

7 Mile Advisors



Sectorwatch: Digital Transformation

May 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

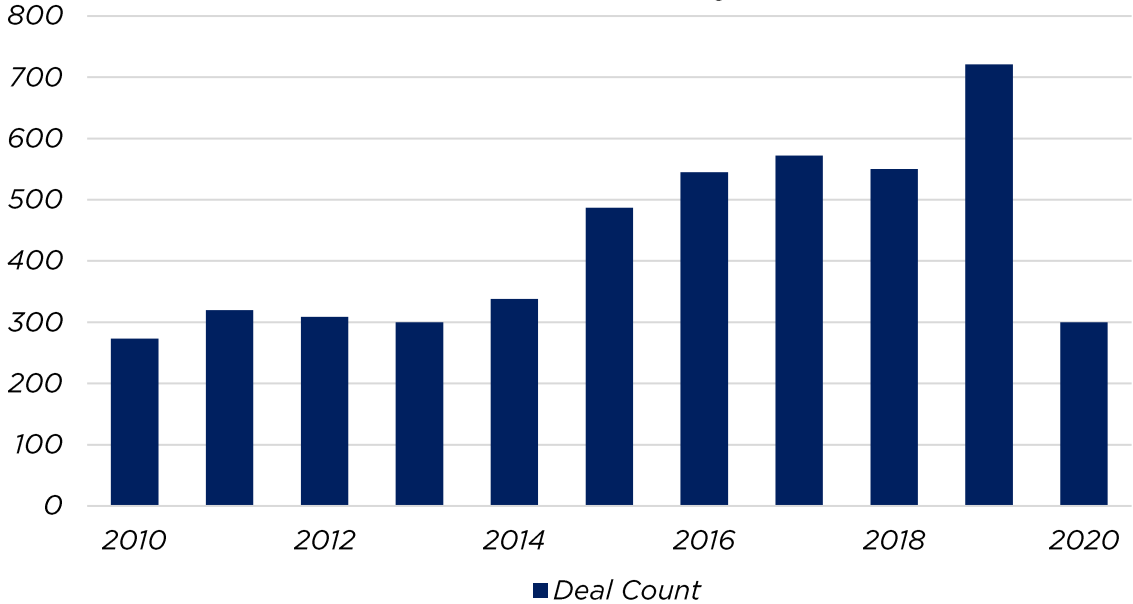
- The most recently announced deals in the sector

Dashboard

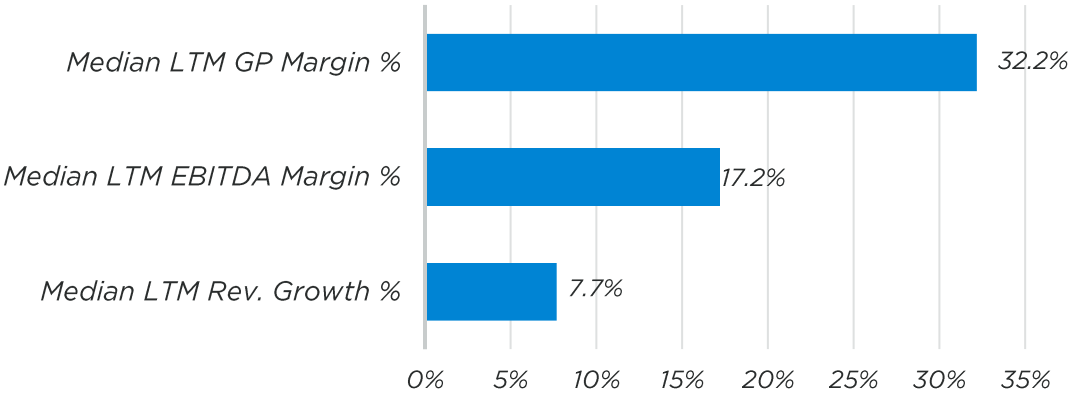
REVENUE GROWTH MOMENTUM ↓ -0.1%

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

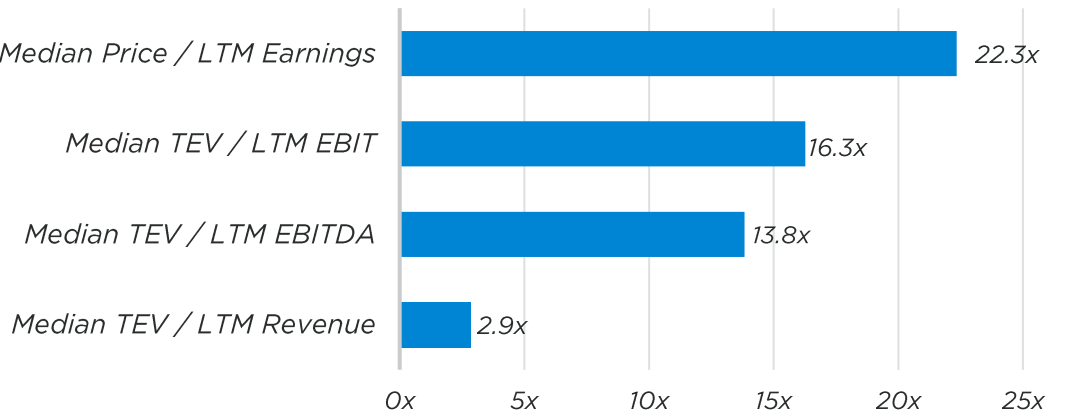
M&A Activity



Operating Metrics



Valuation



Public Basket Overview



Europe



United States



South America



Asia

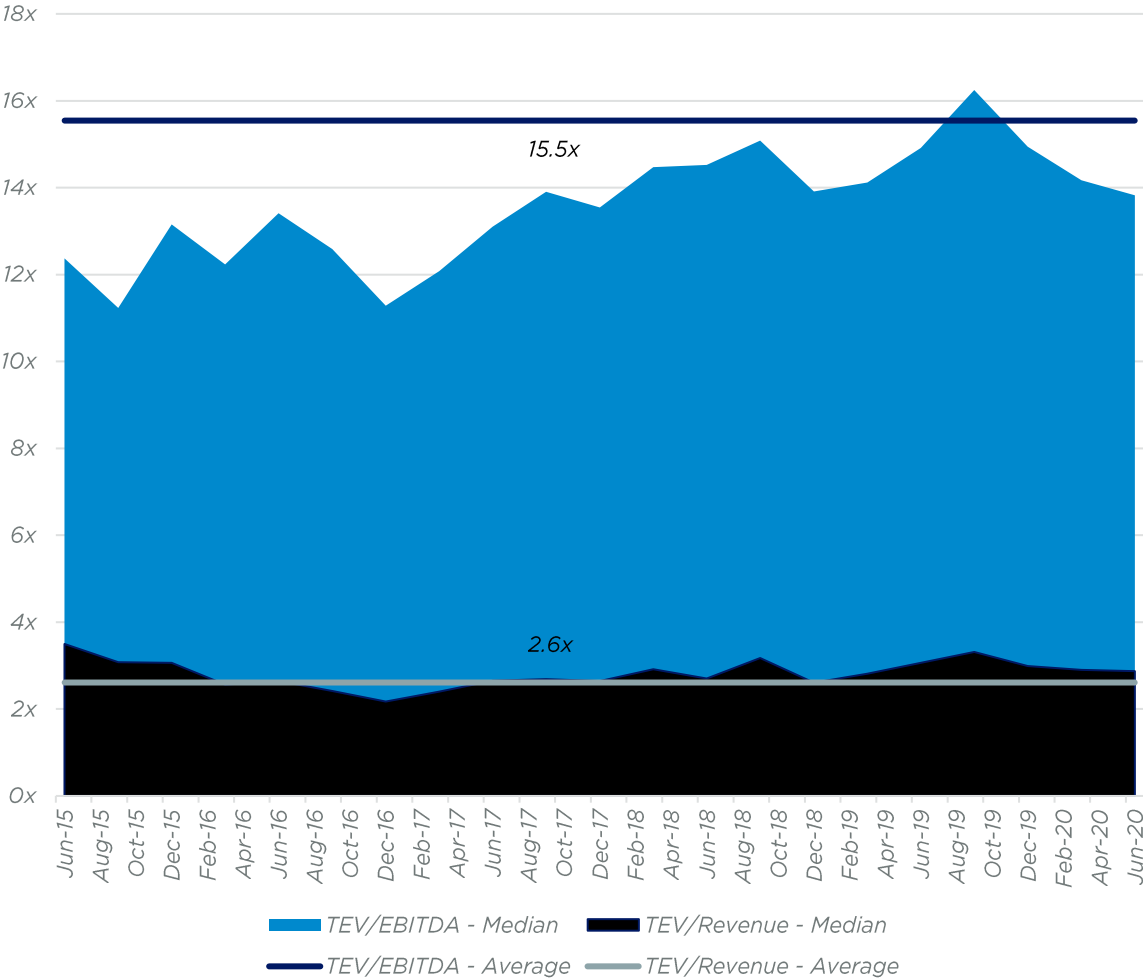


Public Basket

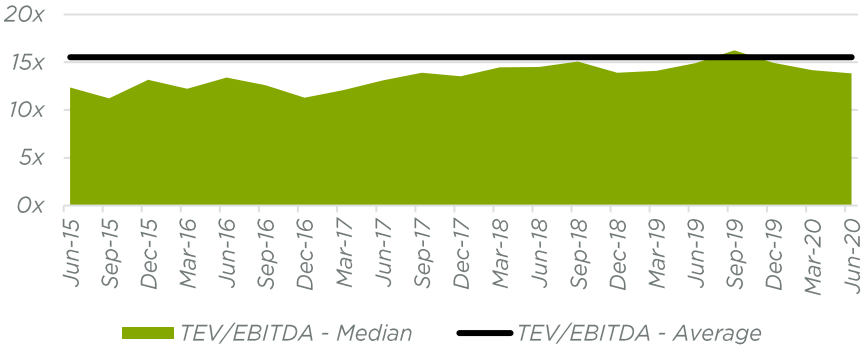
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	128,158	7,808	44,656	5.7%	31.3%	17.5%	2.9x	16.4x	509,000	88
Cognizant Technology Solutions	27,687	2,855	16,898	3.5%	36.1%	16.9%	1.6x	9.7x	291,700	58
WPP	15,063	2,412	16,885	1.4%	18.2%	14.3%	0.9x	6.2x	106,508	159
Capgemini	18,426	2,181	15,812	7.0%	27.3%	13.8%	1.2x	8.4x	219,314	72
Infosys	36,678	3,262	12,780	8.3%	33.1%	25.5%	2.9x	11.2x	236,486	54
EPAM Systems	12,370	434	2,424	24.9%	35.3%	17.9%	5.1x	28.5x	36,739	66
Globant	5,506	-	705	28.4%	38.2%	-	7.8x	49.2x	12,500	56
Endava	2,579	-	428	23.6%	29.4%	-	6.0x	52.6x	6,468	66
Average	30,808	3,159	13,823	12.9%	31.1%	17.6%	3.5x	22.8x	177,339	77
Median	16,744	2,633	14,296	7.7%	32.2%	17.2%	2.9x	13.8x	162,911	66

share price as of 01Jun20

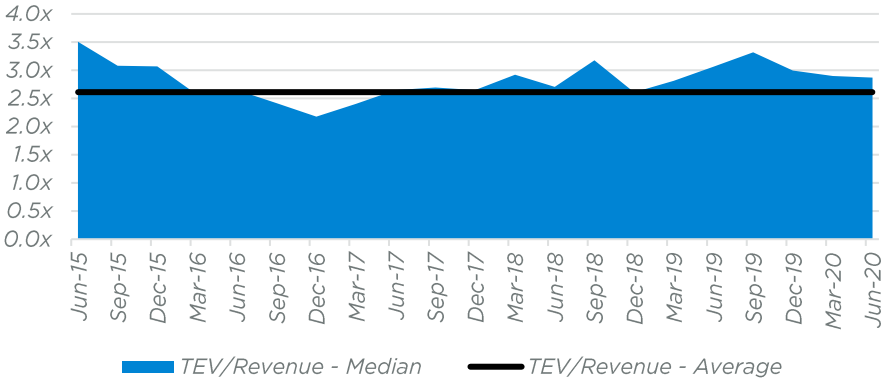
Public Basket



Public EBITDA Multiples over Time

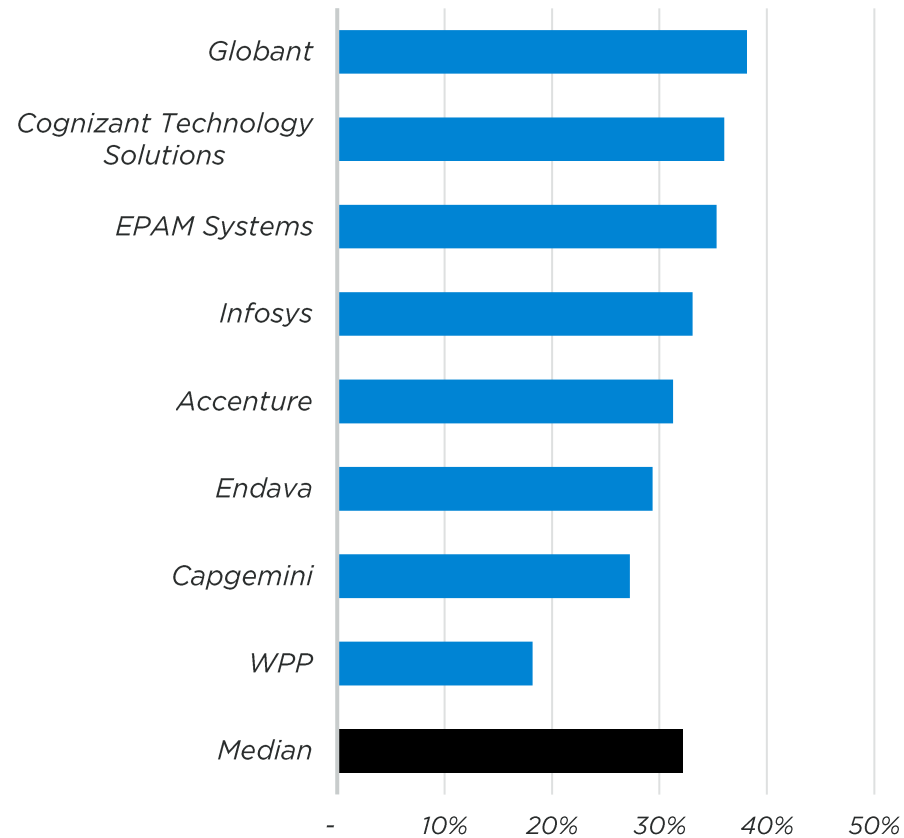


Public Revenue Multiples over Time

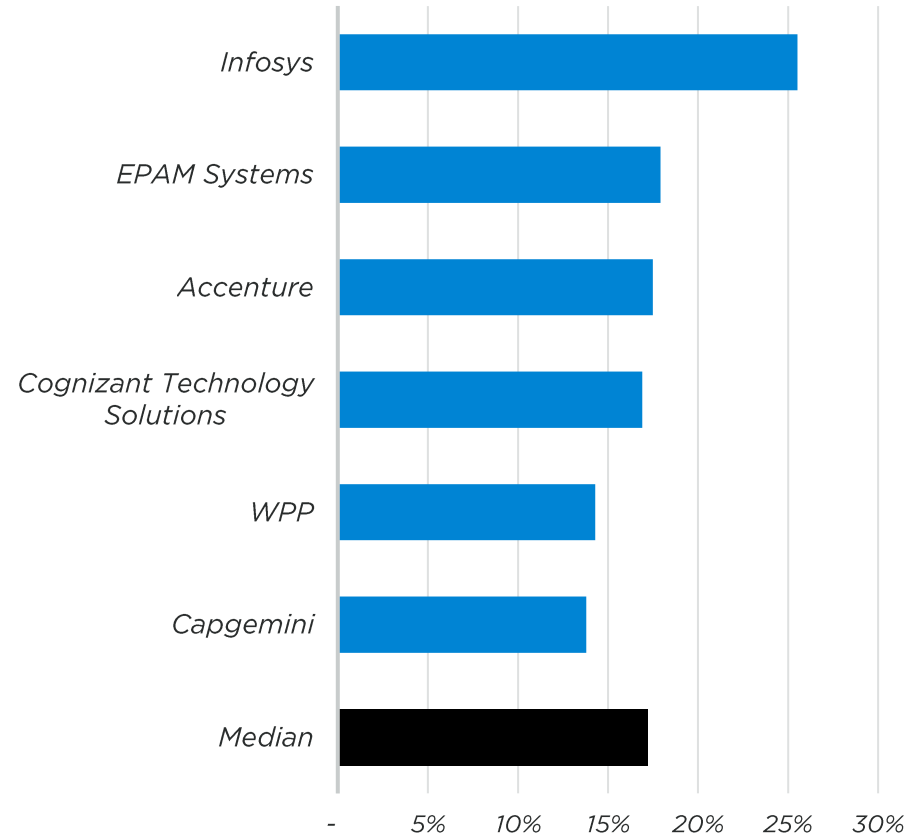


Operational Metrics

LTM Gross Profit Margin %

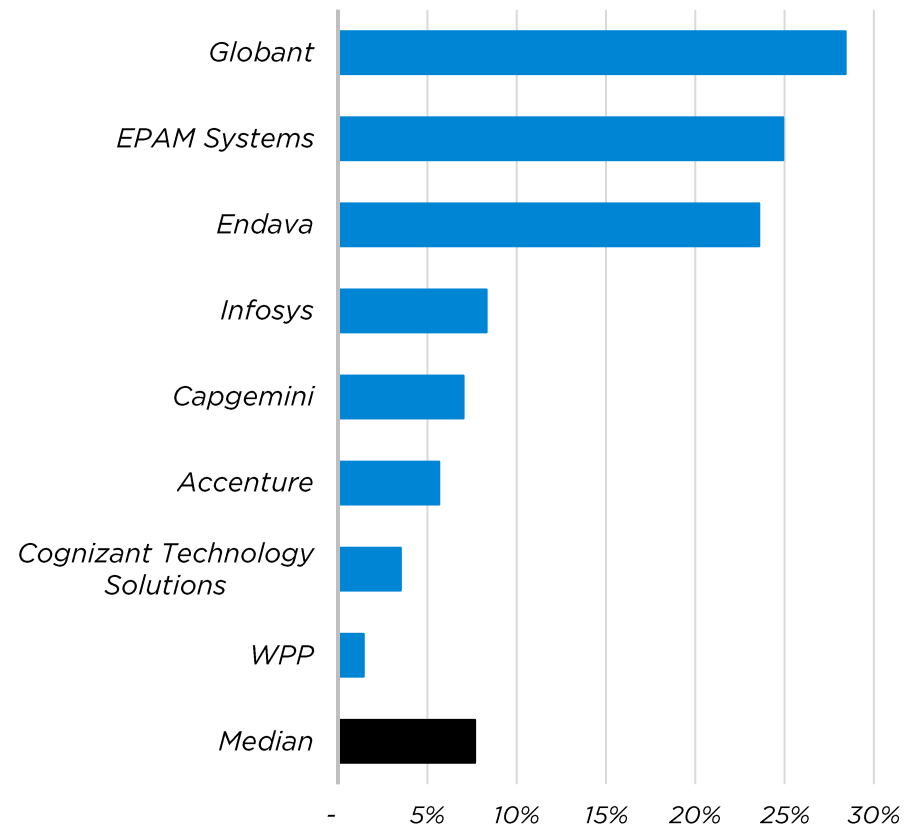


LTM EBITDA %

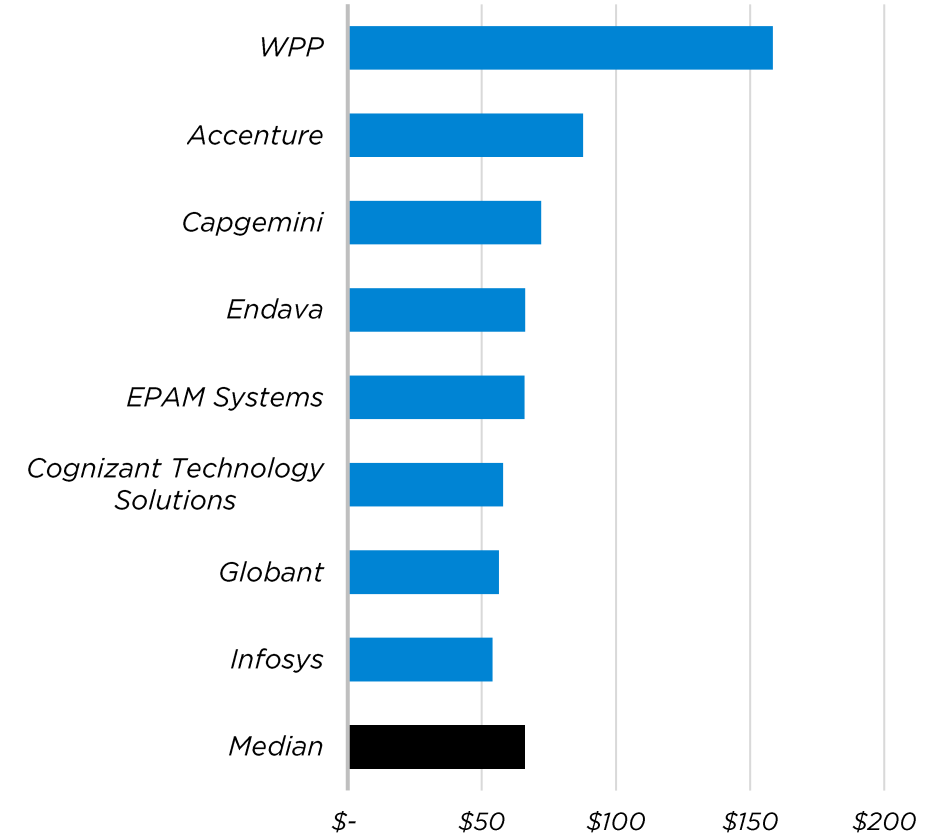


Operational Metrics

LTM Revenue Growth %

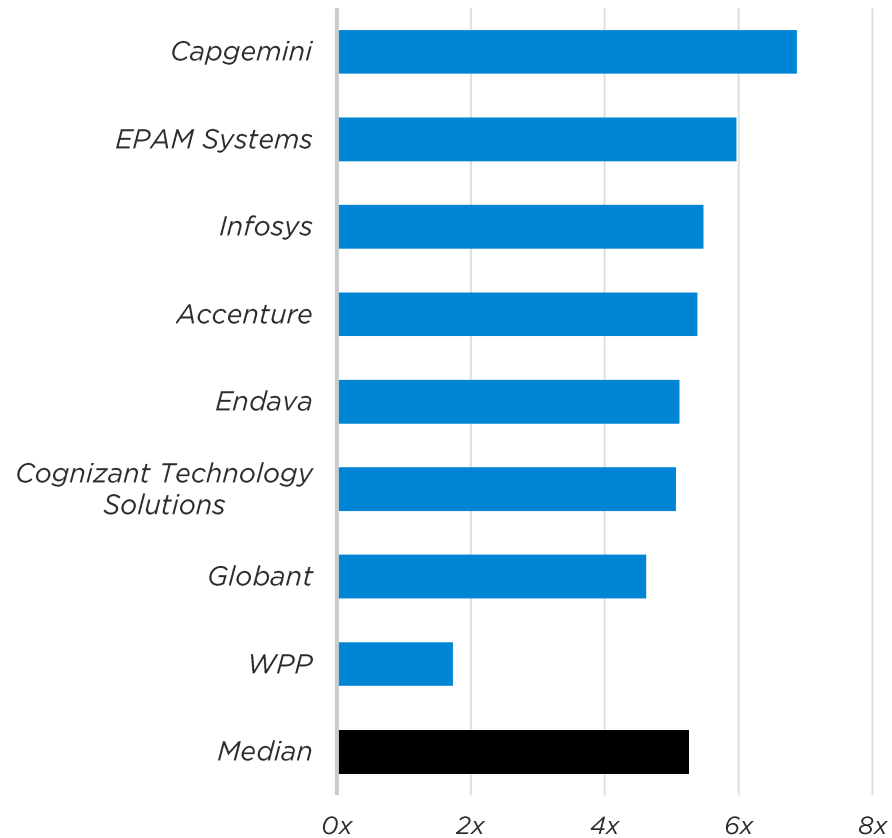


LTM Revenue per Full Time Employee x 000's

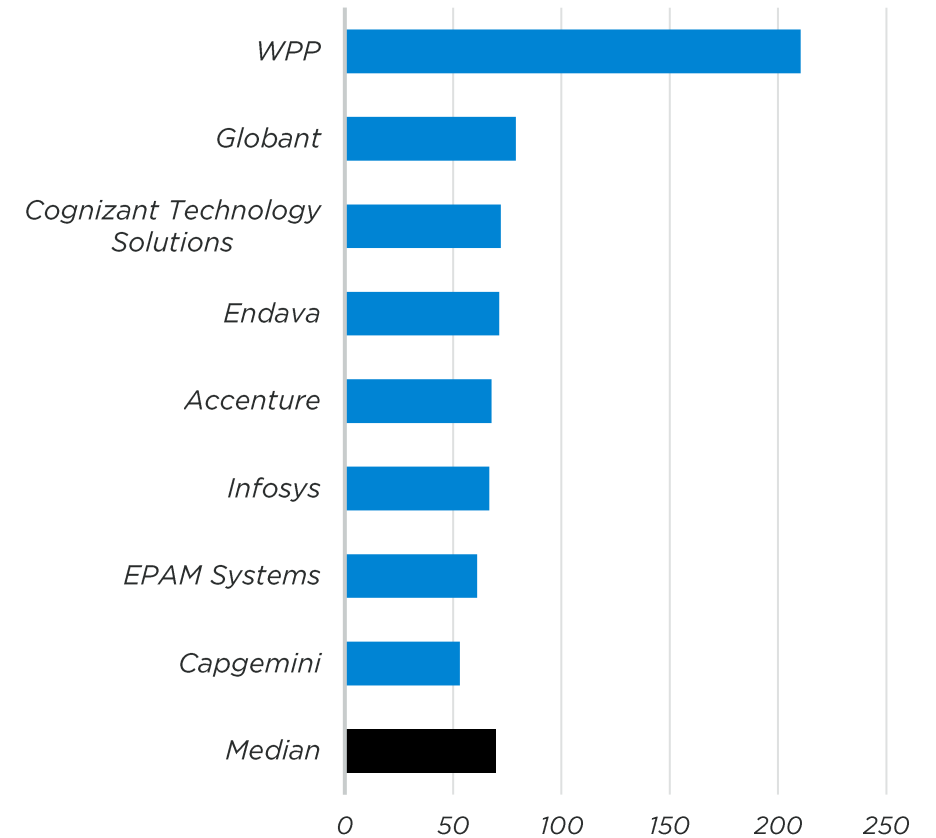


Operational Metrics

Accounts Receivable Turnover

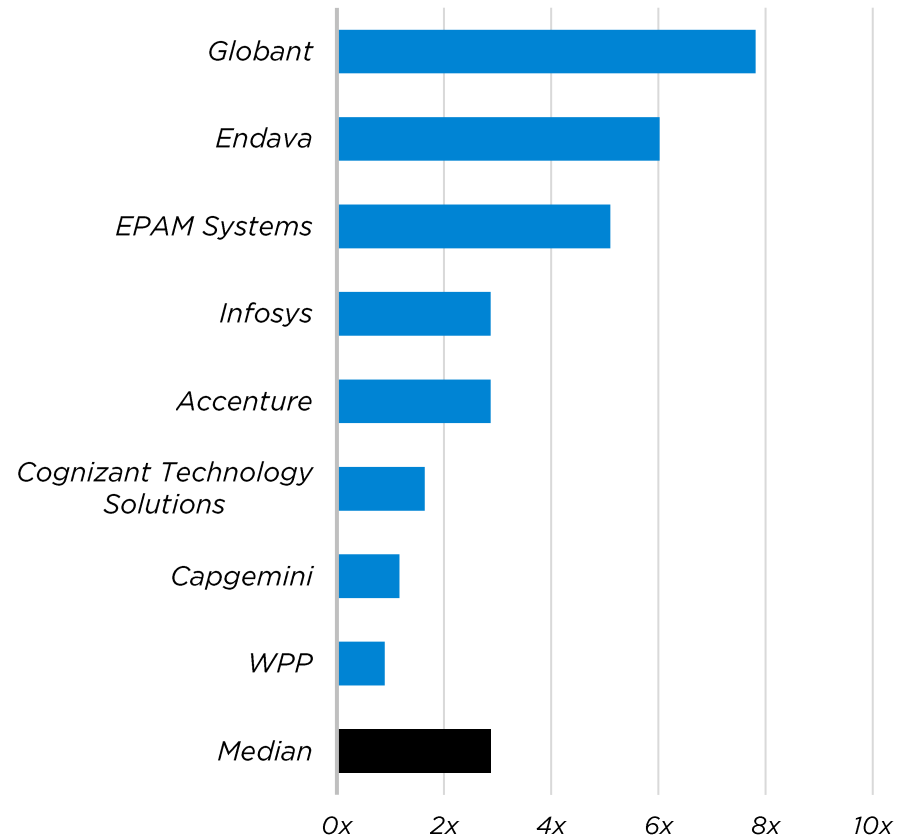


Average Days Sales Outstanding

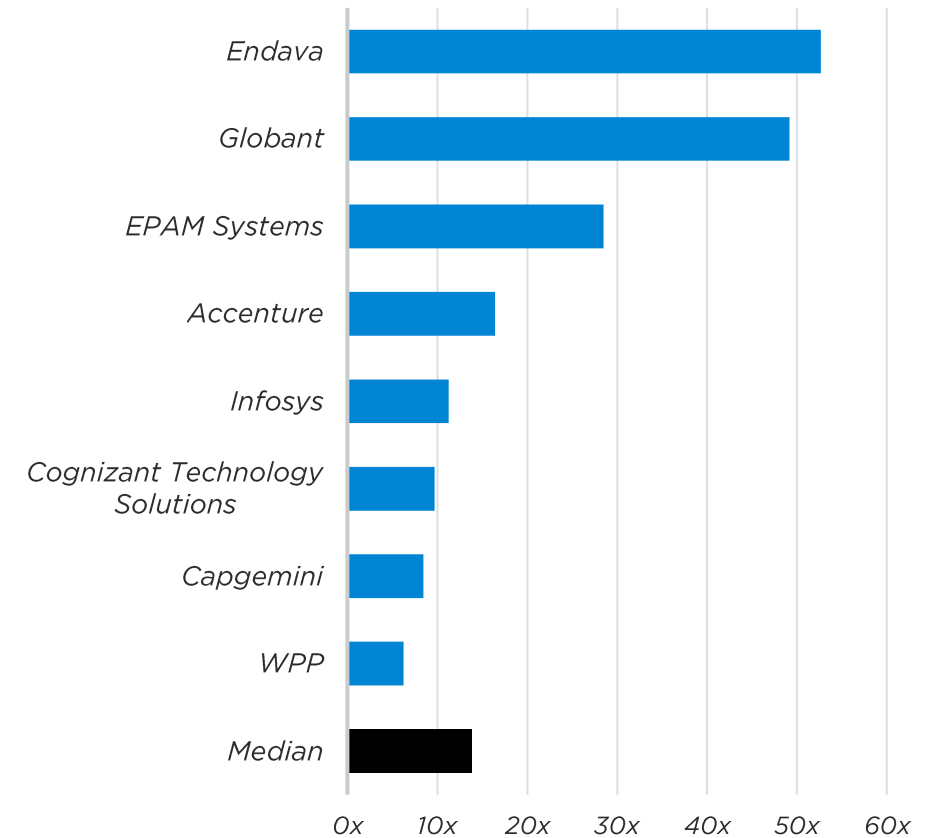


Valuation

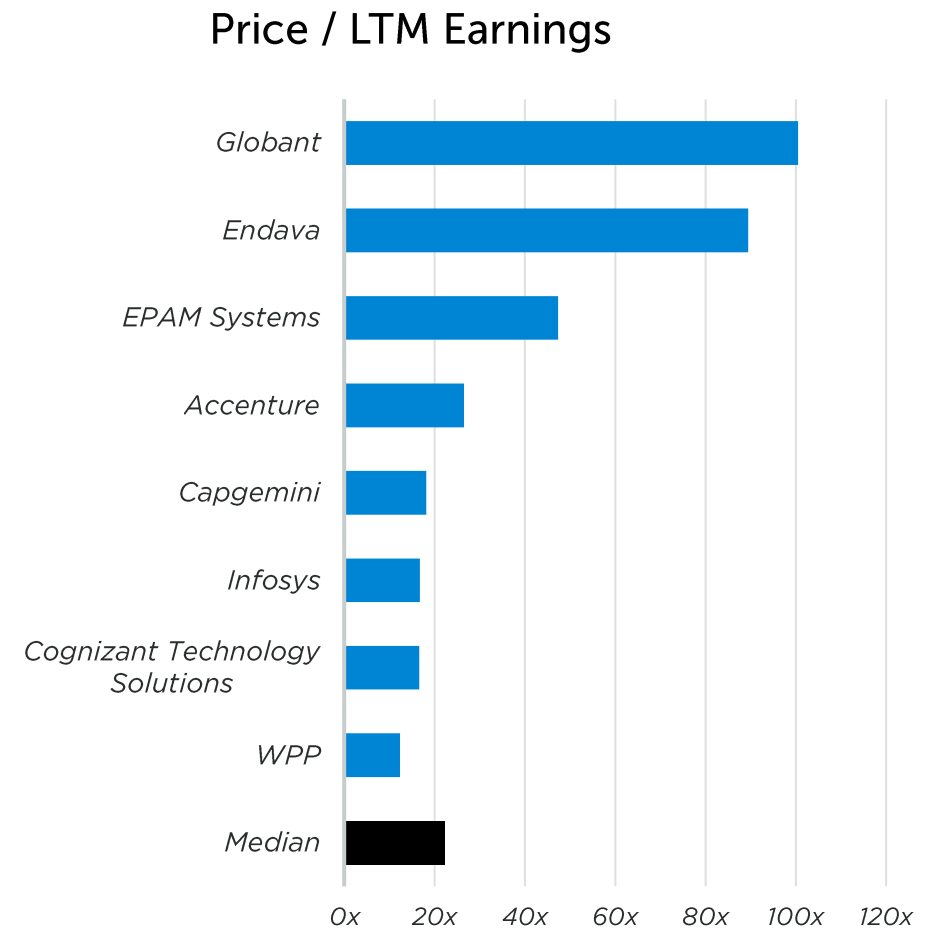
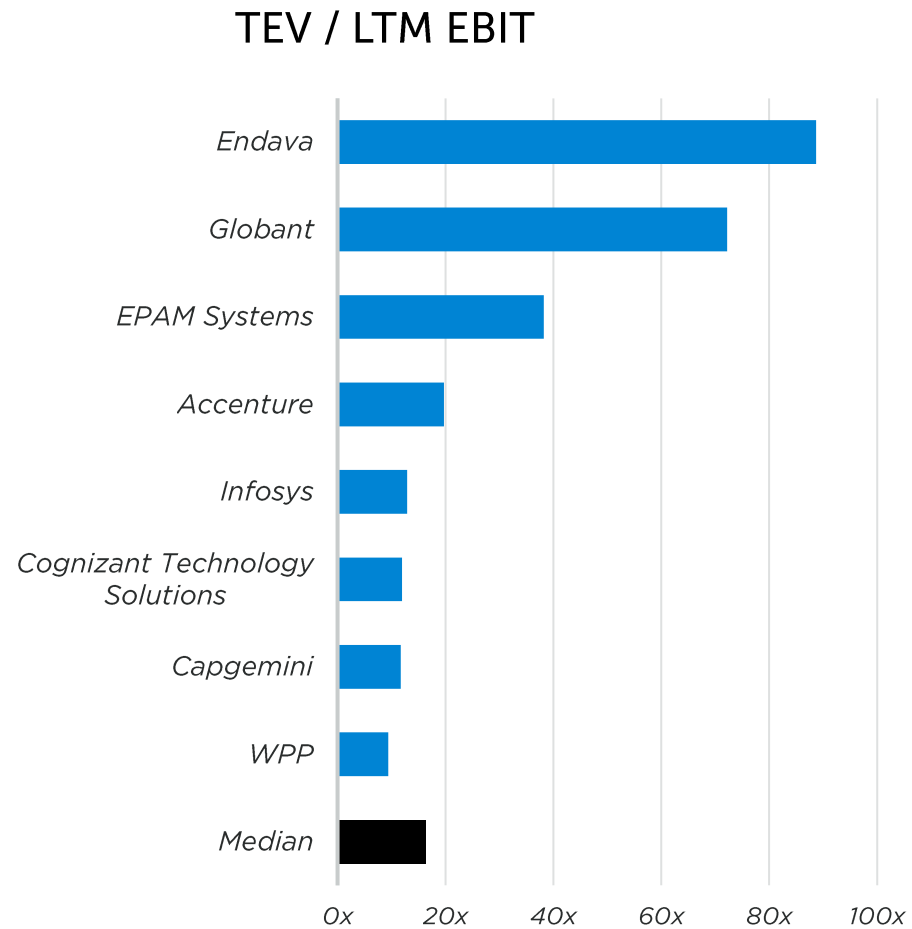
TEV / LTM Revenue



TEV / LTM EBITDA

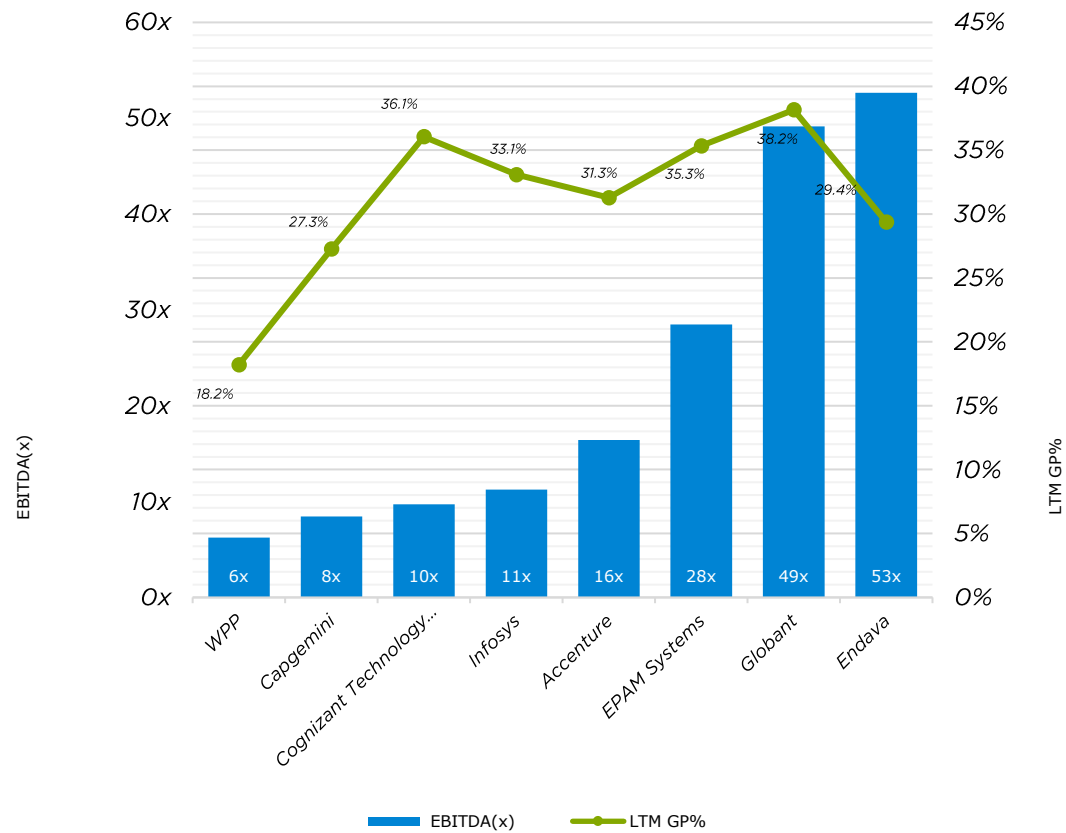


Valuation

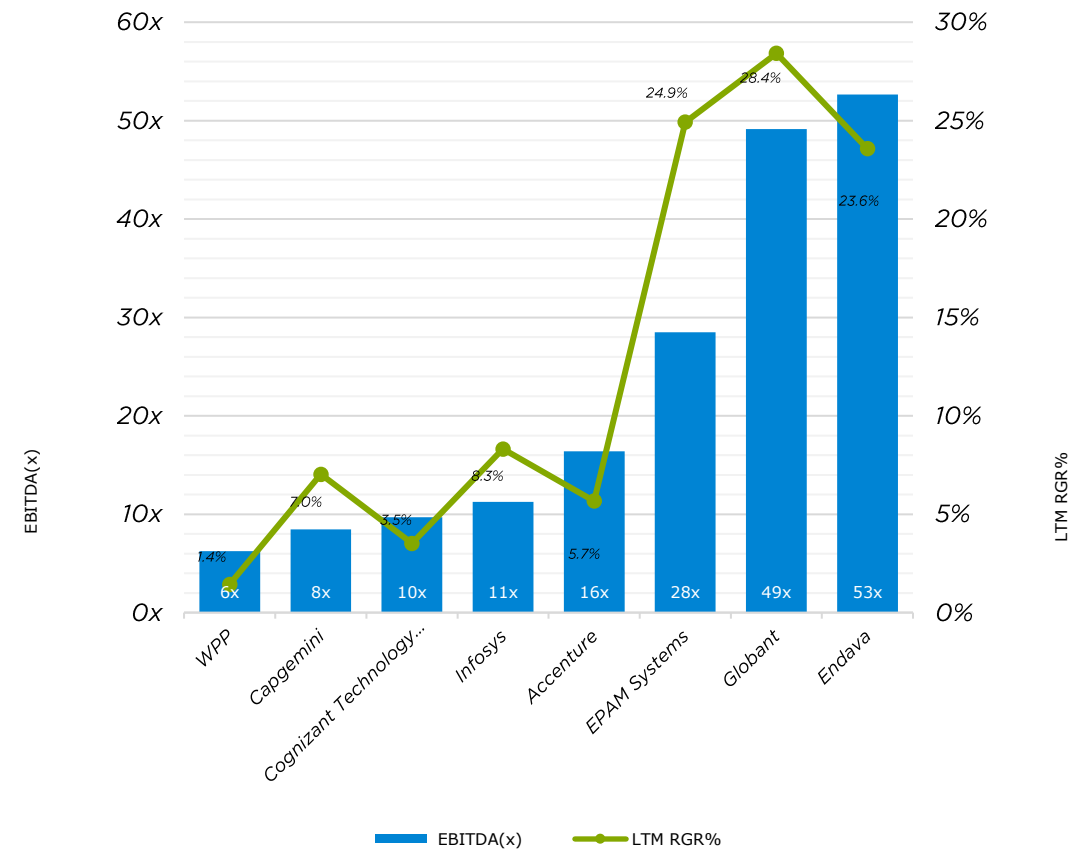


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
03-Jun-20	Cutaway	FASTWEB	-	-	-	-
03-Jun-20	Privo	NaviSite (Acquire)	-	-	-	-
02-Jun-20	Cutter Consortium	Arthur D. Little (France)	-	-	-	-
02-Jun-20	EI-Technologies	Cognizant Technology Solutions	-	-	-	-
02-Jun-20	Farnes Computer Systems	Computers For Business	-	-	-	-
02-Jun-20	Gekko (Industry Code)	Accenture	-	-	-	-
02-Jun-20	iV4	ProArch	-	-	-	-
29-May-20	Beringer Associates	Tech-Keys	-	-	-	-
28-May-20	Oy KD-Soft	Triuvare	-	-	-	-
27-May-20	One-IT	3D-ICT	-	-	-	-
26-May-20	KWE IT-Experts	Citadelle Systems AG	-	-	-	-
26-May-20	UnitedLex (MDR Business)	Ankura Consulting Group	-	-	-	-
22-May-20	VoiceLink	Rostelecom	-	-	-	-
20-May-20	Arctic MSP	Saalex Information Technology	-	-	-	-
19-May-20	Amica Technology	Telappliant	-	-	-	-
19-May-20	Orbid	Ricoh Belgium	-	-	-	-
18-May-20	Argus Technology Partners	Xalles Holdings	-	-	-	-
18-May-20	Enterprise Information Services	Cognosante	-	-	-	-
15-May-20	Column Technologies	Parabellum Capital	-	-	-	-
15-May-20	T4G	MNP	-	-	-	-
14-May-20	Metaswitch Networks	Microsoft	-	-	-	-
13-May-20	Idaptive	CyberArk Software	70.00	-	-	-
12-May-20	Stansource	Stellar It Solutions	-	-	-	-
11-May-20	ETC-Gauff Solutions	-	-	-	-	-
11-May-20	Sequential Technology International	APC Holdings	-	-	-	-
07-May-20	DESEO IT Services	OMNINET Group	-	-	-	-
05-May-20	Callisto Integration	Accenture	-	-	-	-
05-May-20	Collaborative Solutions	Cognizant Technology Solutions	385.00	-	-	-
05-May-20	Karoo	Magellan Consulting (France)	-	-	-	-

Appendix

*Public Basket
Contact Information*



Accenture

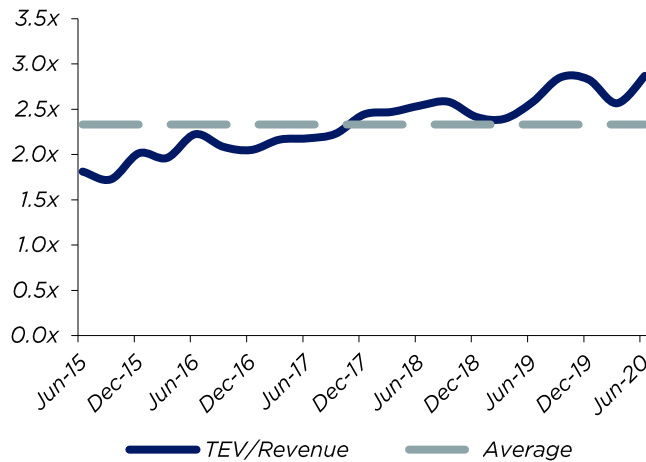
Accenture is a leading global IT services firm that provides consulting, strategy, and technology and operational services.

These services run the gamut from aiding enterprises with digital transformation, to procurement services, to software system integration. The company provides its IT offerings to a variety of sectors, including communications, media and technology, financial services, health and public services, consumer products, and resources. Accenture employs just under 500,000 people throughout 200 cities in 51 countries.

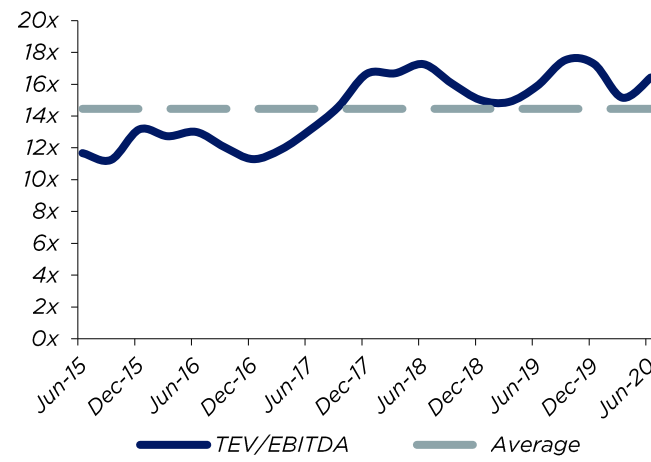
Public Basket

Accenture

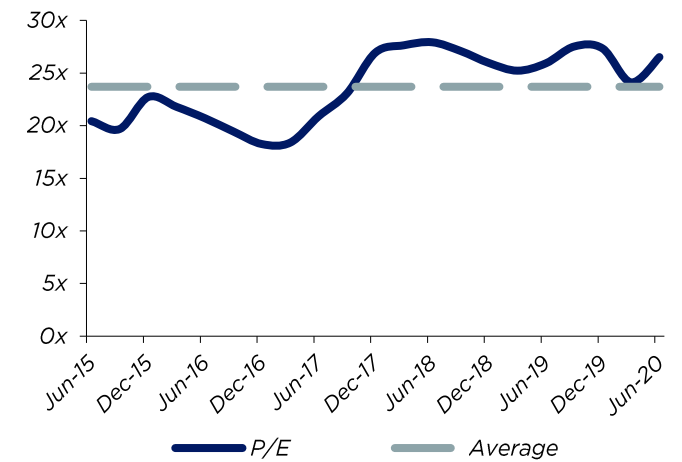
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name

Date

Deal Synopsis

PLM Systems

19-May-20

The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on May 19, 2020. The acquisition will boost Accenture's capabilities and presence in the market for digital engineering services.

Byte Prophecy

18-May-20

The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on May 18, 2020. The acquisition helps to improve speed and agility of delivering advanced analytics, data and AI solutions to enterprises.

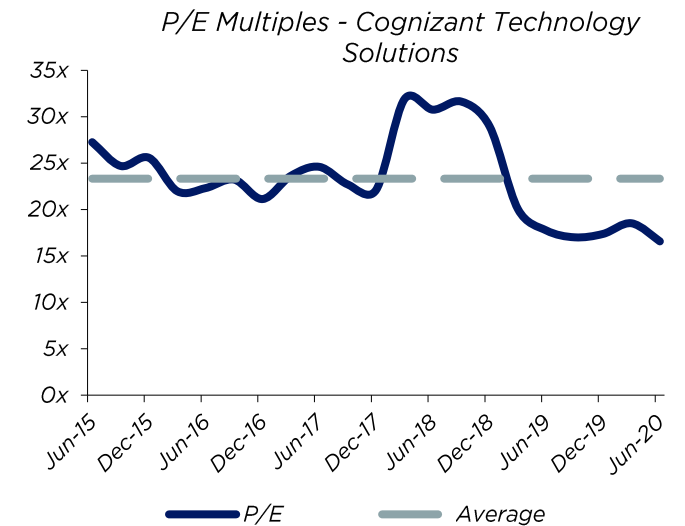
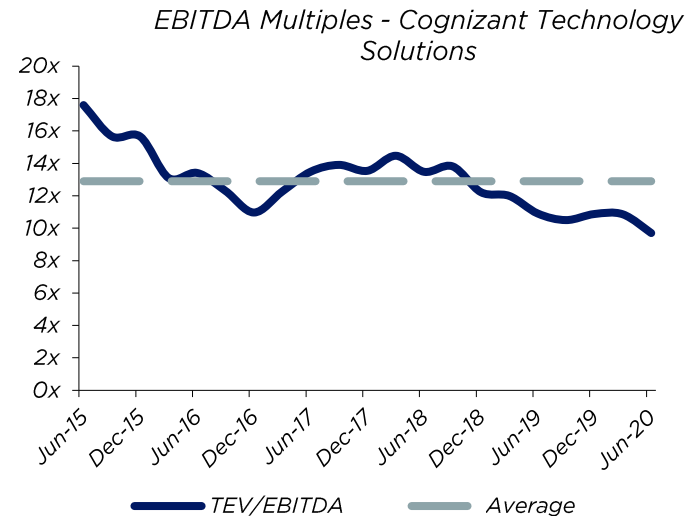
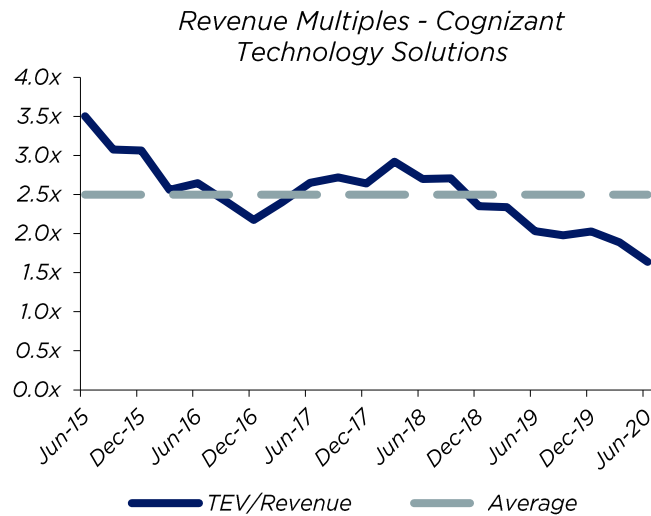
Cognizant Technology Solutions

Cognizant is a global IT services provider, offering consulting and outsourcing services to some of the world's largest enterprises spanning the financial services, media and communications, healthcare, natural resources, and consumer products industries.

Cognizant employs nearly 300,000 people globally, roughly 70% of whom are in India, although the company's headquarters are in Teaneck, New Jersey.

Public Basket

Cognizant Technology Solutions



Company Name	Date	Deal Synopsis
El-Technologies	02-Jun-20	The company was acquired by Cognizant Technology Solutions (NAS: CTSI) for an undisclosed amount on June 2, 2020.
Collaborative Solutions	05-May-20	The company reached a definitive agreement to be acquired by Cognizant Technology Solutions (NAS: CTSI) for \$385 million on May 5, 2020. The deal will enable Cognizant to add new finance and HR advisory and implementation services to its cloud offerings.

WPP

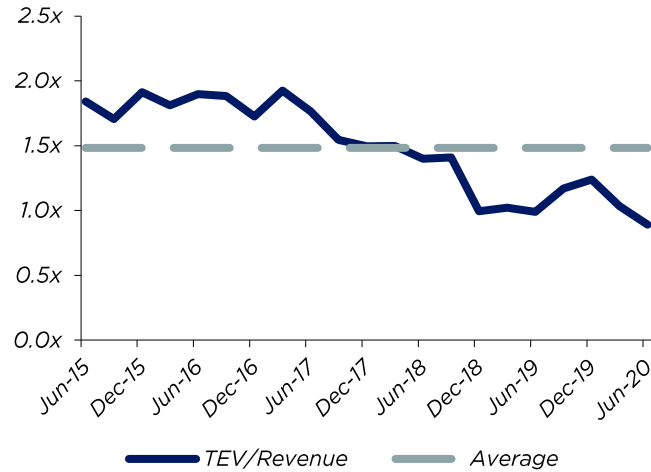
Headquartered in the U.K., WPP is the world's largest ad holding company, based on annual revenues.

WPP's services, which include traditional and digital advertising, public relations, and consulting, are provided worldwide, with over 70% of its revenue coming from more developed regions such as the North America, U.K., and Western Europe.

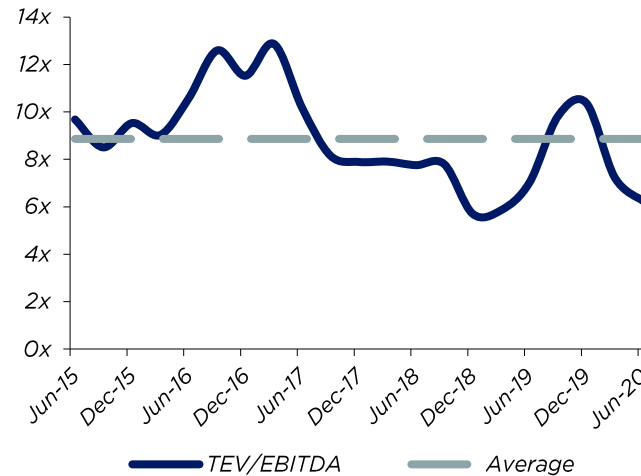
Public Basket

WPP

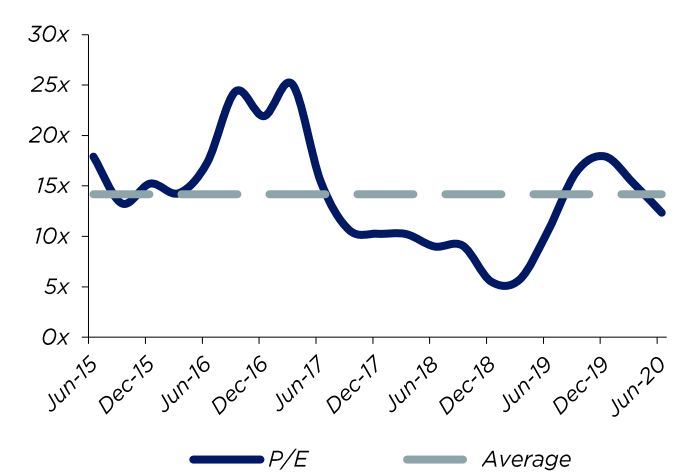
Revenue Multiples - WPP



EBITDA Multiples - WPP



P/E Multiples - WPP



Company Name

Date

Deal Synopsis

Sandtable

3/23/20

The company was acquired by WPP (LON: WPP) for an undisclosed amount on March 5, 2020. The acquisition is in line with WPP's strategy to deepen its technology offer by further strengthening its investment and innovation in data science.

The&Partnership

1/6/20

The company was acquired by WPP (LON: WPP) for approximately GBP 30 million from Mr. Johnny Hornby and other senior members on February 12, 2020. With this acquisition WPP will in future be allocated a larger part of the agency's profits.

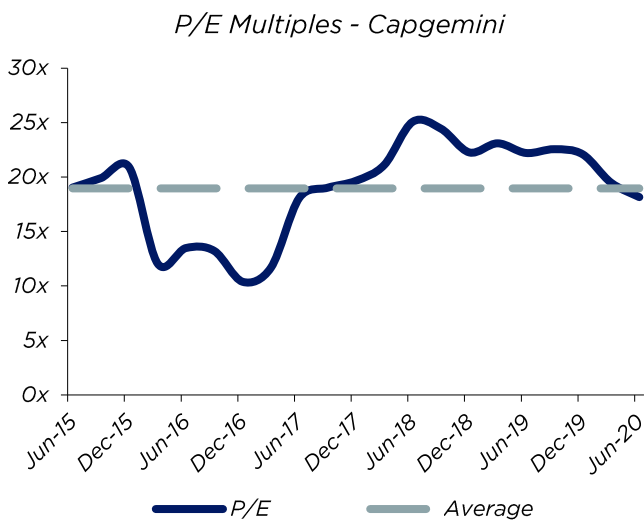
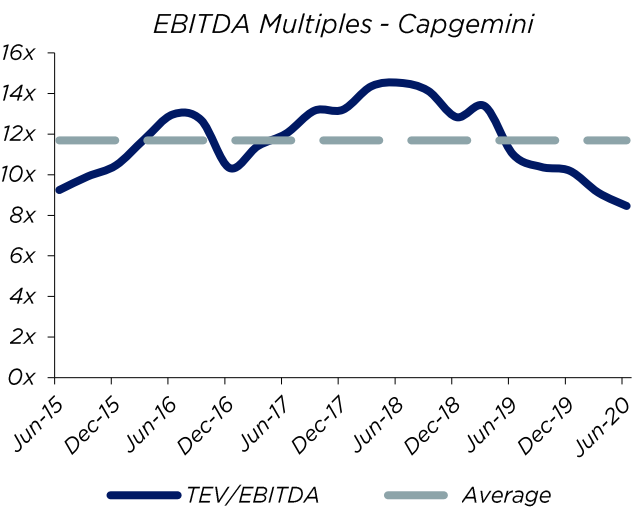
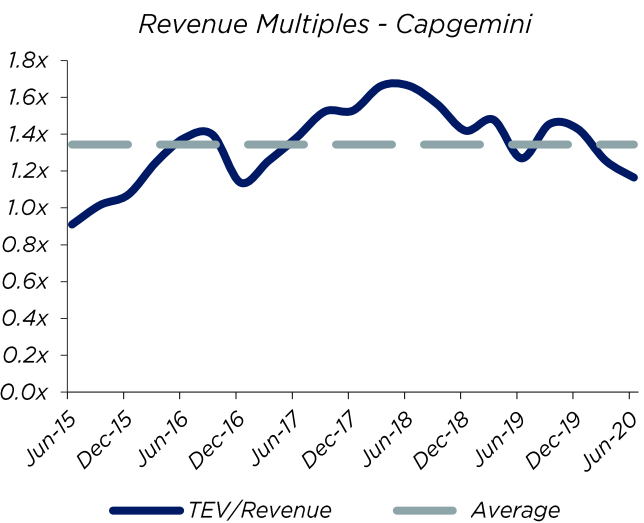
Capgemini

Capgemini is a French IT services company with a global presence.

The firm has over 450 offices globally, with more than half of its employees based in India. Capgemini provides services related to IT consulting, infrastructure management, and business process outsourcing.

Public Basket

Capgemini



Company Name

Date

Deal Synopsis

XL2

28-May-20

The company was formed as a joint venture between Capgemini SE (EPA: CAP) and Audi AG (FRA: NSU) on May 28, 2020.

Altran Technologies

01-Apr-20

The company (PAR: ALT) was acquired by Capgemini (PAR: CAP) for EUR 5 billion on April 1, 2020. This transaction allows Capgemini to accelerate its development with major Internet and tech companies, by giving the entity a critical mass in software engineering through centers of expertise, particularly in India and Eastern Europe.

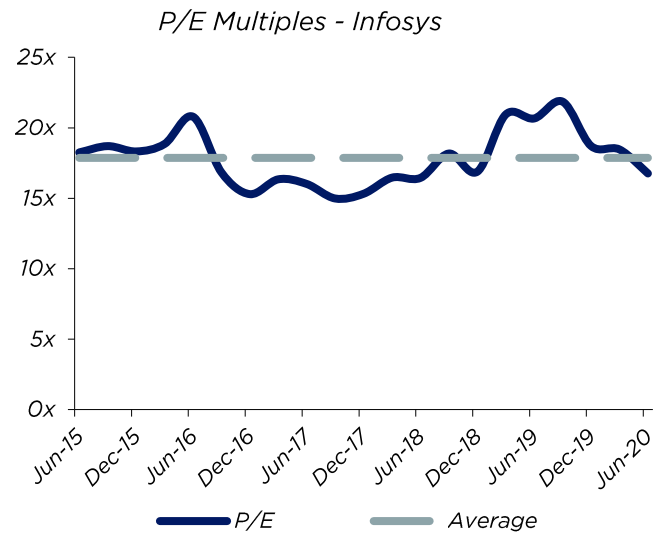
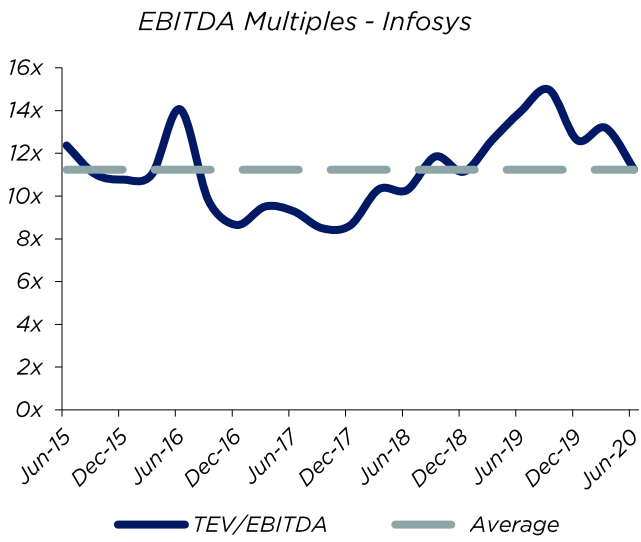
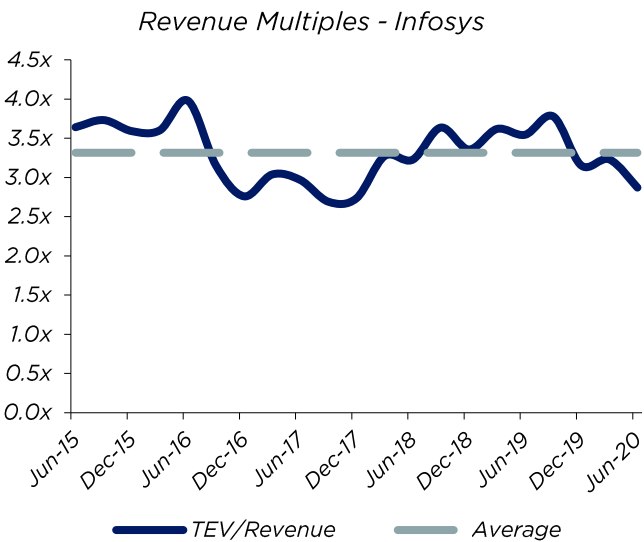
Infosys

Infosys is a global provider of consulting and IT services.

The company was founded in 1981, employs more than 200,000 staff, and serves clients in over 40 countries. Infosys provides myriad services, including business process outsourcing, IT outsourcing, consulting and systems integration, among many others. The firm serves more than 20 industries ranging from financial services and healthcare to manufacturing and consumer packaged retail.

Public Basket

Infosys



Company Name	Date	Deal Synopsis
Simplus	13-Mar-20	The company was acquired by Infosys (NSE: INFY) for \$250 million on March 13, 2020.
Eishtec	07-Oct-19	The company was acquired by Infosys BPM, a subsidiary of Infosys (NSE: INFY) for an undisclosed amount on October 7, 2019.

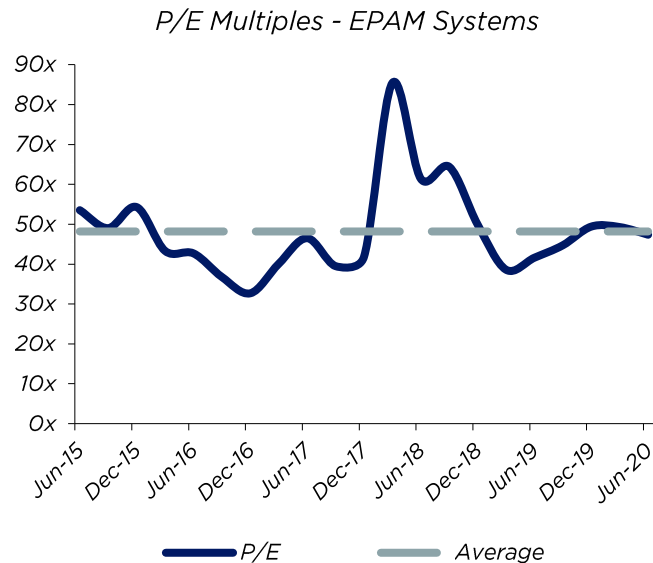
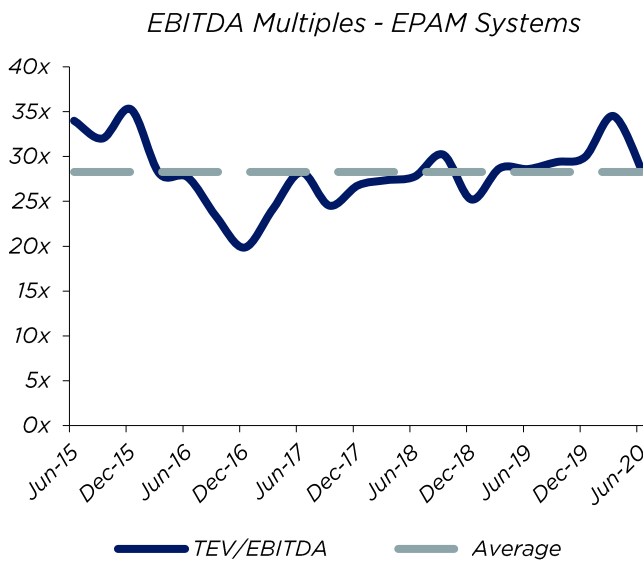
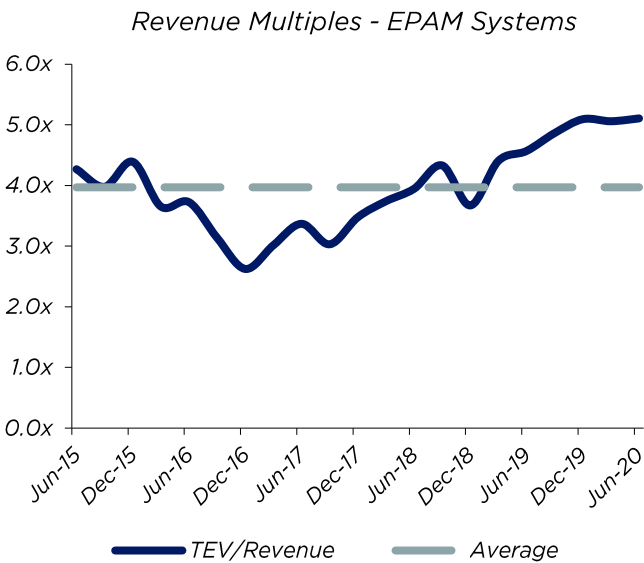
EPAM Systems

EPAM Systems Inc provides software product development and digital platform engineering services to clients located around the world.

The company offers six main services: Software Product Development, Custom Application Development, Application Testing, Enterprise Application Platforms, Application Maintenance, and Support and Infrastructure Management. The company focuses on innovative and scalable software solutions. The company uses industry standard and custom developed technology, tools, and platforms to deliver results to handle business challenges. The company primarily offers their solutions in the following industries: financial services, travel and consumer, software and hi-tech, life sciences and healthcare. The majority of revenue is generated from North American clients.

Public Basket

EPAM Systems



Company Name	Date	Deal Synopsis
Deltix Labs	20-Mar-20	The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on March 20, 2020. The acquisition will enable the acquirer to grow their FinTech practice and expand their quantitative research capabilities.
migVisor	05-Nov-19	The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on November 5, 2019.

Globant

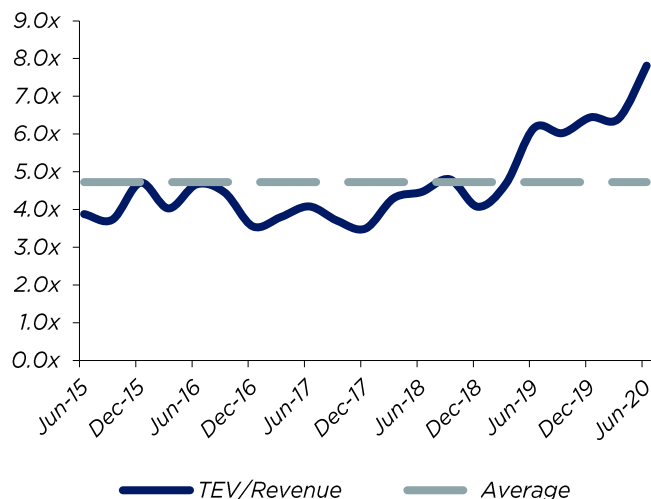
Globant SA is a software technology developer based in Luxembourg.

It creates platforms which are powered by native digital technology, better known as digital journeys. The digital journey incorporates various software products, mobile apps and sensors that assist its clients in knowing its end user's behavioral pattern. The key aspects of the digital journey are stay relevant, discover and build. The stay relevant helps its clients in staying abreast of the developments in its industry and taking preemptive measures. The discover conceives digital journeys for the users based on consumer behaviors and technologies and the build creates each digital journey leveraging the work of its studios. The company's revenue is primarily generated by its technology services in the United States.

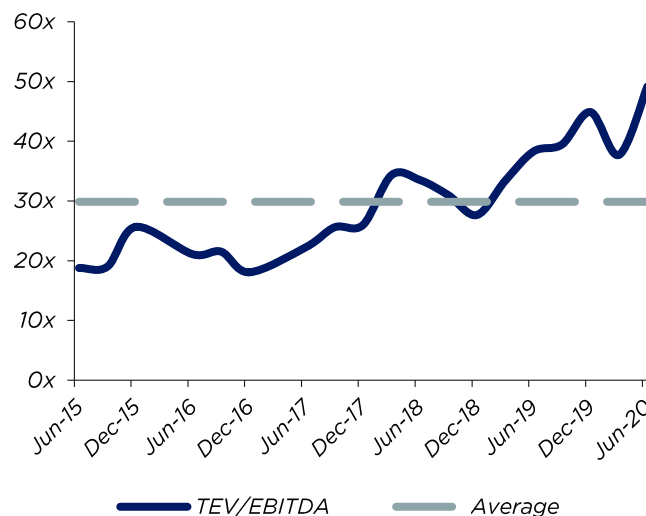
Public Basket

Globant

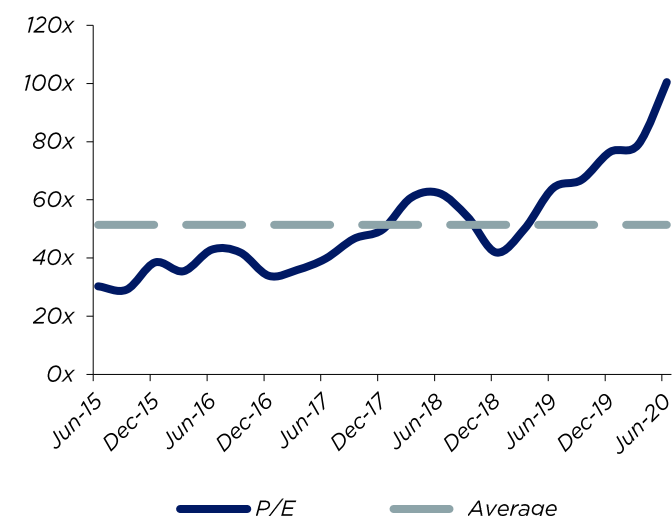
Revenue Multiples - Globant



EBITDA Multiples - Globant



P/E Multiples - Globant



Company Name	Date	Deal Synopsis
Singularity University	16-Dec-19	The company reached a definitive agreement to receive an undisclosed amount of convertible debt financing from Globant on December 16, 2019.
Belatrix Software	12-Aug-19	The company was acquired by Globant (NYS: GLOB) for \$65 million on August 12, 2019. Out of total amount, contingent amount of USD 3,000,000 is payable by October 31, 2020 subject to Belatrix's achievement of specified revenue targets for the period from August 1, 2019 through July 31, 2020. The acquisition strengthens Globant's digital and cognitive transformation leadership, its positioning in Latin America and its expertise in key industries like finance, payment, healthcare and retail.

Endava

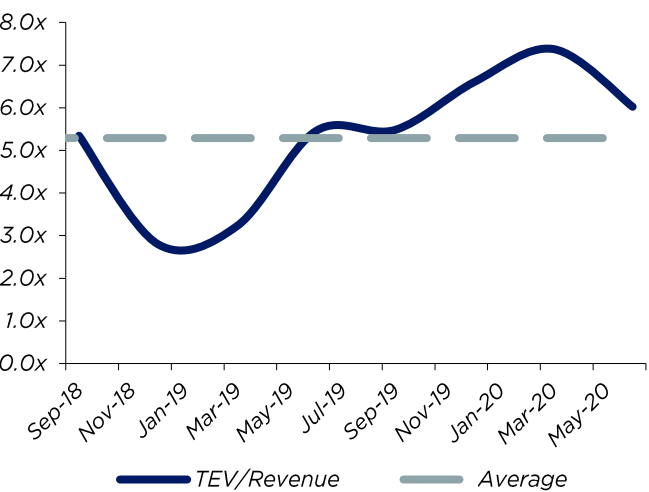
Endava PLC provides technology solutions.

It offers various services such as Agile Transformation, through which the company identify, define, and implement the mix of process, technology, and culture. It also provides Digital Evolution and Automation, Test Automation and Engineering, Cloud, Architecture, Software Engineering, and others. The company offers its services to various industries such as Finance, Retail and Consumer Goods, Telecommunication, Media, and Technology, Insurance and Healthcare, and others.

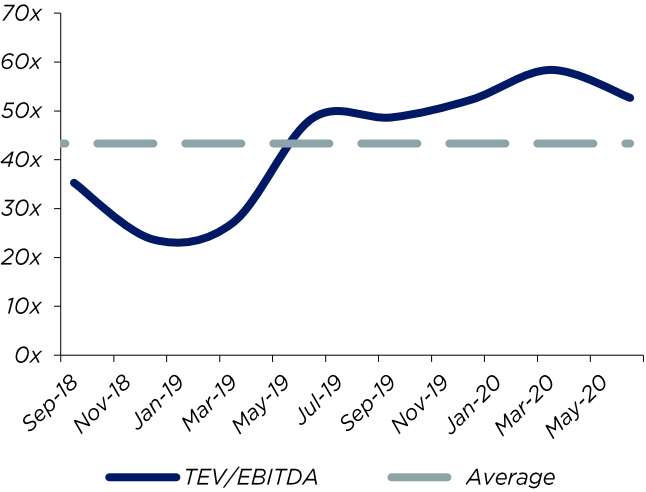
Public Basket

Endava

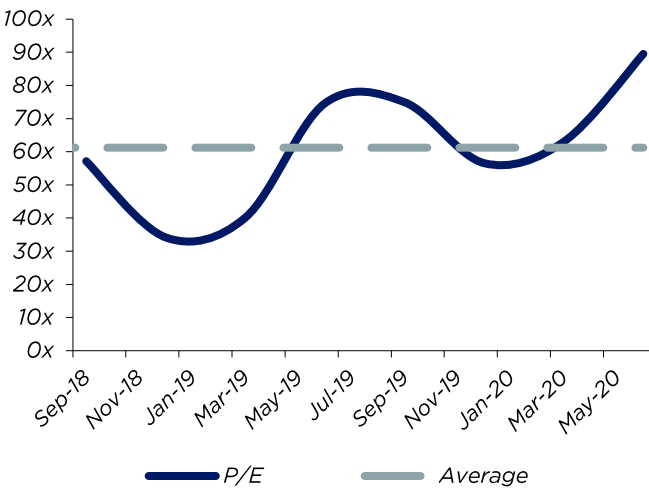
Revenue Multiples - Endava



EBITDA Multiples - Endava



P/E Multiples - Endava



Company Name	Date	Deal Synopsis
Exozet	17-Dec-19	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on December 17, 2019.
Intuitus	04-Nov-19	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on November 4, 2019.

Contact Info

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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
John Cooper, Managing Director	704.973.3996	john@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Garth Martin, Vice President	704.973.3997	garth.martin@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@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
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Dennis Fox, Associate	704.706.9168	dennis@7mileadvisors.com
Daniel Kim, Associate	704.912.4584	daniel@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com