

7 Mile Advisors



Sectorwatch: Digital Transformation

March 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

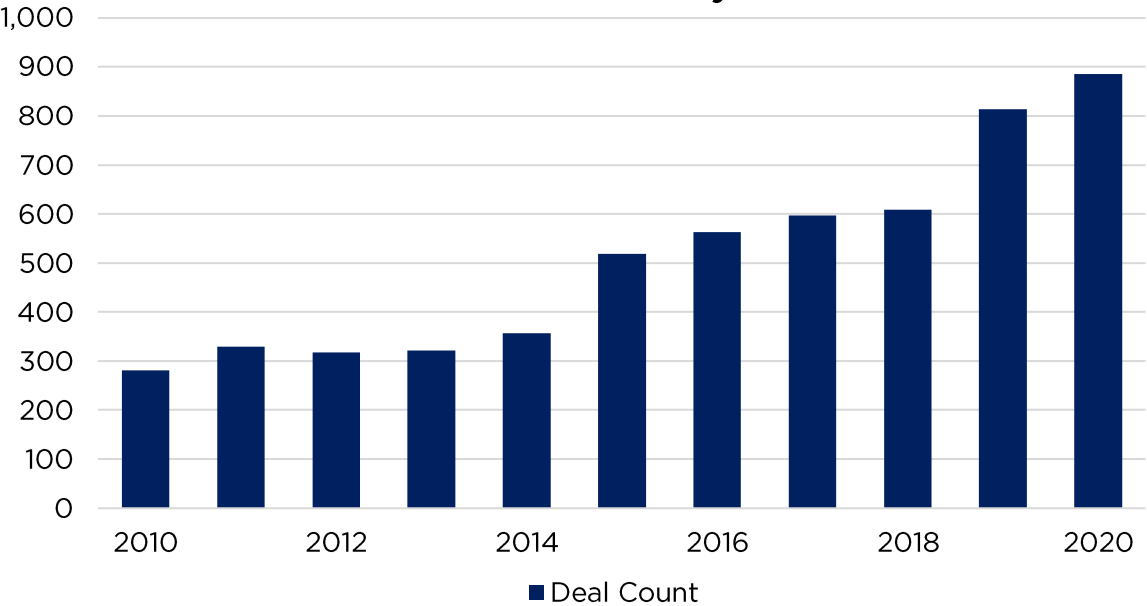
- The most recently announced deals in the sector

Dashboard

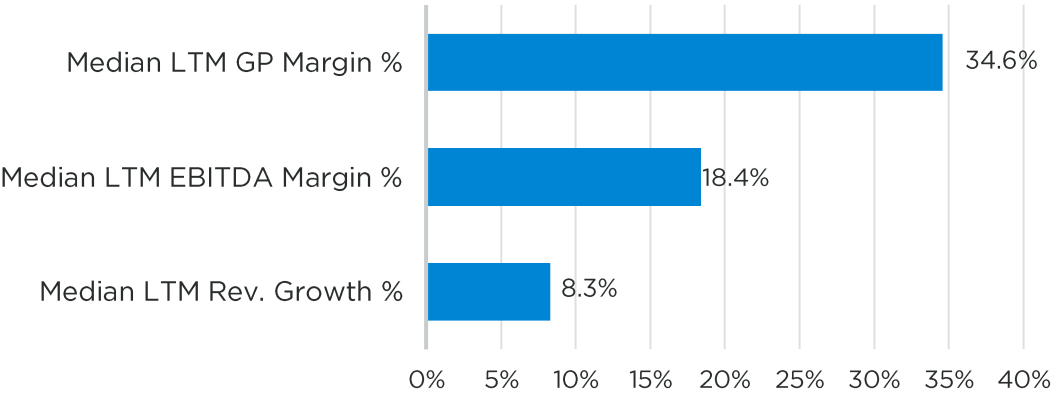
REVENUE GROWTH MOMENTUM ↓ 0.7%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

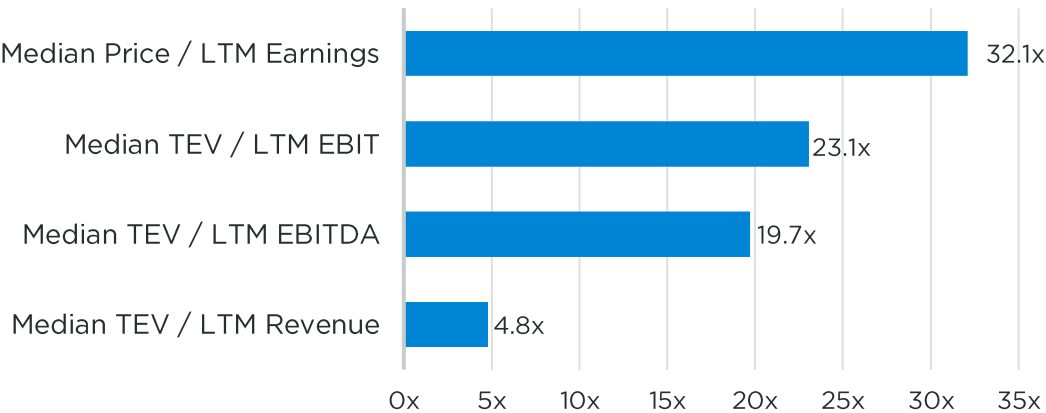
M&A Activity



Operating Metrics



Valuation



Public Basket Overview



Europe



United States



South America



Asia

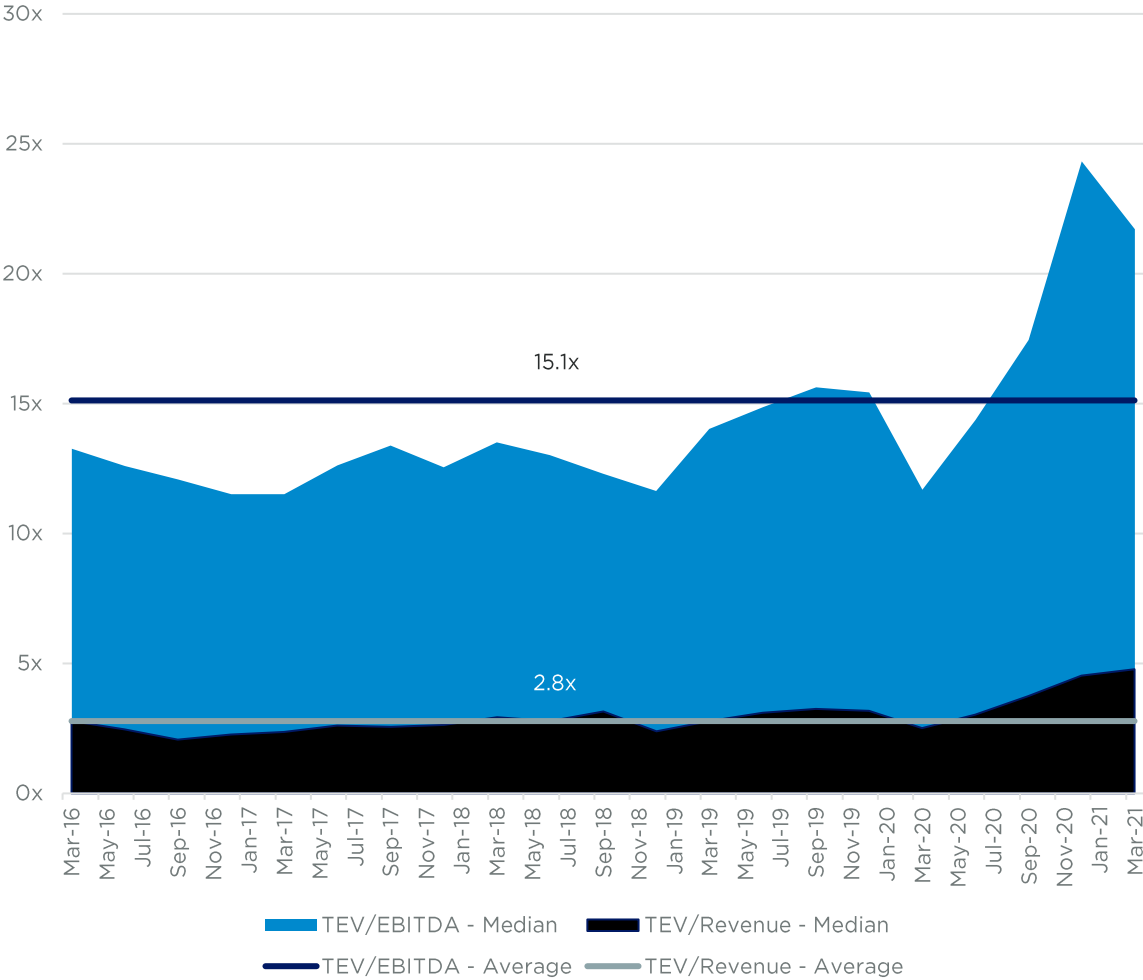


Public Basket

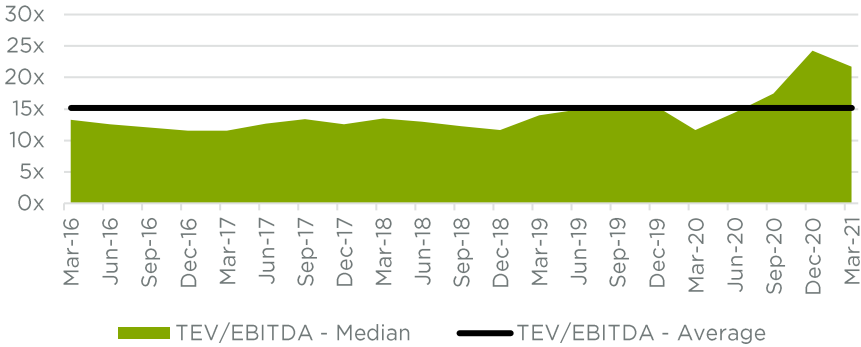
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava	4,995	104	491	20.5%	34.7%	21.1%	10.2x	48.1x	7,199	68
Globant	7,584	165	814	23.5%	37.4%	20.3%	9.3x	46.0x	14,340	57
WPP	19,840	2,469	15,674	4.4%	17.3%	15.7%	1.3x	8.0x	101,000	155
EPAM Systems	20,125	592	2,659	15.9%	34.9%	22.3%	7.6x	34.0x	36,739	72
Capgemini	35,742	2,714	18,065	12.2%	26.1%	15.0%	2.0x	13.2x	265,073	68
Cognizant Technology Solutions	40,454	2,749	16,652	-0.8%	35.9%	16.5%	2.4x	14.7x	283,100	59
Infosys	75,467	3,826	13,145	4.0%	34.6%	29.1%	5.7x	19.7x	242,371	54
Accenture	172,528	7,278	45,677	2.3%	31.7%	15.9%	3.8x	23.7x	514,000	89
Average	47,092	2,487	14,147	10.3%	31.5%	19.5%	5.3x	25.9x	182,978	78
Median	27,933	2,591	14,410	8.3%	34.6%	18.4%	4.8x	21.7x	171,686	68

share price as of 30Mar21

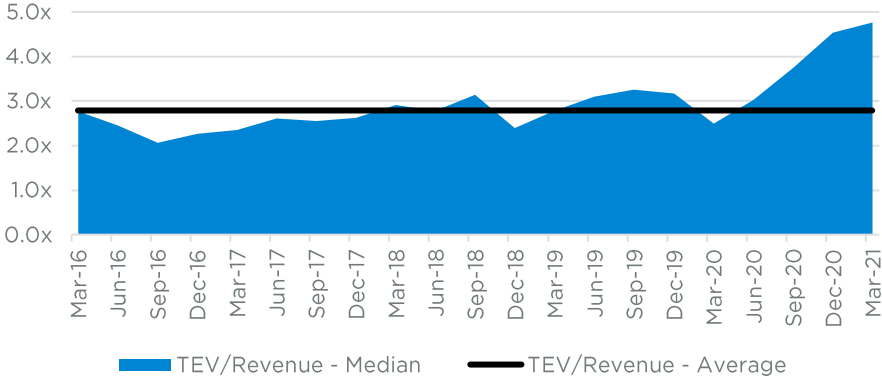
Public Basket



Public EBITDA Multiples over Time

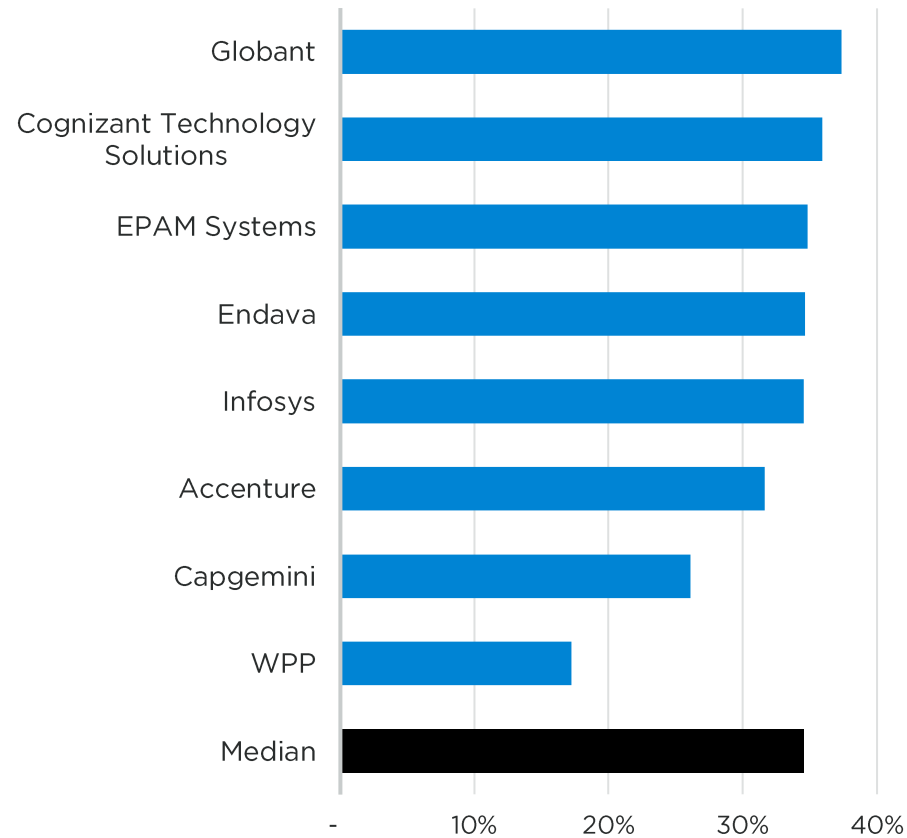


Public Revenue Multiples over Time

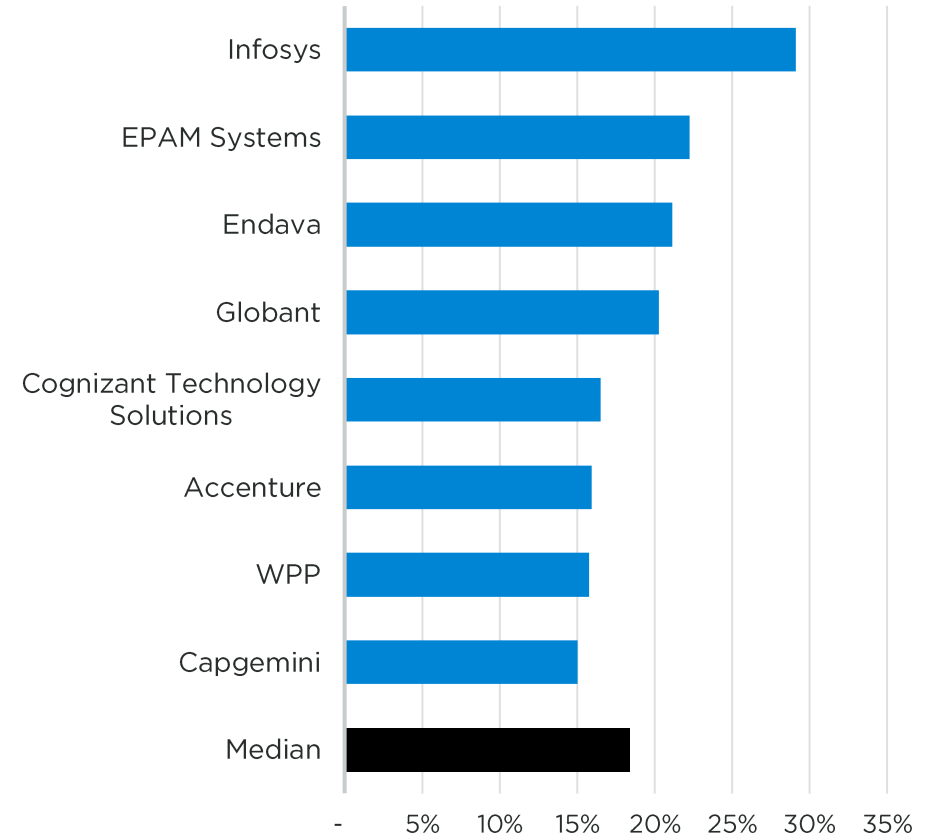


Operational Metrics

LTM Gross Profit Margin %

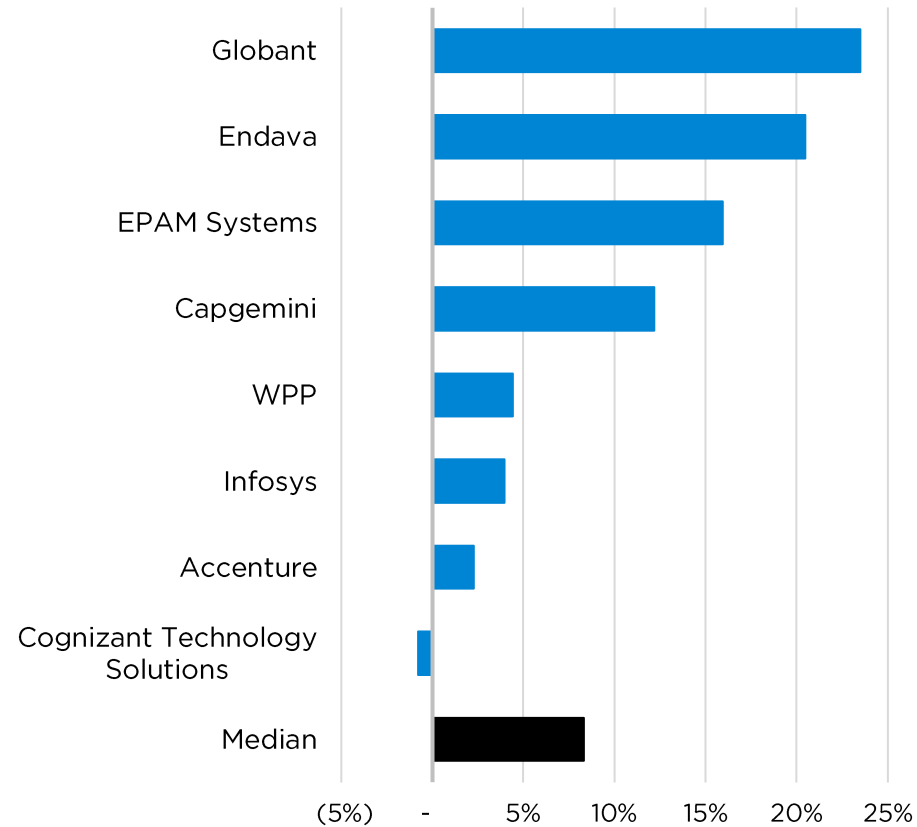


LTM EBITDA %

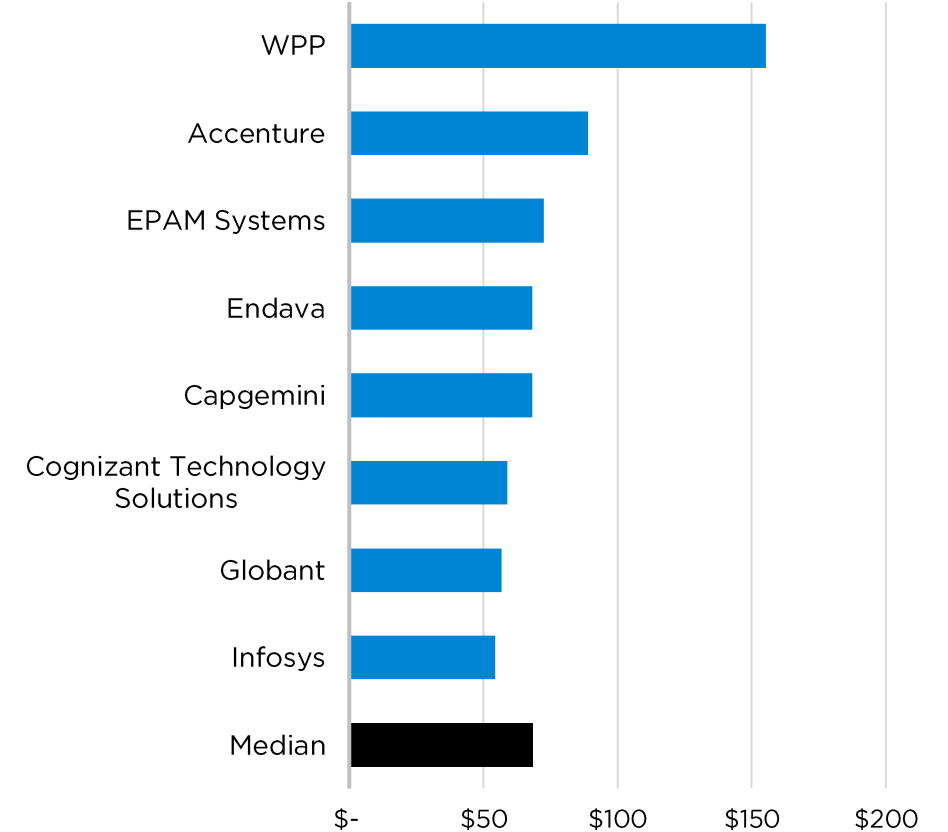


Operational Metrics

LTM Revenue Growth %

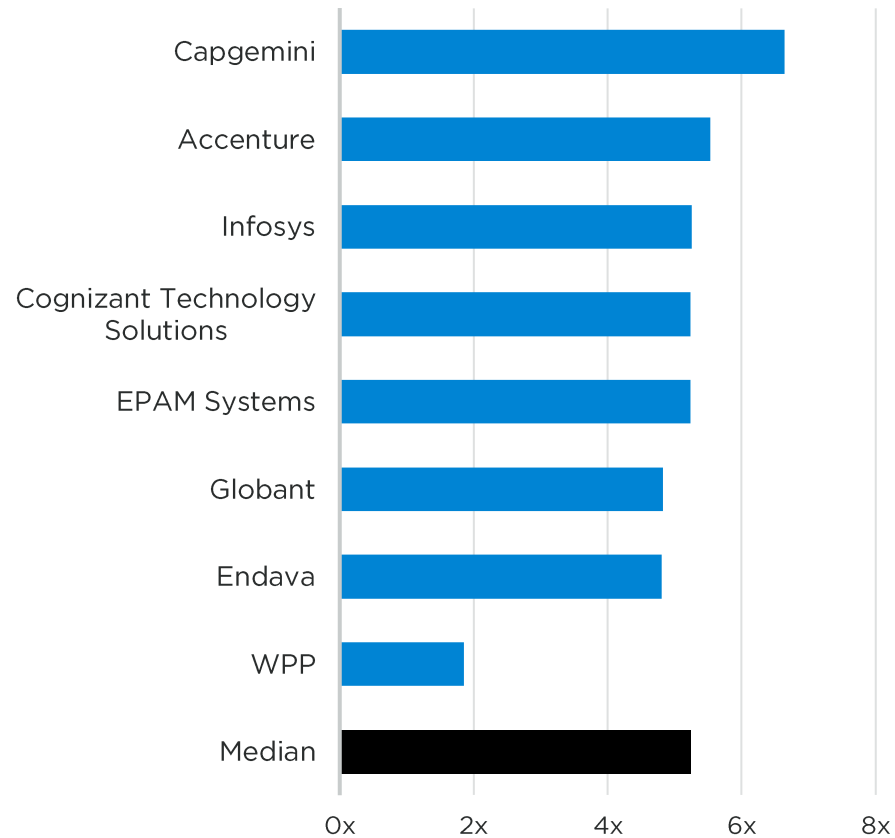


LTM Revenue per Full Time Employee x 000's

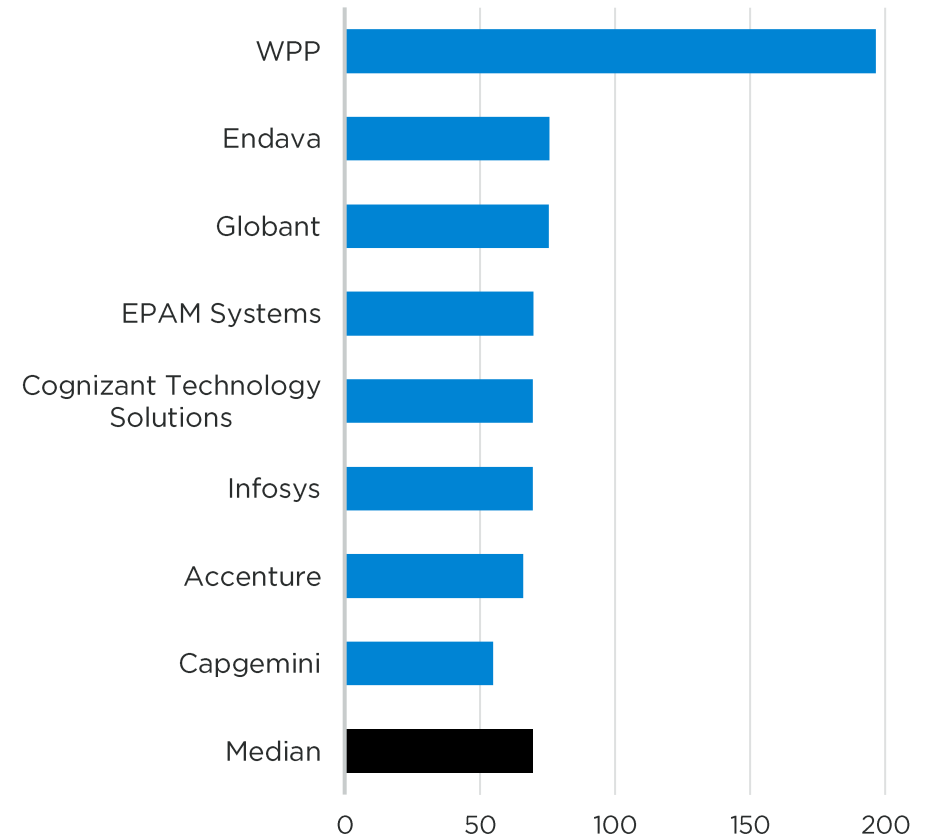


Operational Metrics

Accounts Receivable Turnover

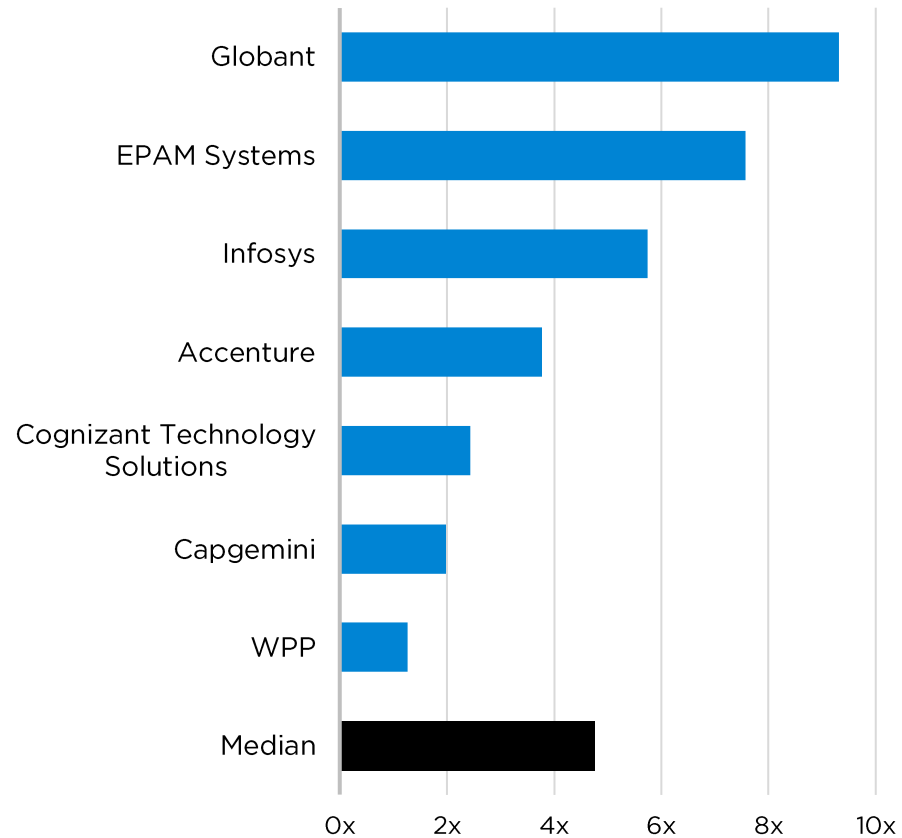


Average Days Sales Outstanding

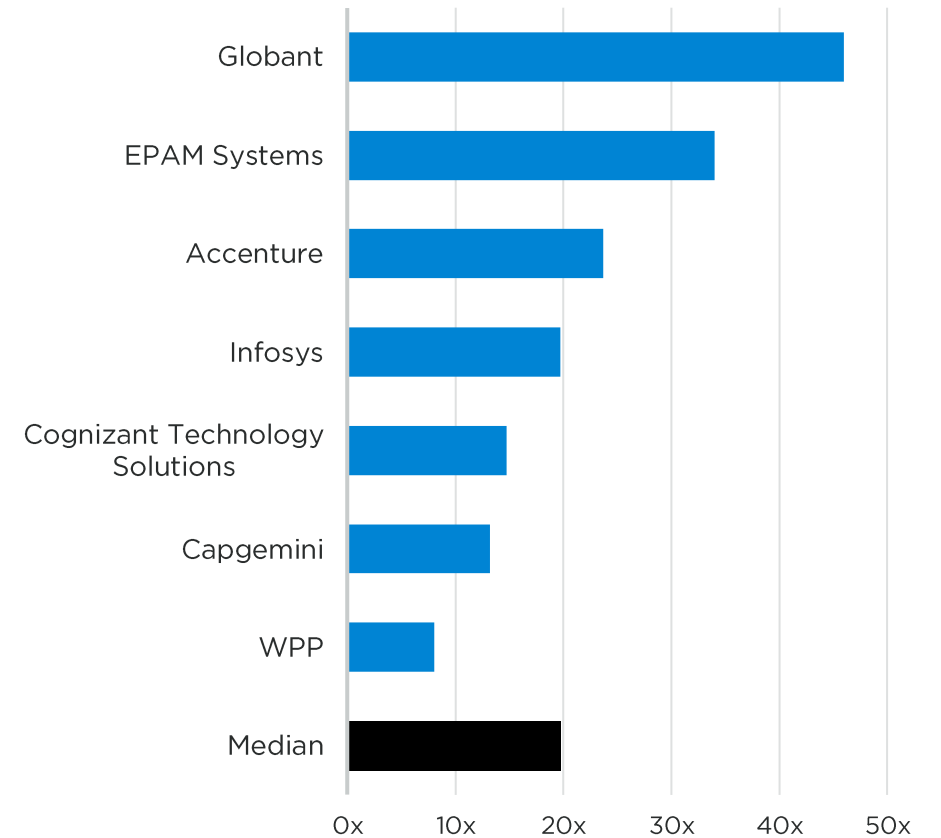


Valuation

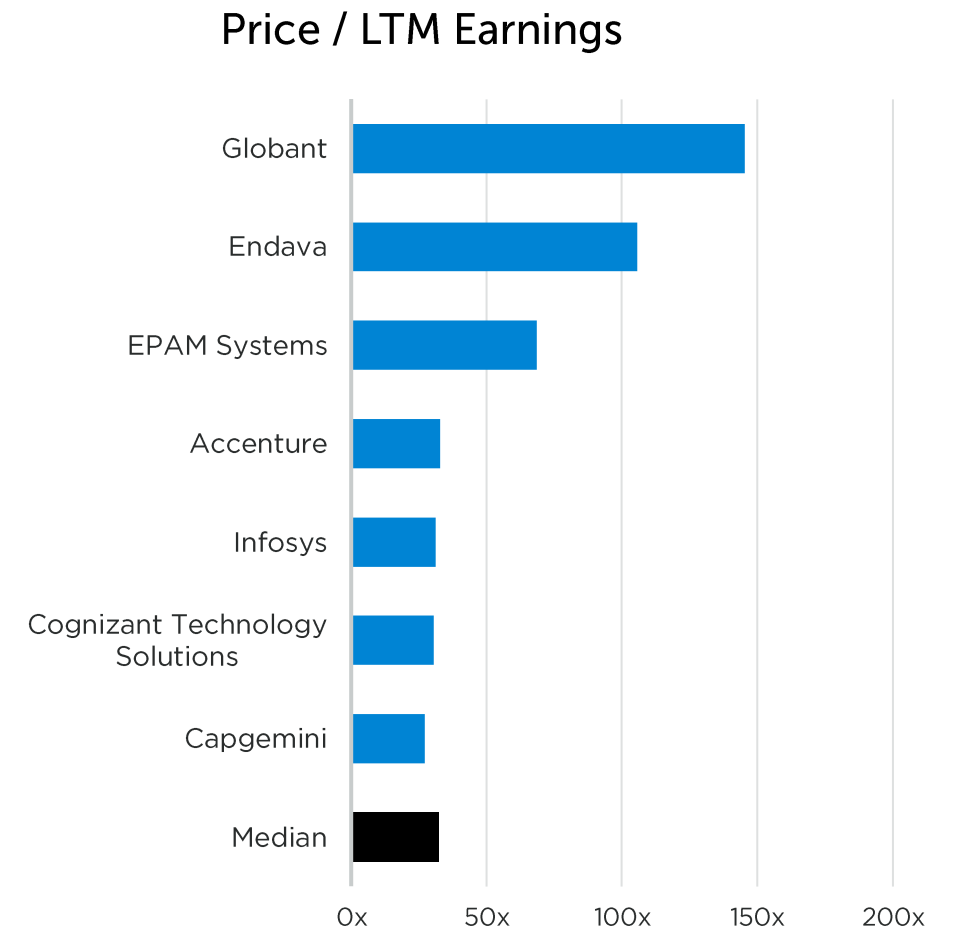
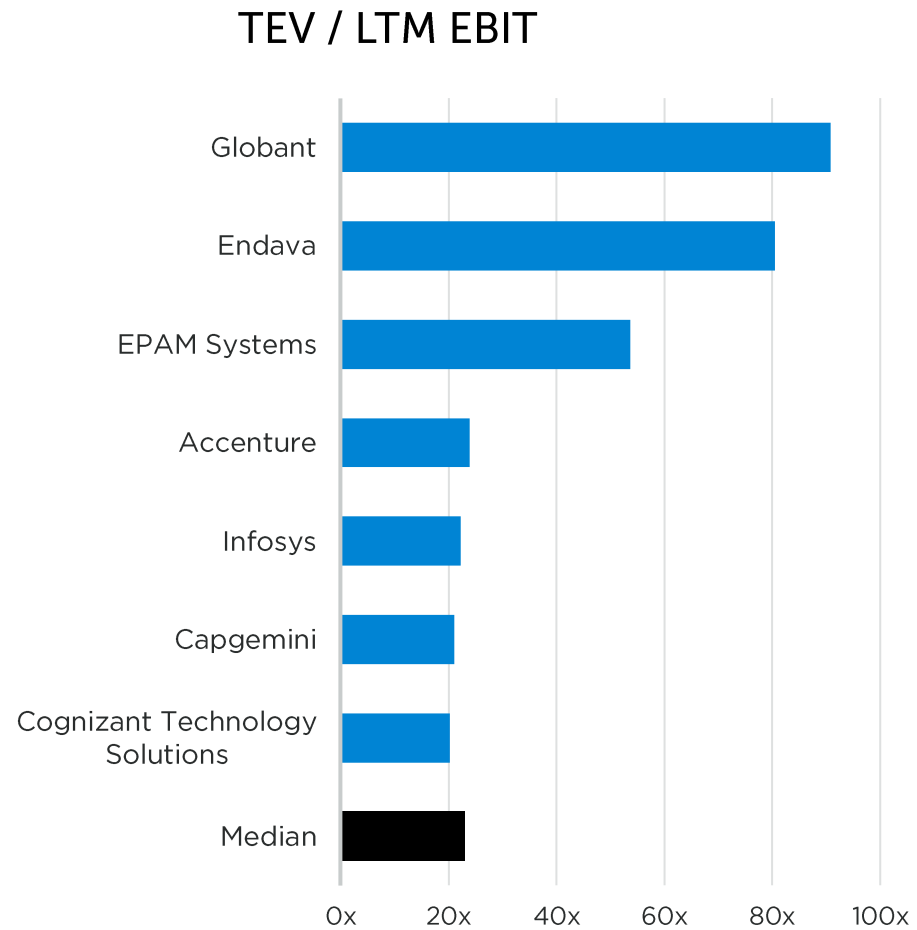
TEV / LTM Revenue



TEV / LTM EBITDA

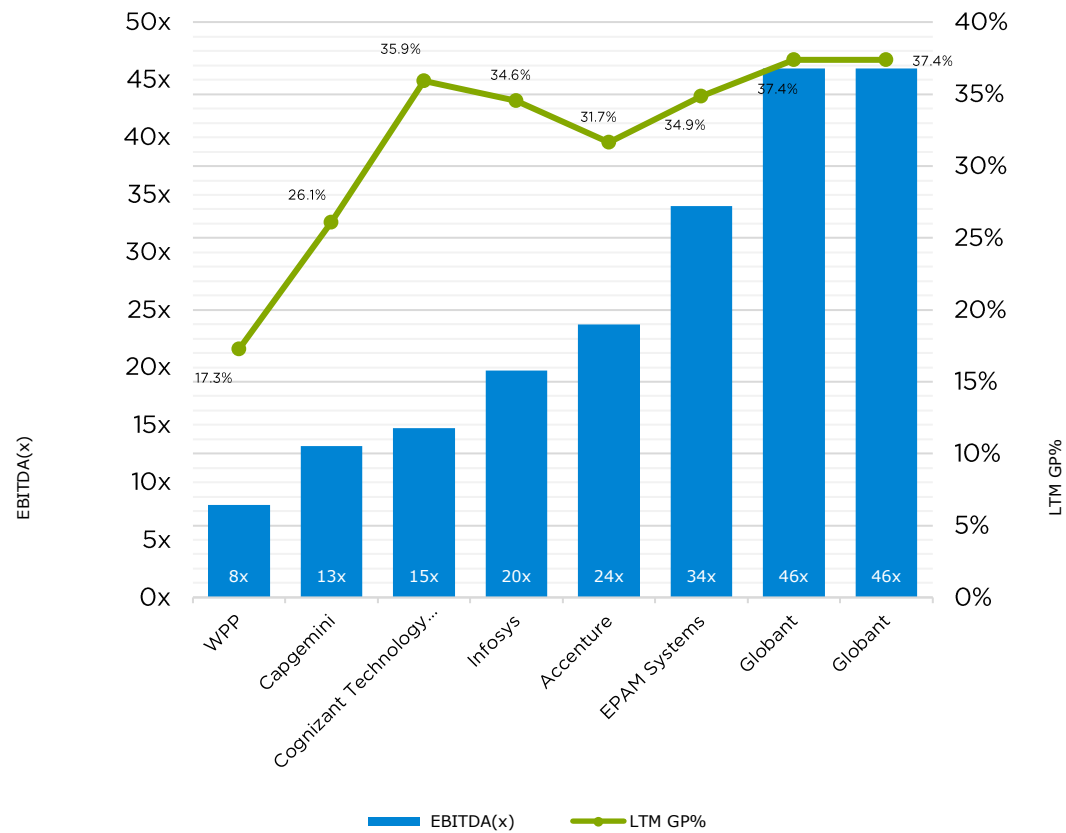


Valuation

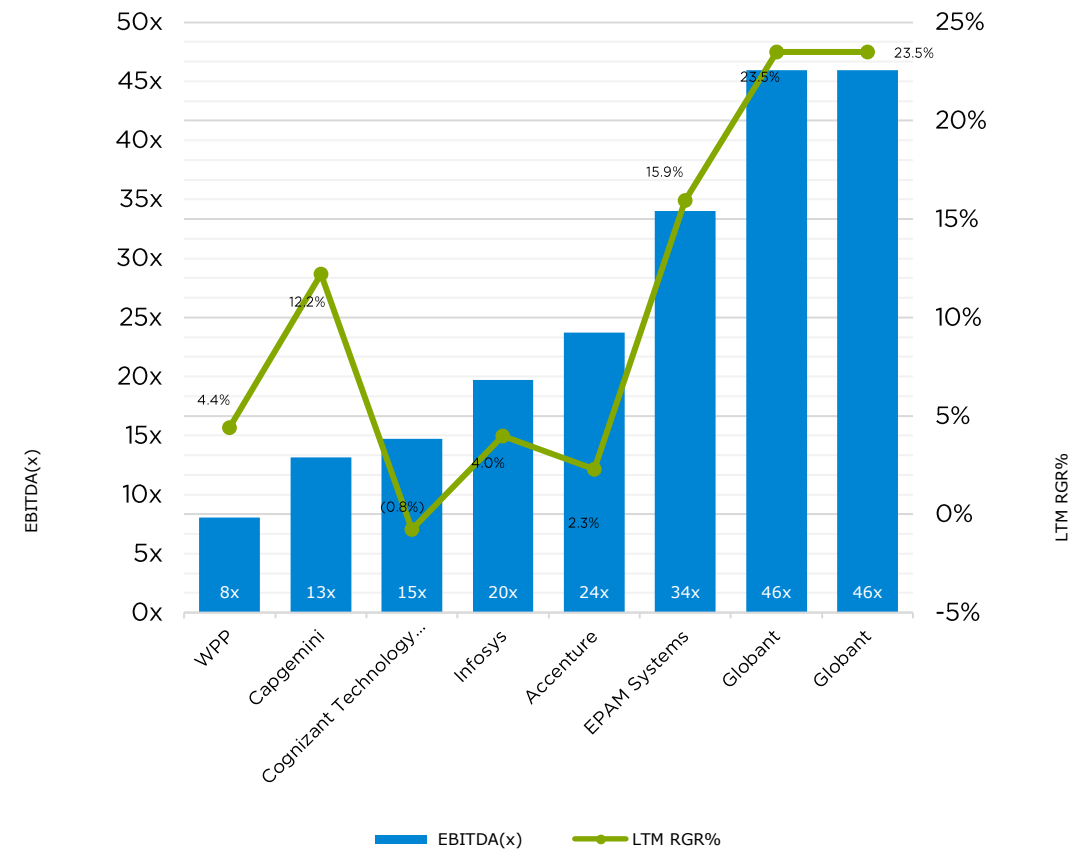


Valuation

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
29-Mar-21	BoxMeta	Dynamic Quest	-	-	-	-
29-Mar-21	Haxiot	Digi International	-	-	-	-
26-Mar-21	Progexia	AG2R La Mondiale	-	-	-	-
25-Mar-21	CyberTek Engineering	The Venza Group	-	-	-	-
25-Mar-21	PremierComm (Unified Communications & Collaboration Division)	Appalachia Technologies	-	-	-	-
25-Mar-21	transformAI	BP3 Global	-	-	-	-
24-Mar-21	Across Health	Berkshire Partners	-	-	-	-
24-Mar-21	Avanttic	Cognicase Management Consulting	-	-	-	-
24-Mar-21	Realize Information Technology	NuMSP	-	-	-	-
23-Mar-21	Anubex	Astadia	-	-	-	-
22-Mar-21	EngagedPro	SinglePoint Solutions	-	-	-	-
22-Mar-21	Quisitive Technology Solutions	FAX Capital	-	-	-	-
19-Mar-21	Performanta	Beech Tree Private Equity	-	-	-	-
19-Mar-21	Vuria	Vincit Group	-	-	-	-
18-Mar-21	ADDAG	Swiss IT Security	-	-	-	-
18-Mar-21	Dataweeps	Heureka Shopping	-	-	-	-
18-Mar-21	Straxia	Cambridge Management Consulting	-	-	-	-
17-Mar-21	Credativ	Instaclustr	-	-	-	-
16-Mar-21	4C Business Solutions	Flexible Architecture and Simplified Technology	-	-	-	-
16-Mar-21	Acrinax	August Equity	-	-	-	-
16-Mar-21	Level One	Doxim	-	-	-	-
16-Mar-21	NextWave Technology Advisors	ARG	-	-	-	-
16-Mar-21	Norkart	Ferd	-	-	-	-
16-Mar-21	ValueFirst	Twilio	-	-	-	-

Appendix

*Public Basket
Contact Information*



Endava

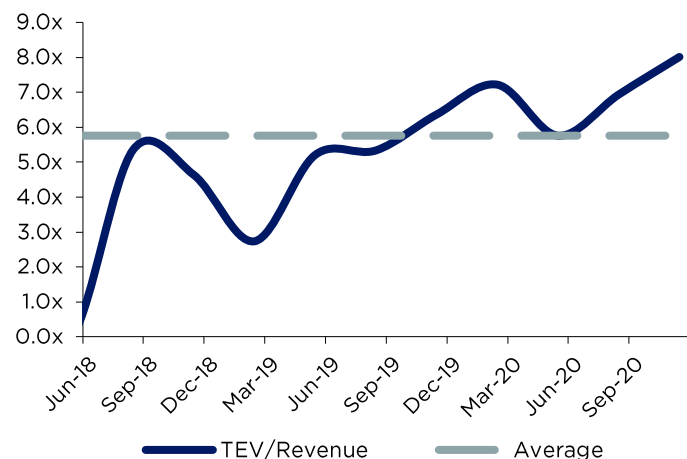
Endava PLC provides technology solutions.

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.

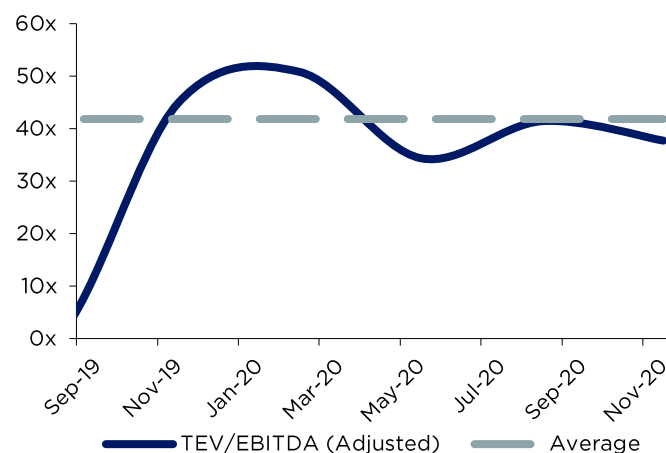
Public Basket

Endava

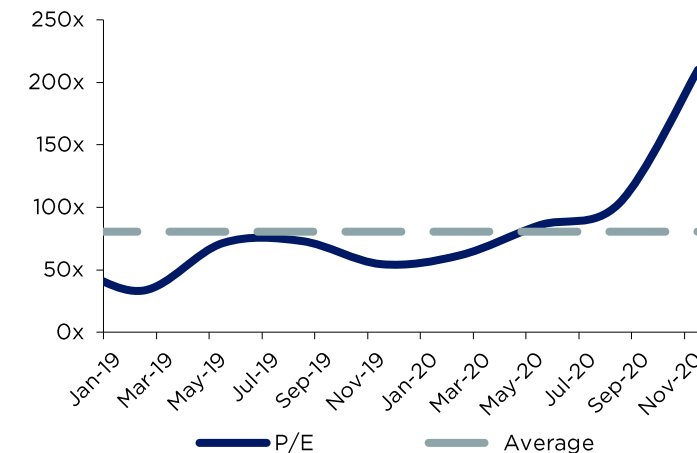
Revenue Multiples - Endava



EBITDA Multiples - Endava



P/E Multiples - Endava



Company Name	Date	Deal Synopsis
Five (Croatia)	04-Mar-21	The company, a subsidiary of RealNetworks (NAS: RNWK) was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on March 4, 2021. With this acquisition, Endava increases its capacity in the ideation, design and delivery of intelligent digital experiences and enhances its capabilities in digital product strategy and performance optimization services.
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 reinforce its presence in South Eastern Europe and strengthen its industry verticals in payments and financial services.

Globant

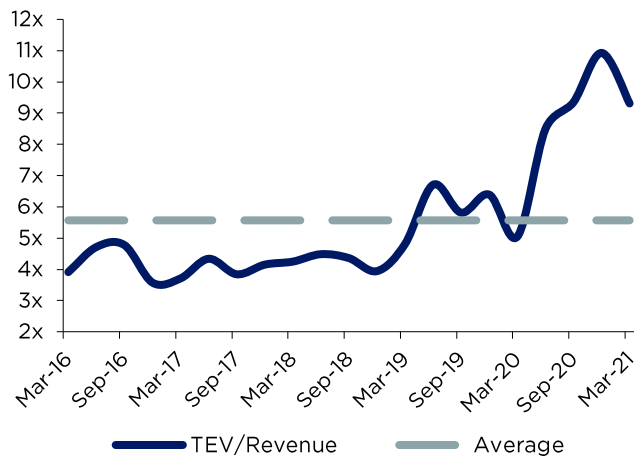
Globant SA is a software technology developer based in Luxembourg.

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.

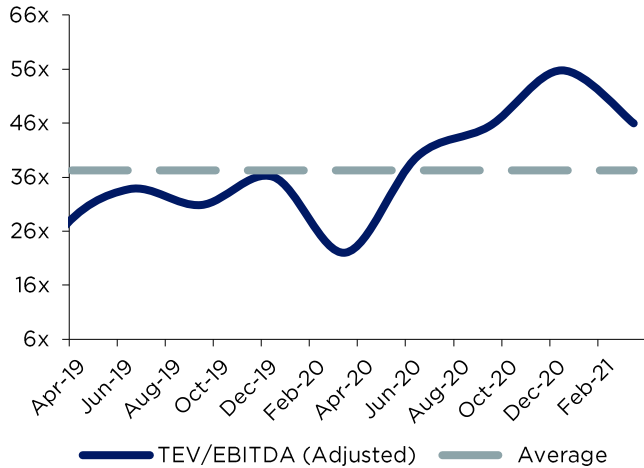
Public Basket

Globant

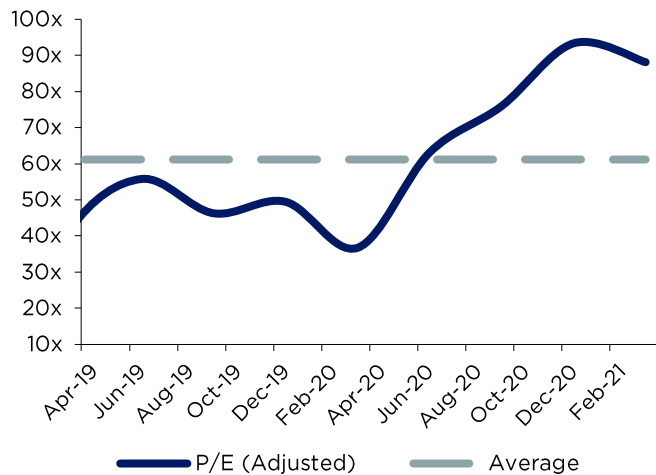
Revenue Multiples - Globant



EBITDA Multiples - Globant



P/E Multiples - Globant



Company Name	Date	Deal Synopsis
Digital House	25-Mar-21	The company raised \$50 million of venture funding from MercadoLibre, Globant, and Riverwood Capital on March 25, 2021. Kaszek also participated in the round. The funds will be used to evolve the company's digital training platform, in addition to launching a two-year technology training program and expand its alliances with employers and technology companies in Brazil and the rest of Latin America.
CloudShift	02-Mar-21	The company was acquired by Globant (NYS: GLOB) for an undisclosed amount on March 2, 2021. With this acquisition, Globant reinforces its leadership in digital and cognitive transformation by scaling its cloud expertise in market leading platforms like Salesforce and it will help the company continue growing its operations in Europe.

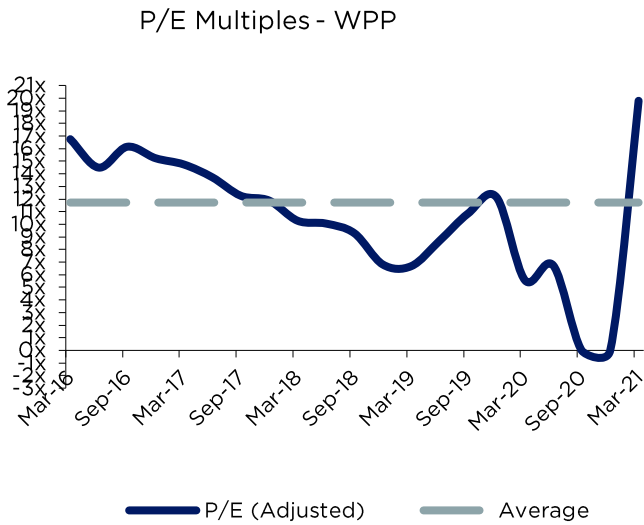
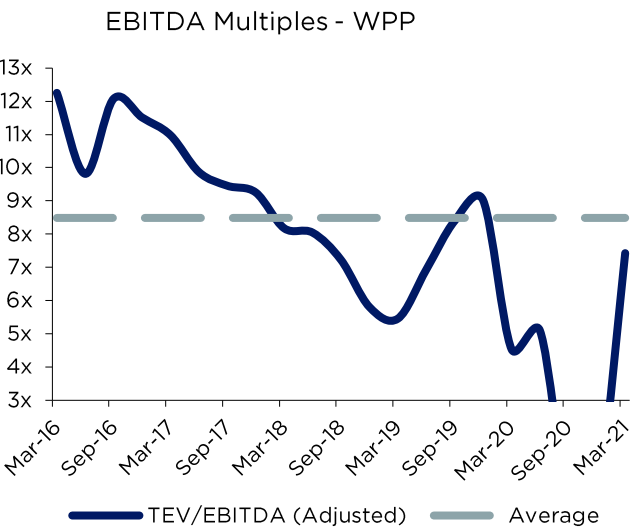
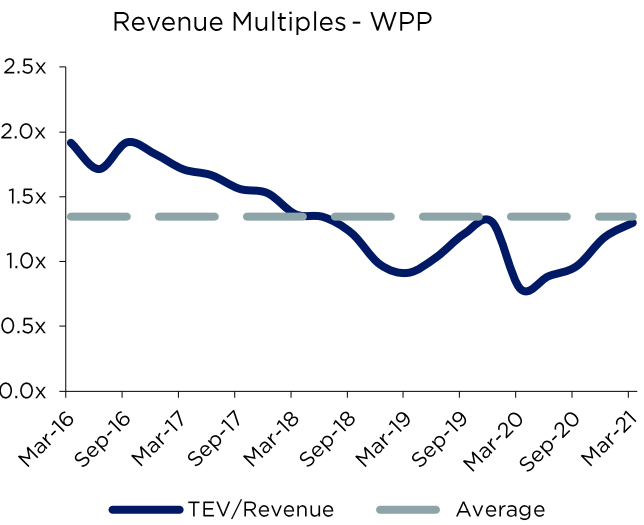
WPP

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



Company Name	Date	Deal Synopsis
DTI Digital	10-Feb-21	The company reached a definitive agreement to be acquired by WPP (LON: WPP) for an undisclosed amount on February 10, 2021. The acquisition will strengthen WPP's capabilities in supporting its clients' end-to-end digital transformation objectives in Brazil and beyond, by complementing and expanding WPP's existing adtech and systems integrations capabilities.
Anzu	02-Feb-21	The company raised \$9 million of venture funding in a deal led by HBSE Ventures and BITKRAFT Esports Ventures on February 2, 2021. Sony Innovation Fund, WPP, Innovation Growth Ventures, Alumni Ventures Group, Goal Ventures, The Chicago Cubs, Gaingels, Marc Merrill and Dylan Collins also participated in the round. The funds will be used for growing Anzu's sales and marketing activities and support its commercial growth.

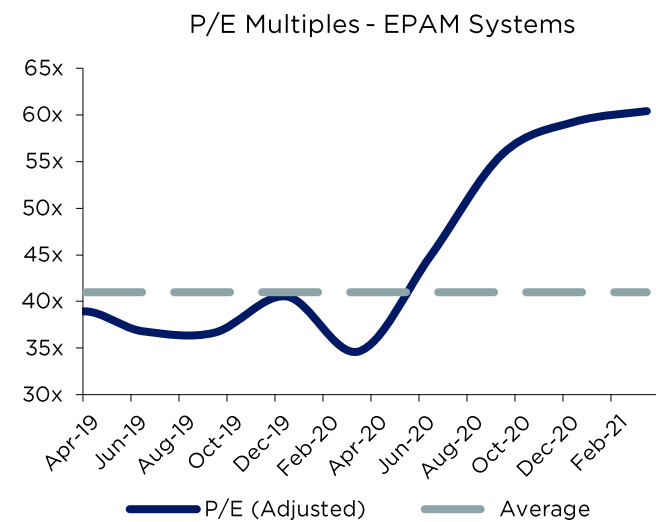
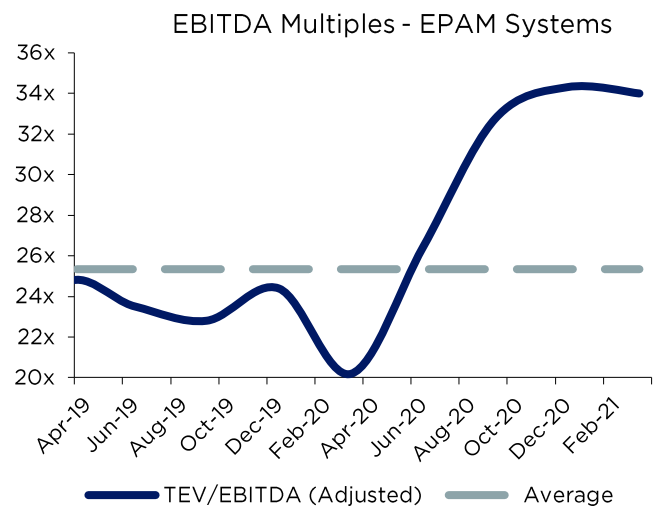
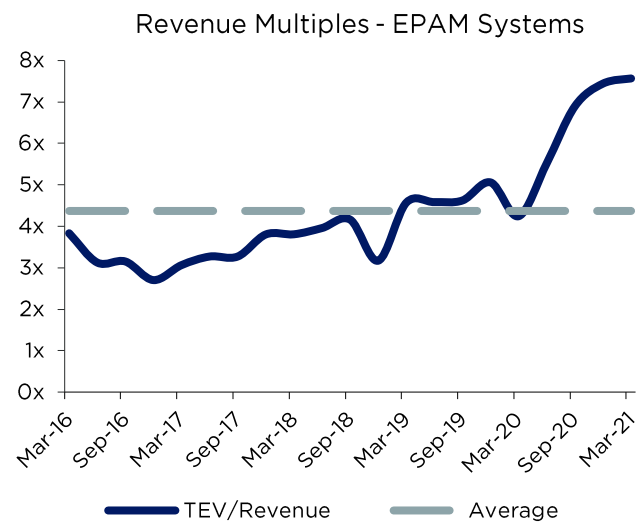
EPAM Systems

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 North American clients.

Public Basket

EPAM Systems



Company Name	Date	Deal Synopsis
PolSource	02-Mar-21	The company reached a definitive agreement to be acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on March 2, 2021.
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.

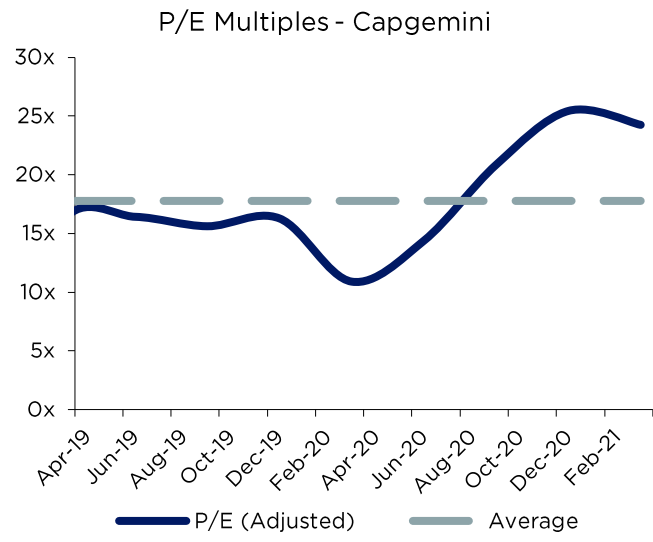
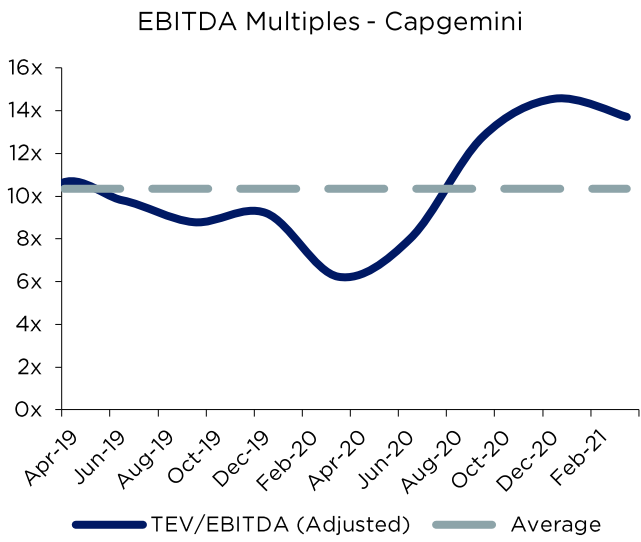
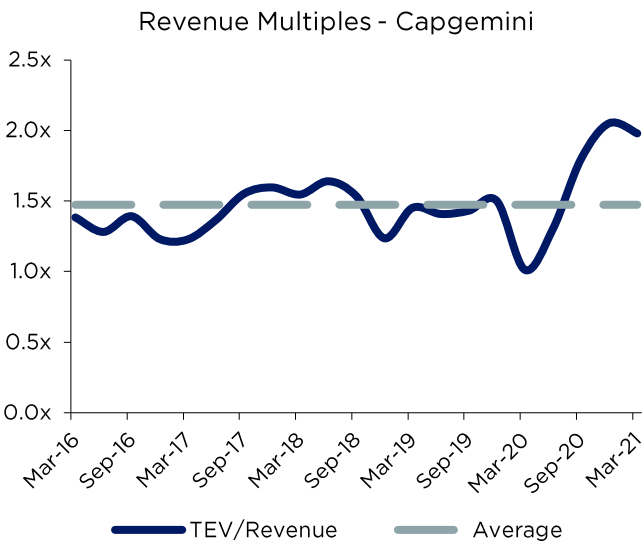
Capgemini

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
RXP Services	26-Mar-21	The company was acquired by Capgemini (PAR: CAP) for AUD 95.5 million on March 26, 2021. The acquisition will reinforce Capgemini's ability to provide end to end digital solutions to clients across the region at scale and improve its strategic partnerships with Microsoft, ServiceNow and Salesforce.
Health Technologies (Sanofi / Capgemini / Orange / Generali)	25-Jan-21	Capgemini, Generali CEE Holding, Orange and Sanofi have entered into an agreement to form a joint venture as of January 25, 2021. The founding partners are planning an initial investment of 24 million euros in the new entity, which will be operational from June 2021.

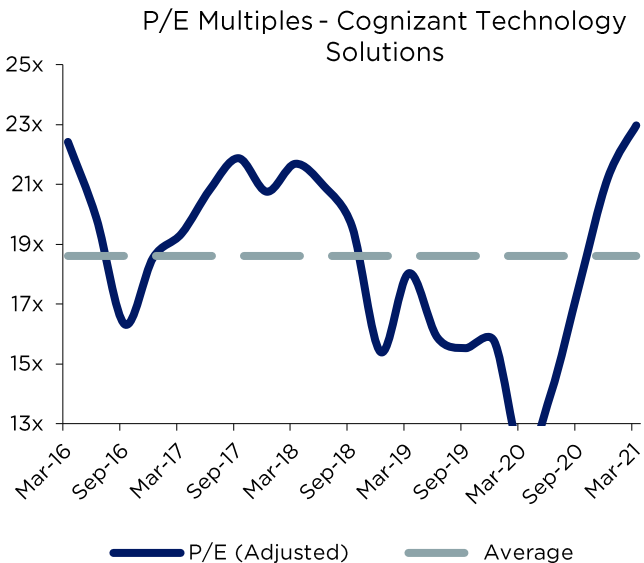
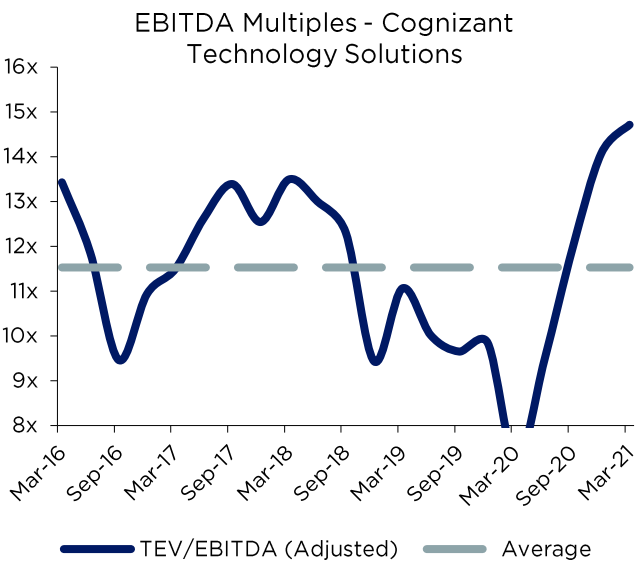
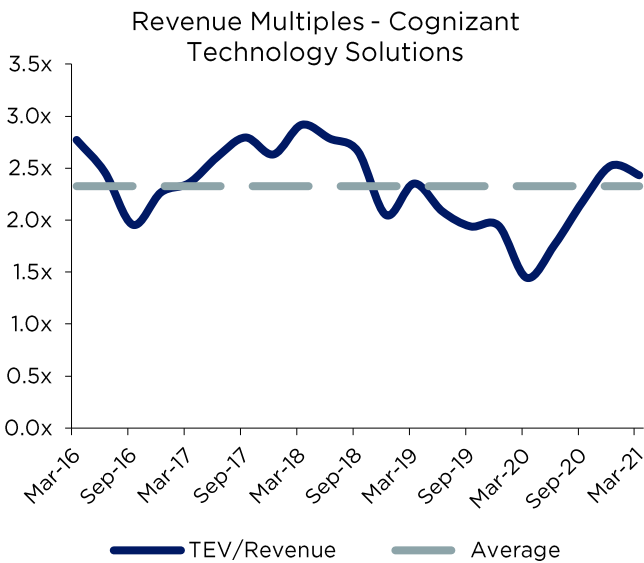
Cognizant Technology Solutions

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

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
ESG Mobility	25-Mar-21	Cognizant Technology Solutions (NAS: CTSB) entered into a definitive agreement to acquire the company, a subsidiary of ESG Elektroniksystem- und Logistik, for an undisclosed amount on March 25, 2021. The acquisition will expand Cognizant's automotive engineering expertise, particularly in connected vehicles.
Linium	01-Feb-21	The company, a subsidiary of Ness Technologies, was acquired by Cognizant Technology Solutions (NAS: CTSB) for an undisclosed amount on February 1, 2021.

Infosys

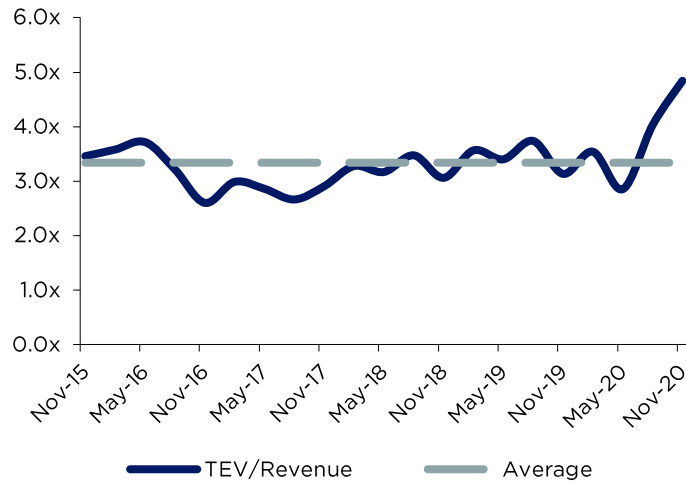
Infosys is a leading global IT services provider, with nearly 250,000 employees.

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).

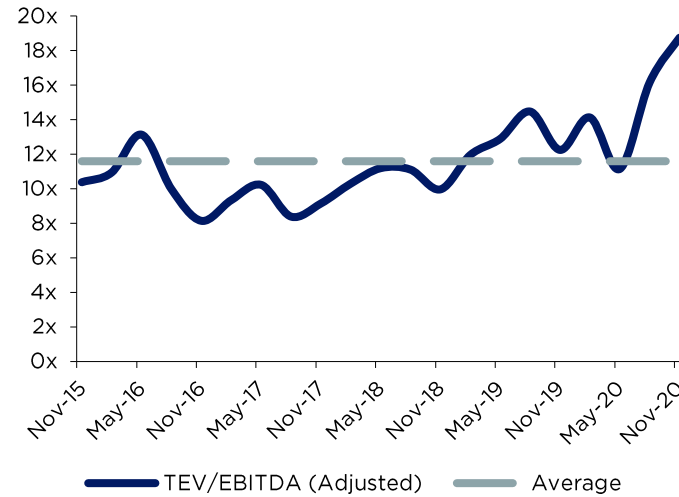
Public Basket

Infosys

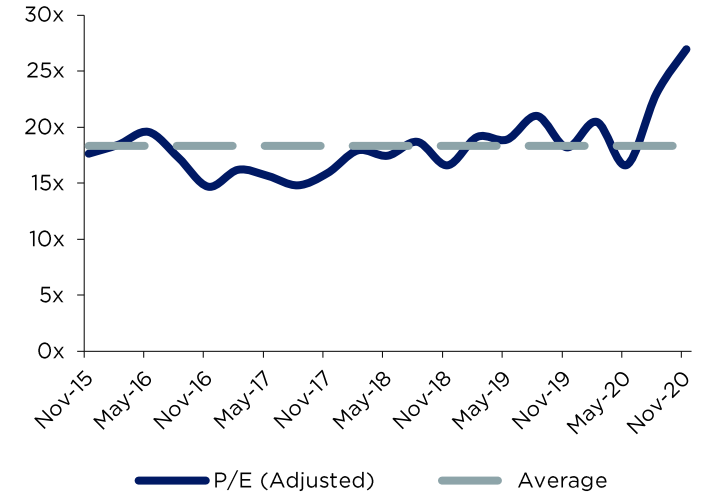
Revenue Multiples - Infosys



EBITDA Multiples - Infosys



P/E Multiples - Infosys



Company Name	Date	Deal Synopsis
ideaForge	11-Feb-21	The company received \$1 million of financing from Infosys on an undisclosed date.
Blue Acorn iCi	28-Oct-20	The company was acquired by Infosys (NSE: INFY) for approximately \$125 million on October 28, 2020.

Accenture

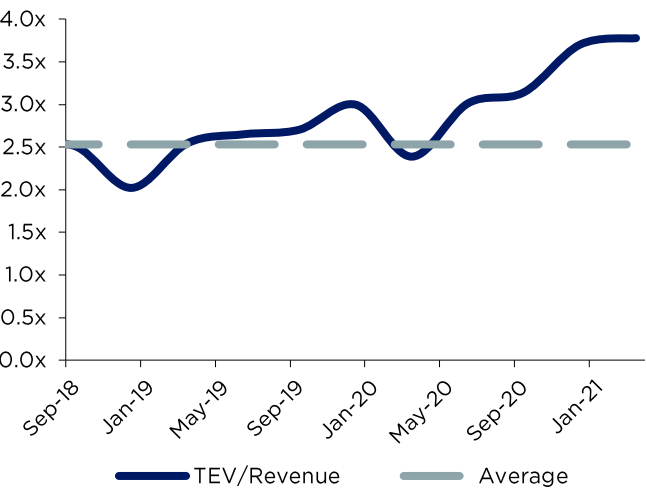
Accenture is a leading global IT services firm that provides consulting, strategy, and technology and operational services.

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.

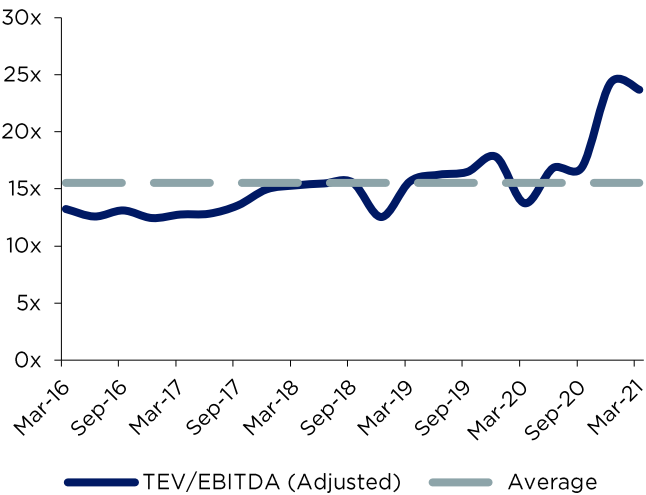
Public Basket

Accenture

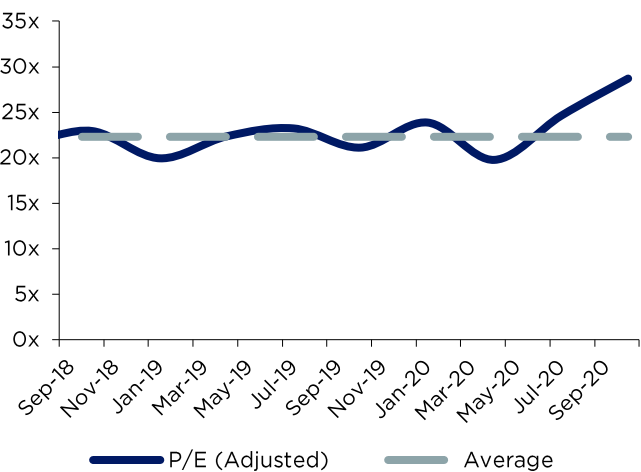
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name	Date	Deal Synopsis
Cygni	29-Mar-21	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on March 29, 2021. The acquisition will enhance the global capabilities of Accenture Cloud First while also strengthening its ability to help clients use the cloud and technology innovation to act faster, operate sustainably and deliver exceptional new experiences.
Fable+	10-Mar-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on March 10, 2021. The acquisition will expand Accenture's analytics-driven transformation and workplace culture capabilities.

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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