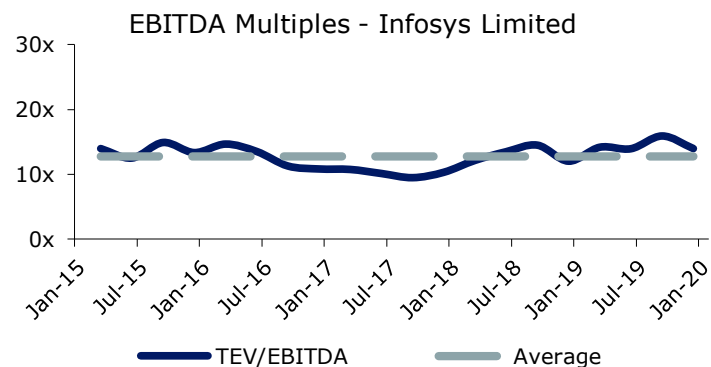
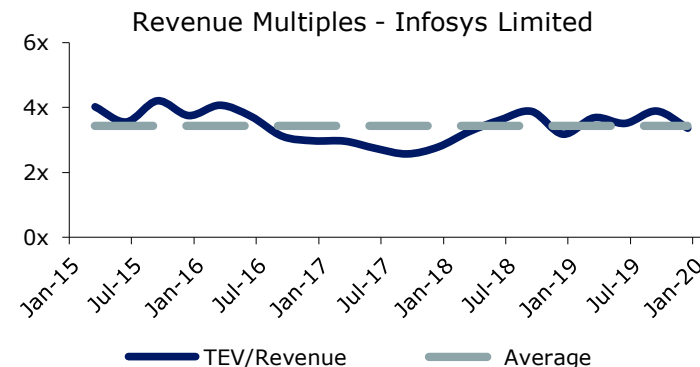
Public Basket



Infosys Limited

Infosys Limited, together with its subsidiaries, provides consulting, technology, and outsourcing services in North America, Europe, India, and internationally. It provides business information technology services, including application development and maintenance, independent validation, infrastructure management, and business process management services, as well as engineering services, such as engineering and life cycle solutions; and consulting and systems integration services comprising consulting, enterprise solutions, systems integration, and advanced technologies. The company's products include Finacle, a banking solution that provides analytics, core banking, consumer e-banking, corporate e-banking, Islamic banking, mobile banking, origination, payments, SME enable, treasury, wealth management, and youth banking solutions. 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



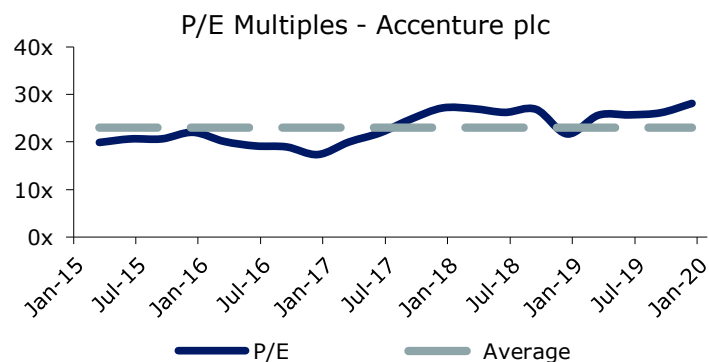
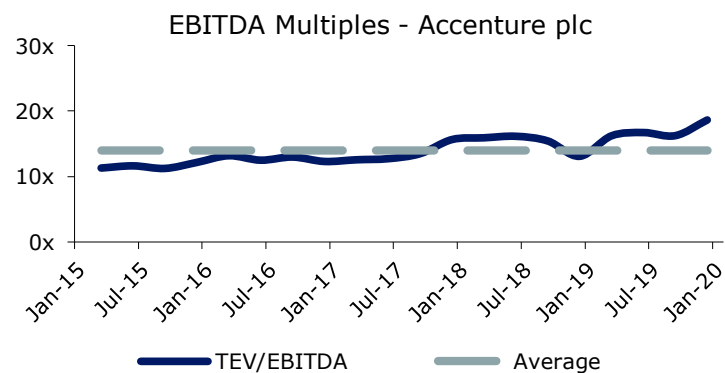
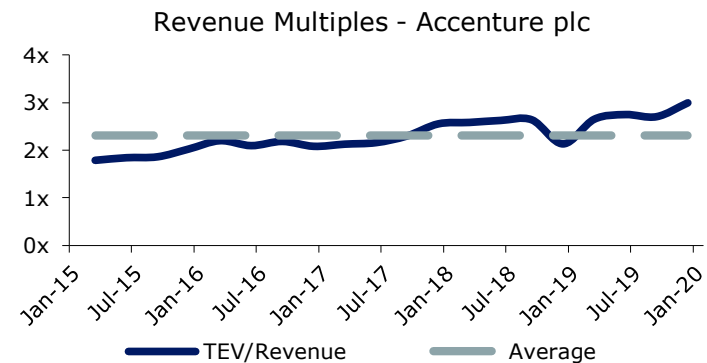
Public Basket



Accenture plc

Accenture plc provides consulting, technology, and outsourcing services in Ireland and internationally. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, develop industry-specific solutions, and enhance efficiencies and business results for communications, media, high tech, software, and platform companies. 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 for banking, capital markets, and insurance industries. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
1/14/20	Accenture plc (NYSE:ACN) completed the acquisition of Clarity Insights from Riordan, Lewis & Haden, Inc.
1/6/20	Accenture plc (NYSE:ACN) agreed to acquire Symantec Cyber Security Services Business from Broadcom Inc. (NasdaqGS:AVGO).
1/6/20	Accenture plc (NYSE:ACN) entered into an agreement to acquire maihiro GmbH.
12/18/19	Accenture plc (NYSE:ACN) completed the acquisition of Silveo SAS.
12/17/19	Accenture Forms Strategic Alliance with TradeIX to Help Digitize Global Trade



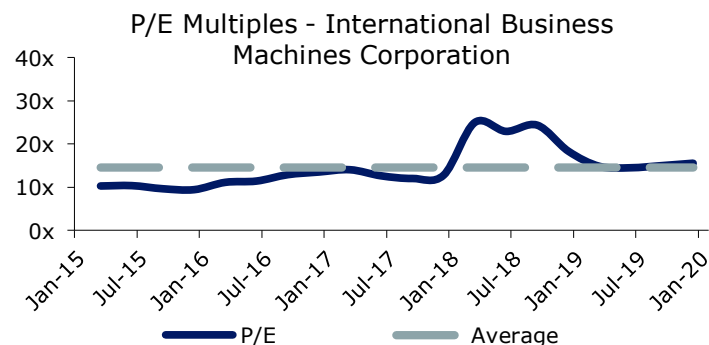
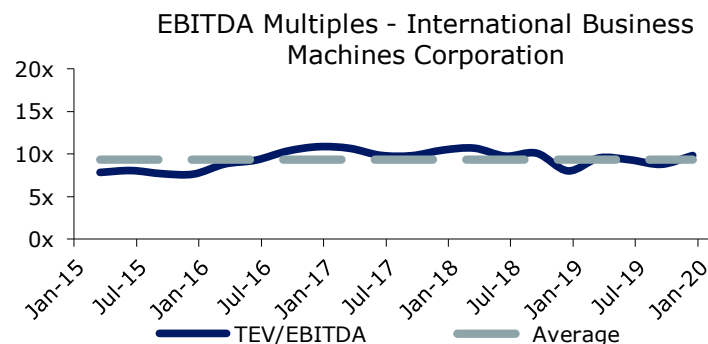
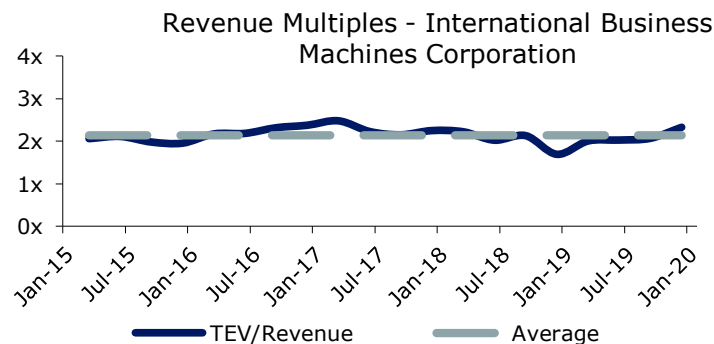
Public Basket



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. International Business Machines Corporation was founded in 1911 and is headquartered in Armonk, New York.

Date	Key Development Headline
1/23/20	Yara International Asa and International Business Machines Corporation Launch an Open Collaboration for Farm and Field Data to Advance Sustainable Food Production
12/31/19	Great Hill Partners, LP and Spectrum Equity Management, L.P. completed the acquisition of Sales Performance Management Business of International Business Machines Corporation (NYSE:IBM).
12/19/19	International Business Machines Corporation and the University of Tokyo Announce an Agreement to Partner to Advance Quantum Computing and Make it Practical for the Benefit of Industry, Science and Society
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).



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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