

7 Mile Advisors



Sectorwatch:

Business Process Outsourcing

December 2020



Business Process Outsourcing

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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

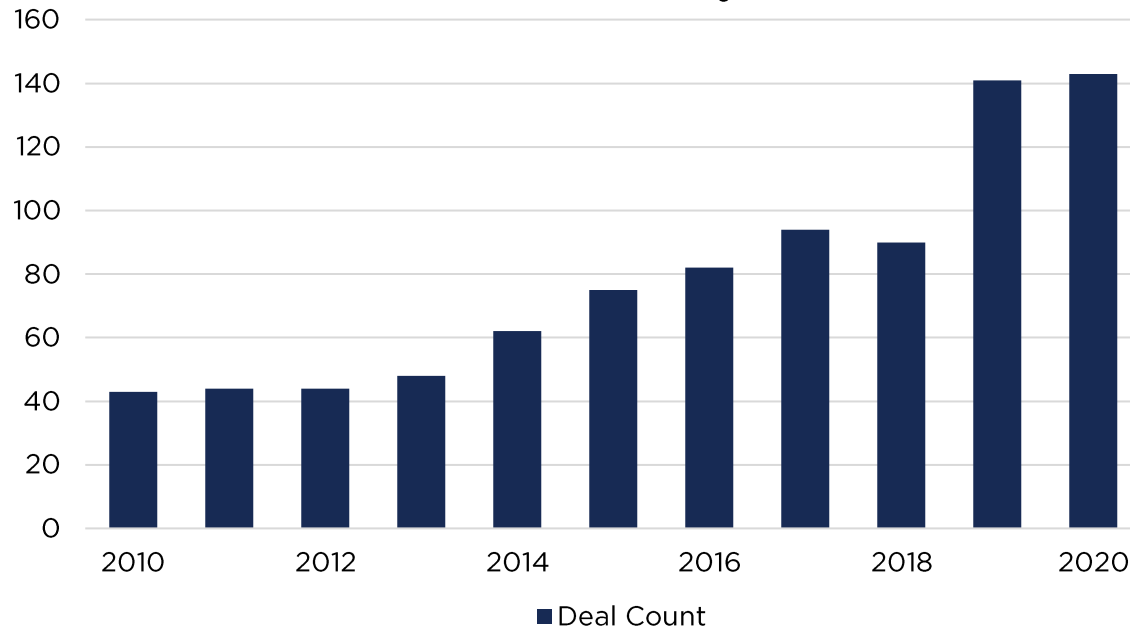
- The most recently announced deals in the sector

Dashboard

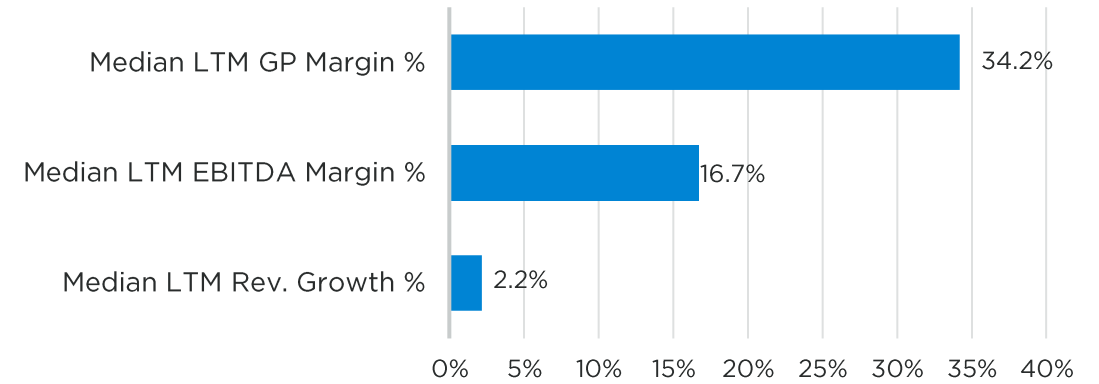
REVENUE GROWTH MOMENTUM ↓ -4.3%

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

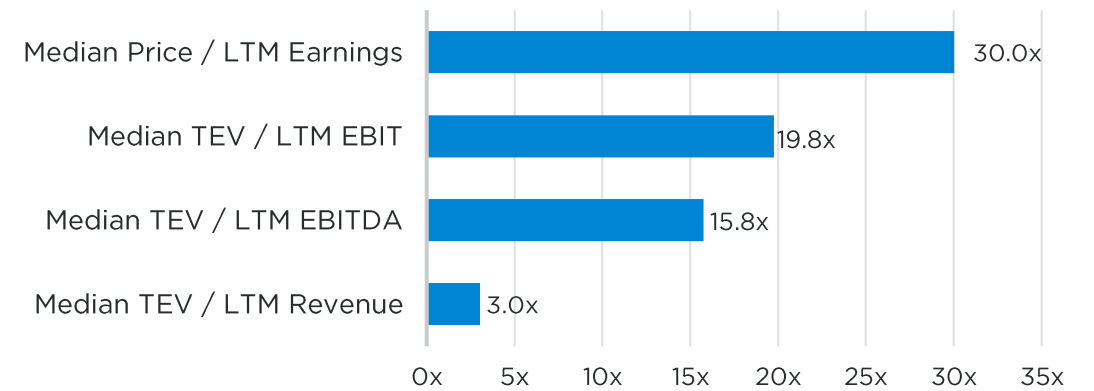
M&A Activity



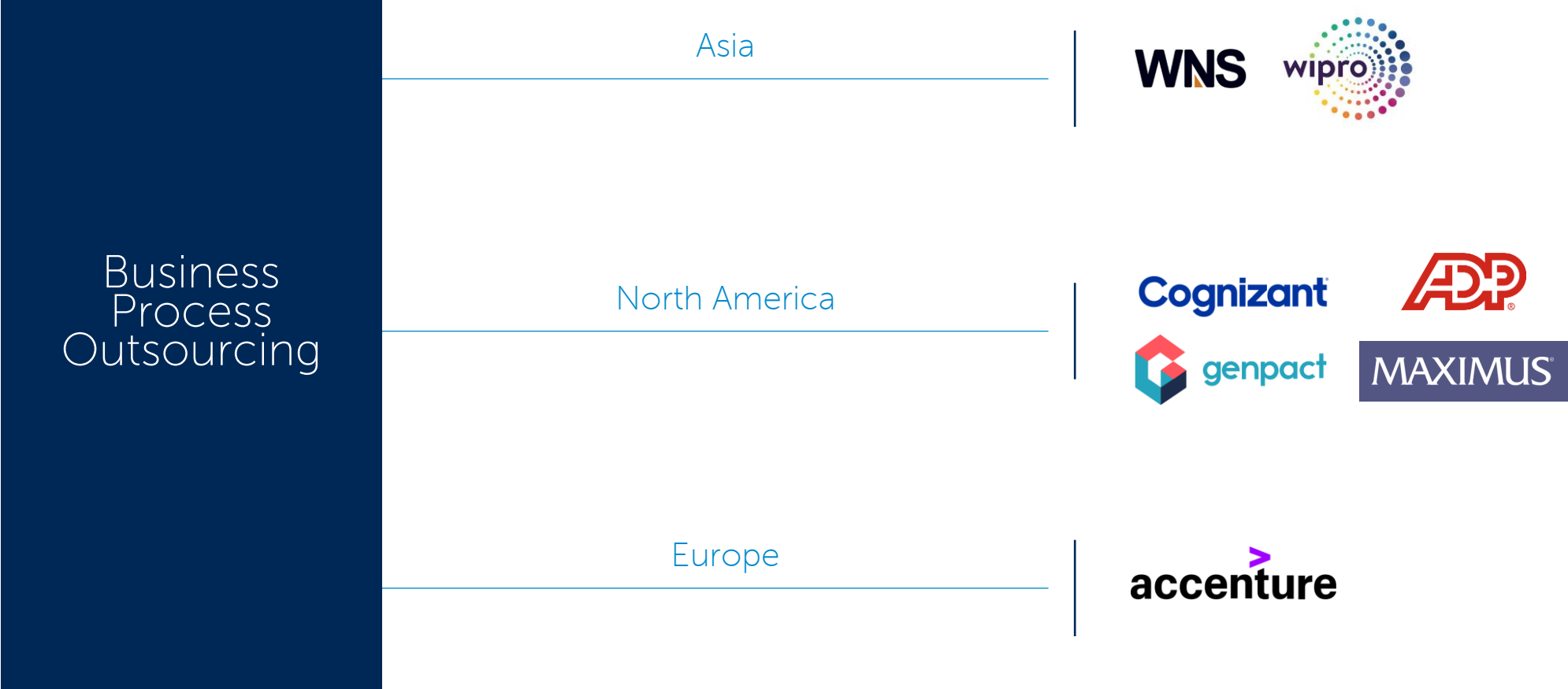
Operating Metrics



Valuation



Public Basket Overview

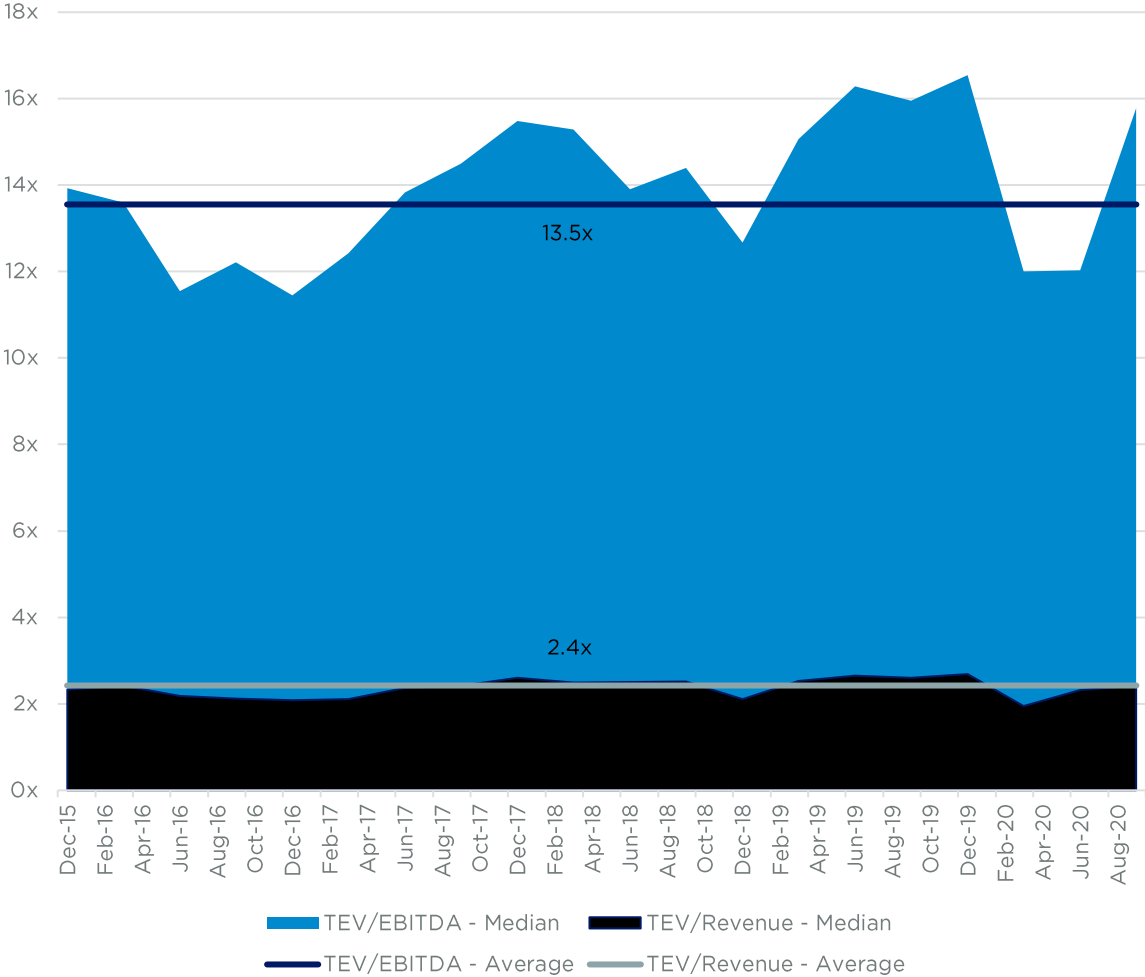


Public Basket

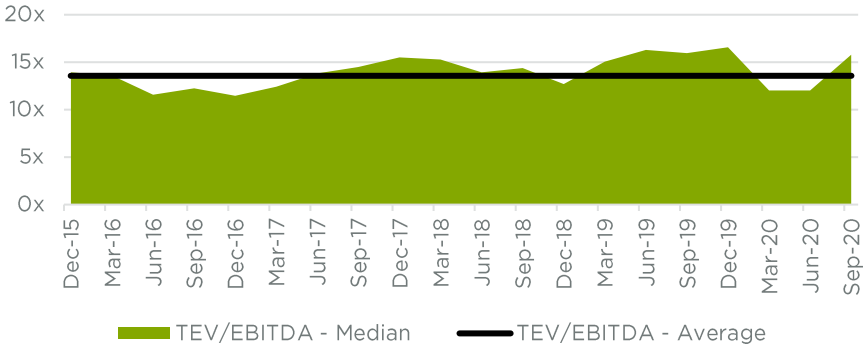
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
WNS Global Services	3,522	175	918	7.9%	36.1%	19.1%	3.8x	20.1x	43,000	21
Maximus	4,618	389	3,462	19.9%	20.5%	11.2%	1.3x	11.9x	29,600	117
Genpact	9,114	617	3,700	8.3%	34.2%	16.7%	2.5x	14.8x	97,500	38
Wipro	25,305	1,782	8,306	2.2%	29.3%	21.4%	3.0x	14.2x	180,000	46
Cognizant Technology Solutions	42,251	2,681	16,752	0.7%	35.8%	16.0%	2.5x	15.8x	291,700	57
Automatic Data Processing	76,423	3,803	14,565	1.9%	42.1%	26.1%	5.2x	20.1x	58,000	251
Accenture	165,517	7,146	44,730	1.7%	31.8%	16.0%	3.7x	23.2x	513,000	87
Average	46,679	2,370	13,205	6.1%	32.8%	18.1%	3.2x	17.1x	173,257	88
Median	25,305	1,782	8,306	2.2%	34.2%	16.7%	3.0x	15.8x	97,500	57

share price as of 28Dec20

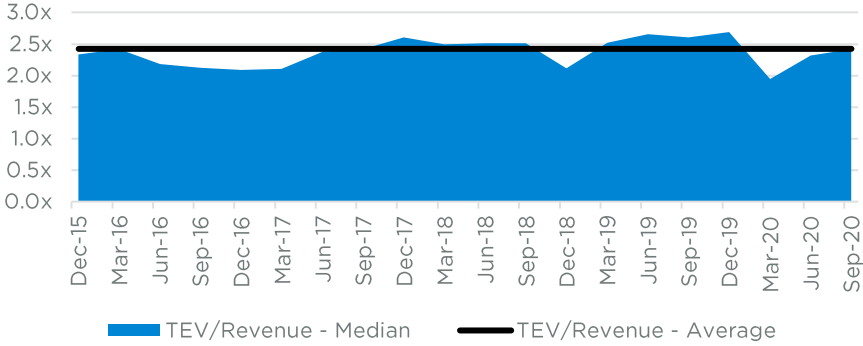
Public Basket



Public EBITDA Multiples over Time

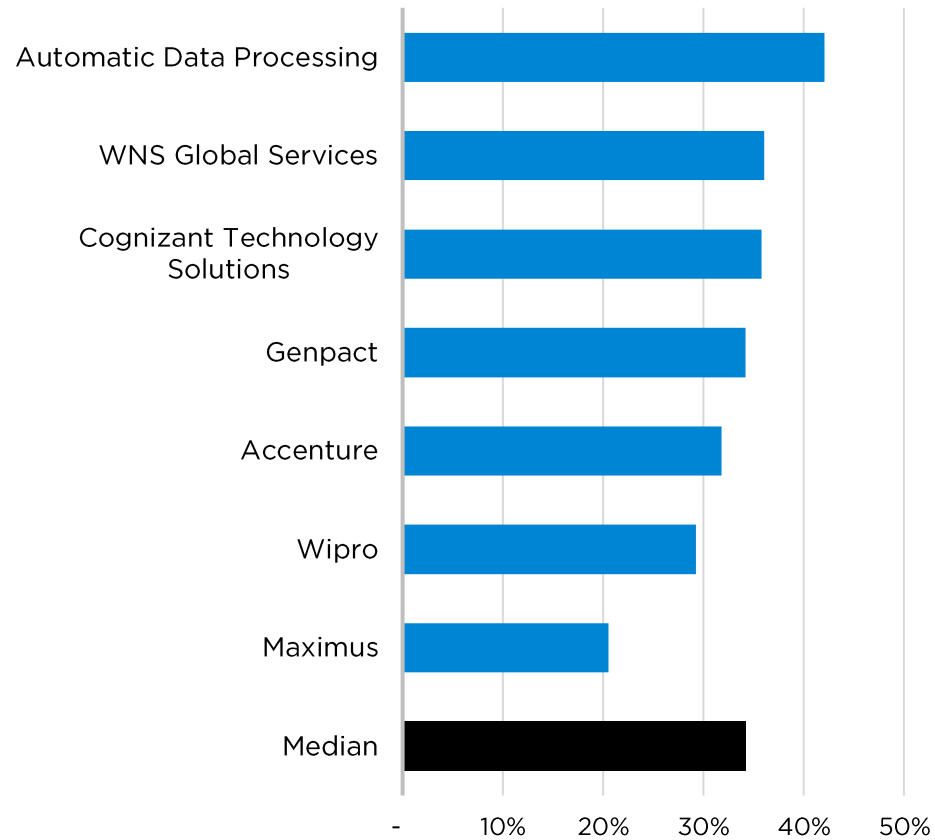


Public Revenue Multiples over Time

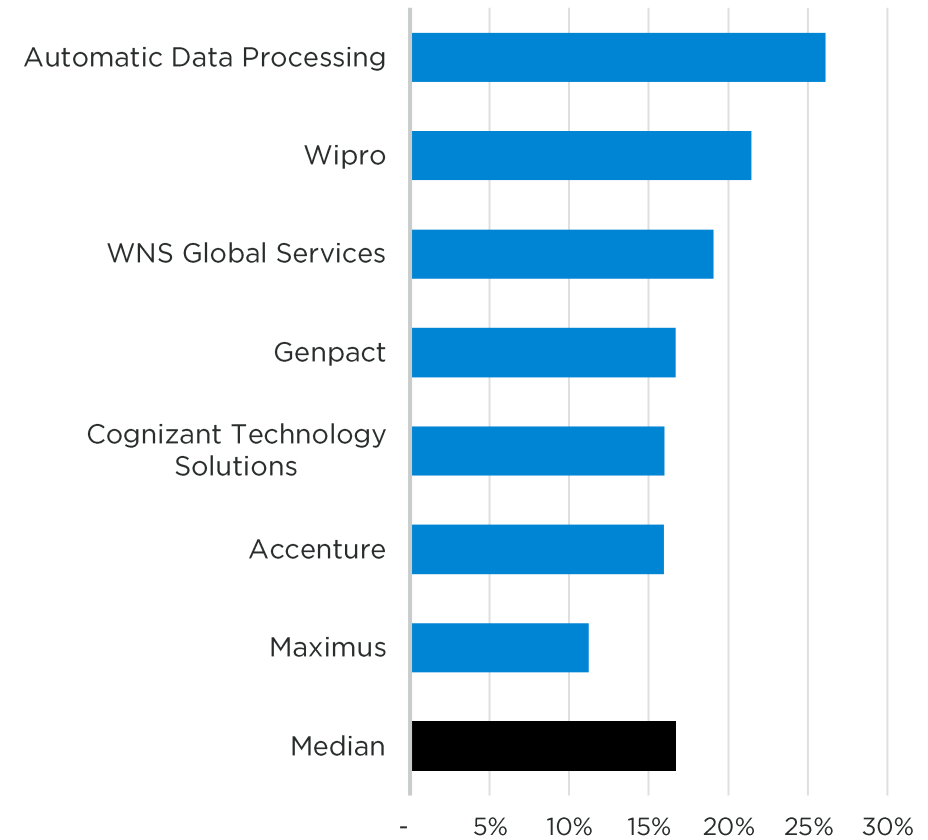


Operational Metrics

LTM Gross Profit Margin %

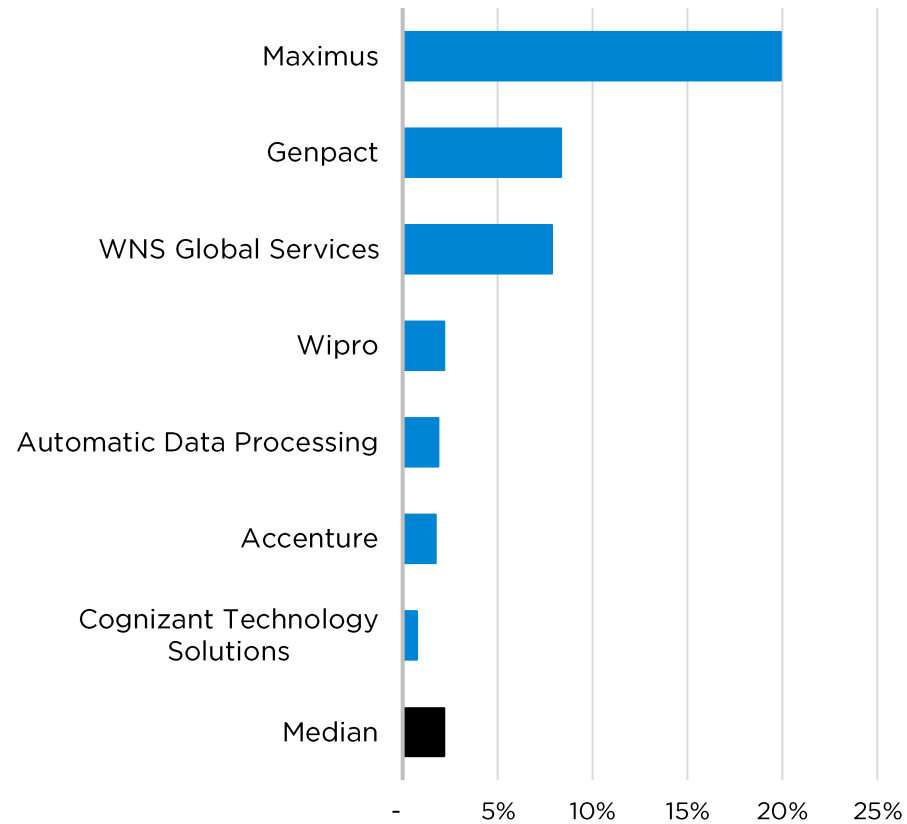


LTM EBITDA %

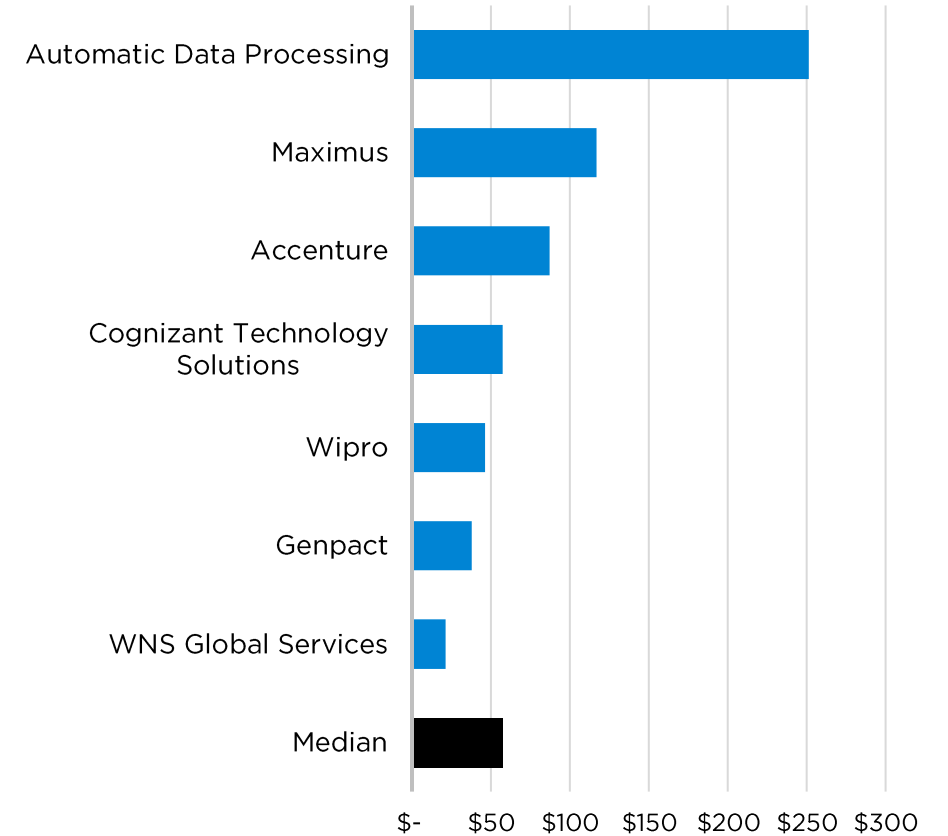


Operational Metrics

LTM Revenue Growth %

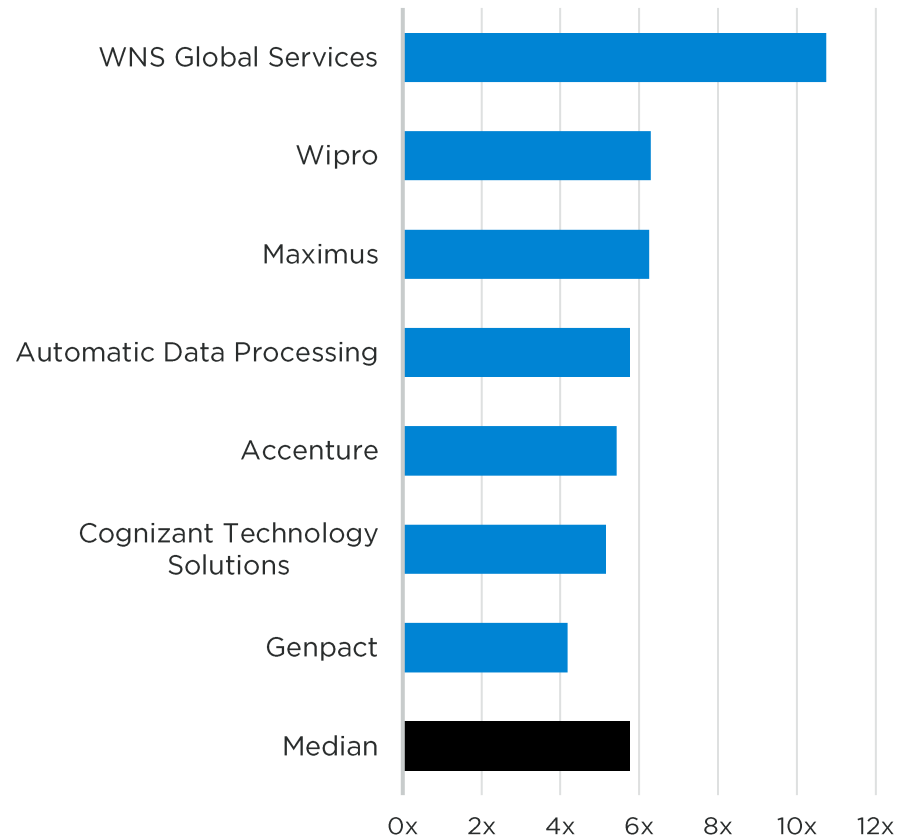


LTM Revenue per Full Time Employee x 000's

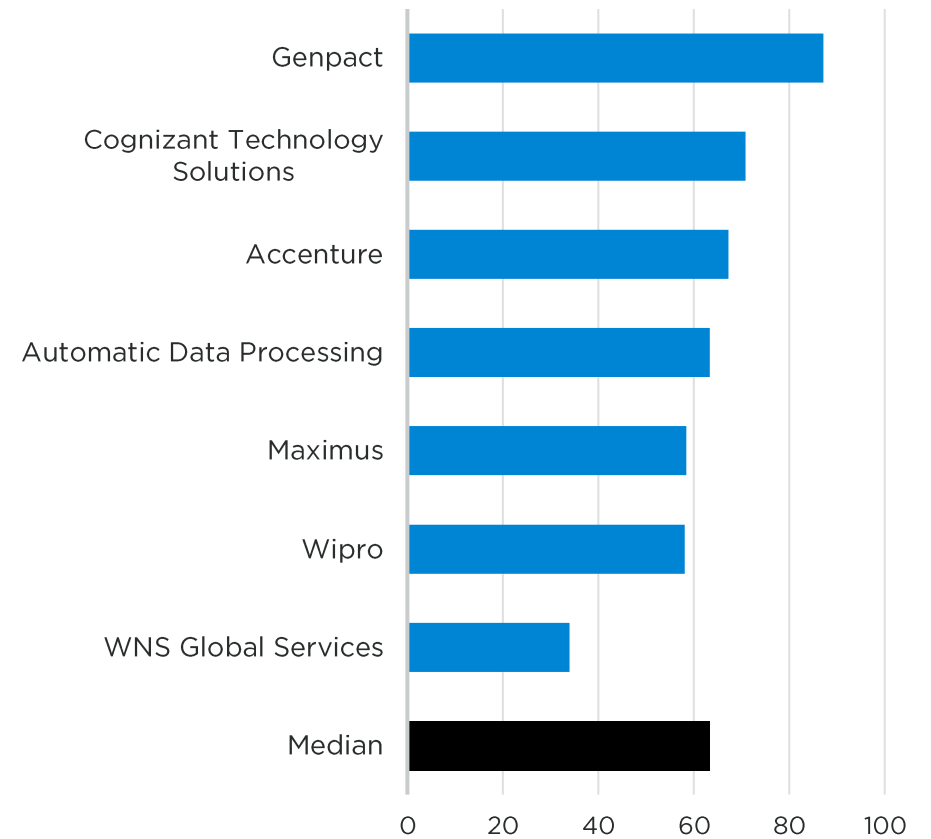


Operational Metrics

Accounts Receivable Turnover

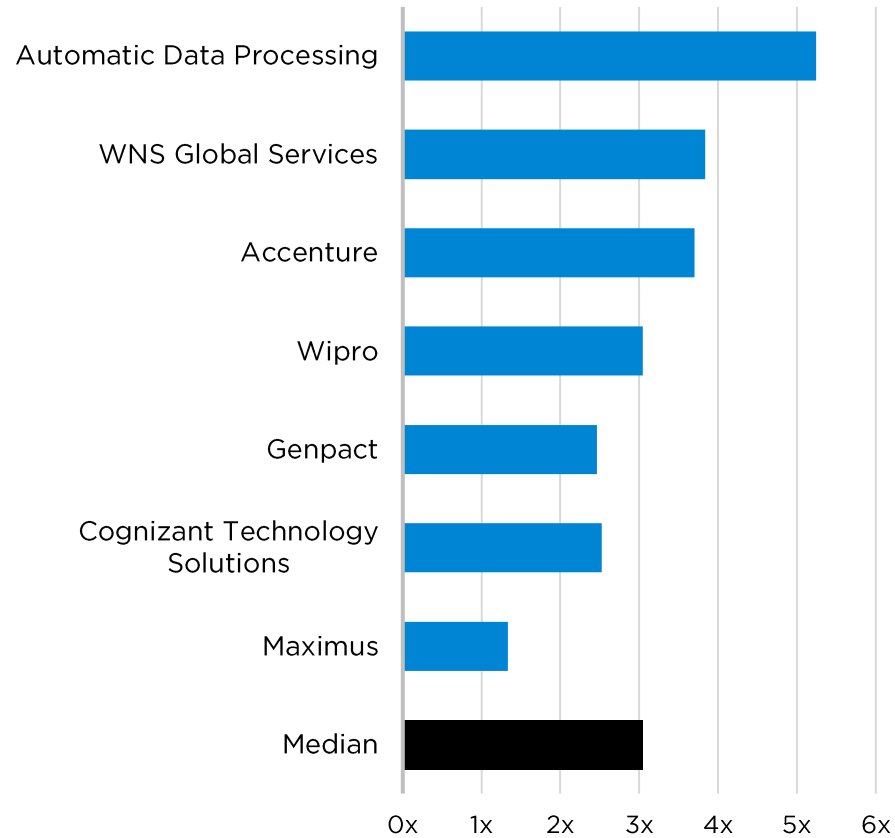


Average Days Sales Outstanding

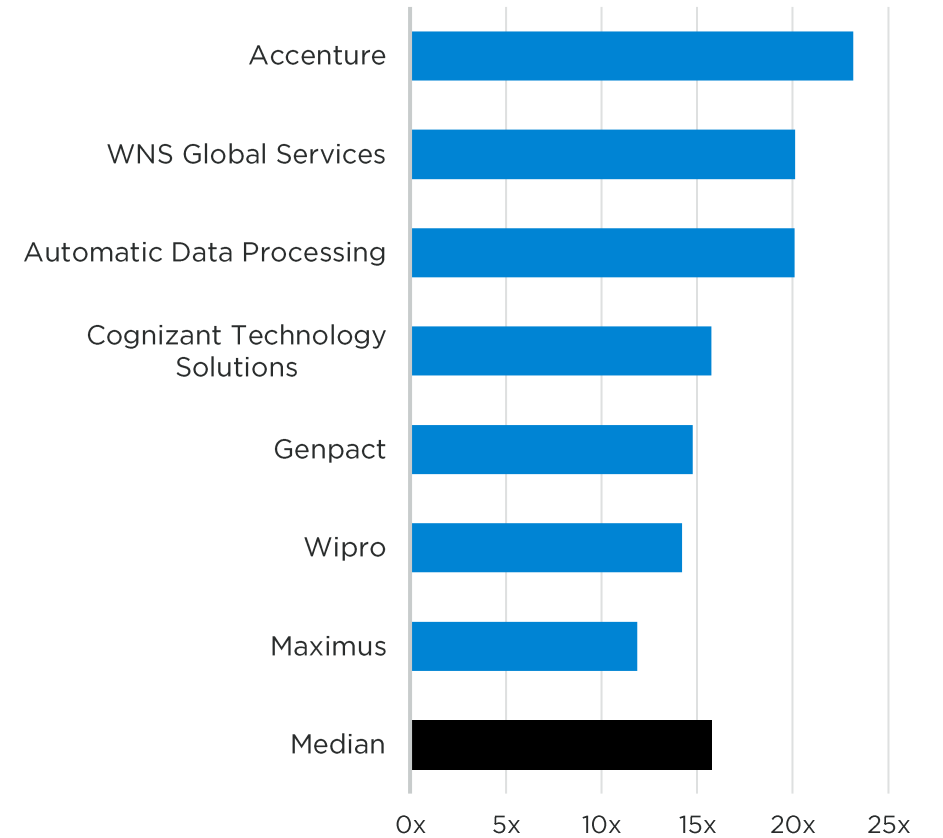


Valuation

TEV / LTM Revenue

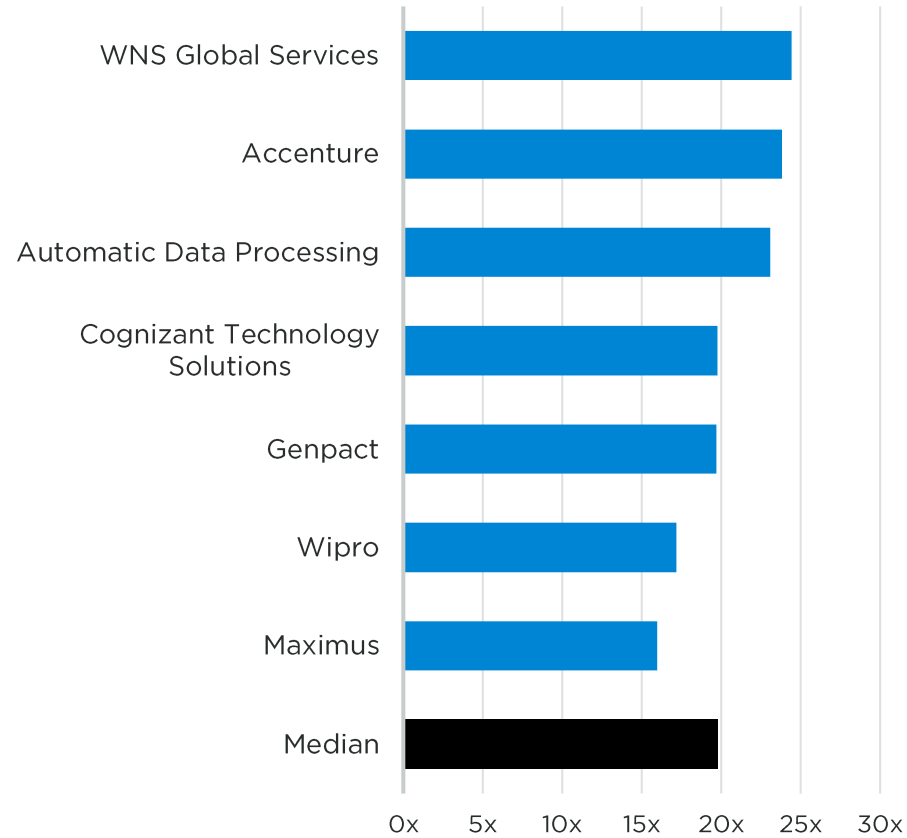


TEV / LTM EBITDA

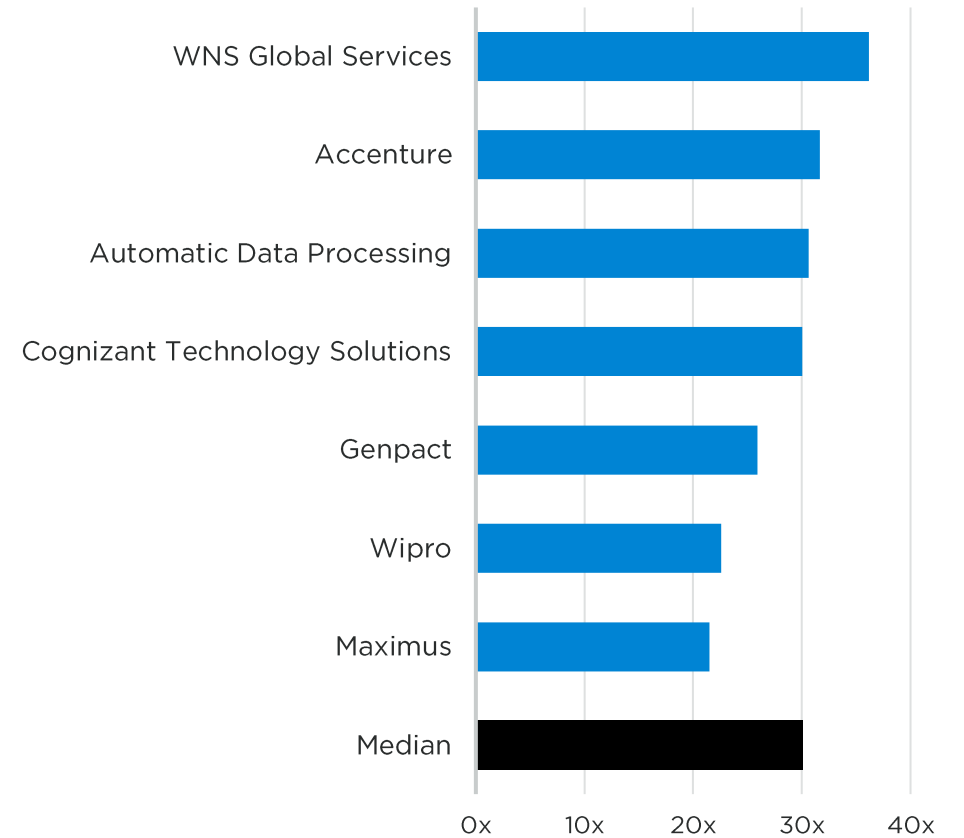


Valuation

TEV / LTM EBIT

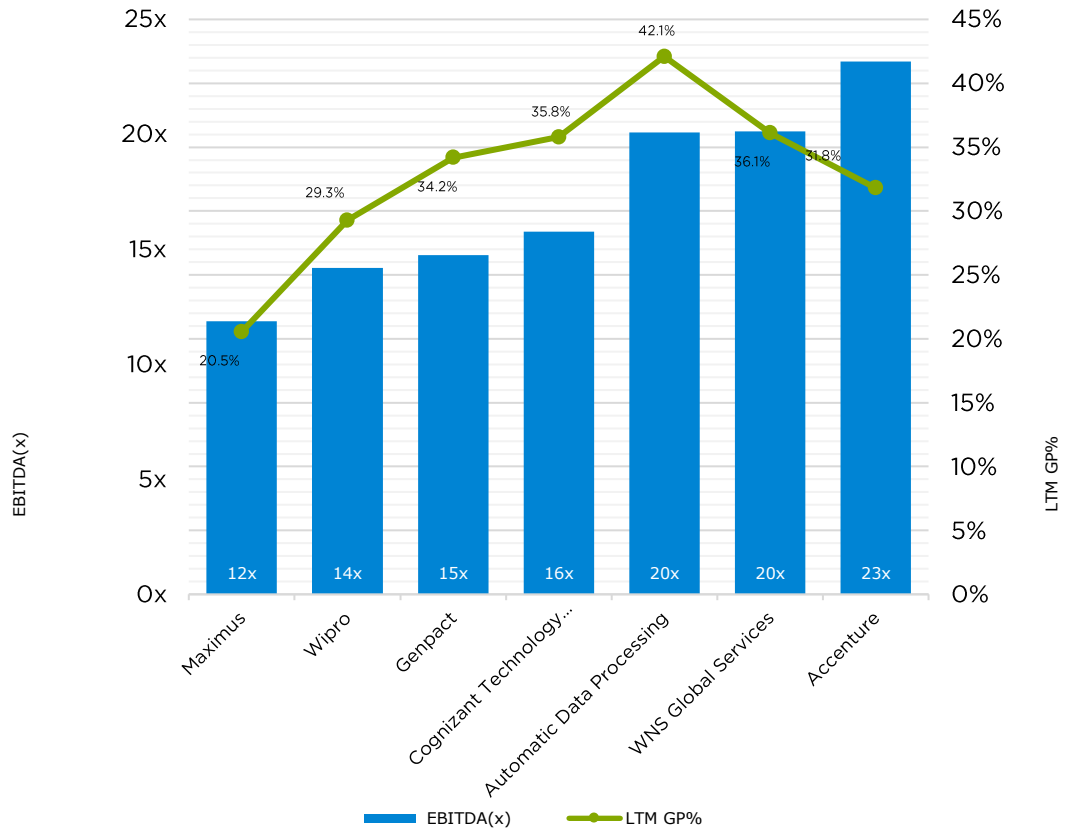


Price / LTM Earnings

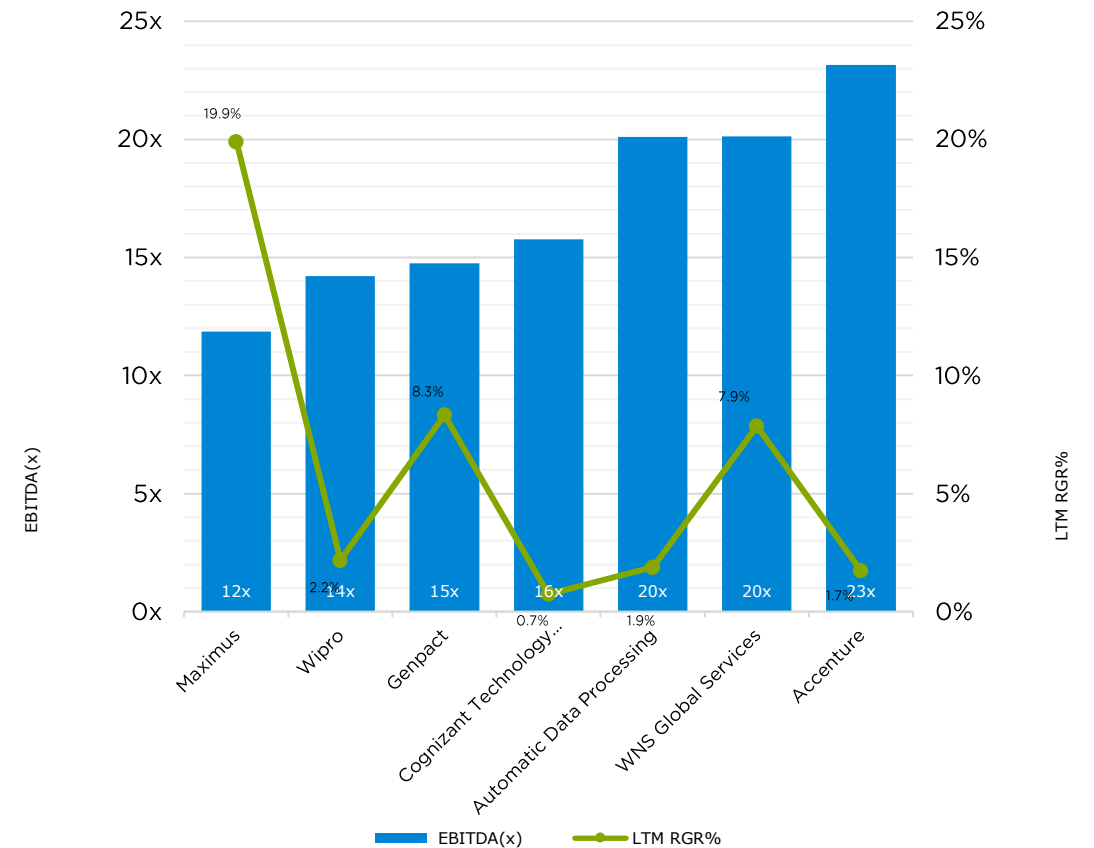


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
22-Dec-20	Prosum (Microsoft Consulting and Managed Services Business Unit)	Netrix Systems	-	-	-	-
17-Dec-20	Netlink Sytems	Ntiva	-	-	-	-
11-Dec-20	GreenPages	ABRY Partners	-	-	-	-
09-Dec-20	Nexus GS	Air IT	-	-	-	-
07-Dec-20	Broadpoint Technologies	Harren Equity Partners	-	-	-	-
26-Nov-20	Gestisoft	Secib	-	-	-	-
25-Nov-20	Xpert Technologies	Wolf Consulting	-	-	-	-
19-Nov-20	Qubic Group	Beech Tree Private Equity	-	-	-	-
19-Nov-20	Septeo	HgCapital Trust	-	-	-	-
16-Nov-20	Interactive Business Systems	Cleo Capital	-	-	-	-
11-Nov-20	Bright Skies	Rackspace US	-	-	-	-
11-Nov-20	Neos Software Development	Groupe Open	-	-	-	-
10-Nov-20	Groupware Technology	H.I.G. Capital	-	-	-	-
09-Nov-20	Microsky	Arribatec	-	-	-	-
06-Nov-20	RightSize Solutions	Bluff Point Associates	-	-	-	-
03-Nov-20	Cinntech Technologies	Calligo	-	-	-	-
02-Nov-20	DFI Service	Cheops Technology	-	-	-	-
29-Oct-20	PSU Technology Group	FluidOne	-	-	-	-
27-Oct-20	Axcell Technologies	Switchfast Technologies	-	-	-	-
27-Oct-20	Netstar UK	Air IT	-	-	-	-
27-Oct-20	SereneIT	Anexinet	-	-	-	-
27-Oct-20	VSHosting	Contabo	-	6.54	-	-
22-Oct-20	eGuard Technology Services	Ntiva	-	-	-	-
07-Oct-20	Cavu Networks	Help Desk Cavalry	-	-	-	-
01-Oct-20	CRSA Technologies	Uprite Services	-	-	-	-

Appendix

*Public Basket
Contact Information*



WNS Global Services

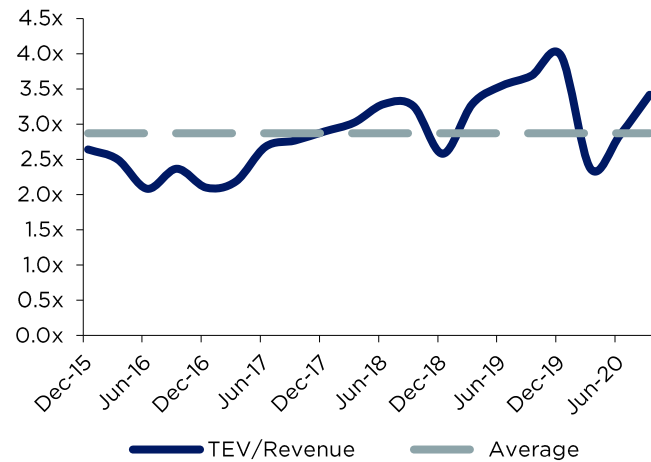
WNS (Holdings) Ltd is a global provider of business process management (BPM) services, offering comprehensive data, voice, analytical and business transformation services with a blended onshore, nearshore and offshore delivery model.

The company has two reportable segments namely WNS Global BPM and WNS Auto Claims BPM. It generates maximum revenue from WNS Global BPM segment. Geographically, it derives a majority of revenue from the US and also has a presence in the UK, Australia, Europe, South Africa and Rest of the world.

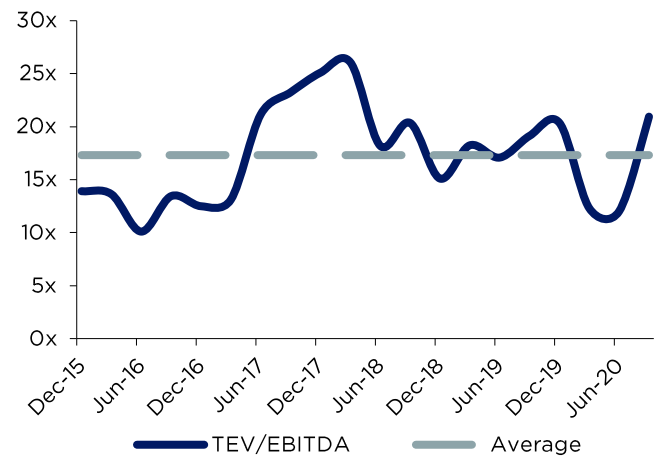
Public Basket

WNS Global Services

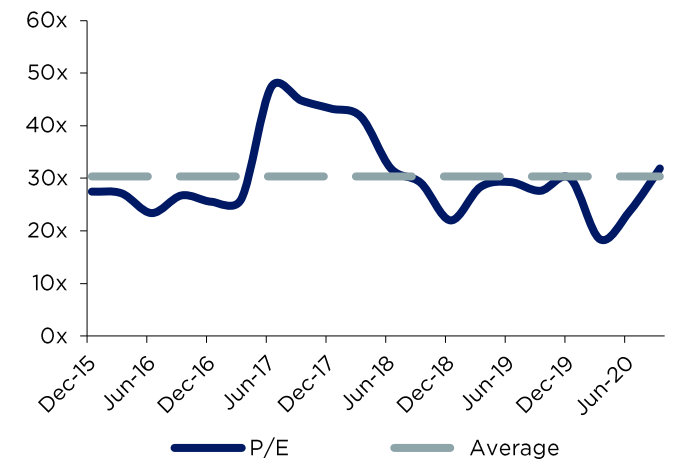
Revenue Multiples - WNS Global Services



EBITDA Multiples - WNS Global Services



P/E Multiples - WNS Global Services



Company Name

Date

Deal Synopsis

HealthHelp

15-Mar-17

The company was acquired by WNS (NYSE: WNS) for \$95 million on March 15, 2017. With the acquisition of HealthHelp, WNS has taken a major step forward in strengthening their end-to-end Healthcare and Insurance BPM offerings.

Denali Sourcing Services

31-Jan-17

The company was acquired by WNS (Holdings) (NYSE: WNS) for \$40 million on January 31, 2017. The acquisition of Denali Sourcing Services adds a strategic procurement capability to the existing Finance and Accounting solutions.

Maximus

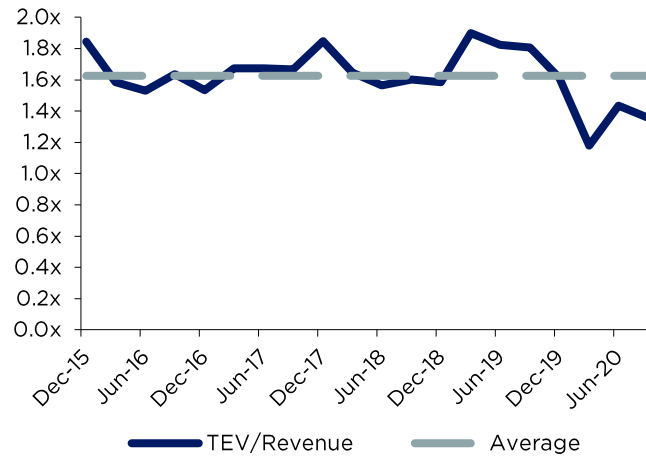
Maximus Inc is an operator of government health and human services programs in the United States, United Kingdom, Canada, Australia, and Saudi Arabia.

The company offers business solutions to improve the cost-effectiveness, efficiency, and quality of government-sponsored benefit programs, such as Medicaid, Medicare, Health Insurance BC, and child support programmes. Most of its revenue is derived from long-term contractual arrangements with governments around the world. The largest segment by revenue, health services, provides customer center operations and support services, health insurance enrollment services, and health plan oversight services.

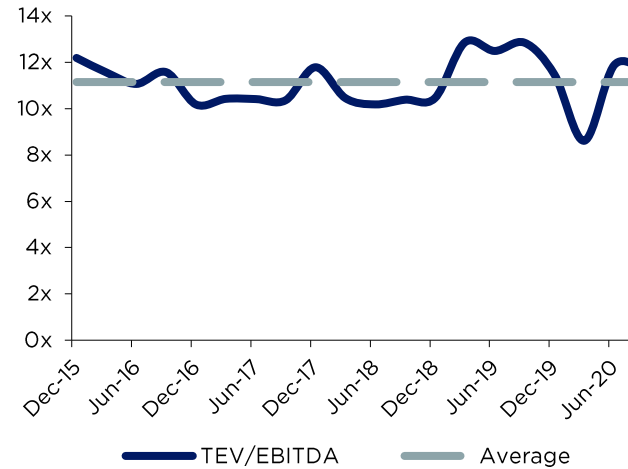
Public Basket

Maximus

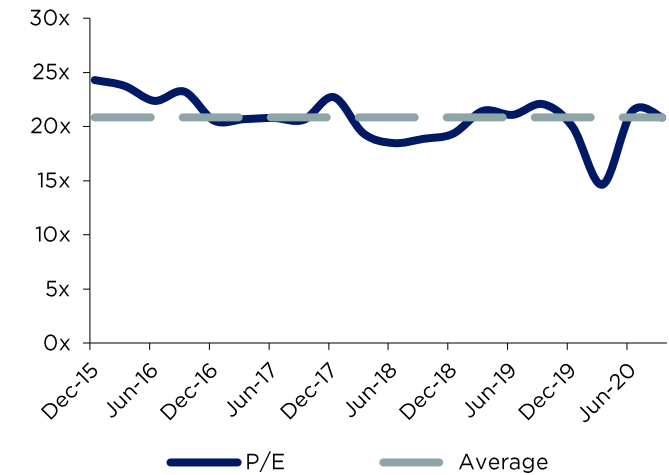
Revenue Multiples - Maximus



EBITDA Multiples - Maximus



P/E Multiples - Maximus



Company Name

Date

Deal Synopsis

Gt Hiring Solutions

16-Aug-19

The company was acquired by Maximus (NYS: MMS) for CAD 8.1 million on August 16, 2019. The acquisition will improve Maximus's reach and capabilities of the company's Canadian employment services.

General Dynamics Information
Technology (Call Center
Operations)

16-Nov-18

The company, a subsidiary of General Dynamics Information Technology, was acquired by Maximus (NYS: MMS) for \$430.723 million on November 16, 2018. The acquisition enables the acquirer to add scale to what they are doing in the federal market.

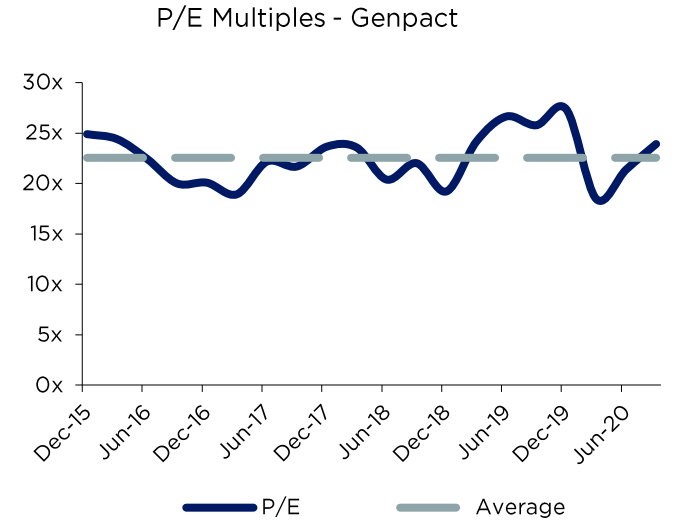
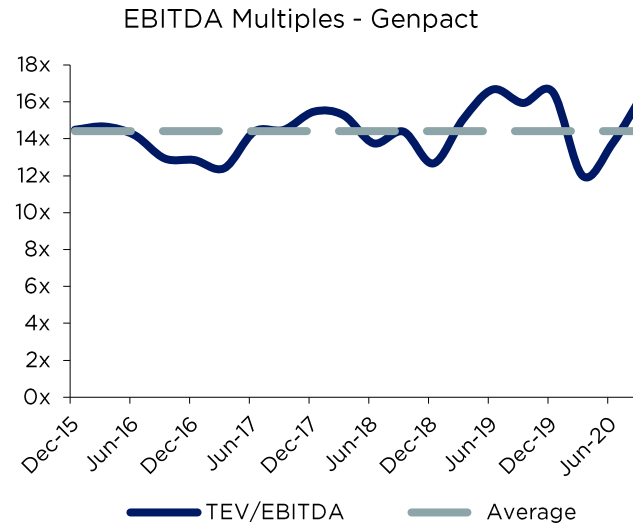
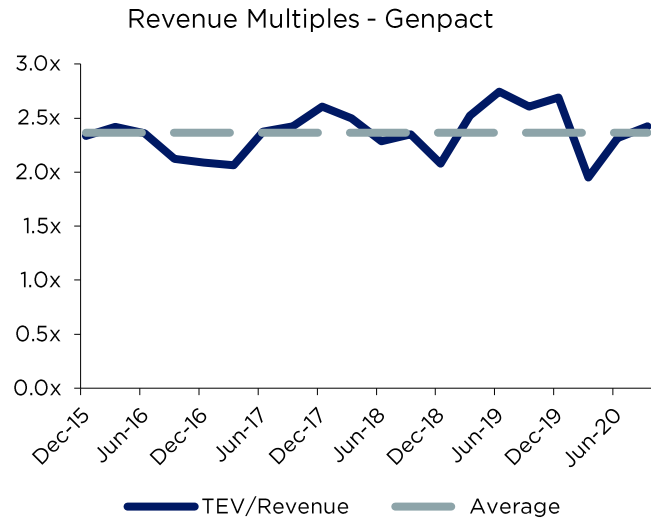
Genpact

Genpact Ltd is a provider of business process management services.

Clients are industry verticals and operate in banking and financial services, insurance, capital markets, consumer product goods, life sciences, infrastructure, manufacturing and services, healthcare, and high-tech. Genpact's services include aftermarket, direct procurement, risk and compliance, human resources, IT, industrial solutions, collections, finance and accounting, and media services. Genpact's end market by revenue is India. The company is a General Electric spin-off, which is still a large source of revenue for Genpact.

Public Basket

Genpact



Company Name	Date	Deal Synopsis
Something Digital	05-Oct-20	The company was acquired by Genpact (NYS: G) for an undisclosed amount on October 5, 2020. The addition of the company's deep commerce expertise to Genpact's subsidiary, Rightpoint's customer experience leadership, will further enable Rightpoint's ability to drive experience-led transformation at scale for clients across industries.
RightPoint Consulting	12-Nov-19	The company was acquired by Genpact (NYS: G) for an undisclosed amount on November 12, 2019. This acquisition combines Genpact's deep process, domain and digital expertise with the company's proven ability to create impact experiences, thus enabling the company's continued expansion which also includes expanding core offerings.

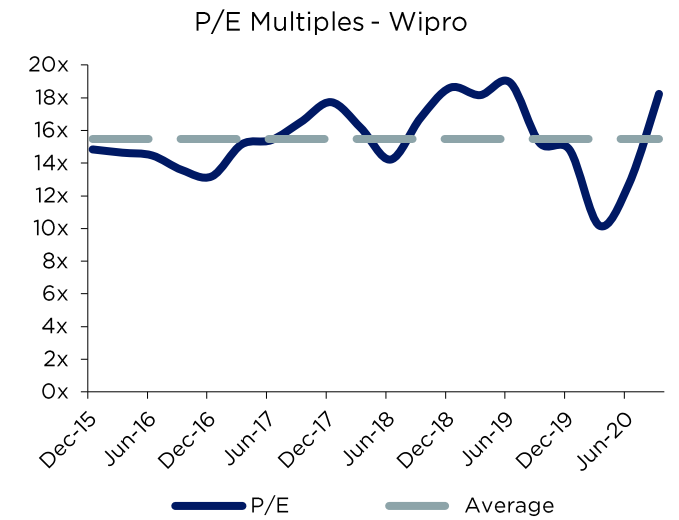
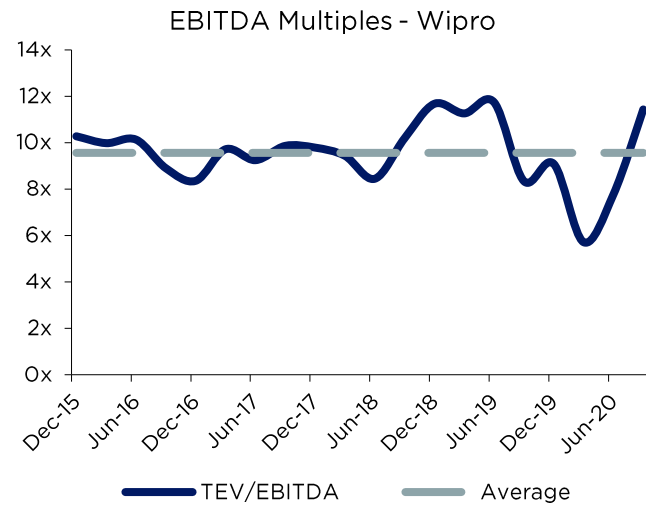
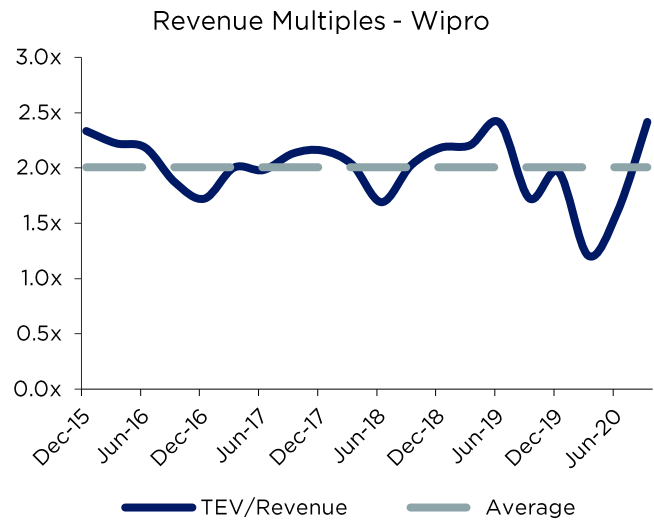
Wipro

Established in 1945, Wipro has grown to become one of the world's largest IT services vendors, providing services such as systems integration, IT outsourcing, business process outsourcing, and consulting, among others.

The firm employs more than 170,000 staff, operates in more than 50 countries, and serves six primary business segments comprised of 27 industry verticals.

Public Basket

Wipro



Company Name	Date	Deal Synopsis
Encore Theme Technologies	16-Dec-20	The company was acquired by Wipro (BOM: 507685) for INR 79.23 million on December 16, 2020. The acquisition helps Wipro to strengthen its position as a dominant player across the globe implementing Finastra solutions. The remaining 16.6 per cent equity stake will be acquired subject to and after receipt of certain regulatory approvals/ confirmations.
Eximius Design	13-Oct-20	The company reached a definitive agreement to be acquired by Wipro (BOM: 507685) for \$80 million on October 13, 2020. The acquisition will help Wipro to expand into newer market segments and elevate the customer's journey in next-generation technologies such as connected products, embedded AI and security.

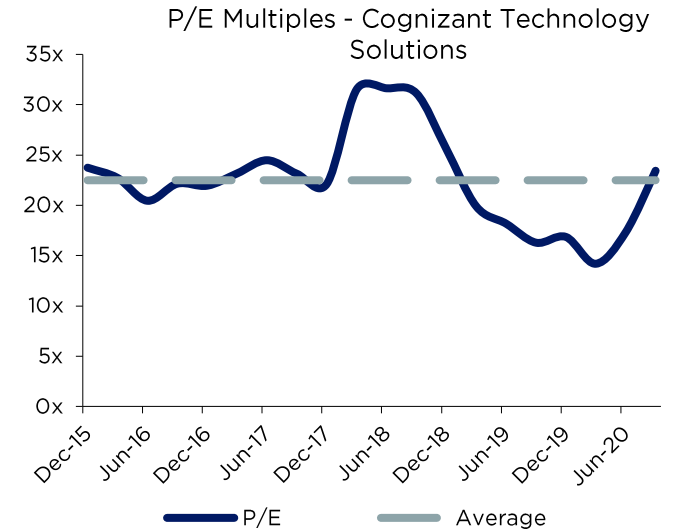
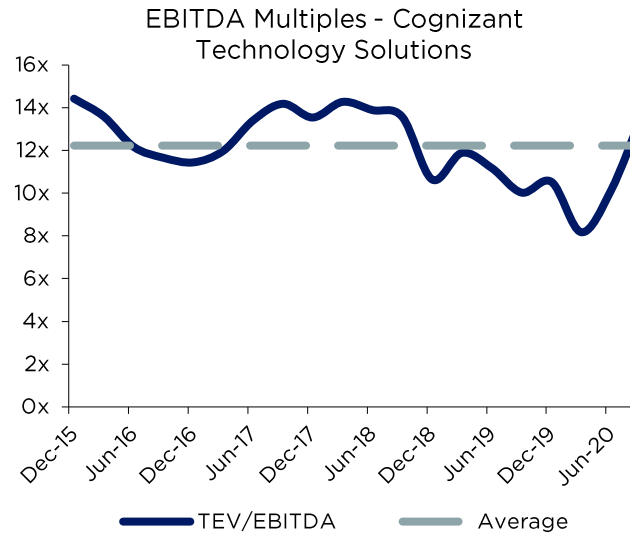
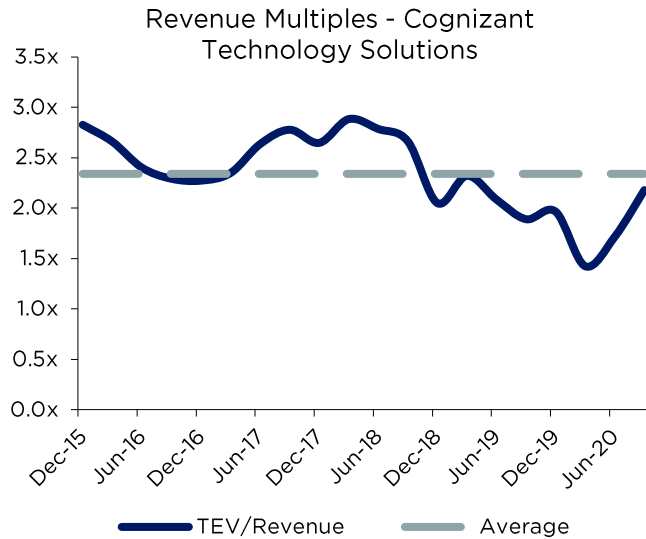
Cognizant Technology Solutions

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
Inawisdom	21-Dec-20	The company was acquired by Cognizant Technology Solutions (NAS: CTSH) for an undisclosed amount on December 21, 2020. The acquisition will enable the acquirer to further support customers in embedding data-driven decision-making into their organization, increasing their speed to business value and long-term market differentiation.
Bright Wolf	03-Nov-20	The company was acquired by Cognizant Technology Solutions (NAS: CTSH) for an undisclosed amount on November 3, 2020.

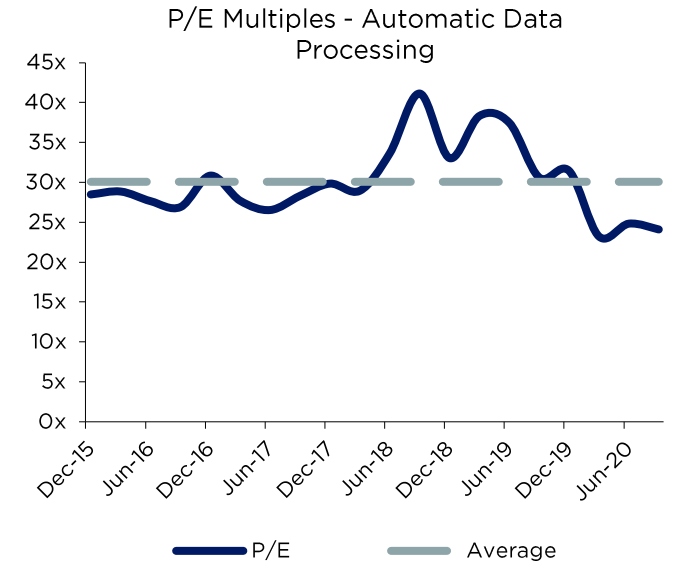
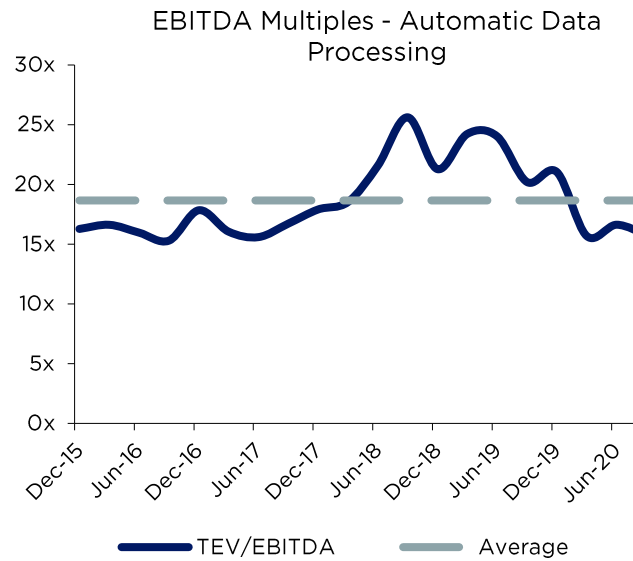
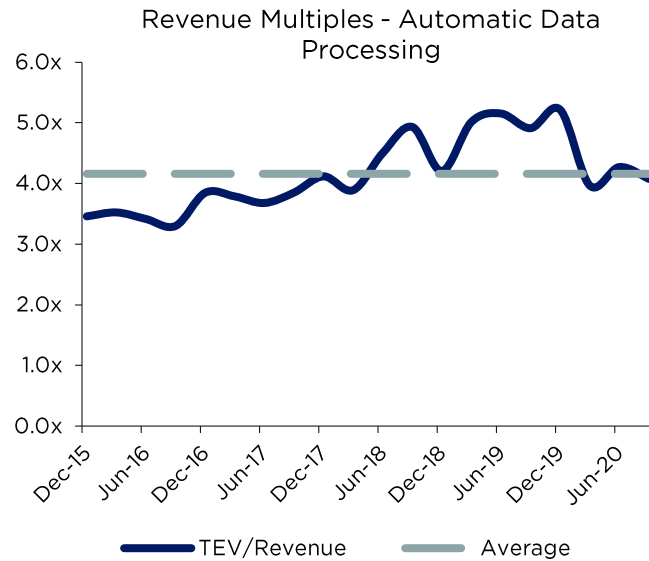
Automatic Data Processing

ADP competes in the human resources administration services industry.

It provides services that satisfy companies' human resources needs, such as payroll processing and benefits administration. ADP was founded in 1949 and has its headquarters in Roseland, New Jersey.

Public Basket

Automatic Data Processing



Company Name

Date

Deal Synopsis

BenefitMall Payroll

13-Jun-20

The company, a subsidiary of BenefitMall was acquired by Automatic Data Processing (NAS: ADP) for an undisclosed amount on June 13, 2020.

Celergo

01-Aug-18

The company was acquired by Automatic Data Processing (NASDAQ: ADP) for an undisclosed amount on August 1, 2018. The acquisition will enhance Automatic Data Processing's international payroll offerings with a strong platform and new solutions, including cross-currency and expatriate payment services.

Accenture

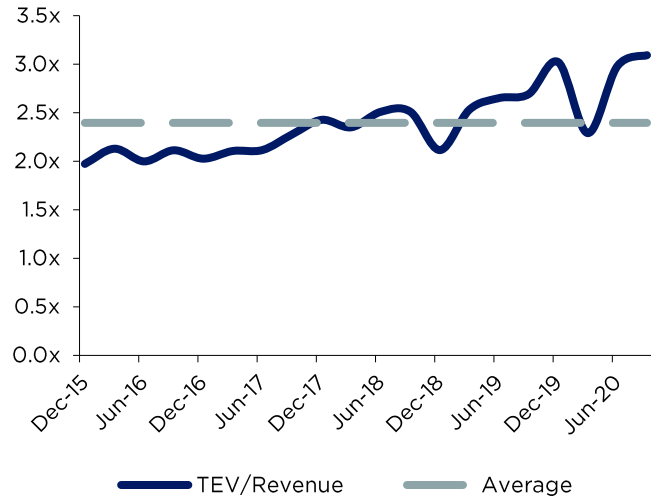
Accenture is a leading global IT services firm that provides consulting, strategy, and technology and operational services.

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.

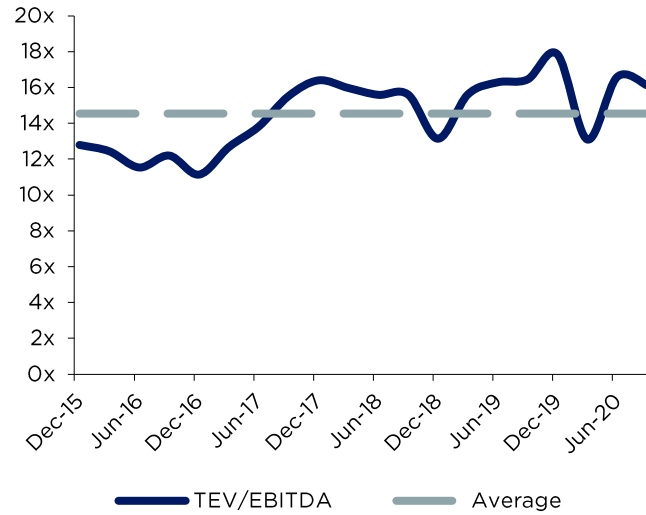
Public Basket

Accenture

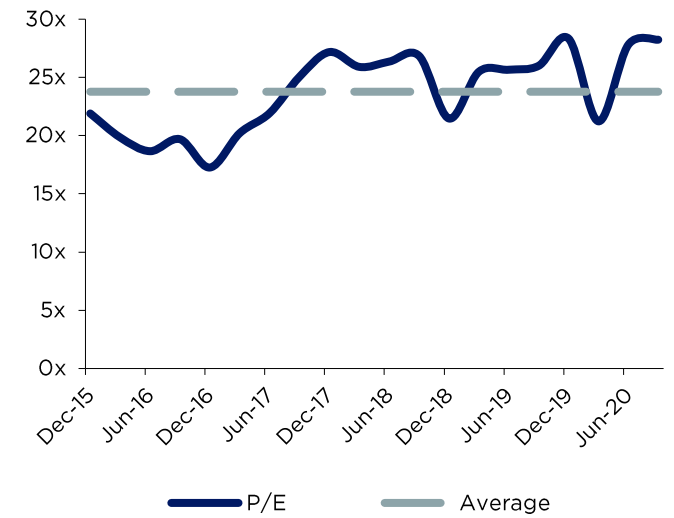
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name

Date

Deal Synopsis

Group Operations Service Platform

16-Dec-20

The company was formed as a joint venture between Assicurazioni Generali (BIT: G) and Accenture (NYSE: ACN) on December 16, 2020. Accenture holds a 5% stake in the joint venture while the rest is held by Generali Group. The JV is being formed to develop solutions that accelerate the digitization of Generali Group's business processes and the adoption of a cloud-centric model.

OpusLine

01-Dec-20

The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on December 1, 2020. The acquisition enables Accenture to provide health industry clients with innovations in areas such as data analytics and artificial intelligence and support the health ecosystem.

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.

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