

7 Mile Advisors



Sectorwatch: IT Consulting

January 2021



IT Consulting

- 4 [Sector Dashboard](#)
- 5 [Public Basket Overview](#)
- 6 [Public Basket Performance](#)
- 8 [Operational Metrics](#)
- 11 [Vacation Comparison](#)
- 14 [Recent Deals](#)
- 15 [Appendix](#)

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.

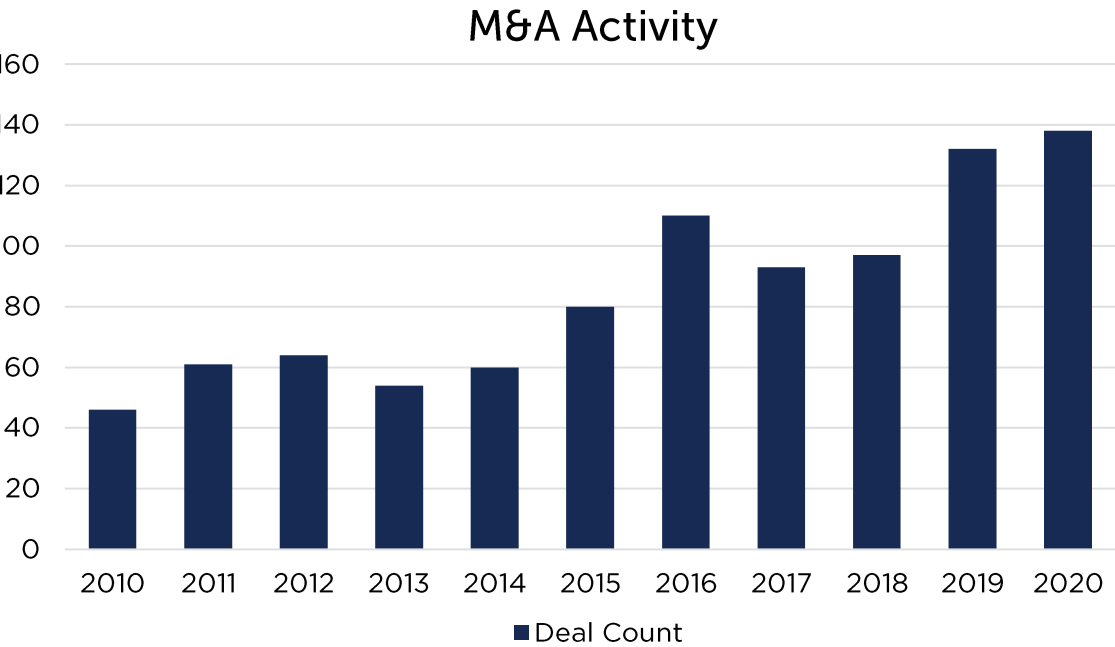
RECENT DEALS

- The most recently announced deals in the sector

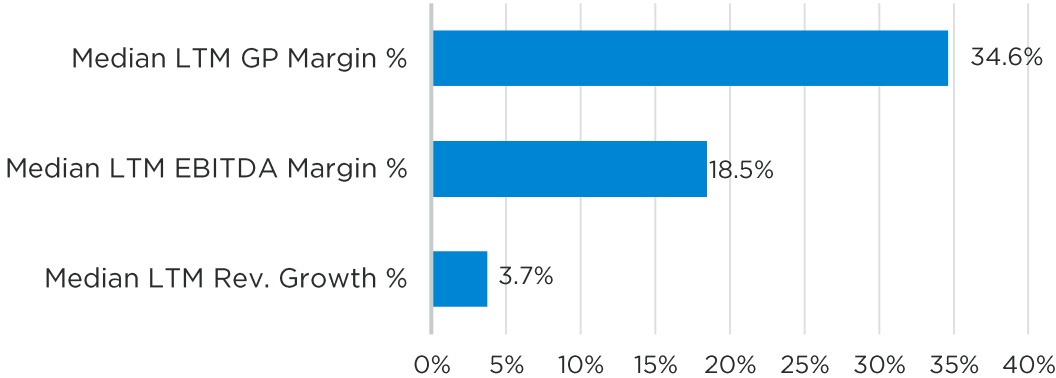
Dashboard

REVENUE GROWTH MOMENTUM ↓ -3.1%

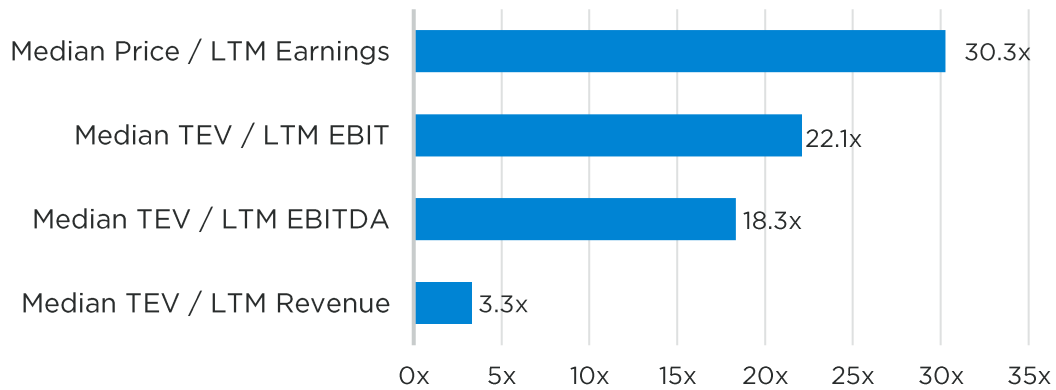
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



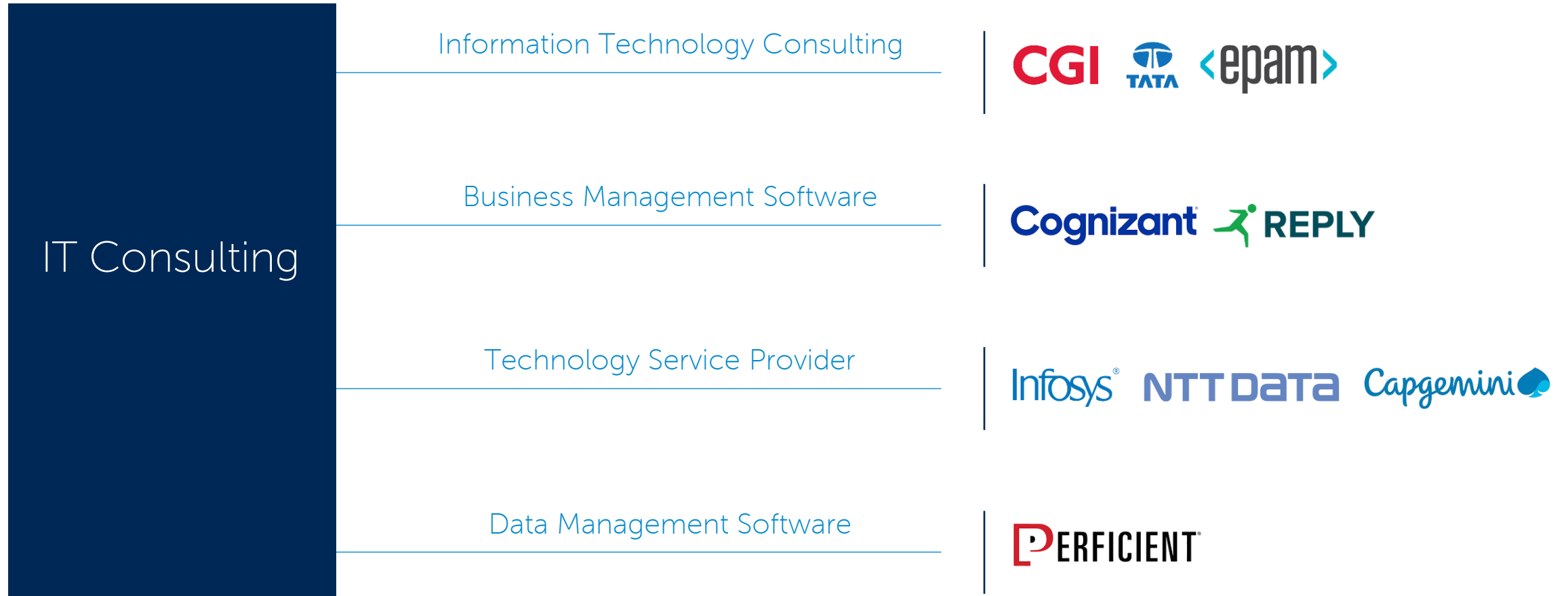
Operating Metrics



Valuation



Public Basket Overview

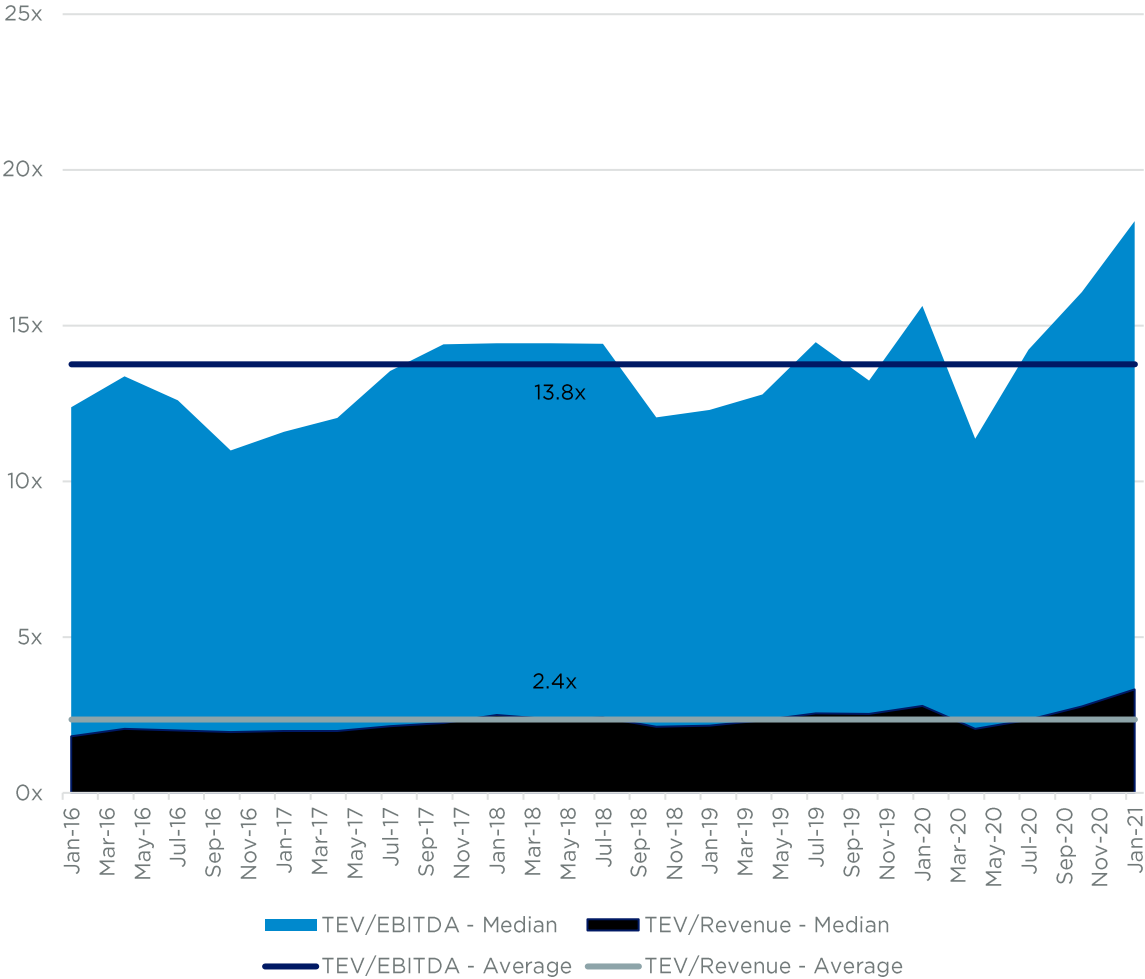


Public Basket

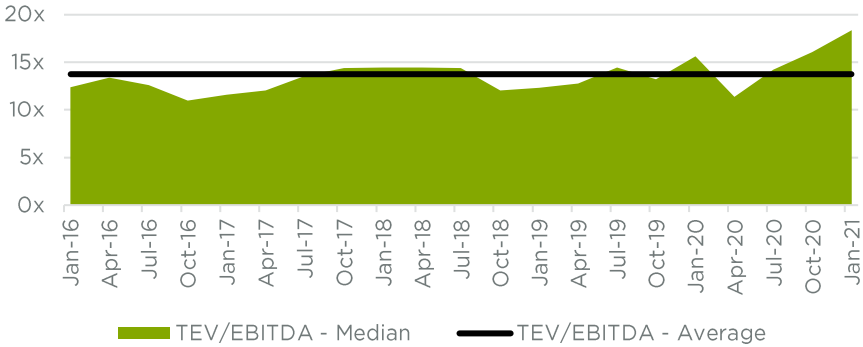
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	158,106	6,807	44,730	1.7%	31.8%	15.2%	3.5x	23.2x	513,000	87
Tata Consultancy Services	158,654	6,003	21,577	3.5%	42.8%	27.8%	7.4x	26.4x	450,738	48
Infosys	72,891	3,826	13,145	4.0%	34.6%	29.1%	5.5x	19.1x	242,371	54
Cognizant Technology Solutions	39,621	3,002	16,752	0.7%	35.8%	17.9%	2.4x	13.2x	281,200	60
Capgemini	31,426	2,579	16,256	7.0%	26.6%	15.9%	1.9x	12.2x	265,073	61
NTT Data	25,459	3,153	21,039	2.3%	25.3%	15.0%	1.2x	8.1x	136,464	154
CGI Group	21,571	1,758	9,038	0.4%	22.6%	19.5%	2.4x	12.3x	77,500	117
EPAM Systems	18,064	557	2,569	18.6%	34.7%	21.7%	7.0x	32.4x	36,739	70
Reply	4,494	214	1,371	6.7%	49.2%	15.6%	3.3x	21.0x	8,157	168
Perficient	2,000	113	595	7.7%	37.7%	19.1%	3.4x	17.6x	3,454	172
Average	53,229	2,801	14,707	5.3%	34.1%	19.7%	3.8x	18.5x	201,470	99
Median	28,442	2,790	14,700	3.7%	34.6%	18.5%	3.3x	18.3x	189,418	79

share price as of 27Jan21

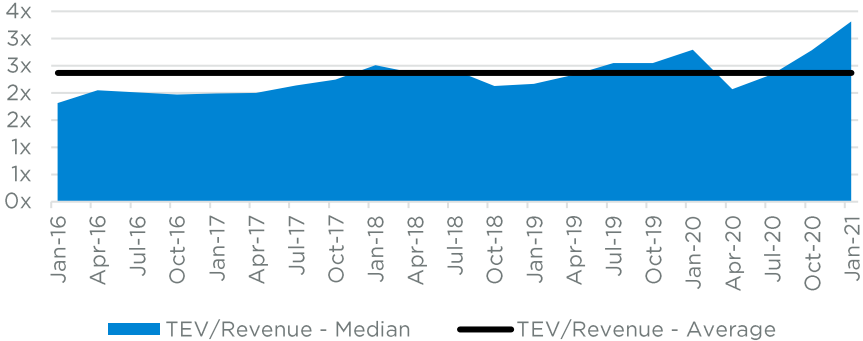
Public Basket



Public EBITDA Multiples over Time

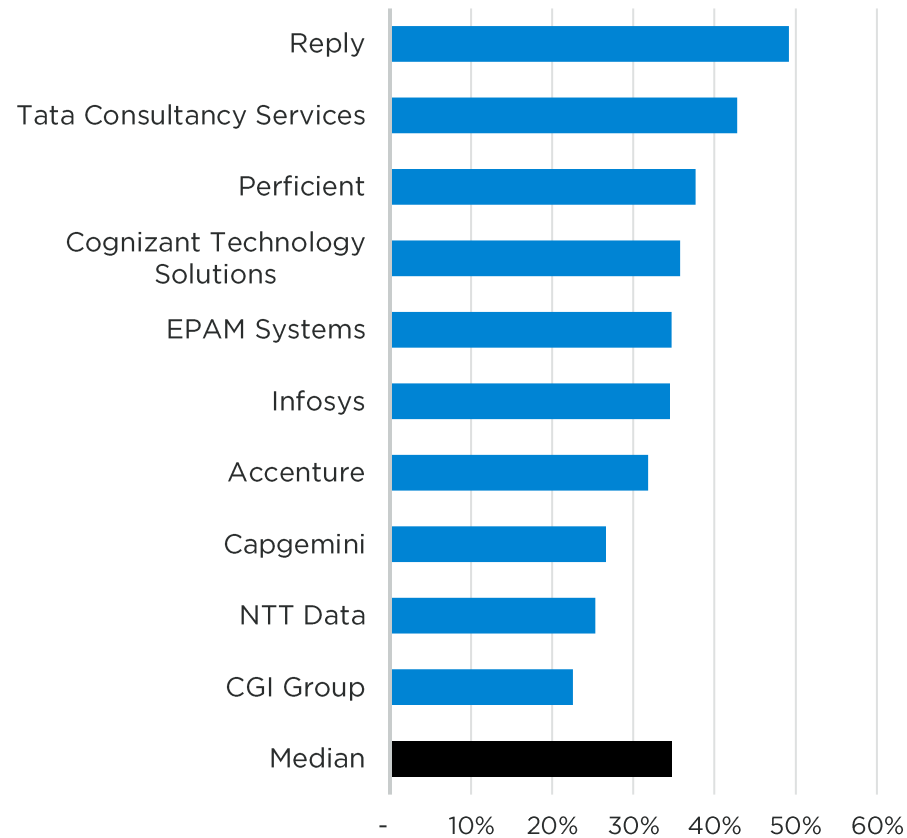


Public Revenue Multiples over Time

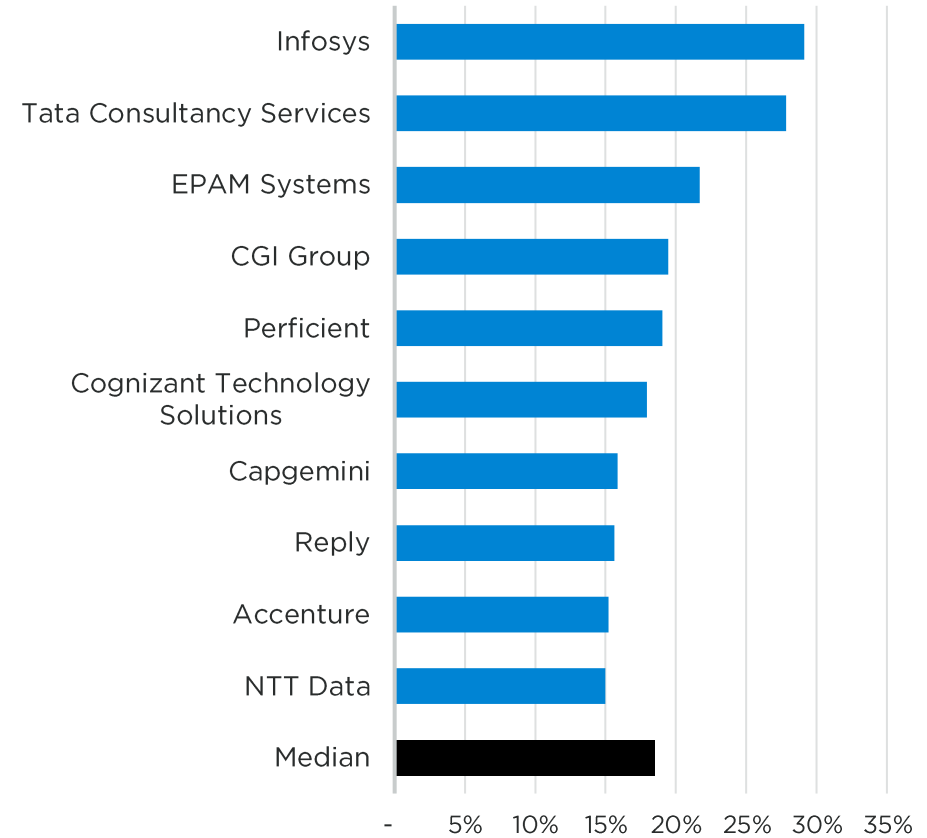


Operational Metrics

LTM Gross Profit Margin %

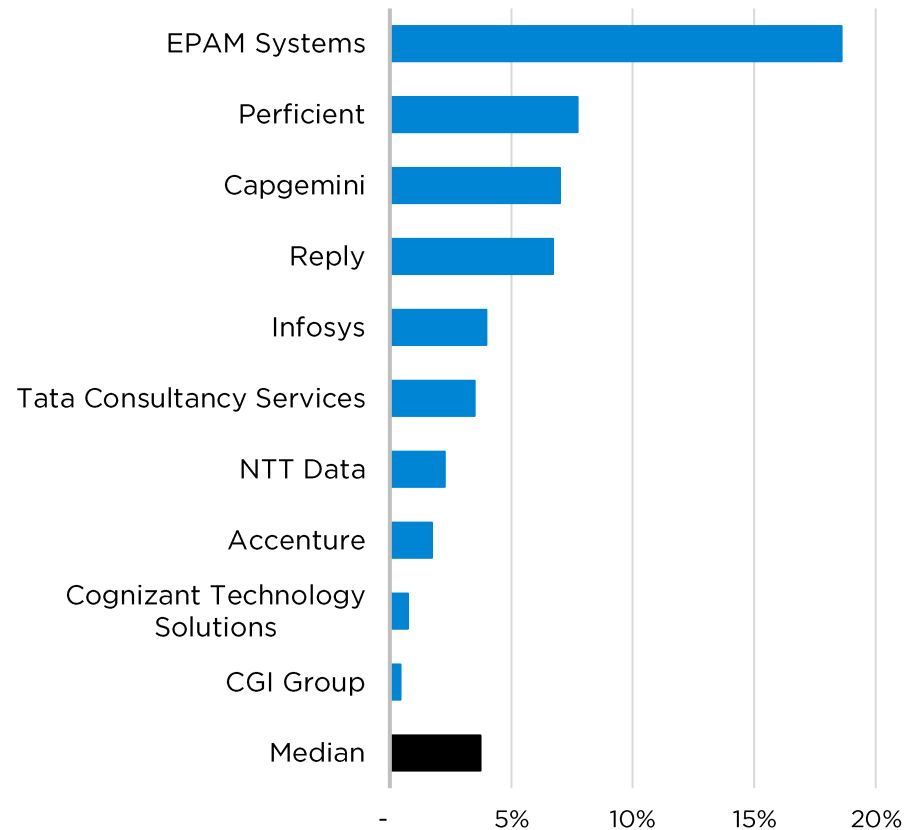


LTM EBITDA %

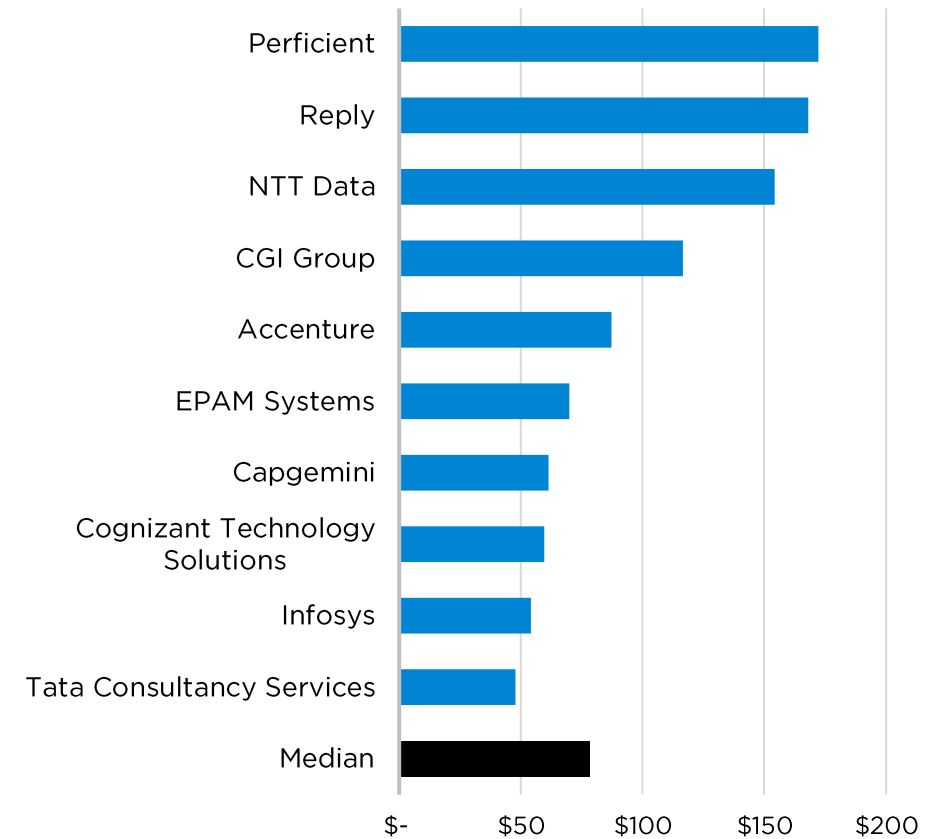


Operational Metrics

LTM Revenue Growth %

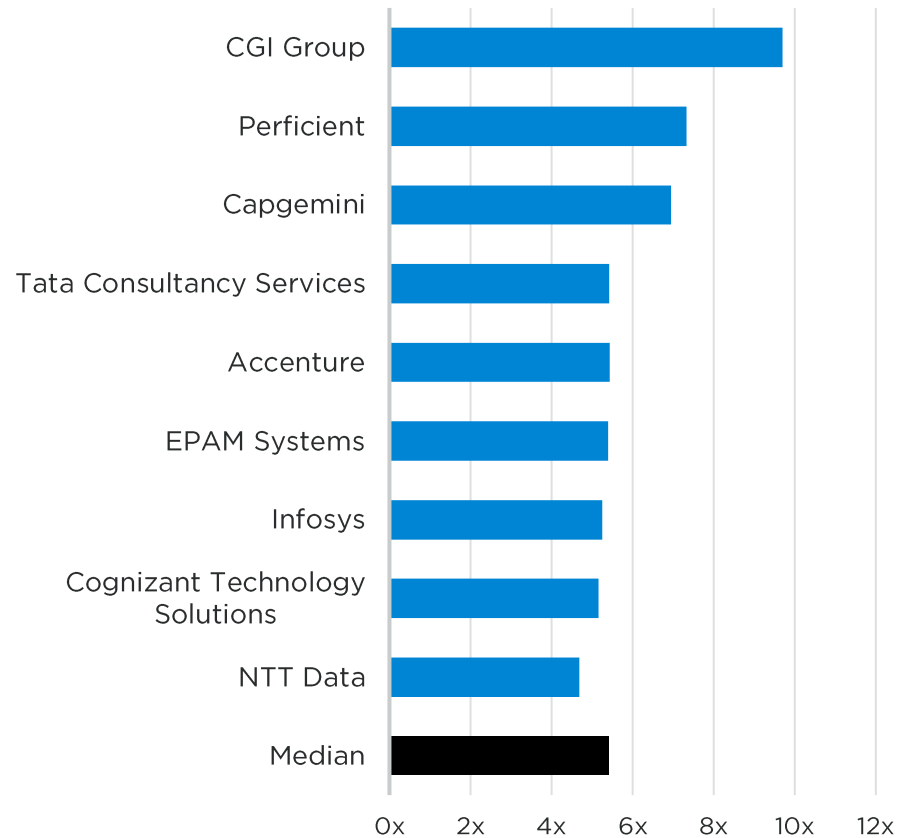


LTM Revenue per Full Time Employee x 000's

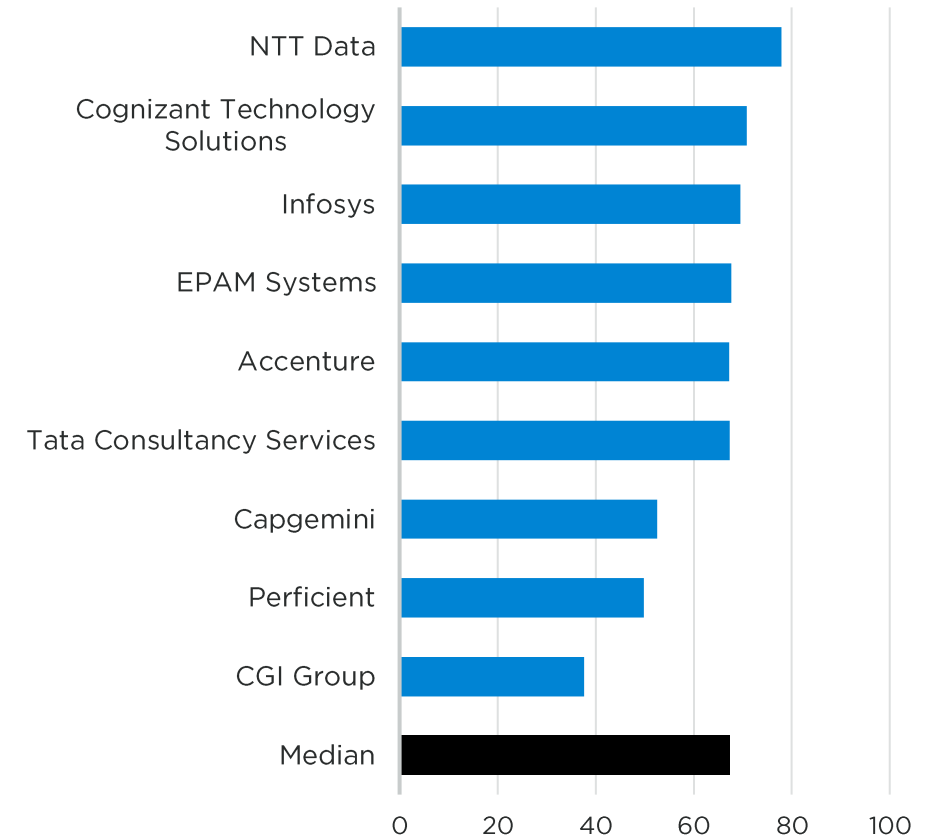


Operational Metrics

Accounts Receivable Turnover

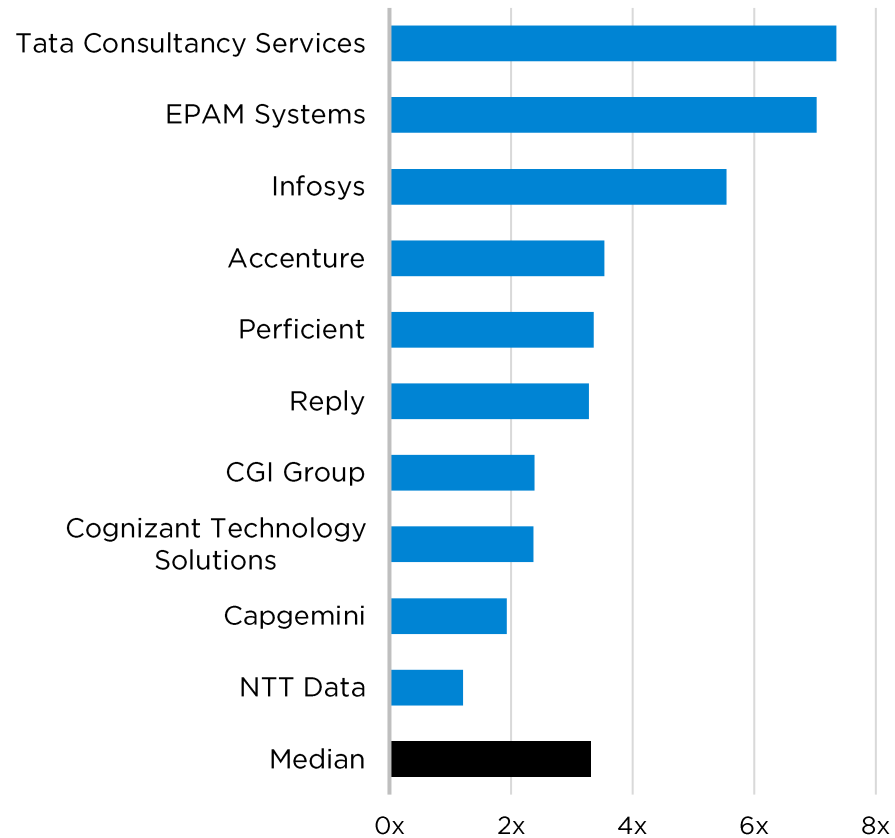


Average Days Sales Outstanding

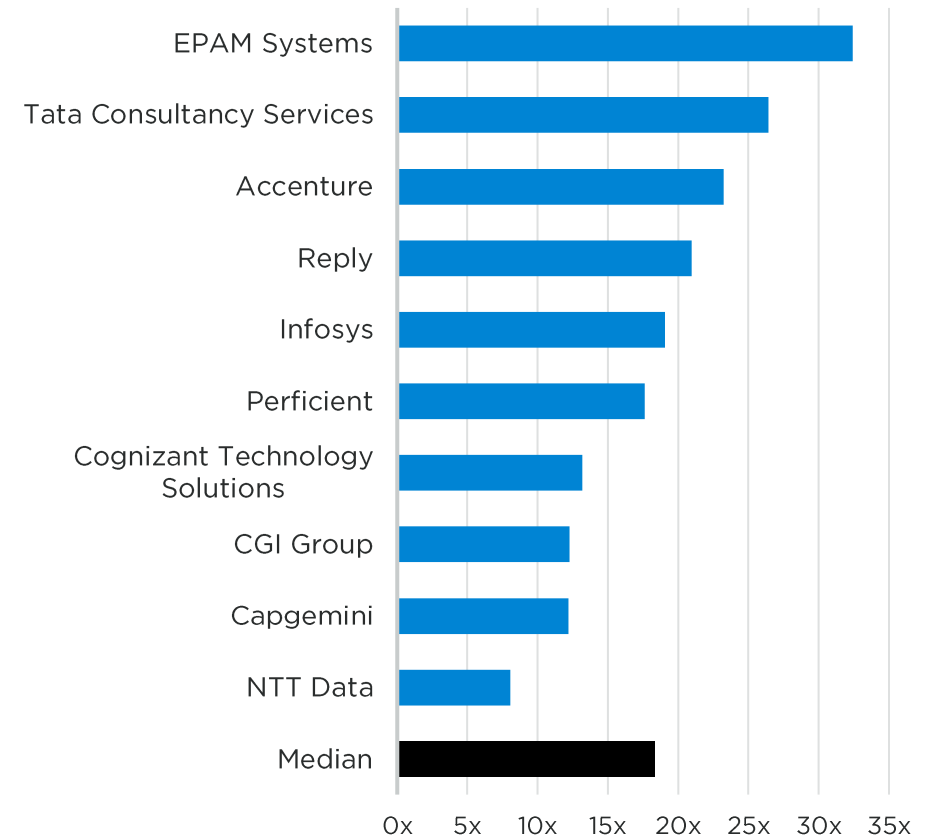


Valuation

TEV / LTM Revenue

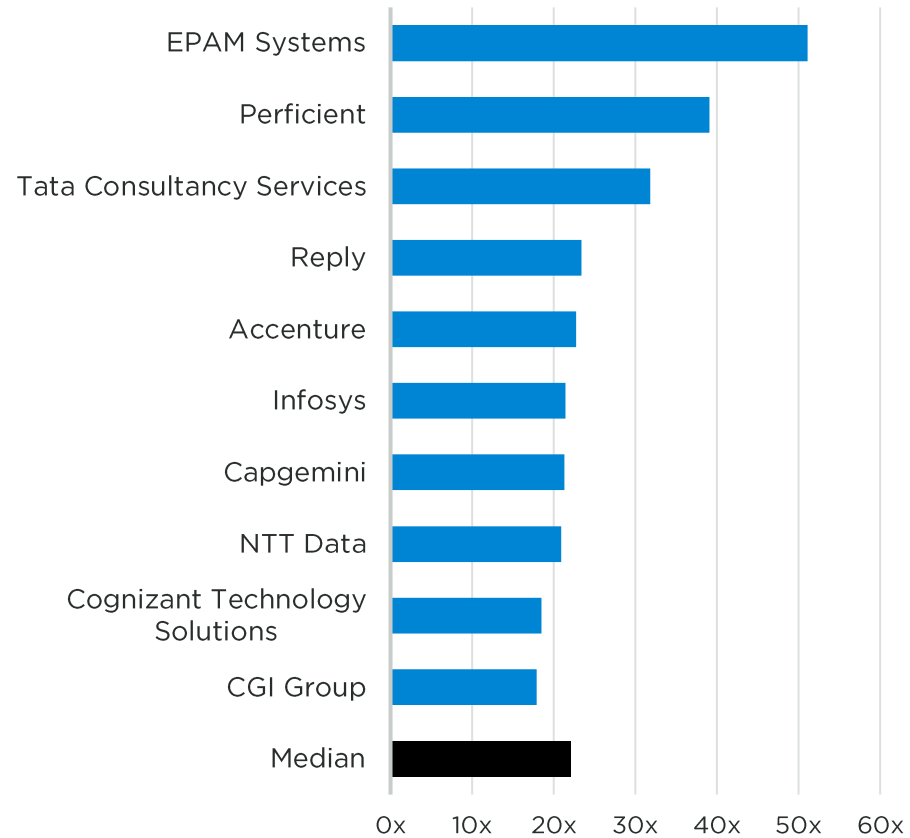


TEV / LTM EBITDA

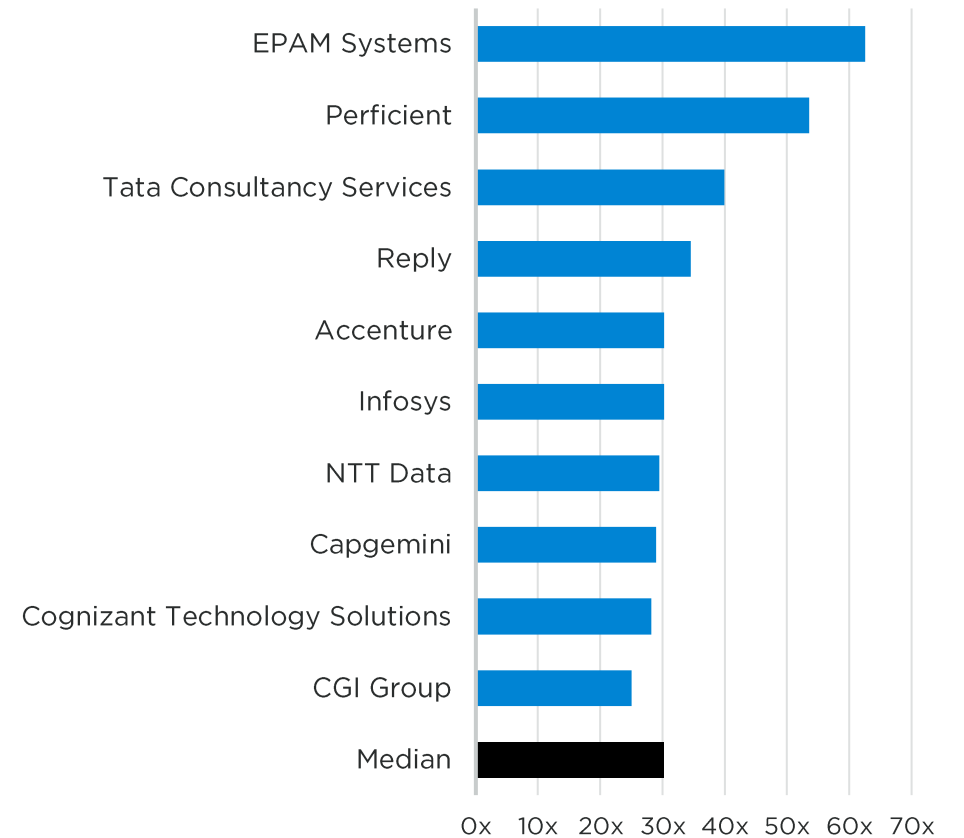


Valuation

TEV / LTM EBIT

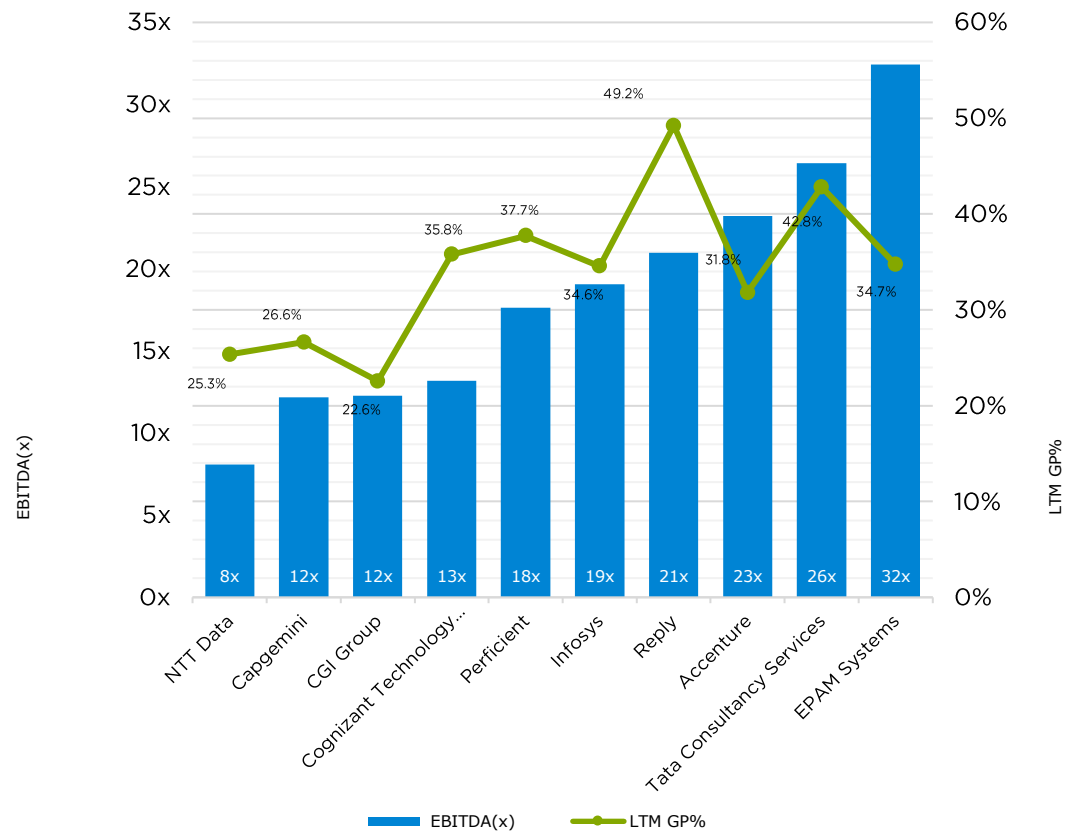


Price / LTM Earnings

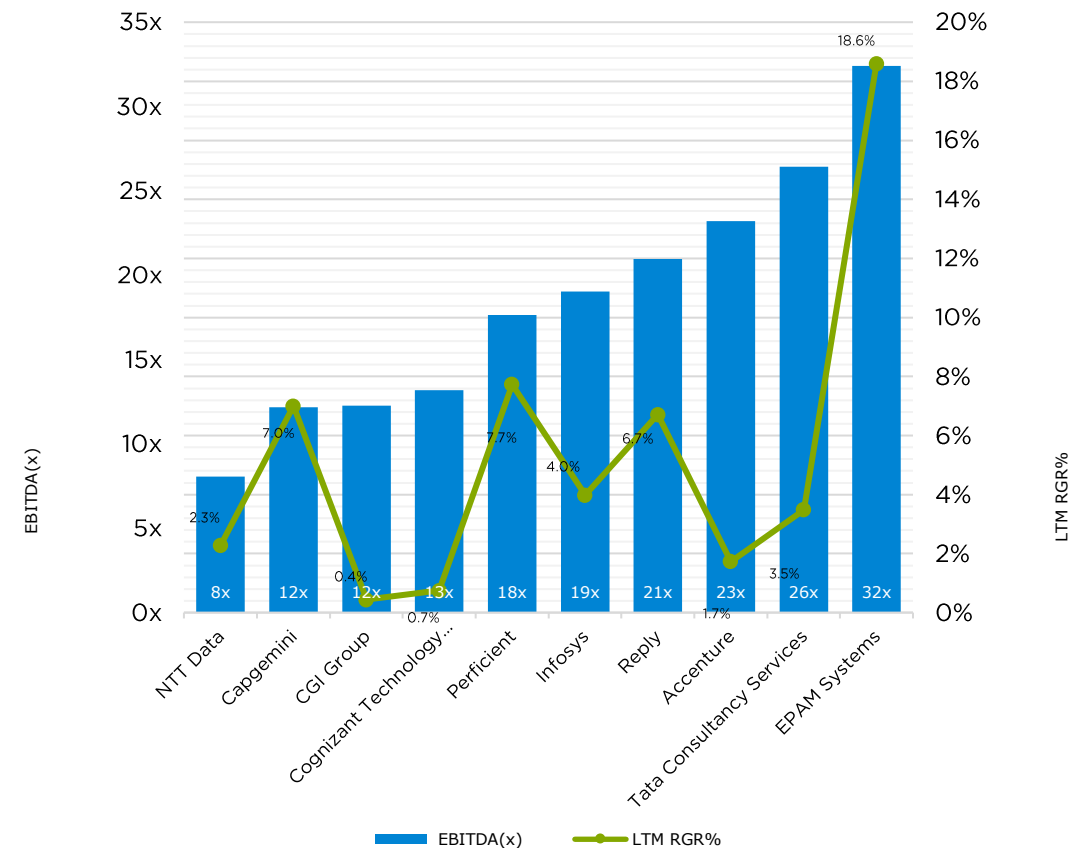


Valuation

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-Jan-21	HC Solutions	S&T (Austria)	0.85	-	-	-
21-Jan-21	Reload (IT Consulting and Outsourcing)	Heritage Ventures (Ireland)	-	-	-	-
19-Jan-21	K-Tech Solutions	NuMSP	-	-	-	-
15-Jan-21	Candid Cloud	McKinsey & Company	-	-	-	-
13-Jan-21	Enterprise Technology Services	Abacus Finance Group	-	-	-	-
13-Jan-21	IT Centric	SoConnect	-	-	-	-
07-Jan-21	Arxes-tolina	Netgo	-	-	-	-
07-Jan-21	Covestic	H.I.G. Capital	-	-	-	-
06-Jan-21	Business Network Solutions	NuMSP	-	-	-	-
31-Dec-20	Harris, Mackessy & Brennan (Professional Services Division)	CGI Group	-	-	-	-
29-Dec-20	Etech Solutions (Iowa)	Valeo Networks	-	-	-	-
15-Dec-20	Daxx	Grid Dynamics	-	-	-	-
15-Dec-20	DTA Ingénierie	Jems Group	-	-	-	-
11-Dec-20	GreenPages	ABRY Partners	-	-	-	-
10-Dec-20	Lifeline Computer Services	Fusion Financial Partners	-	-	-	-
10-Dec-20	Quanto Group	Adesso	-	-	-	-
03-Dec-20	Arcus Cloud Services	AlpInvest Partners	-	-	-	-
02-Dec-20	MindsUnited	QBS Group	-	-	-	-
01-Dec-20	Integrated Solutions Management	ASGN	-	-	-	-
27-Nov-20	City Business Solutions	Converge Technology Specialists	-	-	-	-
27-Nov-20	Sprout IT	Converge Technology Specialists	-	-	-	-
19-Nov-20	Datalytx	Mphasis	17.41	-	-	-
19-Nov-20	G2SF	Gunnison Consulting Group	-	-	-	-
19-Nov-20	Sinu	Electric (Business/Productivity Software)	-	-	-	-
12-Nov-20	Xiomega Consulting	Keyrus	-	-	-	-

Appendix

*Public Basket
Contact Information*



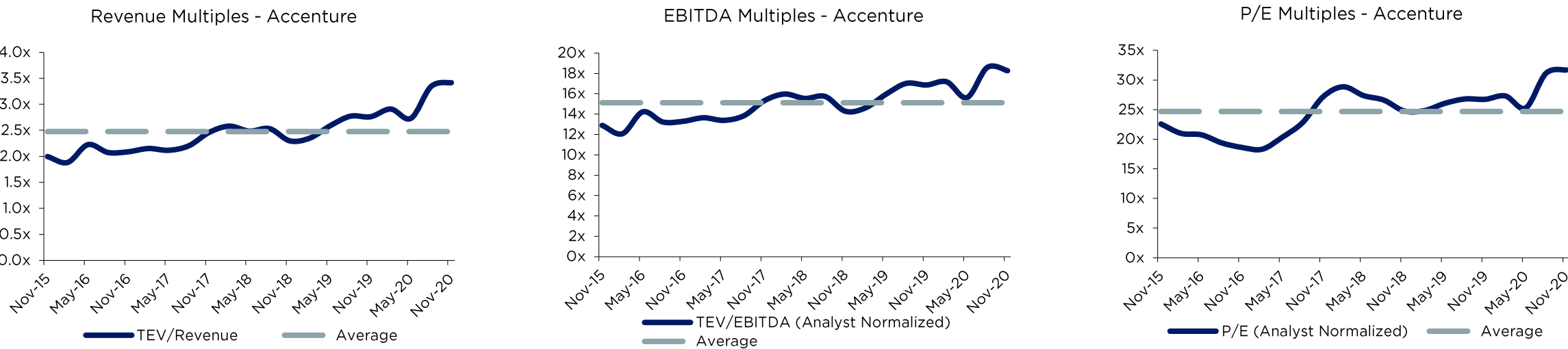
Accenture

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



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.

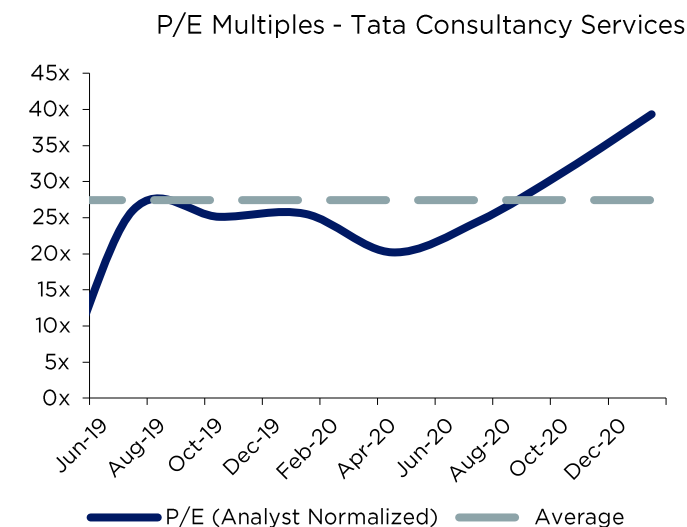
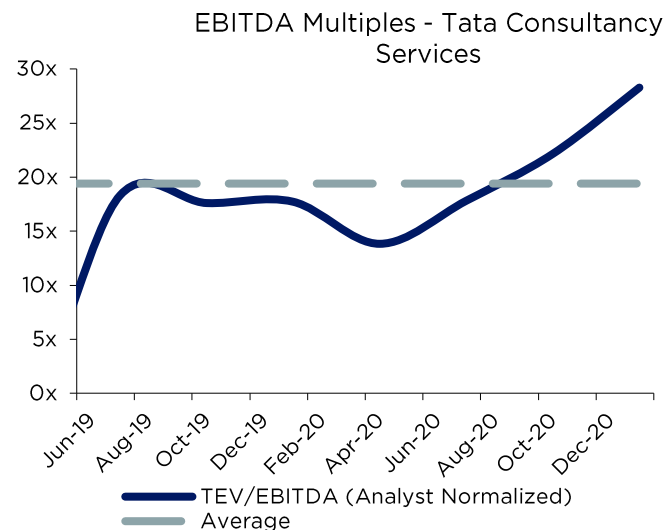
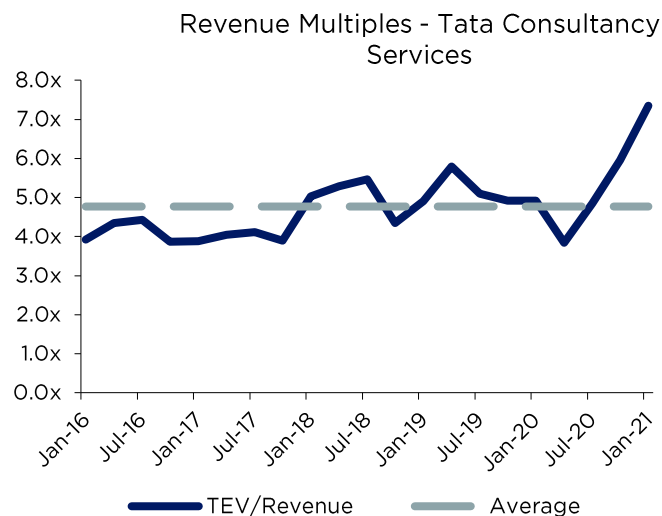
Tata Consultancy Services

Tata Consultancy Services is India's largest IT services provider.

The company was founded in 1968 and has its headquarters in Mumbai. The firm provides end-to-end IT and consulting services across the globe and has over 200 offices in 50 countries and 183 solution centers in 19 countries. The company employs over 430,000 staff, which makes it one of the largest IT employers in the world. TCS derives a significant portion of its revenue from the North American market and the banking, financial services, and insurance industry.

Public Basket

Tata Consultancy Services



Company Name	Date	Deal Synopsis
Pramerica Systems	12-Nov-20	Tata Consultancy Services (NYSE: TCS) entered into an agreement with Prudential Financial to acquire its tech-services business for an undisclosed amount on November 12, 2020. The acquisition will deepen TCS's relationship with PFI and gives a new delivery capability in Ireland with specialized expertise, that significantly strengthens its ability to meet the growth and transformation needs of customers globally.
Prudential Financial (Pramerica Services Unit)	12-Nov-20	The company reached a definitive agreement to be acquired by Tata Consultancy Services (NSE: TCS) for an undisclosed amount on November 12, 2020.

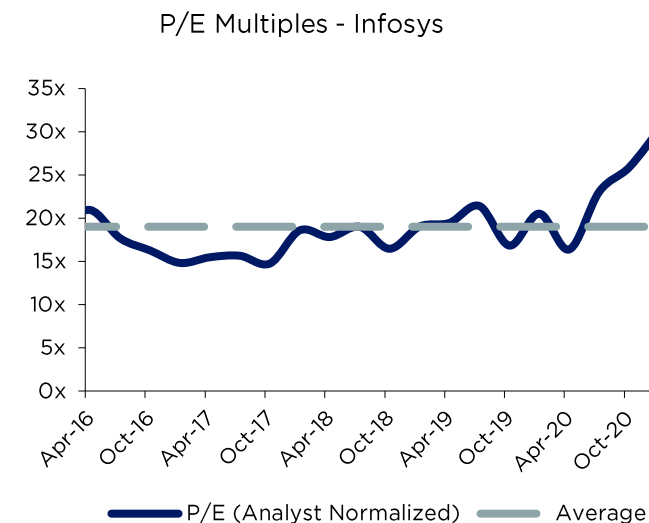
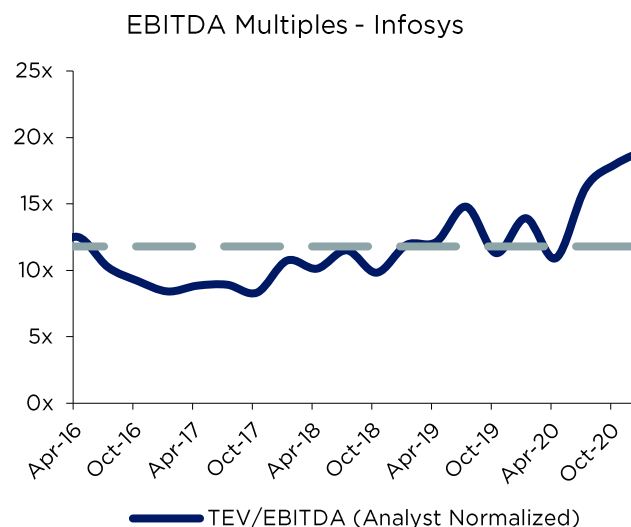
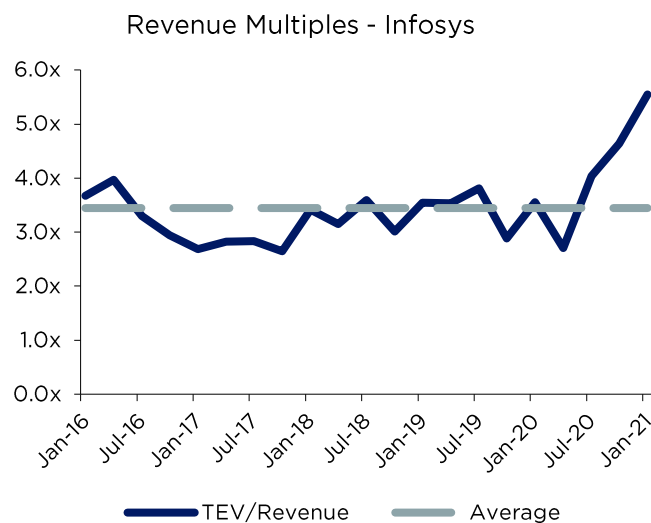
Infosys

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
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.

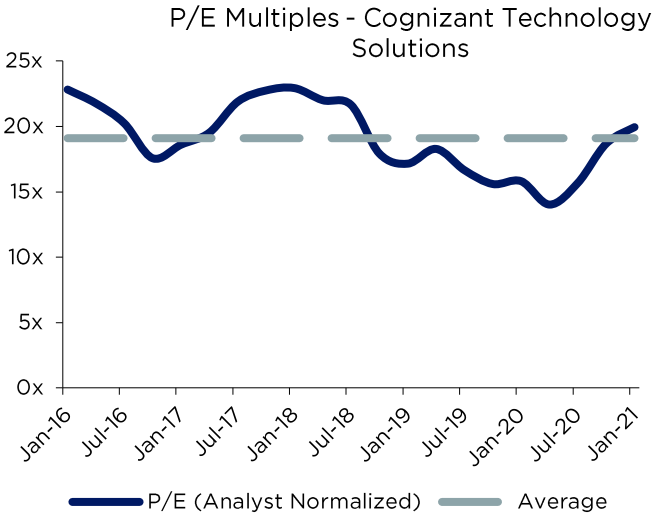
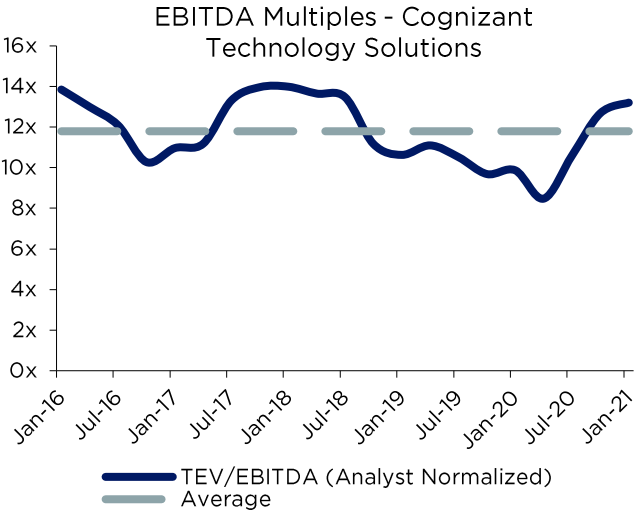
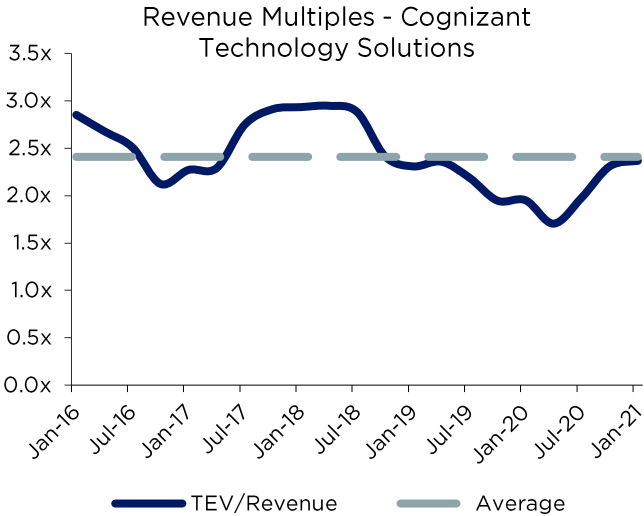
Cognizant Technology Solutions

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: 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.

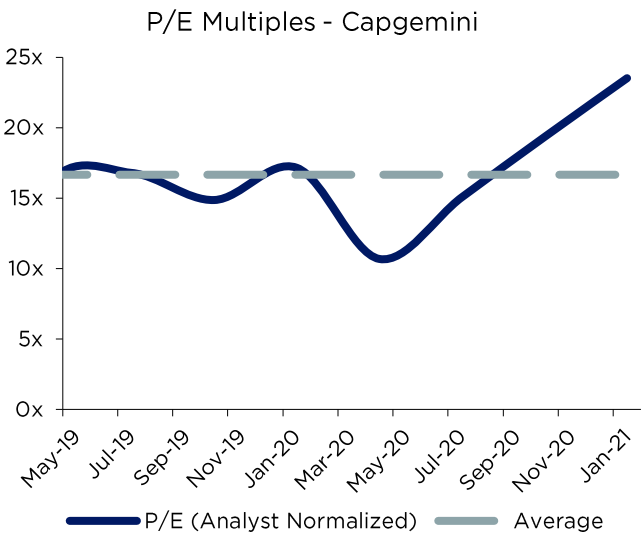
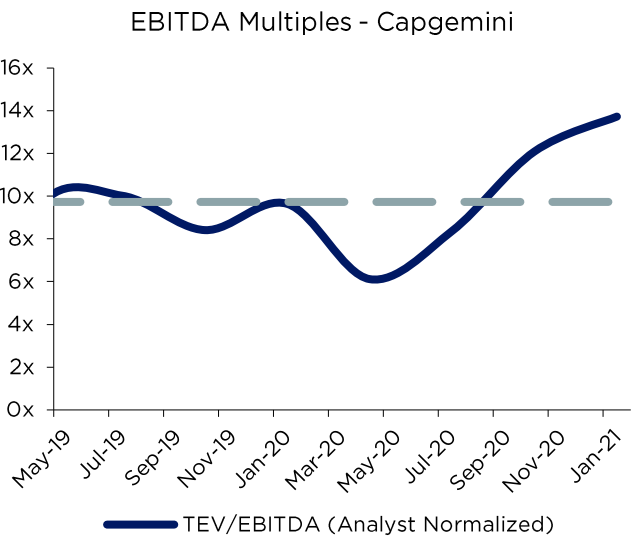
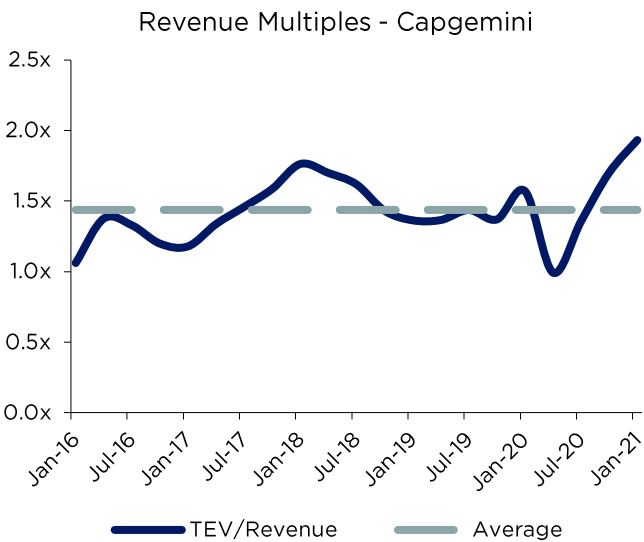
Capgemini

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.
Advectas	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.

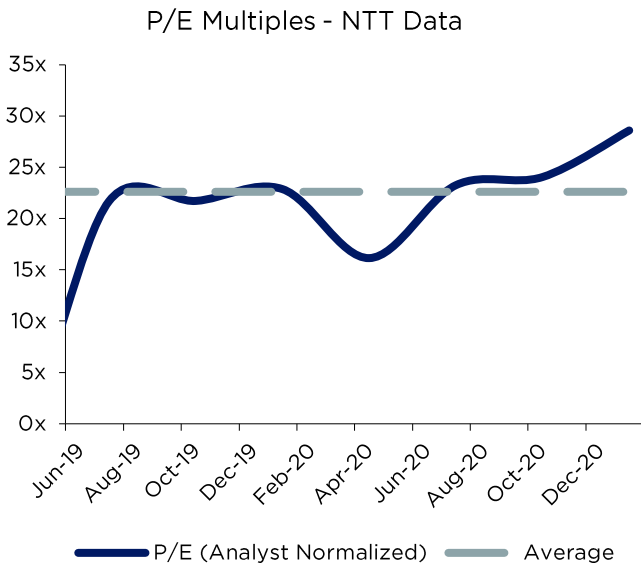
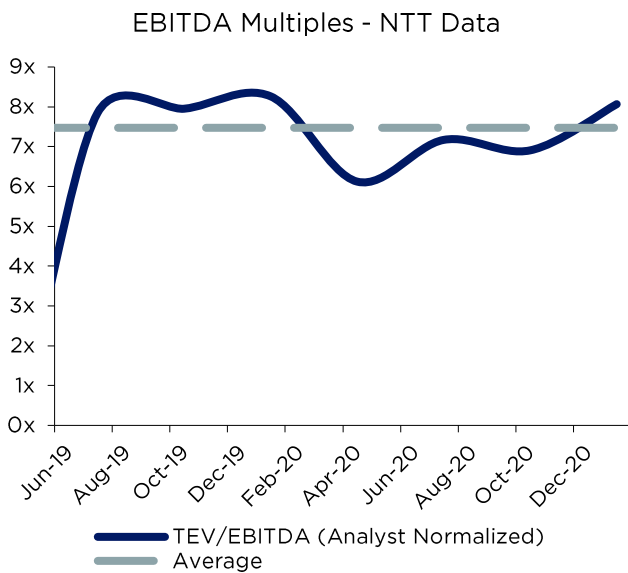
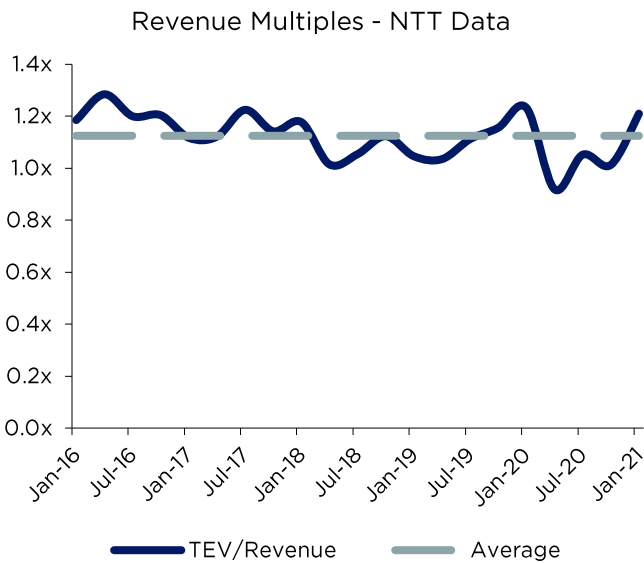
NTT Data

NTT Data Corp provides IT services to a wide range of business fields.

The company's operations are divided into three segments: global, public and social infrastructure; enterprise and solutions; and financial. Each segment contributes approximately an even proportion of the company's revenue. The services the company provides include system integration by constructing systems tailored to individual customer needs, multiple Internet and computer network-based information and processing services, consulting that evaluates customers' management issues, system support for large-scale systems, and new IT-based business models. The company is based in Japan but has a global presence.

Public Basket

NTT Data



Company Name	Date	Deal Synopsis
Hashmap	11-Dec-20	The company reached a definitive agreement to be acquired by NTT Data (TKS: 9613), a subsidiary of NTT DoCoMo (TKS: 9437), for an undisclosed amount on December 11, 2020. The acquisition will help NTT Data in adding deep technical expertise with modern data platforms to support analytics, artificial intelligence and machine learning.
MagicCube	15-Jun-20	The company raised \$9.9 million of venture funding from Visa Ventures, Sony Innovation Fund and CVentures (Egypt) on June 15, 2020. NTT Data, Bold Capital Partners, EPIC Ventures, Azure Capital Partners and Luqman Weise Capital also participated in the round.

CGI Group

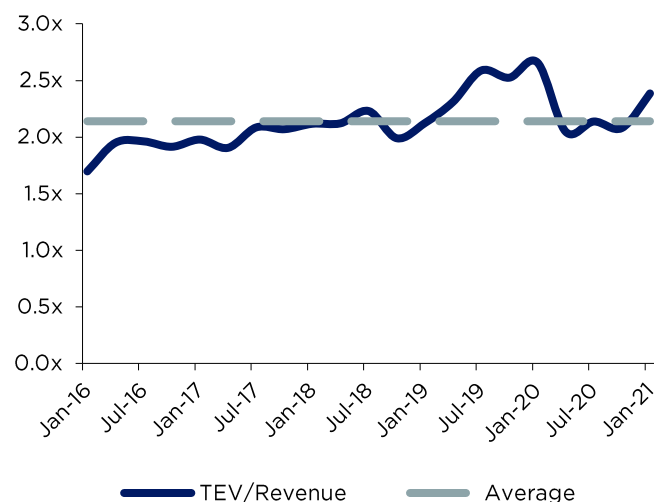
CGI Group is a Canada-based IT-services provider with an embedded position in North America and Europe.

The company generates more than CAD 12 billion in annual revenue, employs over 77,000 personnel, and operates across 400 offices in 40 countries. CGI offers a broad portfolio of services such as consulting, systems integration, application maintenance, and business process outsourcing. The company's largest vertical market is government, which contributes around 33% of group revenue.

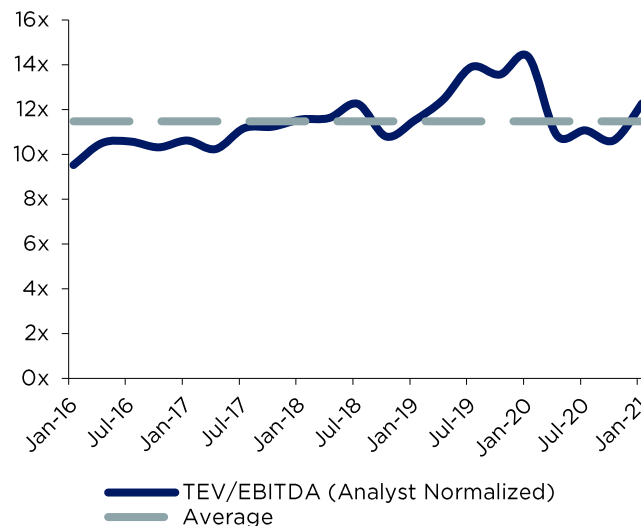
Public Basket

CGI Group

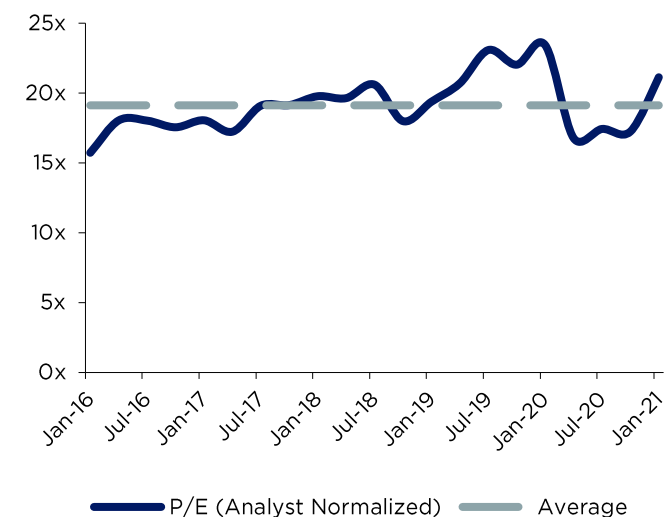
Revenue Multiples - CGI Group



EBITDA Multiples - CGI Group



P/E Multiples - CGI Group



Company Name

Date

Deal Synopsis

InAdmin RiskCo

01-Aug-20

The company, a subsidiary of PraxisIFM Group, was acquired by Achmea, Pensioenfondsvoor de Grafische Bedrijven, and CGI Group for an undisclosed amount in August 2020. With the acquisition, the consortium sets up a new software platform for pension administration services.

TeraThink

31-Mar-20

The company was acquired by CGI Group (TSE: GIB.A) for \$101.856 million on March 31, 2020. This merger will strengthen CGI Federal's consulting expertise, and expand its enterprise application development and management services.

EPAM Systems

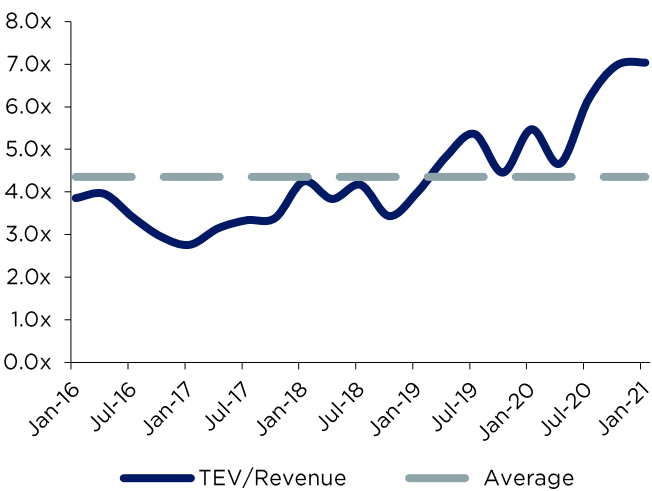
EPAM Systems Inc provides software product development and digital platform engineering services to clients located around the world.

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.

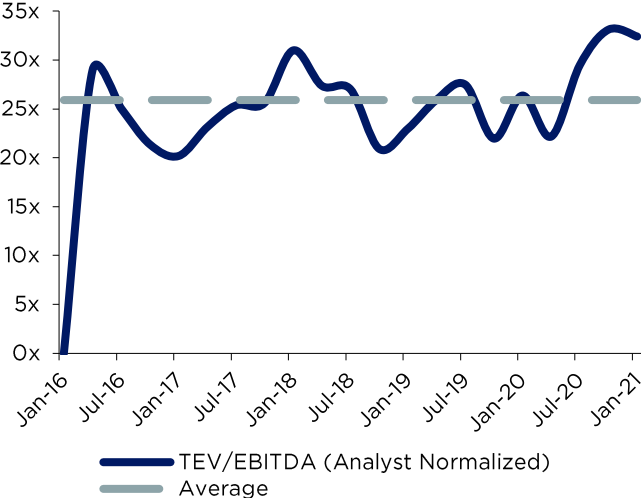
Public Basket

EPAM Systems

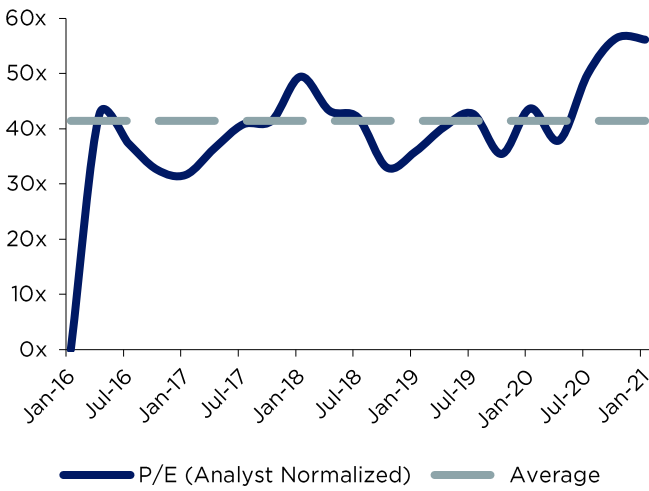
Revenue Multiples - EPAM Systems



EBITDA Multiples - EPAM Systems



P/E Multiples - 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.

Reply

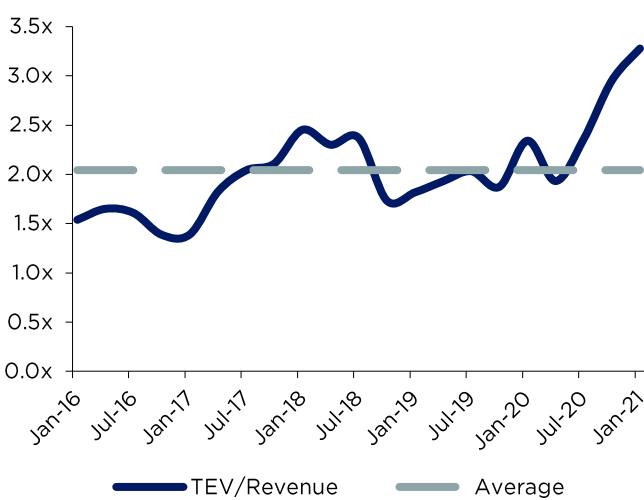
Reply SpA specialises in consulting, digital services, and the integration of processes, applications and devices.

The company primarily operates in Germany, Italy, and the UK. Reply serves clients in the telecommunication and media, banking, insurance and financial, industry and services, energy and utilities, and public administration industries. The company provides its services mainly through platforms such as Click Reply, Discovery Reply, Gaia Reply, TamTamy, and SideUp Reply. Reply researches, selects, and markets solutions through channels such as data analysis, digital communication, e-commerce, mobile, and social media.

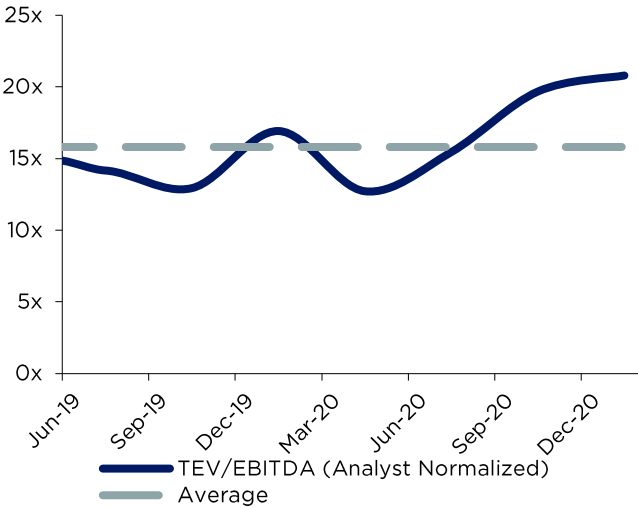
Public Basket

Reply

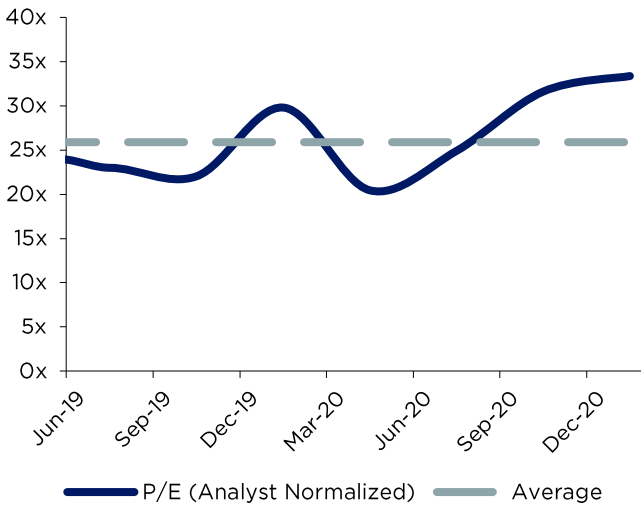
Revenue Multiples - Reply



EBITDA Multiples - Reply



P/E Multiples - Reply



Company Name	Date	Deal Synopsis
Sagepath	01-Aug-20	The company was acquired by Reply (MIL: REY) for an undisclosed amount in August 2020. The acquisition of the company further enhances Reply's international growth strategy, particularly in the United States.
Threepipe	01-Oct-19	The company was acquired by Reply (MIL: REY) for an undisclosed amount in October 2019.The acquisition enables Threepipe to get Reply's CRM, Artificial Intelligence, Augmented Reality and Blockchain technology.

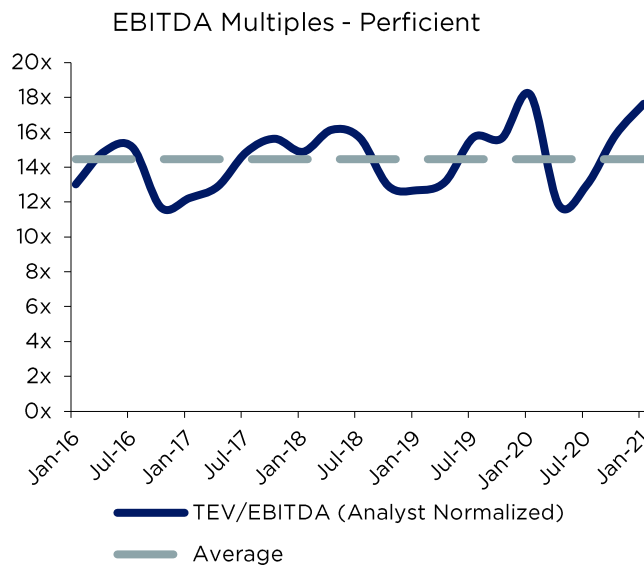
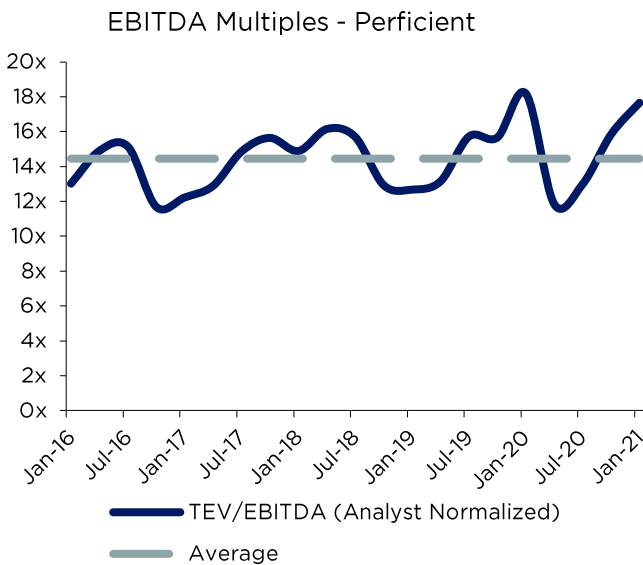
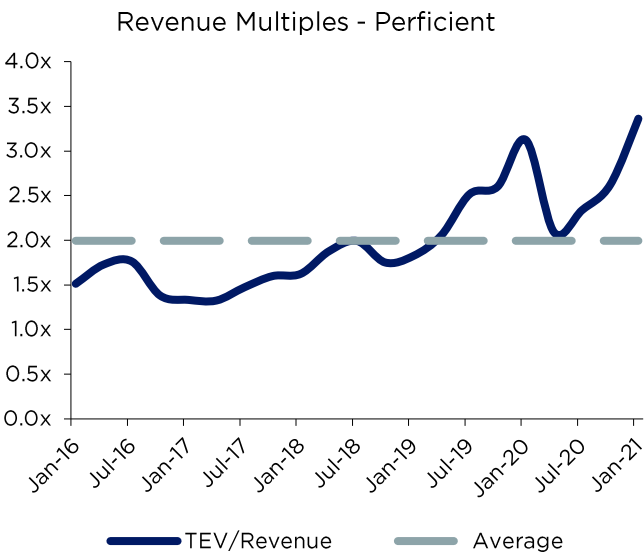
Perficient

Perficient Inc provides a variety of information technology, consulting services that focus on digital experience, business optimization, and IT solutions.

The company's services include big data analytics, technology platform implementations, enterprise content management, portals and collaboration, management consulting, custom applications, business integration, business process management, and customer relationship management. It serves healthcare, financial services, retail, and electronics industries. The vast majority of the company's revenue comes from the United States.

Public Basket

Perficient



Company Name	Date	Deal Synopsis
PSL Software	17-Jun-20	The company was acquired by Perficient (NAS: PRFT) for \$93.1 million (\$70.9 million at Closing and \$22.2 million in contingent consideration). The acquisition will enable Perficient to strengthen its global delivery capabilities complementing its nearshore offering and custom software development, testing, and customer support capabilities and expand its presence in Latin America.
Catalyst Networks	23-Mar-20	The company was acquired by Perficient (NAS: PRFT) for an undisclosed amount on March 23, 2020. The acquisition broadens and deepens Perficient's Sitecore capabilities, bringing strategic skills and expertise in web and content management platform development.

Contact Info

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking.

As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
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