

7 Mile Advisors



Sectorwatch: Digital Transformation

January 2021



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

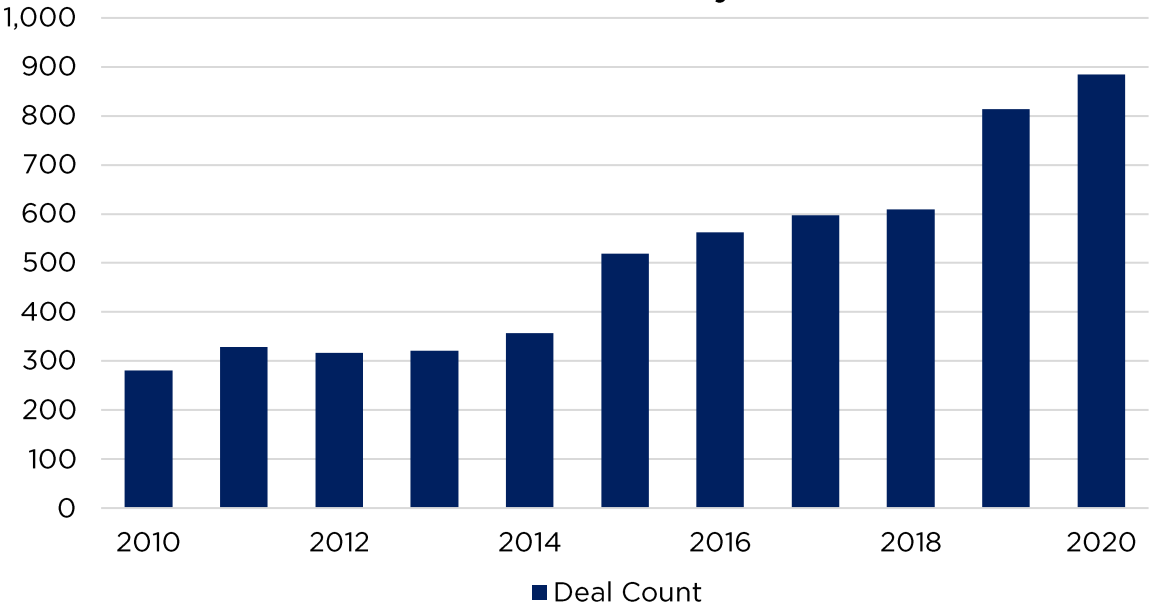
- The most recently announced deals in the sector

Dashboard

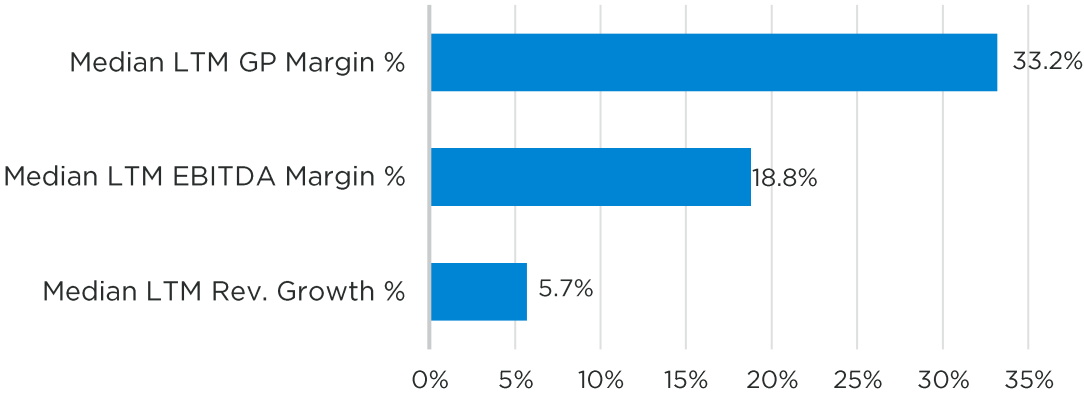
REVENUE GROWTH MOMENTUM ↓ -0.8%

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

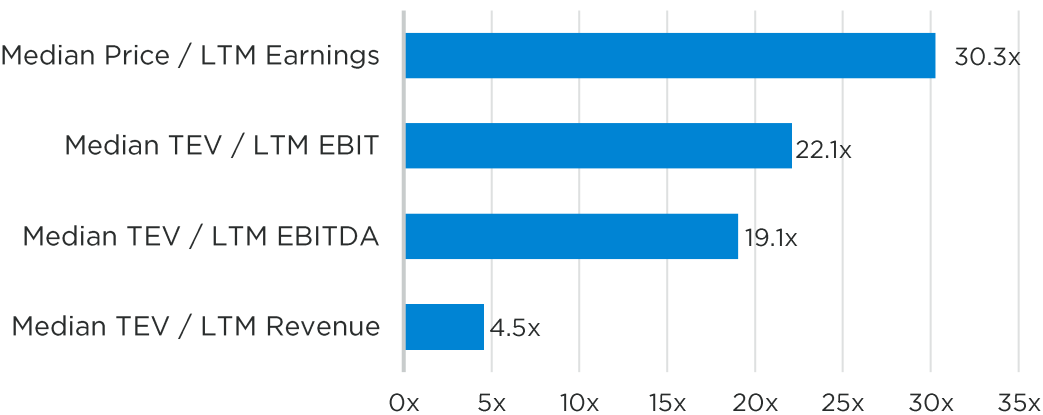
M&A Activity



Operating Metrics



Valuation



Public Basket Overview



Europe



United States



South America



Asia

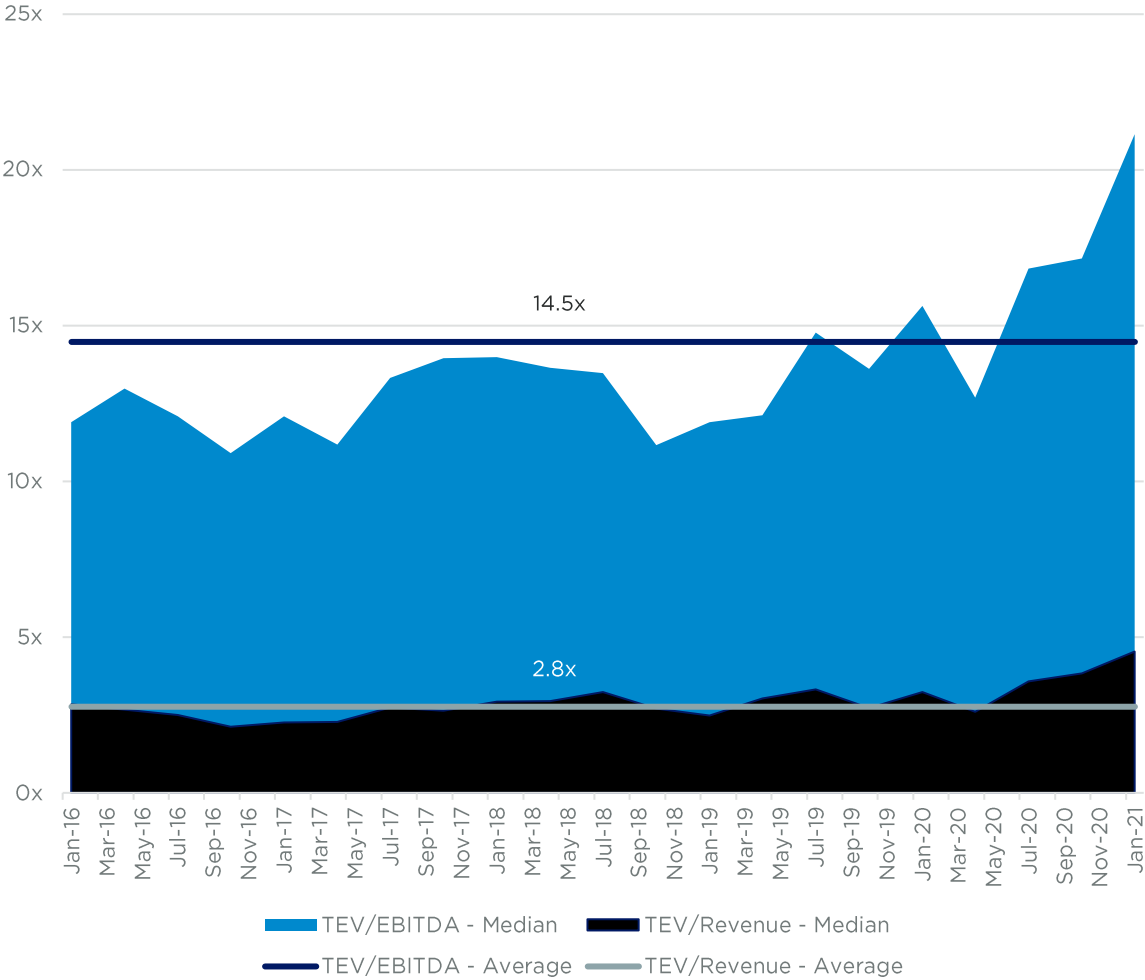


Public Basket

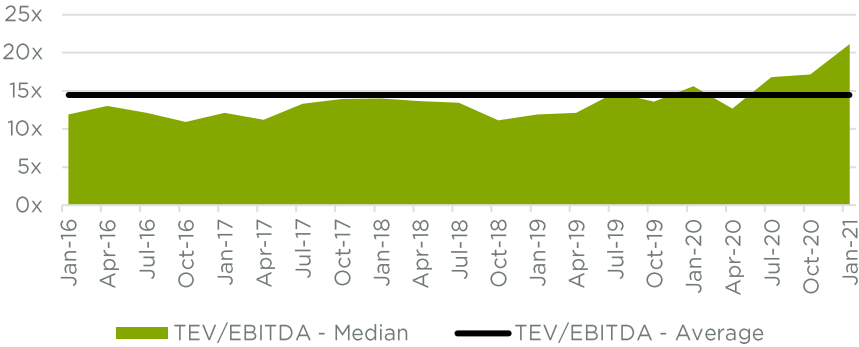
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava	4,726	98	463	19.7%	28.4%	21.2%	10.2x	48.0x	7,199	64
Globant	7,459	150	766	24.5%	37.2%	19.6%	9.7x	49.7x	14,340	53
WPP	19,747	2,487	15,674	4.4%	17.3%	15.9%	1.3x	7.9x	101,000	155
EPAM Systems	18,064	557	2,569	18.6%	34.7%	21.7%	7.0x	32.4x	36,739	70
Capgemini	31,426	2,579	16,256	7.0%	26.6%	15.9%	1.9x	12.2x	265,073	61
Cognizant Technology Solutions	39,621	3,002	16,752	0.7%	35.8%	17.9%	2.4x	13.2x	283,100	59
Infosys	72,891	3,826	13,145	4.0%	34.6%	29.1%	5.5x	19.1x	242,371	54
Accenture	158,106	6,807	44,730	1.7%	31.8%	15.2%	3.5x	23.2x	514,000	87
Average	44,005	2,438	13,794	10.1%	30.8%	19.6%	5.2x	25.7x	182,978	76
Median	25,586	2,533	14,410	5.7%	33.2%	18.8%	4.5x	21.1x	171,686	63

share price as of 27Jan21

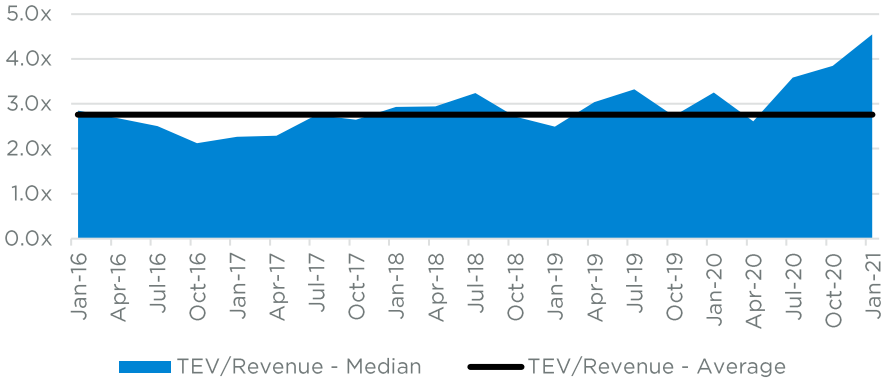
Public Basket



Public EBITDA Multiples over Time

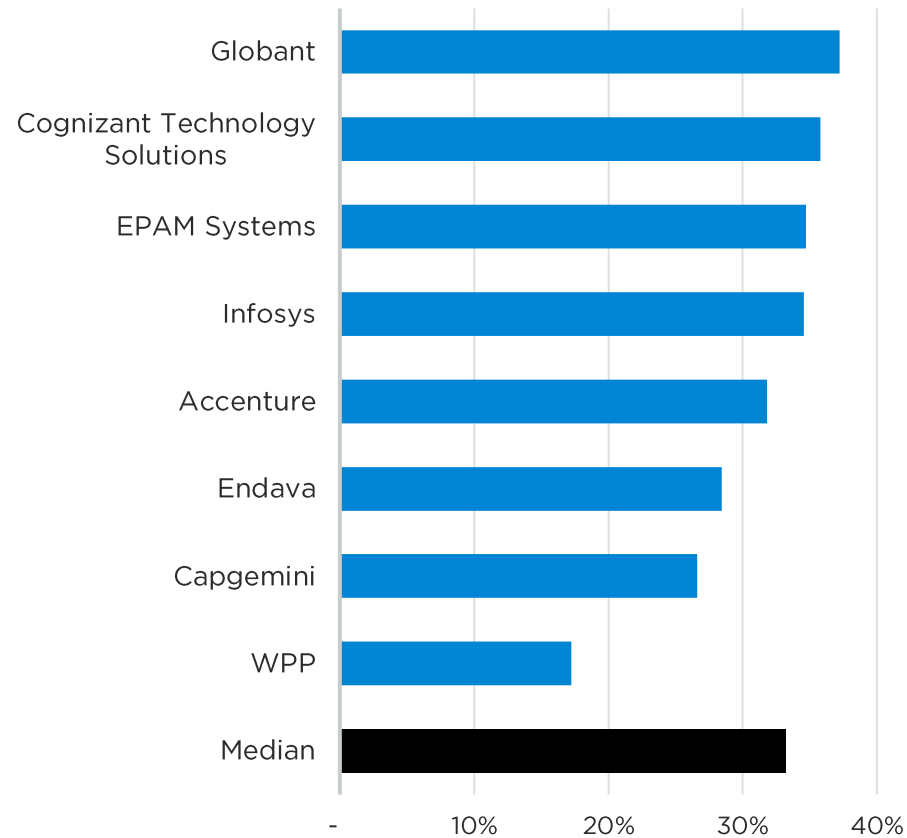


Public Revenue Multiples over Time

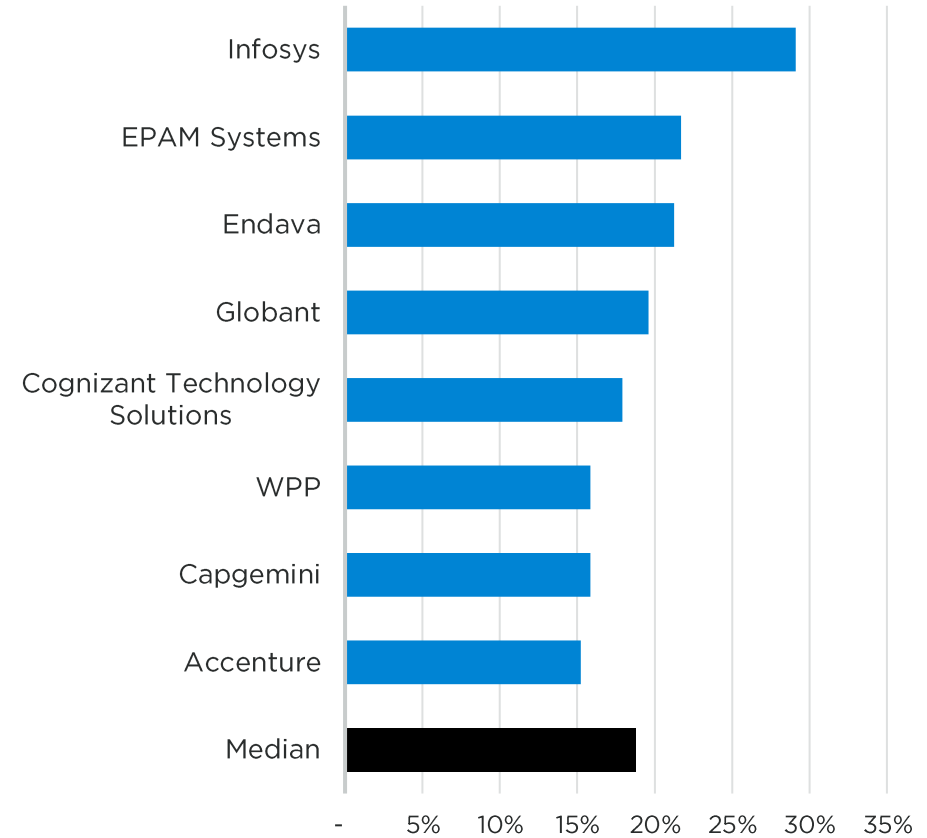


Operational Metrics

LTM Gross Profit Margin %

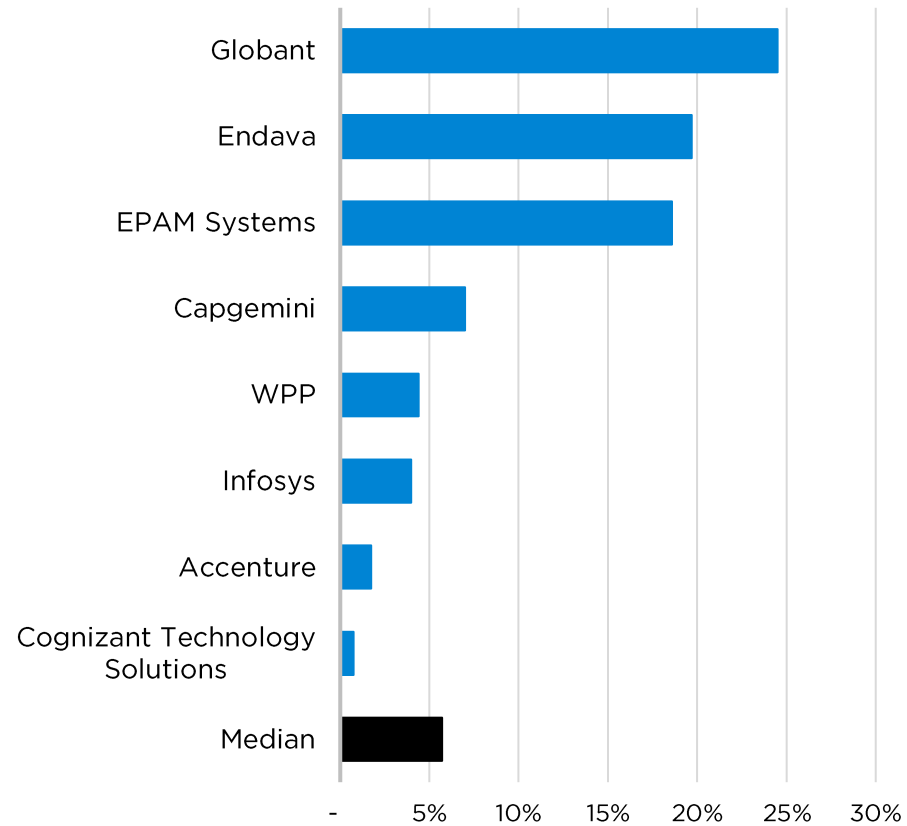


LTM EBITDA %

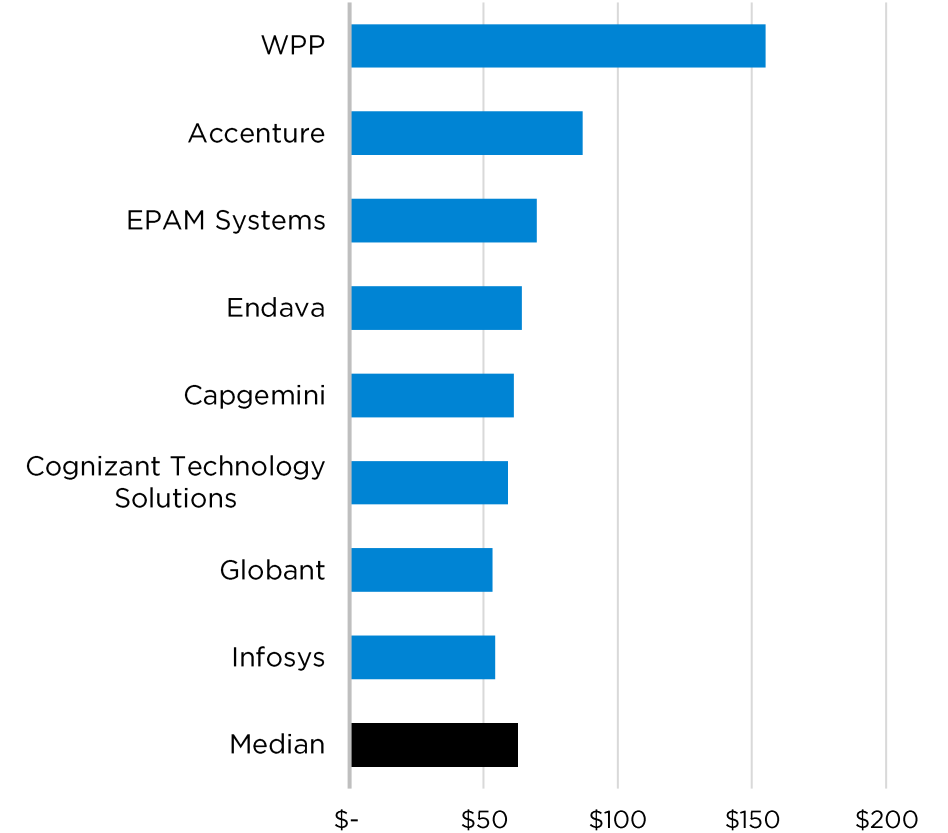


Operational Metrics

LTM Revenue Growth %

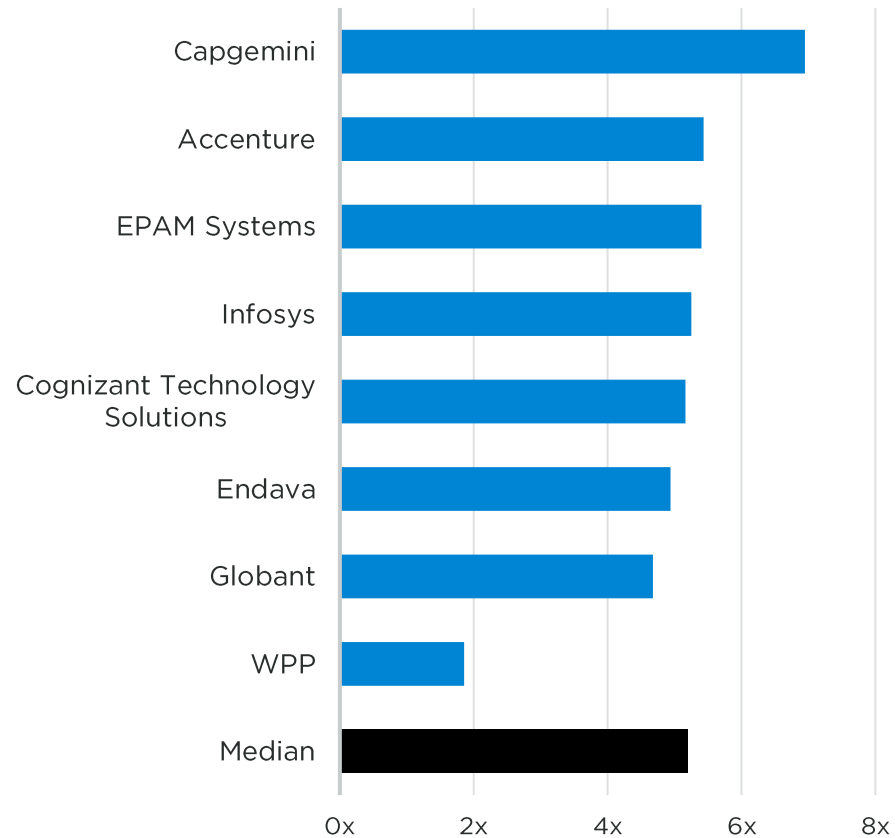


LTM Revenue per Full Time Employee x 000's

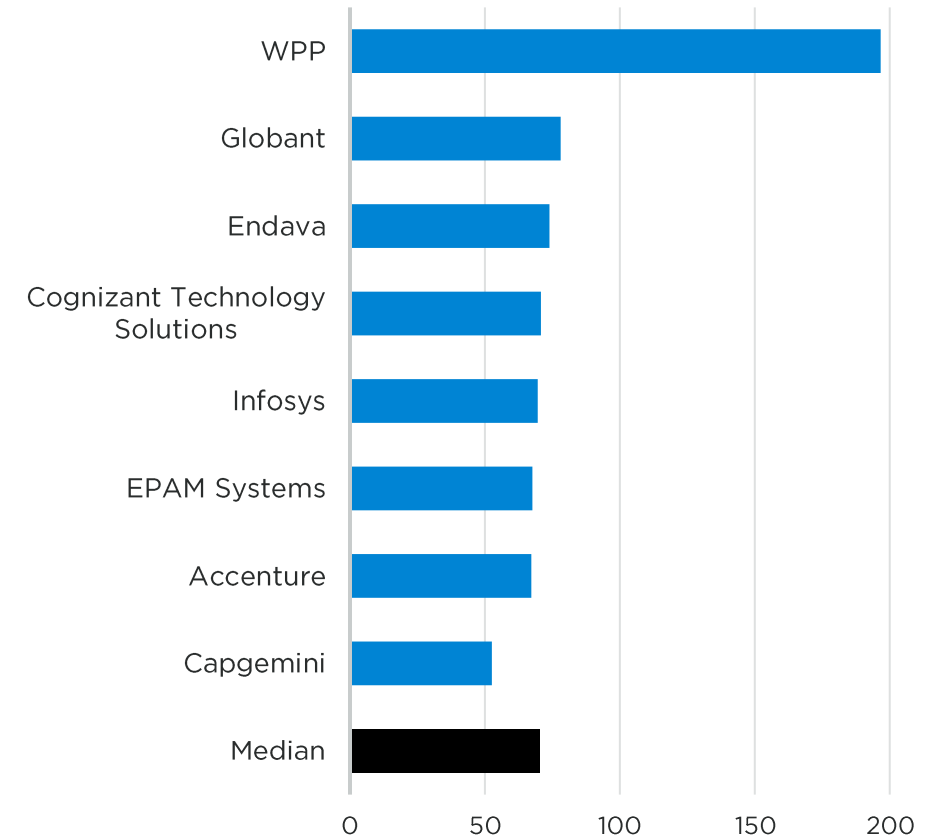


Operational Metrics

Accounts Receivable Turnover

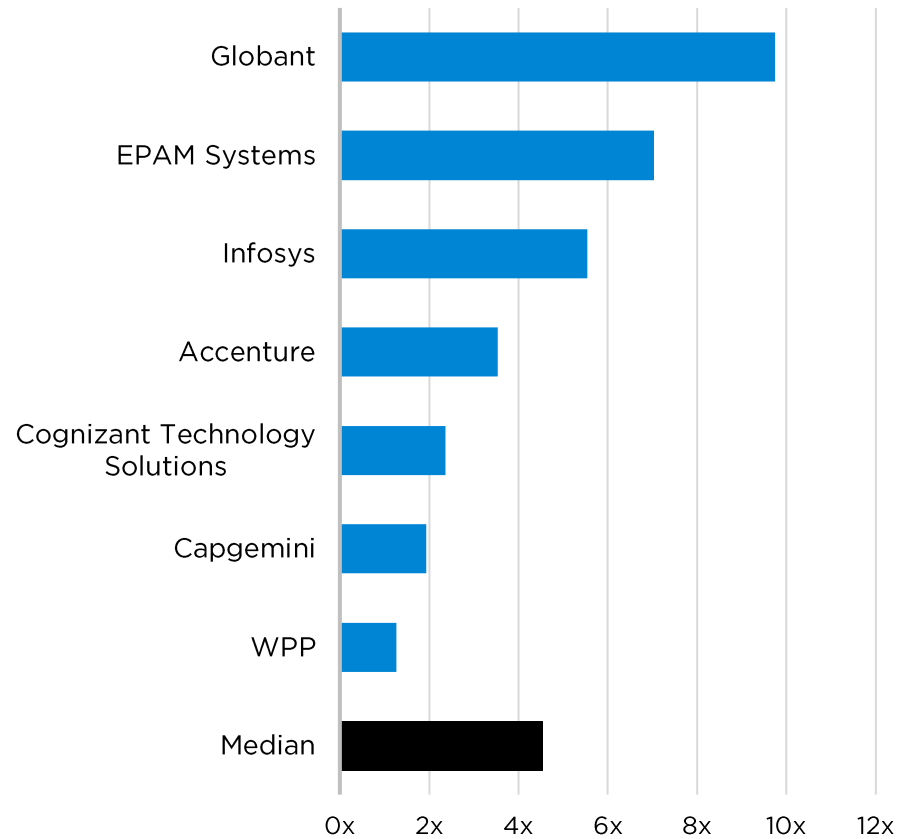


Average Days Sales Outstanding

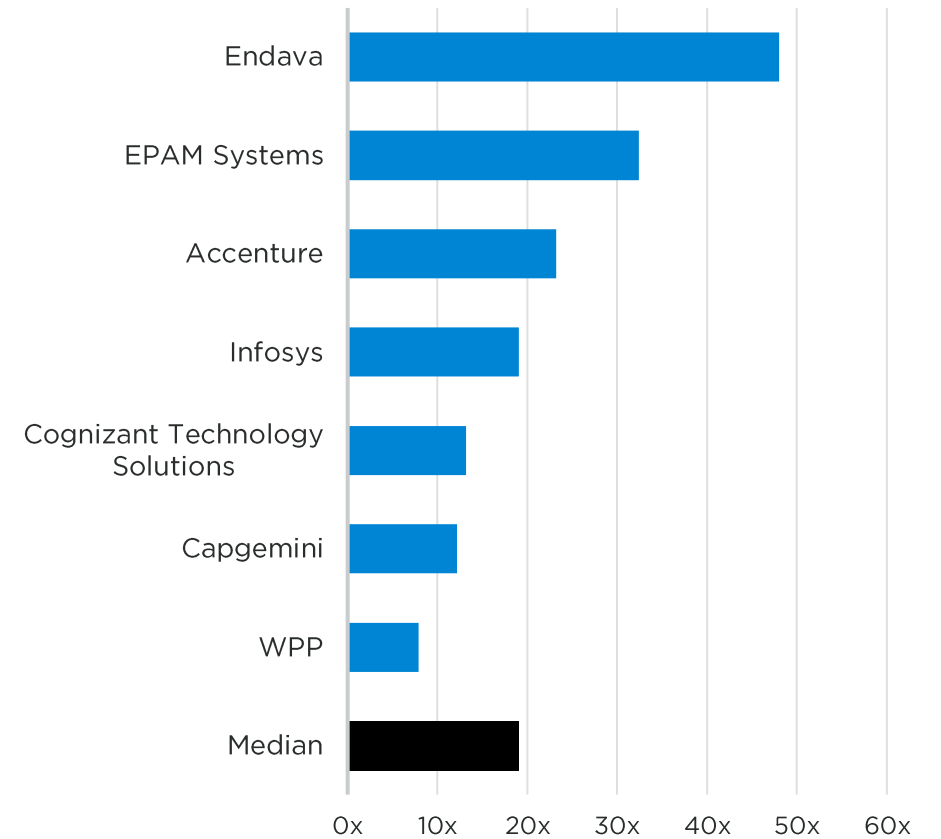


Valuation

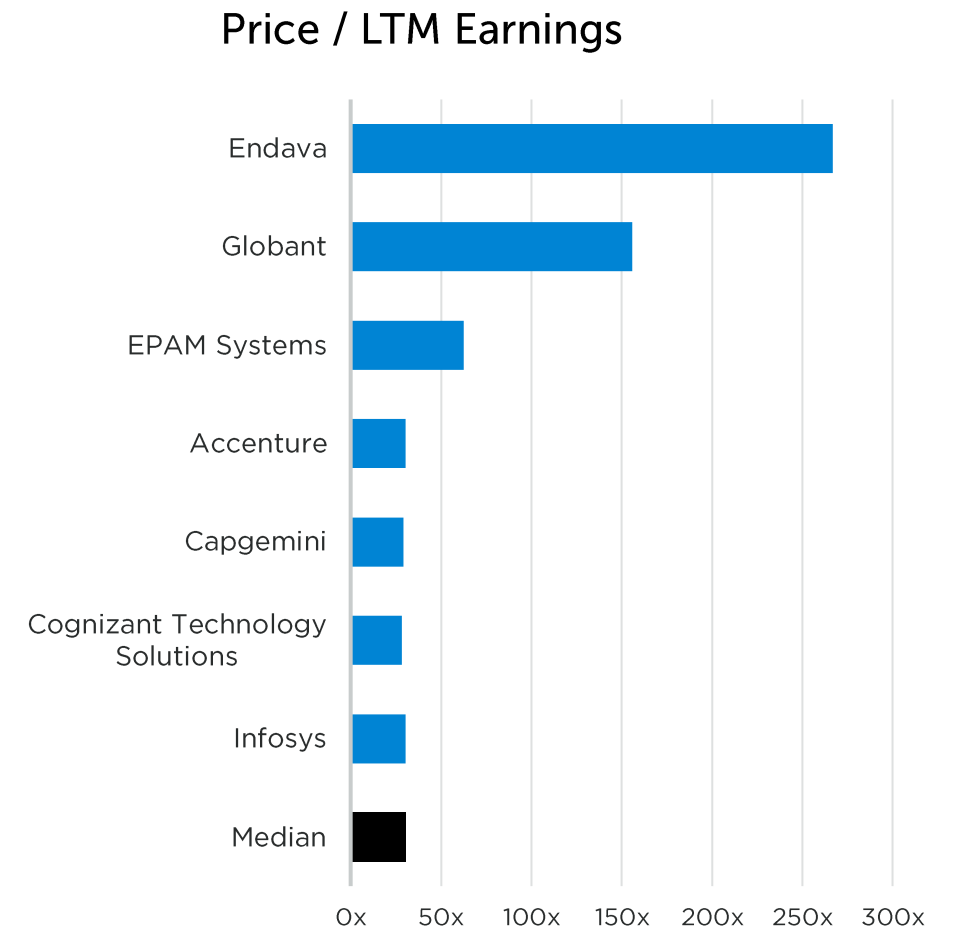
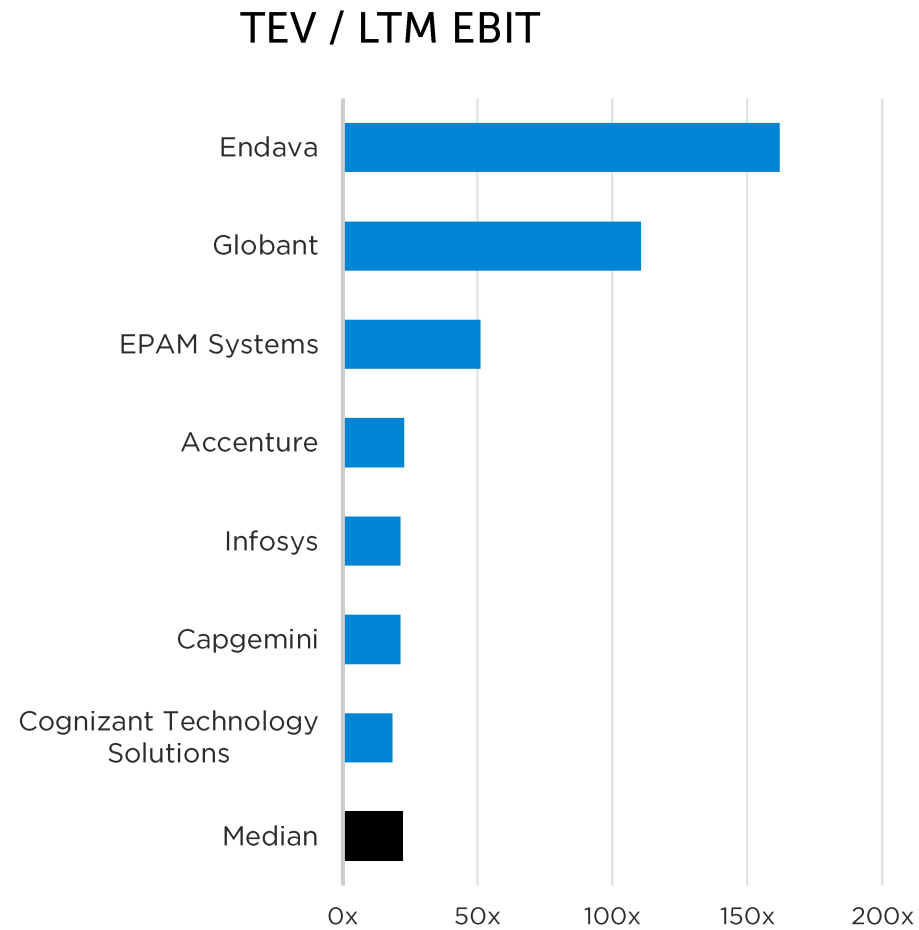
TEV / LTM Revenue



TEV / LTM EBITDA

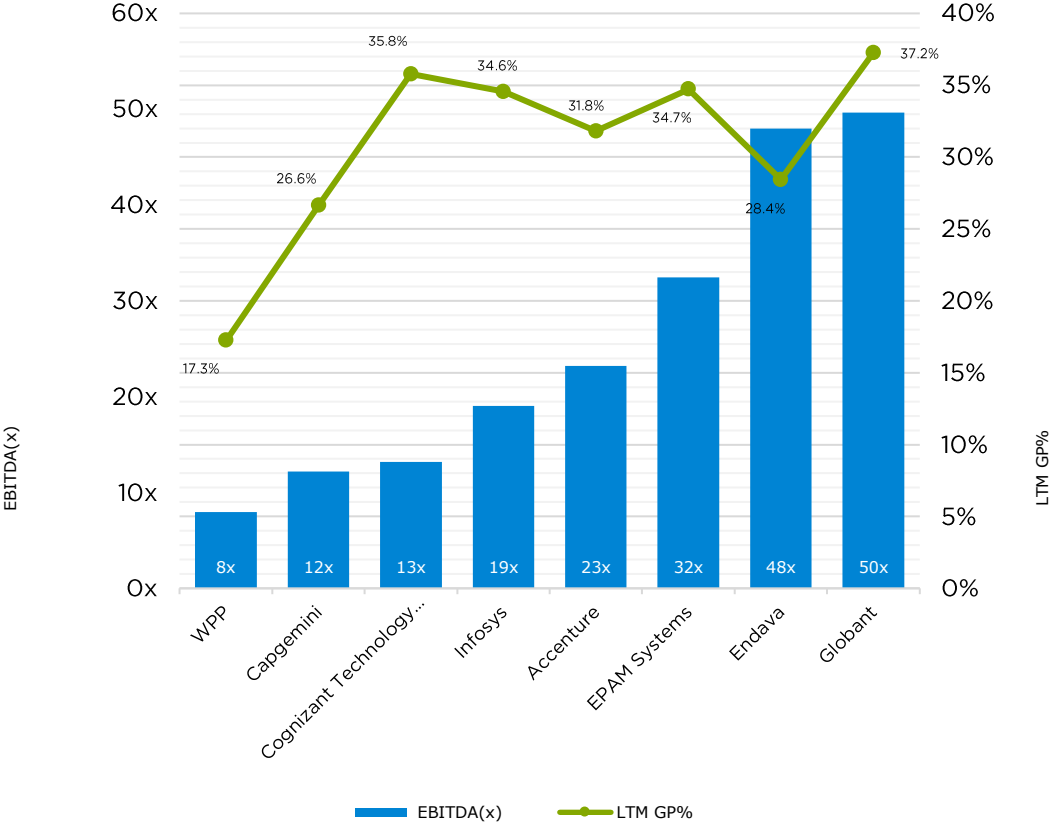


Valuation

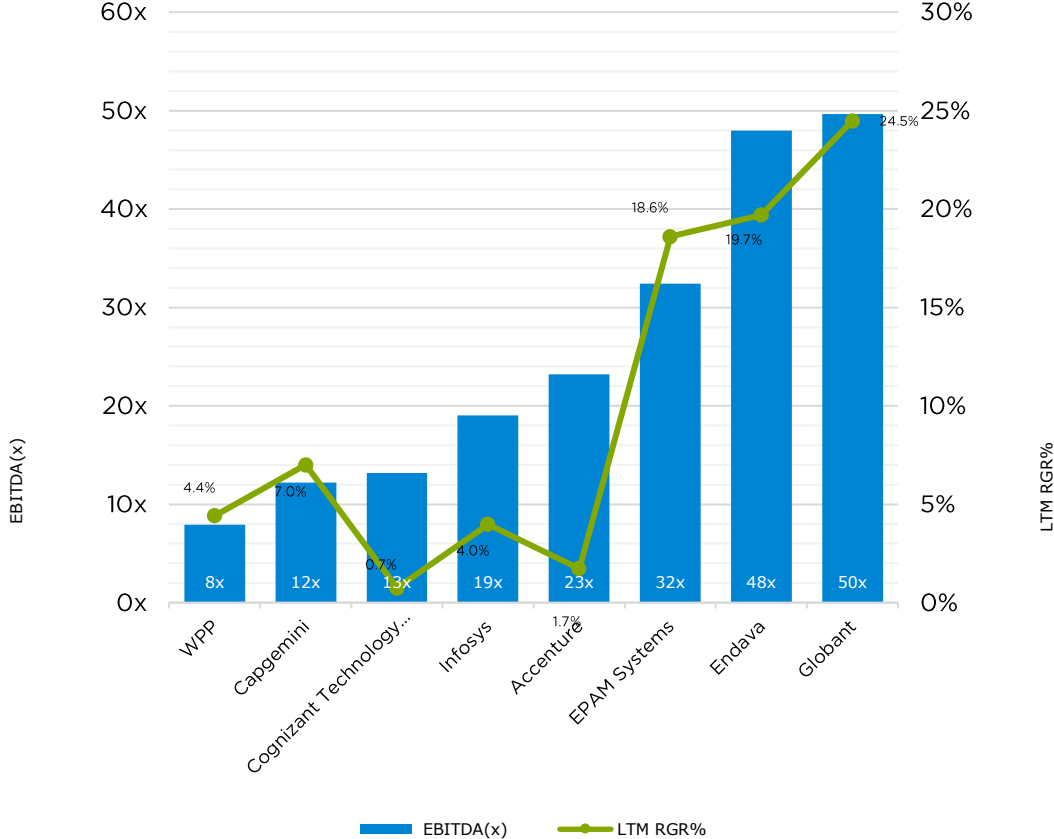


Valuation

Historical Valuation Multiples
versus Gross Profit



Historical Valuation Multiples
versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
25-Jan-21	Pentasec	August Equity	-	-	-	-
24-Jan-21	Open Web	3d investors	-	-	-	-
22-Jan-21	cards PLM Solutions	Holland Capital (Nederlands)	-	-	-	-
22-Jan-21	HC Solutions	S&T (Austria)	-	-	0.11	-
22-Jan-21	Peak InfoSec	Gigit, Inc	-	-	-	-
21-Jan-21	HSO ProServ	HSO Enterprise Solutions	-	-	-	-
21-Jan-21	Mexis	Aggity	-	-	-	-
21-Jan-21	Reload (IT Consulting and Outsourcing)	Heritage Ventures (Ireland)	-	-	-	-
20-Jan-21	In Fidem	Atos	-	-	-	-
19-Jan-21	K-Tech Solutions	NuMSP	-	-	-	-
19-Jan-21	LucidCX	Brightstar	-	-	-	-
19-Jan-21	NG2 IT Services	Logically	-	-	-	-
19-Jan-21	PixelMEDIA	BV Investment Partners	-	-	-	-
18-Jan-21	Oleap	C'pro Groupe	-	-	-	-
18-Jan-21	Palitalsoft	Var Group	-	-	-	-
15-Jan-21	Candid Cloud	McKinsey & Company	-	-	-	-
15-Jan-21	Software Developments	ESC	-	-	-	-
15-Jan-21	Wolox	Accenture	-	-	-	-
14-Jan-21	Ellicium	FutureTech Holding Company	-	-	-	-
14-Jan-21	Interact Digital	SER Group (Germany)	-	-	-	-
14-Jan-21	MIA Data	Scanmarket	-	-	-	-
14-Jan-21	Protera Technologies	Pamlico Capital	-	-	-	-
14-Jan-21	ThoughtWorks	Fidelity Management & Research	-	-	-	-
14-Jan-21	Ysance	Devoteam	-	-	-	-
13-Jan-21	Enterprise Technology Services	Abacus Finance Group	-	-	-	-
13-Jan-21	Intelligent Shift	The Jordan Company	-	-	-	-

Appendix

*Public Basket
Contact Information*



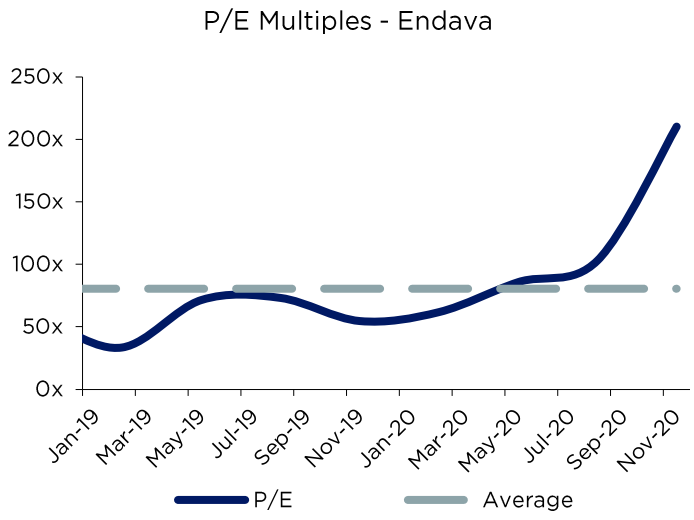
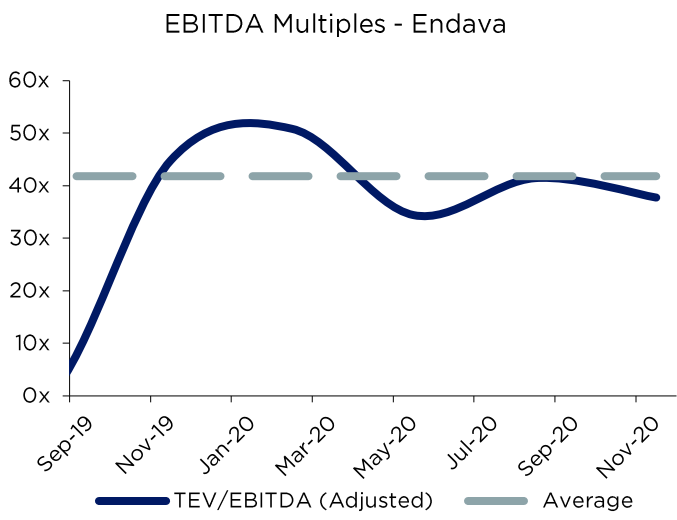
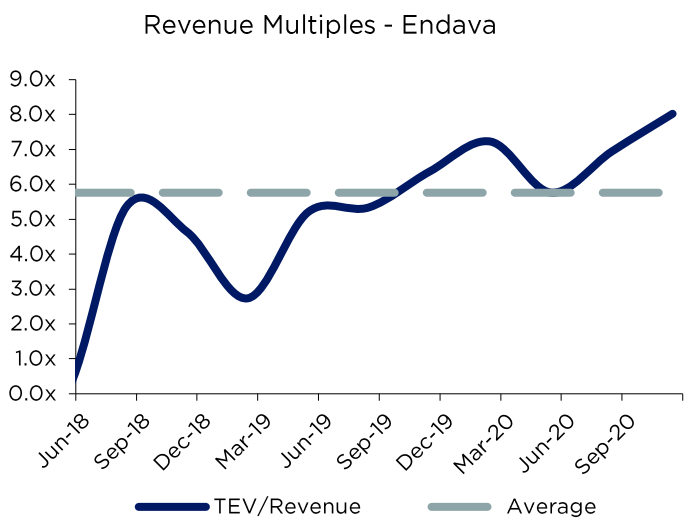
Endava

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



Company Name	Date	Deal Synopsis
Comtrade Digital Services	17-Aug-20	The business unit of Comtrade Group was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for EUR 60 million on August 17, 2020. The acquisition will help Endava to reinforces its presence in South Eastern Europe and strengthen its industry verticals in payments and financial services.
Exozet	17-Dec-19	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on December 17, 2019.

Globant

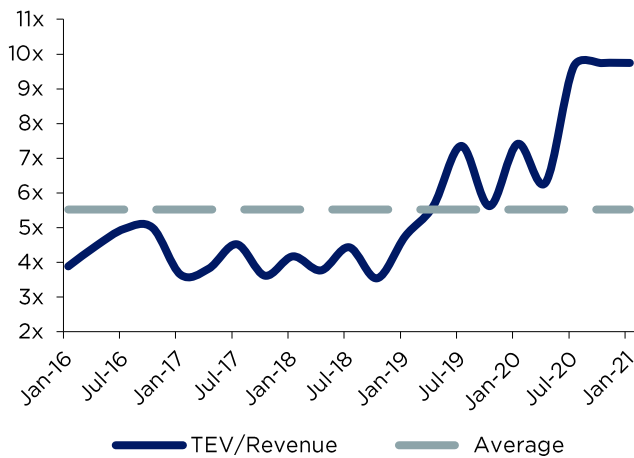
Globant SA is a software technology developer based in Luxemburg.

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.

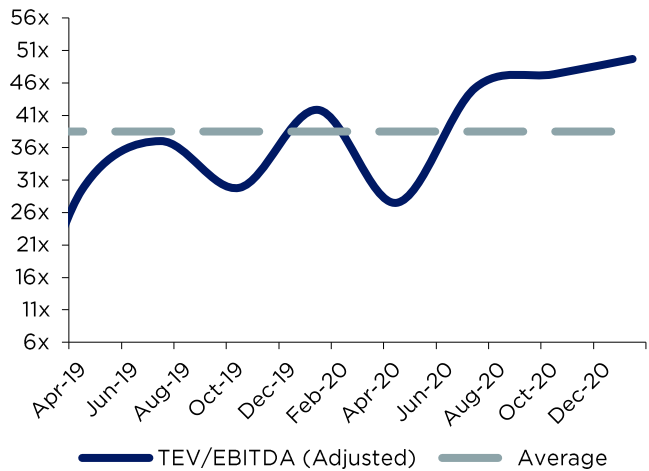
Public Basket

Globant

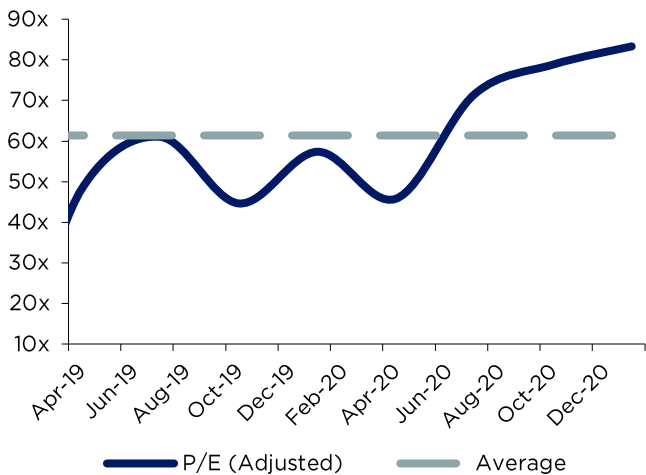
Revenue Multiples - Globant



EBITDA Multiples - Globant



P/E Multiples - Globant



Company Name	Date	Deal Synopsis
Bluecap	18-Dec-20	The company was acquired by Globant (NYS: GLOB) for an undisclosed amount on December 18, 2020. With this acquisition, Globant reinforces its leading position in transforming organizations while it continues expanding its operations in Europe.
Grupo ASSA Worldwide	03-Aug-20	The company was acquired by Globant (NYS: GLOB) for \$74.5 million on August 3, 2020.

WPP

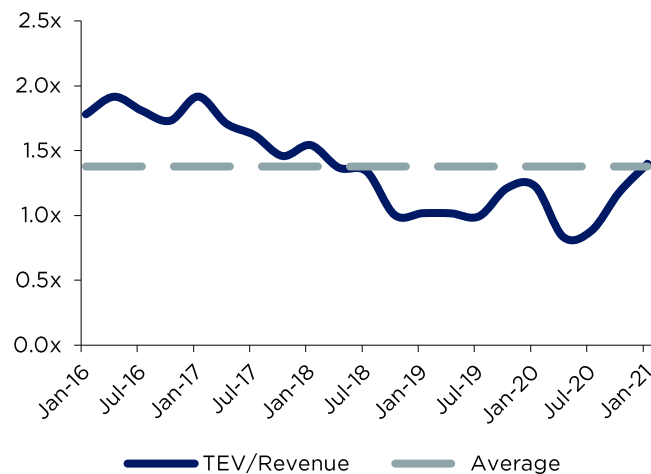
Headquartered in the U.K., WPP is the world's largest ad holding company, based on annual revenues.

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.

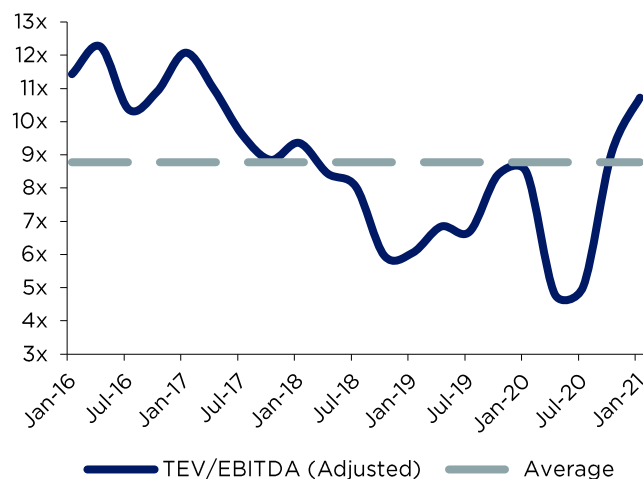
Public Basket

WPP

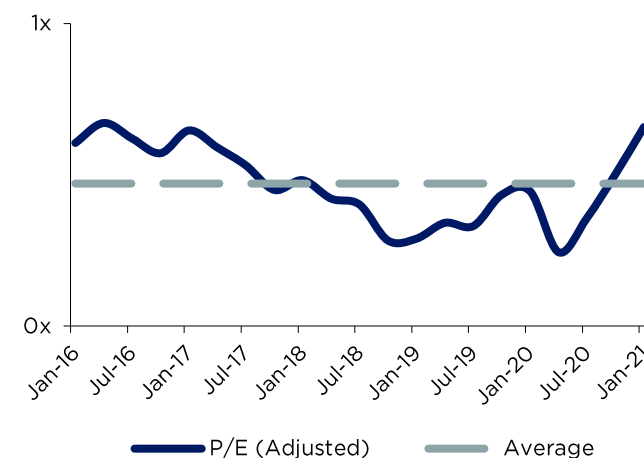
Revenue Multiples - WPP



EBITDA Multiples - WPP



P/E Multiples - WPP



Company Name

Date

Deal Synopsis

Sandtable

05-Mar-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

12-Feb-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.

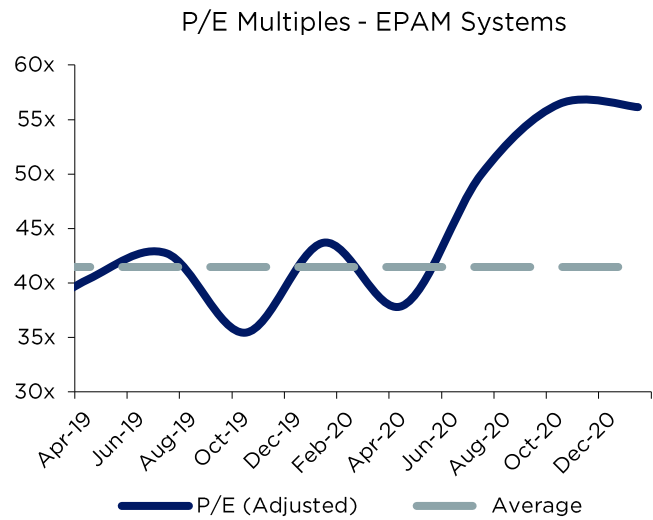
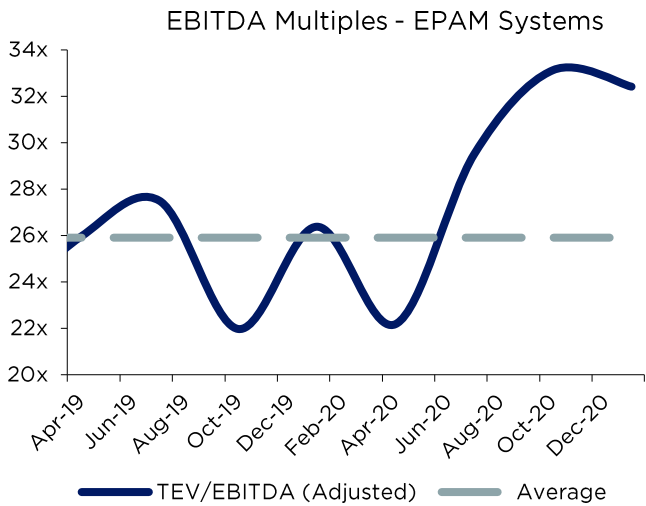
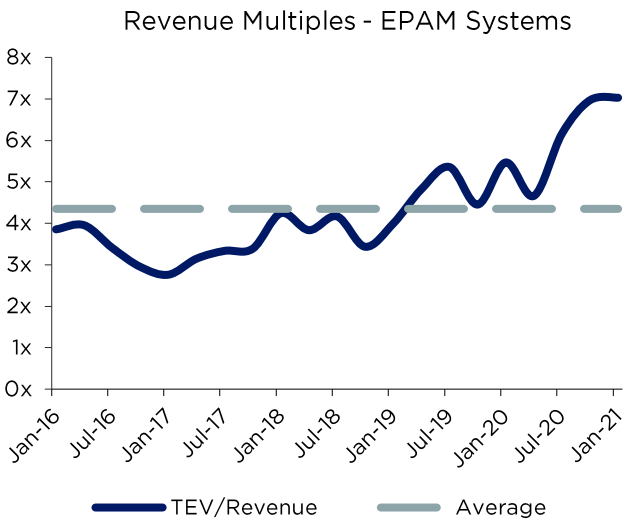
EPAM Systems

EPAM Systems Inc provides software product development and digital platform engineering

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

Public Basket

EPAM Systems



Company Name	Date	Deal Synopsis
Ricston	02-Sep-20	The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on September 2, 2020. The acquisition helps EPAM Systems to expand its consulting and engineering portfolio of API, microservices management and integration services.
Deltix Labs	03-Feb-20	The company was acquired by EPAM Systems (NYS: EPAM) for approximately \$29.595 million on February 3, 2020. The company will receive a contingent payout of up to \$18.97 million based on achievement of certain revenue and earnings targets. The acquisition will enable the acquirer to grow their FinTech practice and expand their quantitative research capabilities.

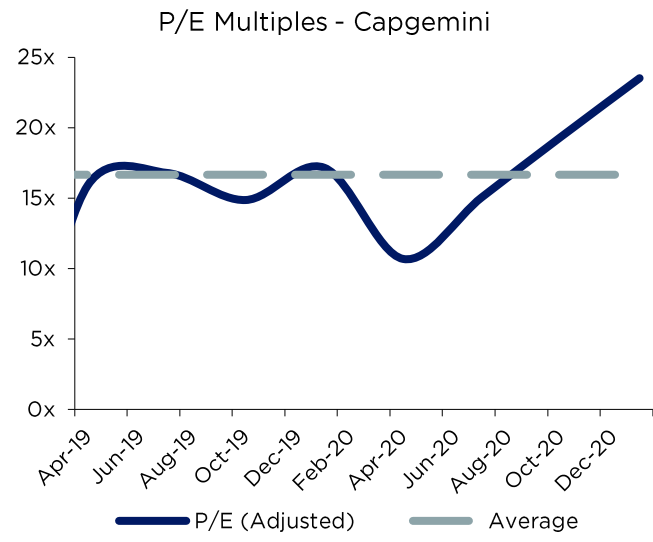
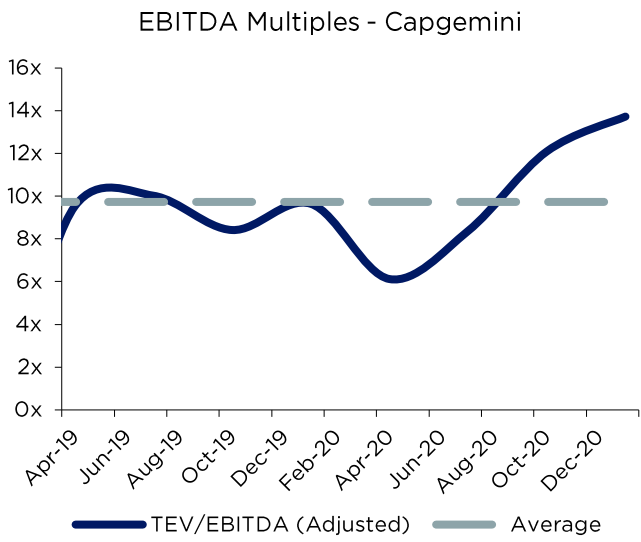
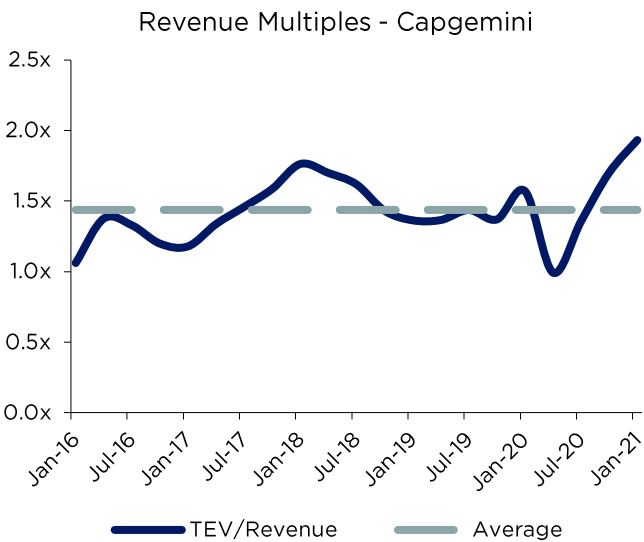
Capgemini

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.
Adventas	02-Apr-20	The company was acquired by Capgemini (PAR: CAP) for an undisclosed amount on April 2, 2020. The acquisition will enable Capgemini to extend its presence in cities across Sweden and Denmark, as well as enhance its service offerings.

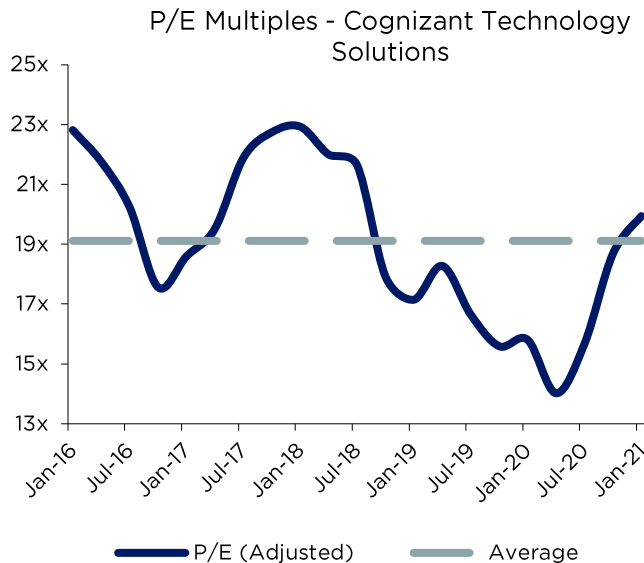
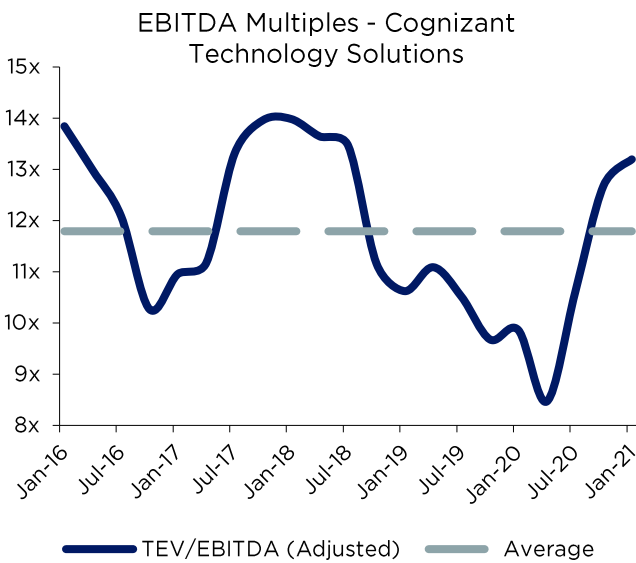
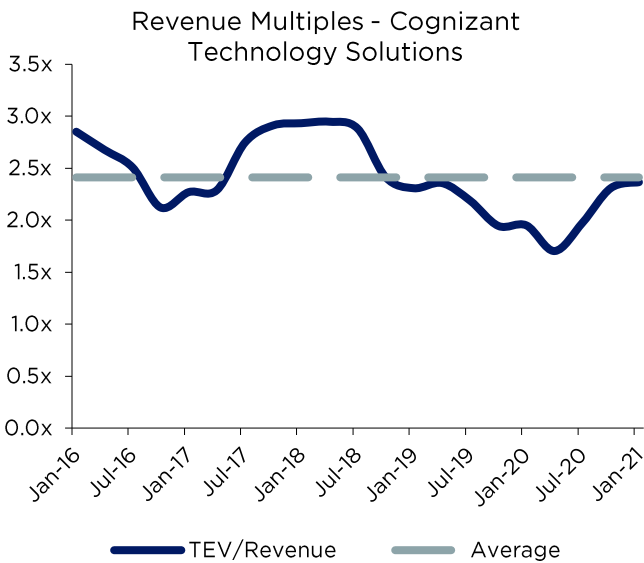
Cognizant Technology Solutions

Cognizant is a global IT services provider, offering consulting and outsourcing services to some of the world's largest enterprises spanning the

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: CTSI) 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: CTSI) for an undisclosed amount on November 3, 2020.

Infosys

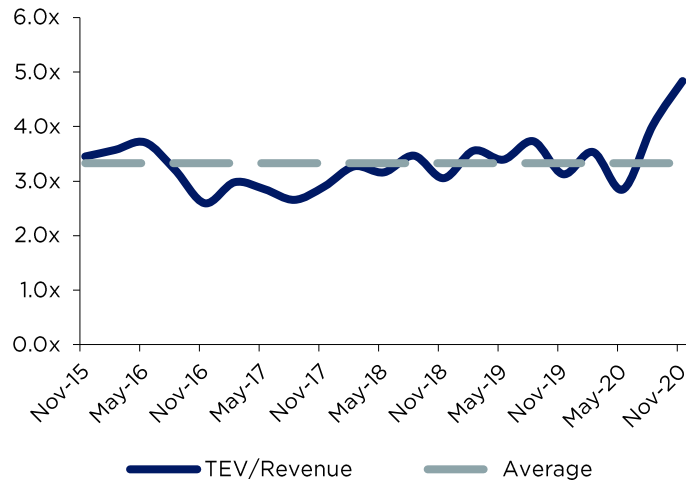
**Infosys is a leading global IT services provider,
with nearly 250,000 employees.**

Based in Bangalore, the Indian IT services firm leverages its offshore outsourcing model to derive 60% of its revenue from North America. The company offers traditional IT services offerings: consulting, managed services and cloud infrastructure services, and business process outsourcing as a service (BPaaS).

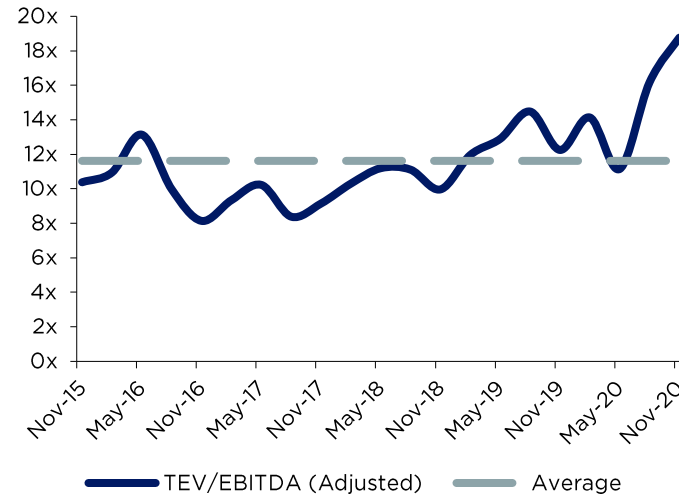
Public Basket

Infosys

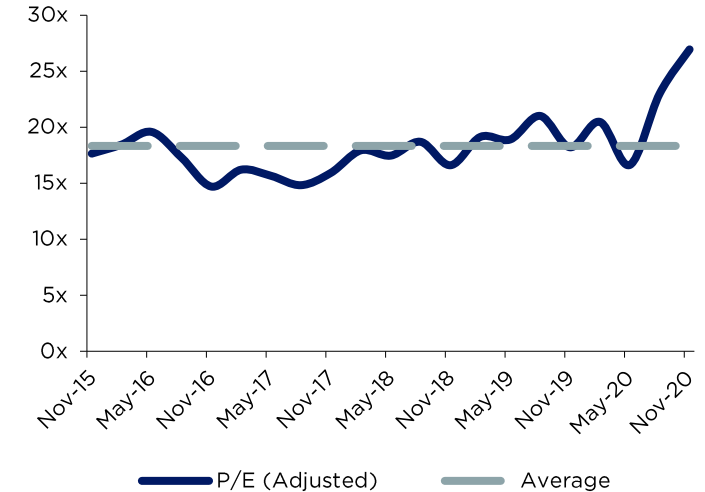
Revenue Multiples - Infosys



EBITDA Multiples - Infosys



P/E Multiples - Infosys



Company Name

Date

Deal Synopsis

Blue Acorn iCi

28-Oct-20

The company was acquired by Infosys (NSE: INFY) for approximately \$125 million on October 28, 2020.

Kaleidoscope Innovation

12-Oct-20

The company was acquired by Infosys (NSE: INFY) for \$42 million on October 12, 2020. The acquisition further strengthens Infosys' digital offerings at the intersection of new software technologies and medical devices - a sector that is expected to witness significant investments and consumerisation in the post-Covid era.

Accenture

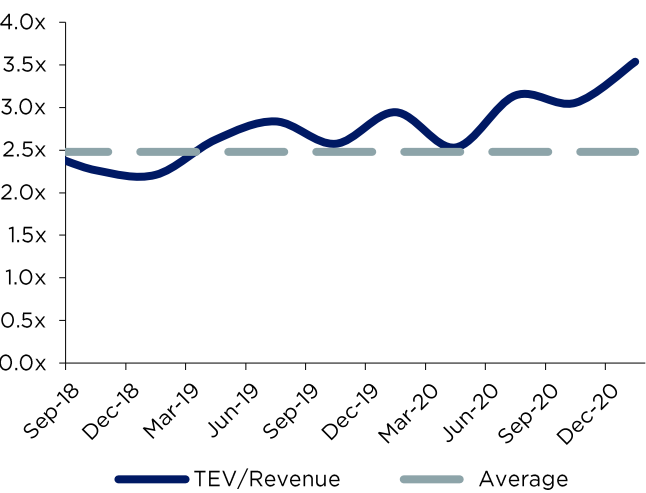
Accenture is a leading global IT services firm that provides consulting, strategy, and technology and operational services.

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.

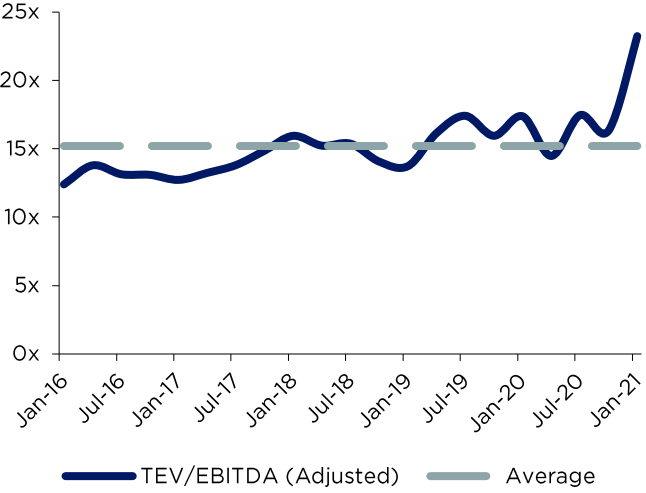
Public Basket

Accenture

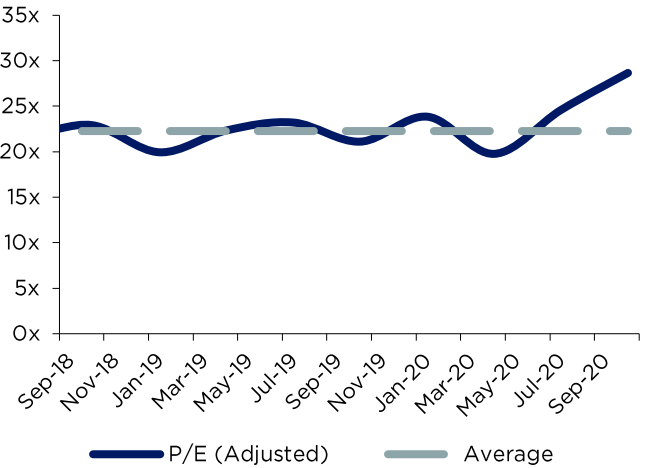
Revenue Multiples - Accenture



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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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
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
Ben Bruggeworth, Vice President, Business Development	704.365.8859	ben.bruggeworth@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Manager	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
Nic Anderle, Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Luke Perda, Analyst	704.851.4013	luke.perda@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com
Sawyer Willingham, Analyst	704.285.8171	sawyer.willingham@7mileadvisors.com