

7 Mile Advisors



Sectorwatch: Managed Service Providers

March 2021



Managed Service Providers

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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.

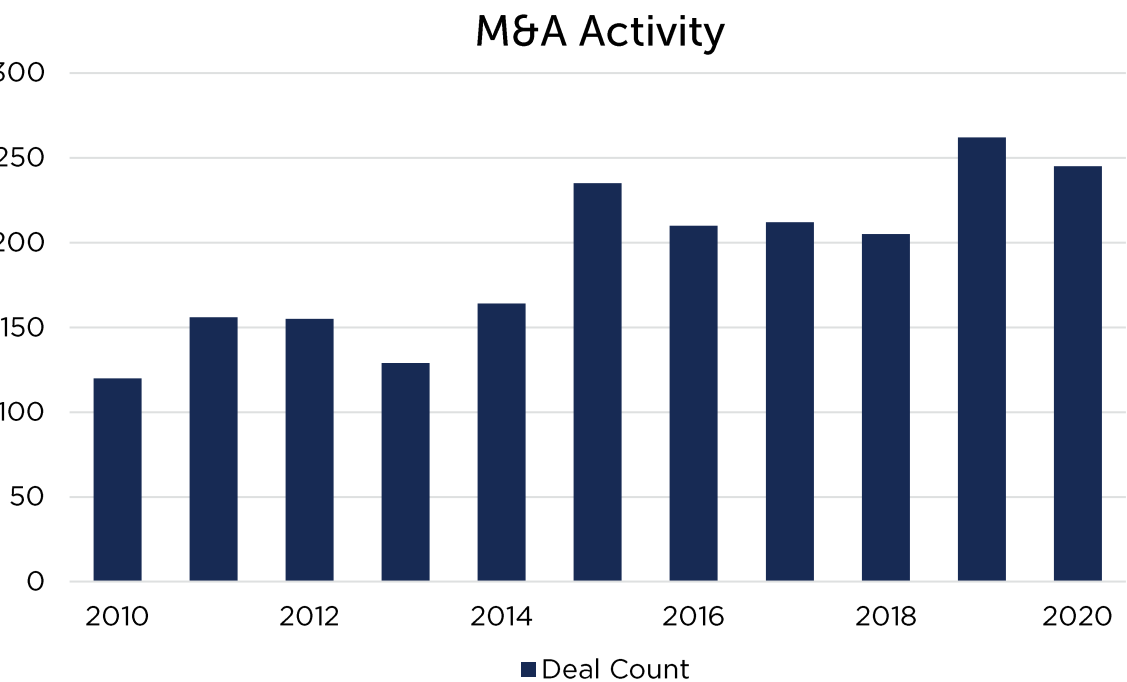
RECENT DEALS

- The most recently announced deals in the sector

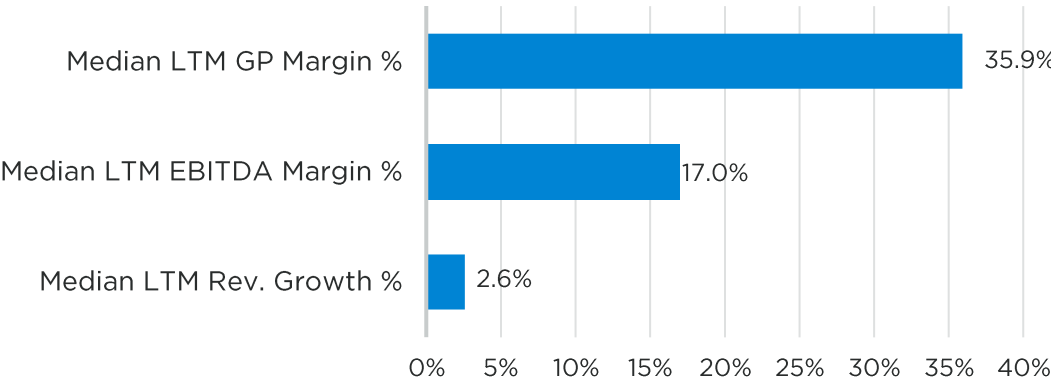
Dashboard

REVENUE GROWTH MOMENTUM ↓ -3.6%

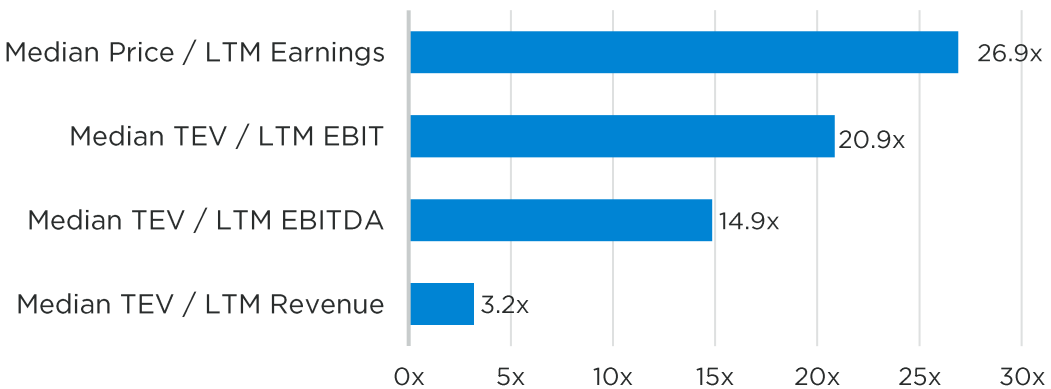
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



Operating Metrics



Valuation



Public Basket Overview

Managed
Service
Providers

India



France



United States



Ireland

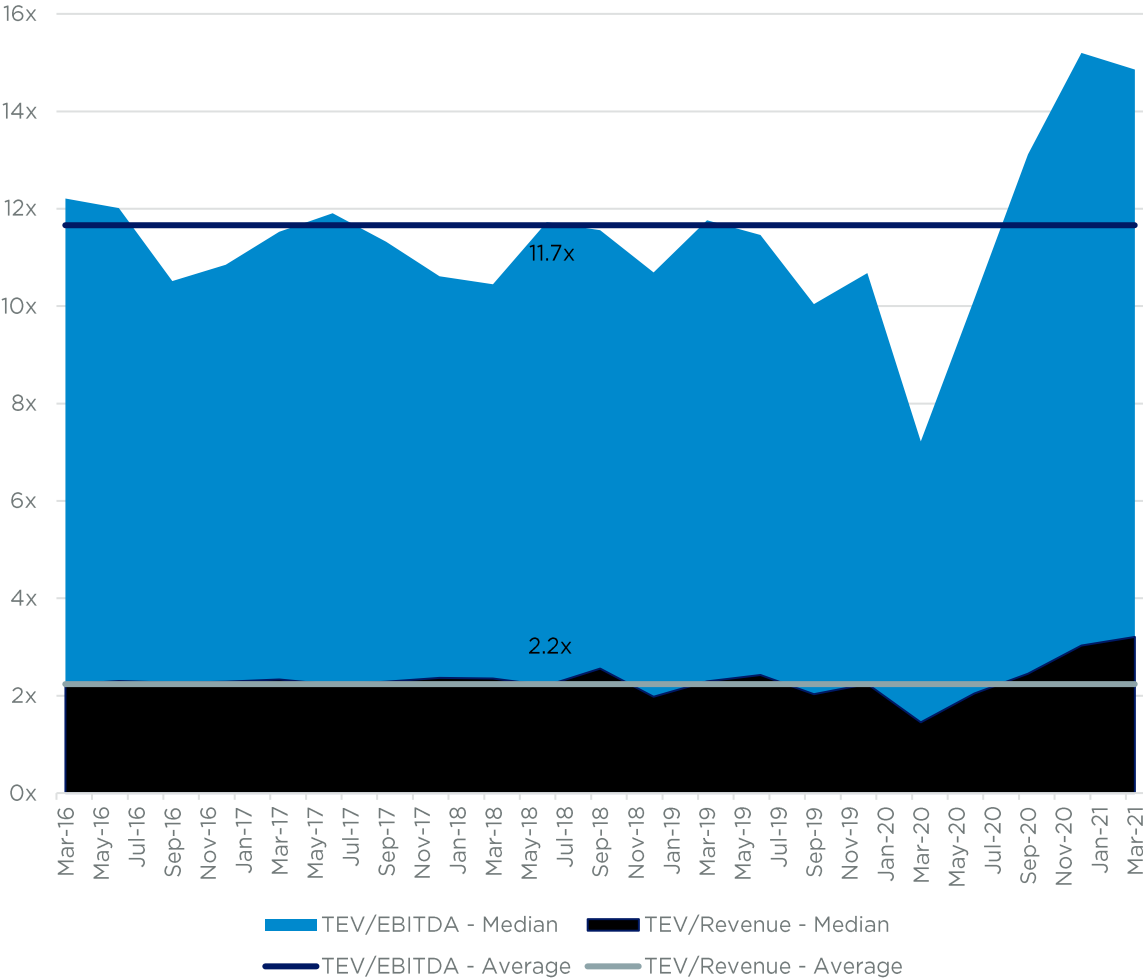


Public Basket

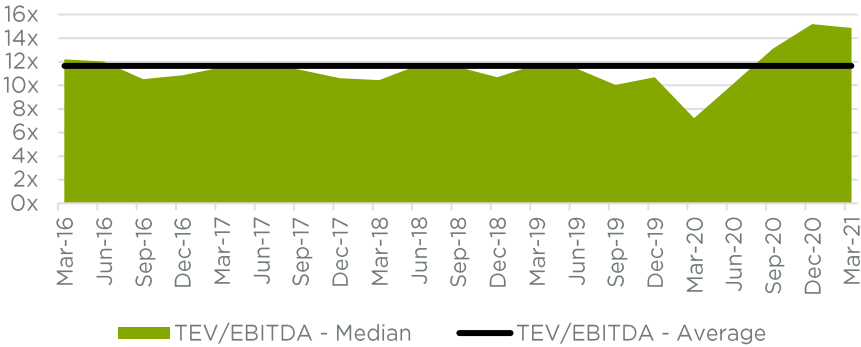
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Atos	10,712	1,652	12,686	2.9%	37.2%	13.0%	0.8x	6.4x	106,980	119
Wipro	26,476	1,782	8,260	1.8%	30.4%	21.6%	3.2x	14.9x	180,000	46
Capgemini	35,317	2,433	18,065	12.2%	26.1%	13.5%	2.0x	14.5x	269,769	67
HCL Technologies	36,157	2,778	9,997	9.2%	46.5%	27.8%	3.6x	13.0x	159,682	63
Cognizant Technology Solutions	39,483	2,560	16,652	-0.8%	35.9%	15.4%	2.4x	15.4x	289,500	58
Infosys	77,611	3,826	13,145	4.0%	34.6%	29.1%	5.9x	20.3x	242,371	54
Tata Consultancy Services	153,925	5,905	21,577	3.5%	42.8%	27.4%	7.1x	27.9x	453,540	48
Accenture	163,940	7,768	45,677	2.3%	31.7%	17.0%	3.6x	21.1x	514,000	89
International Business Machines	169,364	12,515	73,621	-4.6%	48.3%	17.0%	2.3x	13.5x	375,300	196
Average	79,221	4,580	24,409	3.4%	37.0%	20.2%	3.4x	16.3x	287,905	82
Median	39,483	2,778	16,652	2.9%	35.9%	17.0%	3.2x	14.9x	269,769	63

share price as of 23Mar21

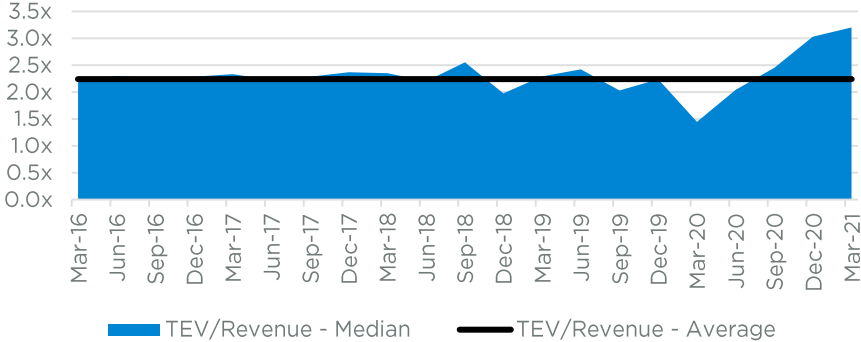
Public Basket



Public EBITDA Multiples over Time

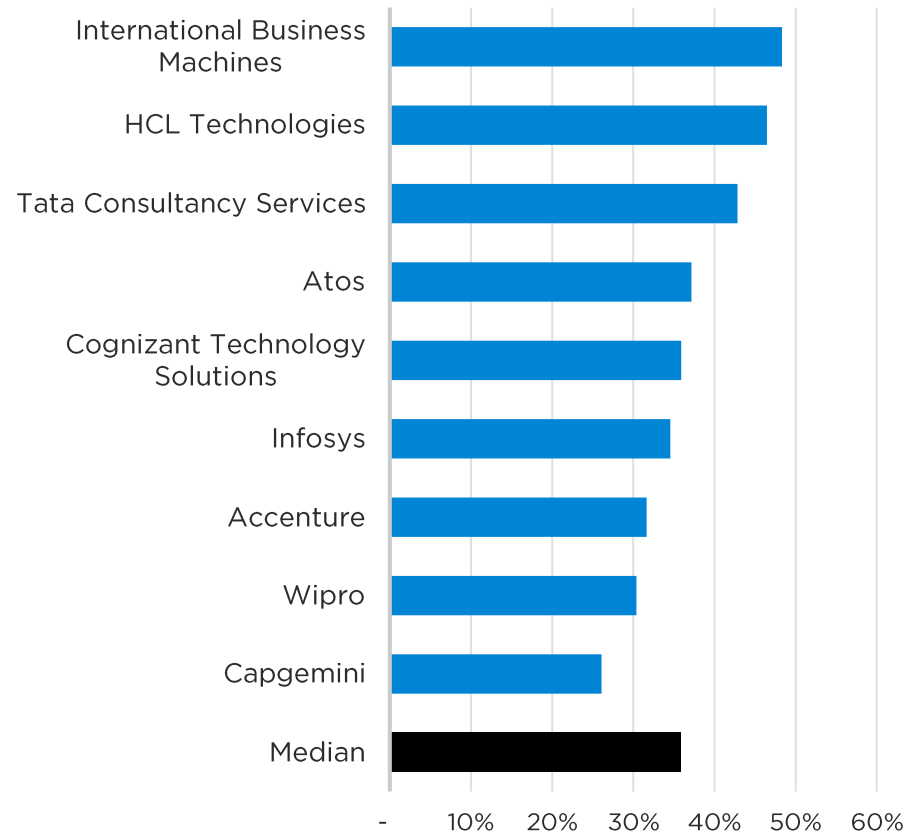


Public Revenue Multiples over Time

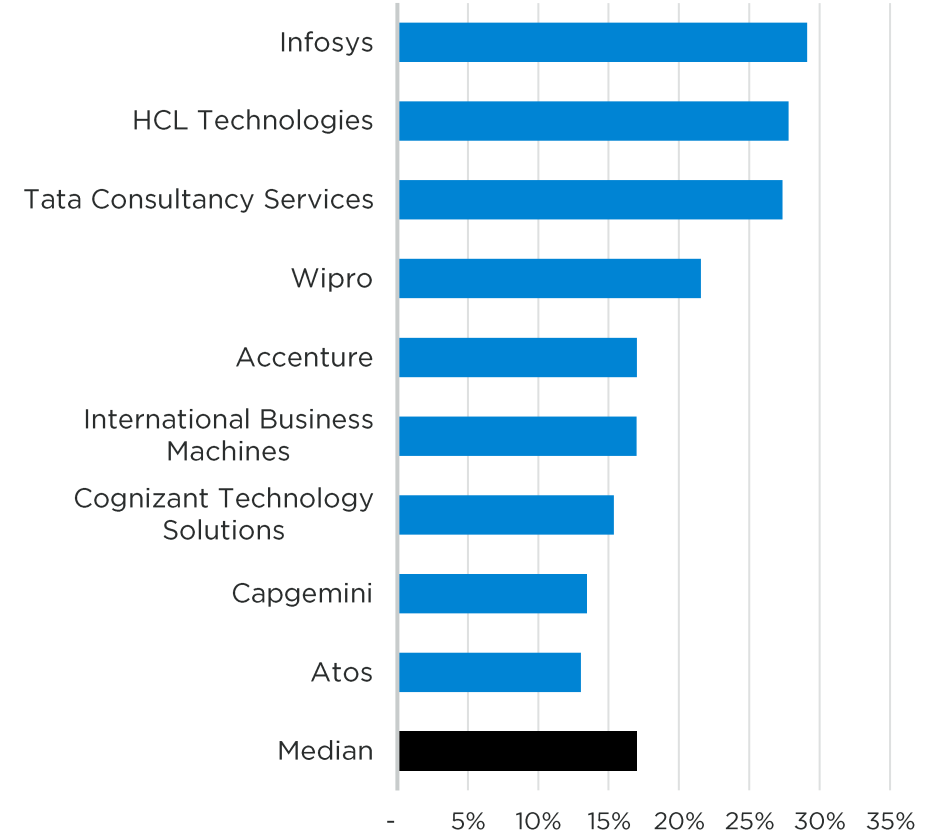


Operational Metrics

LTM Gross Profit Margin %

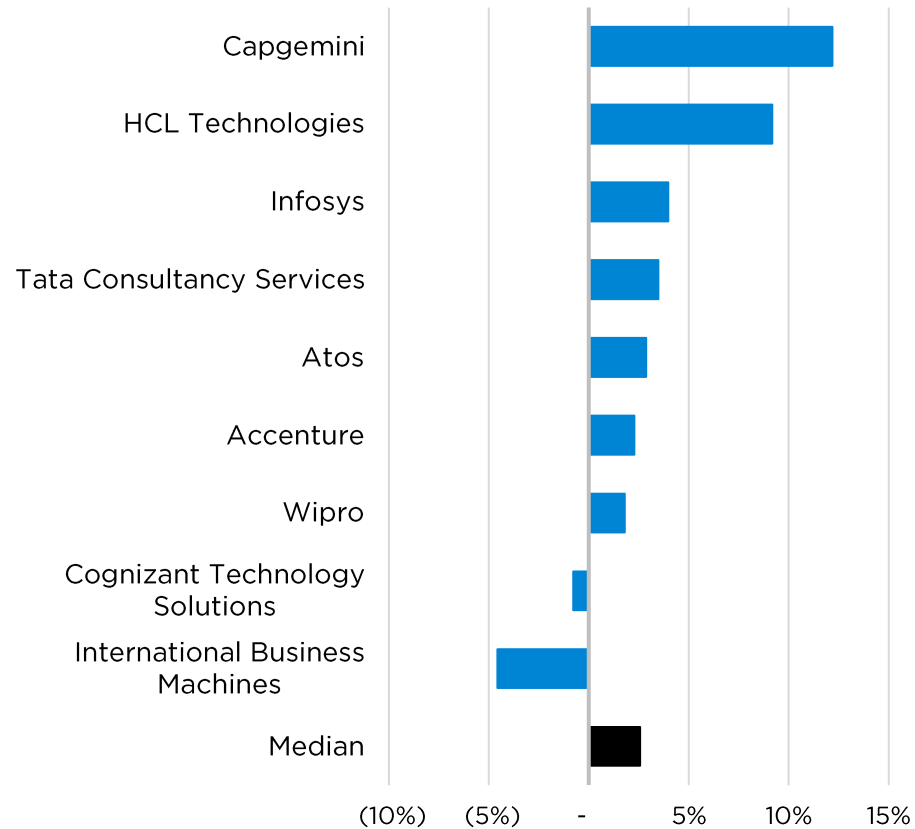


LTM EBITDA %

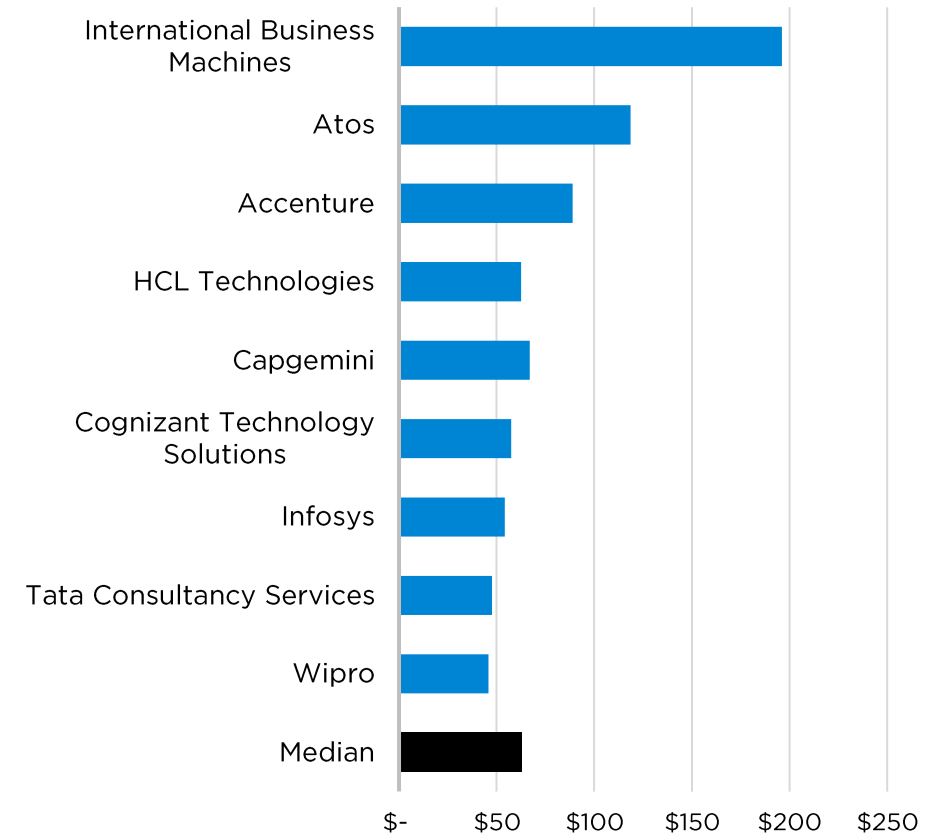


Operational Metrics

LTM Revenue Growth %

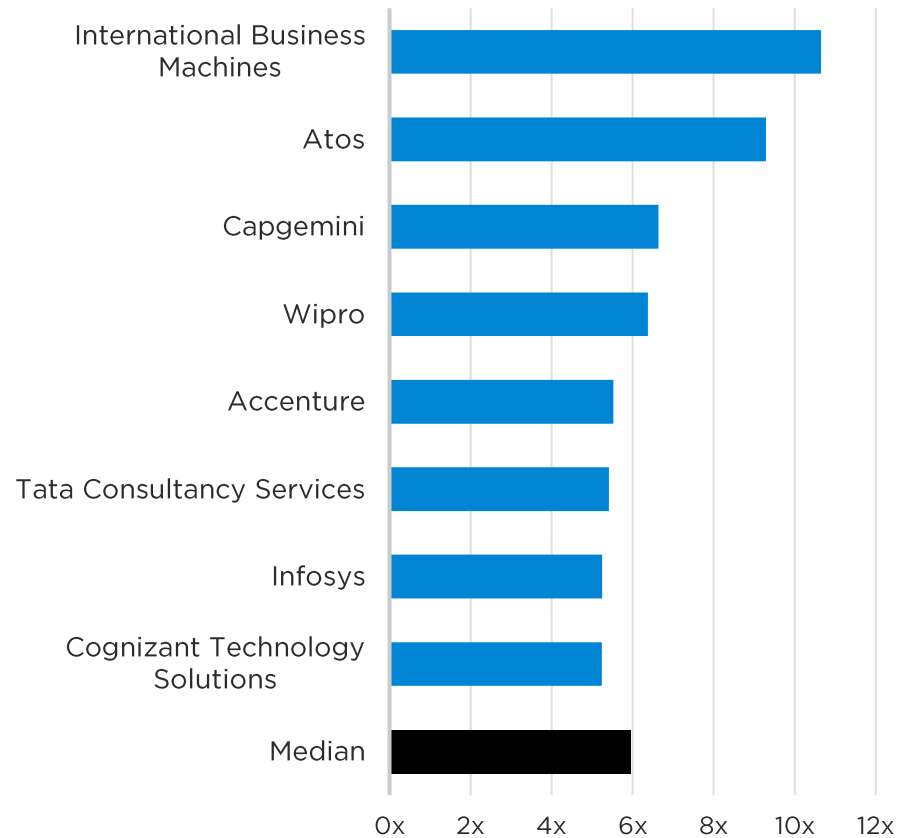


LTM Revenue per Full Time Employee x 000's

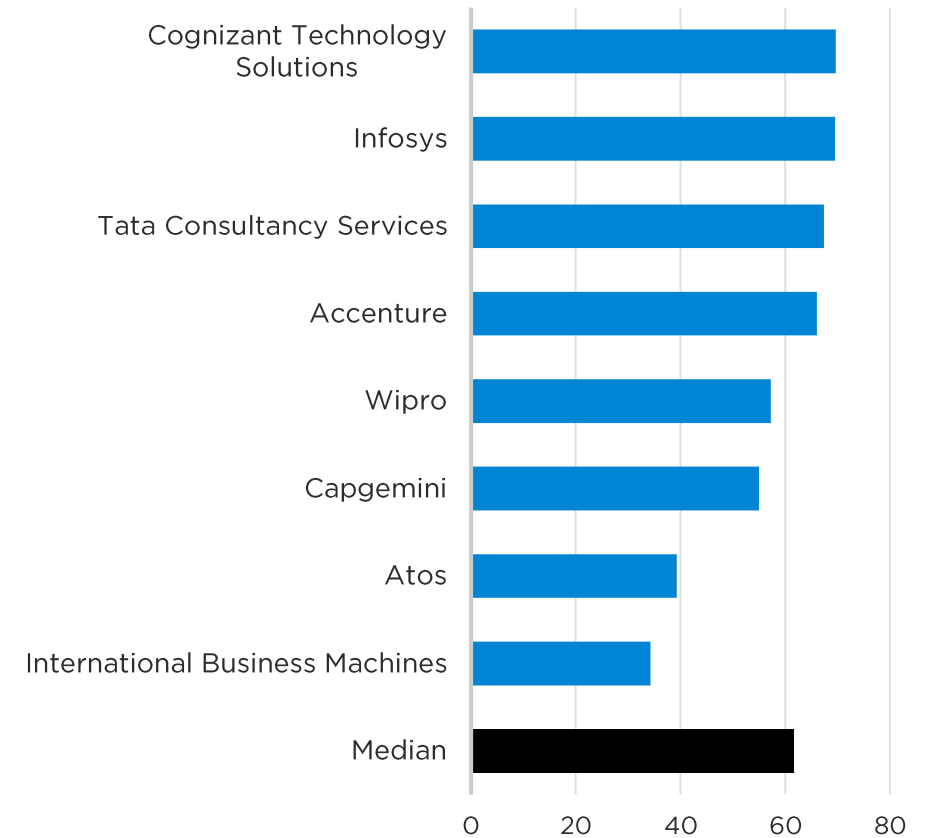


Operational Metrics

Accounts Receivable Turnover

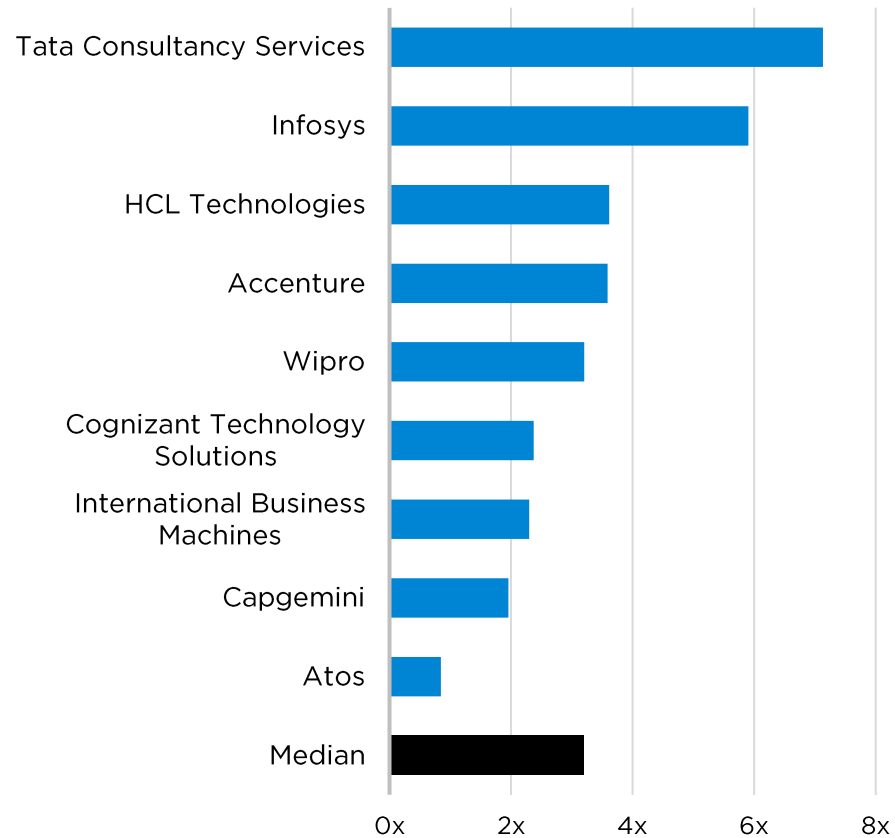


Average Days Sales Outstanding

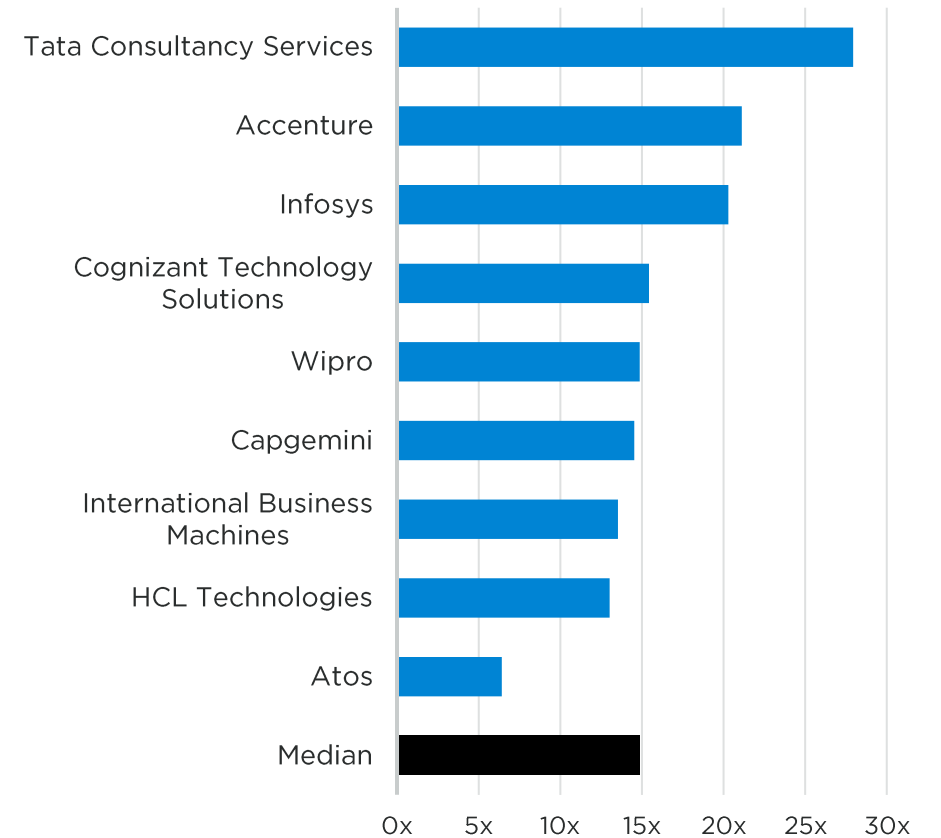


Valuation

TEV / LTM Revenue

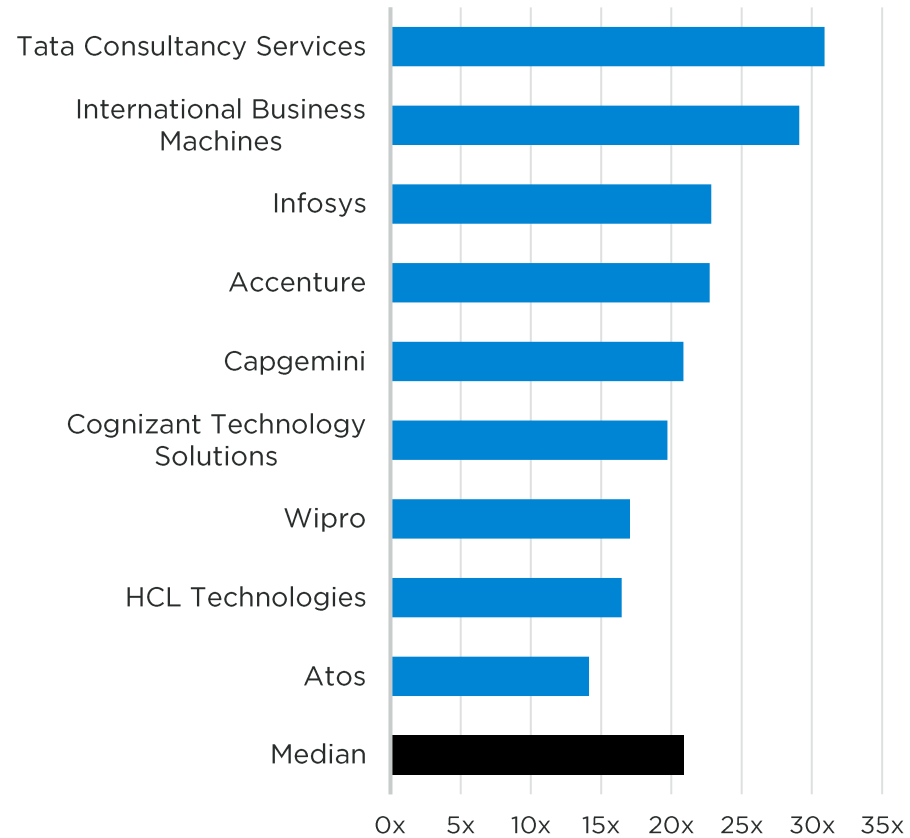


TEV / LTM EBITDA

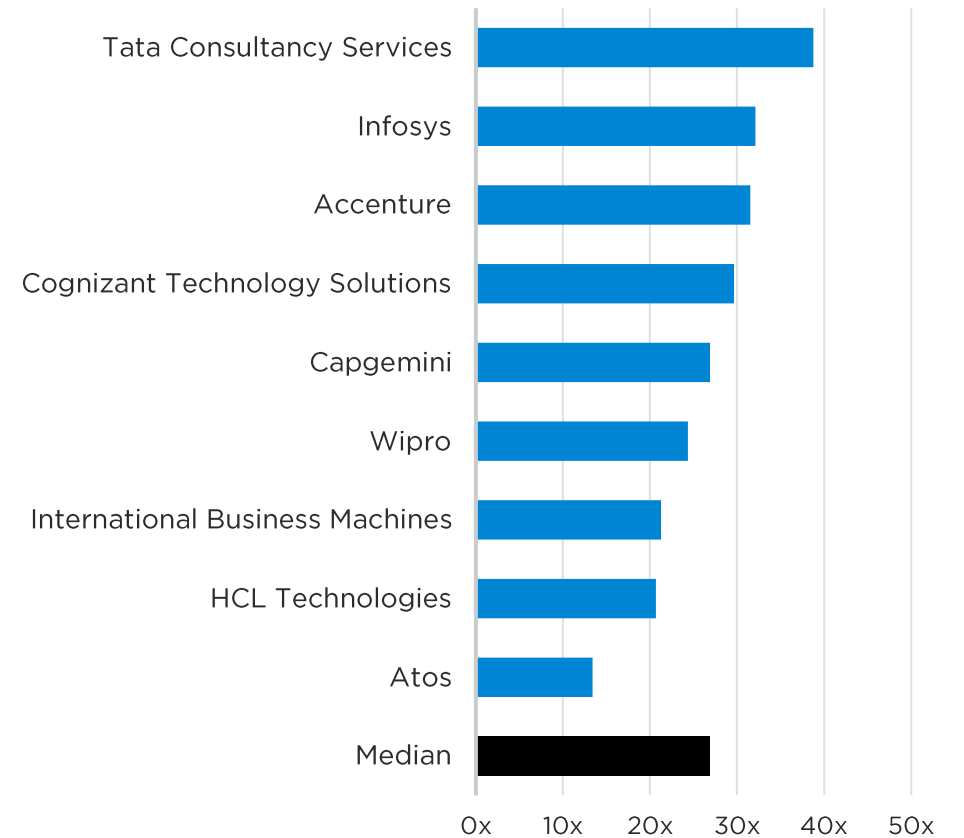


Valuation

TEV / LTM EBIT

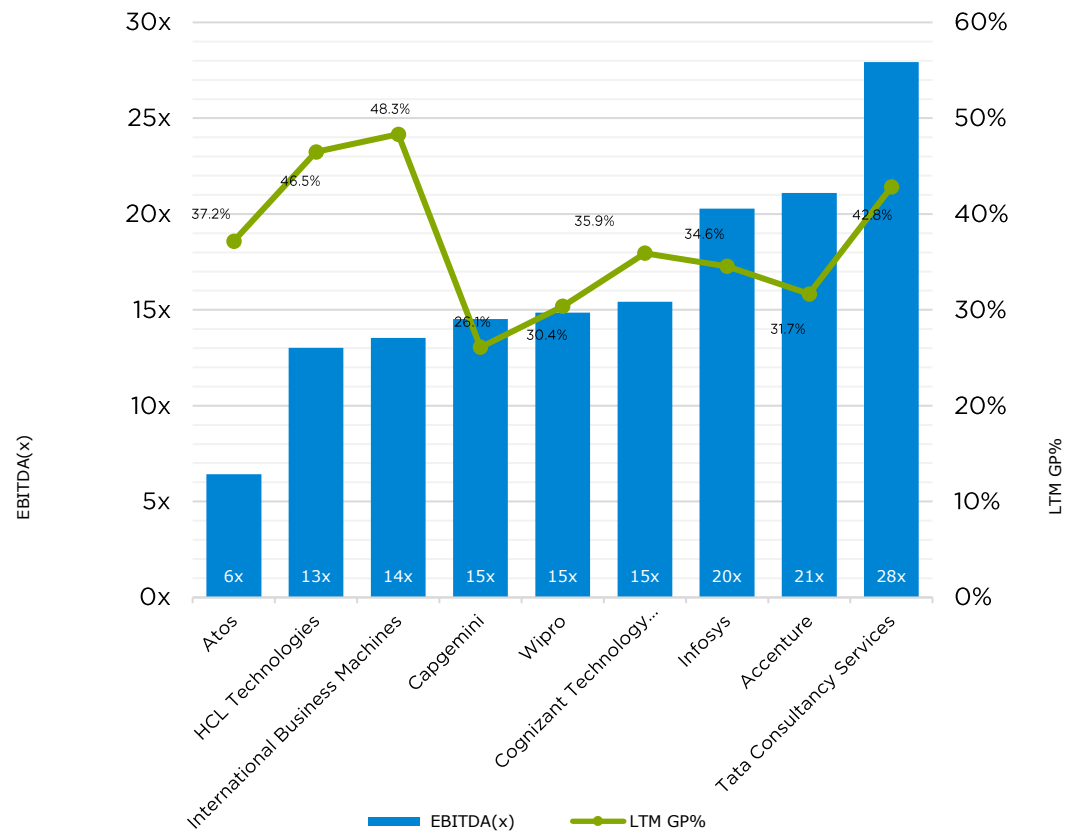


Price / LTM Earnings

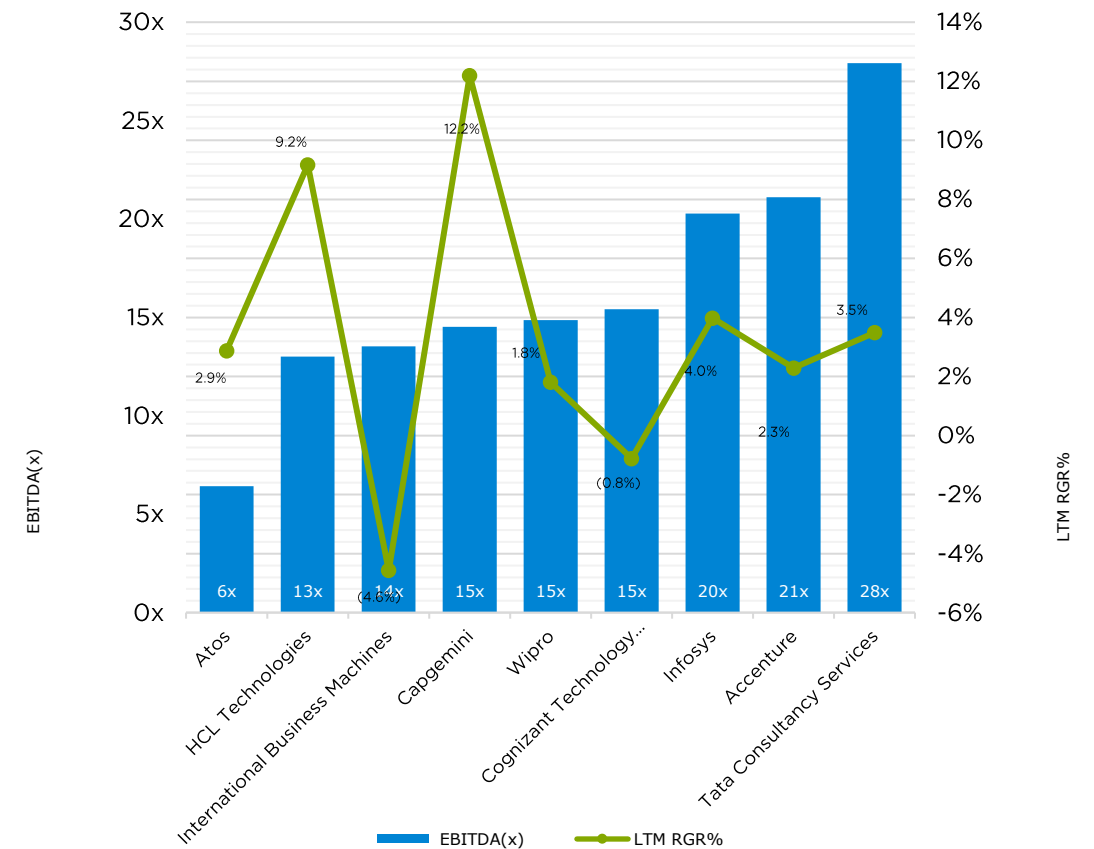


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
22-Mar-21	Bulpros	Silverfleet Capital	-	-	-	-
11-Mar-21	Trust Systems	NVM Private Equity	13.92	-	-	-
10-Mar-21	ID Grup	Claranet	-	-	-	-
09-Mar-21	Howard Tech Advisors	Court Square	-	-	-	-
04-Mar-21	Capco Group	Wipro	1450.00	-	2.01	-
04-Mar-21	Saggezza	Everstone Capital	-	-	-	-
26-Feb-21	Starcom Technologies	Bowmark Capital	20.34	-	1.56	-
25-Feb-21	Tek-Hut	Ednetics	-	-	-	-
23-Feb-21	Kintyre Solutions	Computer Design & Integration	-	-	-	-
17-Feb-21	AR Telecom	Aire Networks	-	-	-	-
16-Feb-21	Infinity Works Consulting	Accenture	-	-	-	-
11-Feb-21	Taos Mountain	International Business Machines	-	-	-	-
02-Feb-21	Waycom (France)	Adista	-	-	-	-
01-Feb-21	Blue Chip	Harvest Partners	-	-	-	-
29-Jan-21	Riada	Bocap	-	-	-	-
28-Jan-21	Thrive Operations	Court Square	-	-	-	-
21-Jan-21	HSO ProServ	HSO Enterprise Solutions	-	-	-	-
21-Jan-21	Mexis	Aggity	0.10	-	-	-
19-Jan-21	NG2 IT Services	Logically	-	-	-	-
15-Jan-21	Candid Cloud	McKinsey & Company	-	-	-	-
14-Jan-21	1901 Group	Leidos	215.00	-	2.40	-
14-Jan-21	Ellicium	FutureTech Holding Company	-	-	-	-
14-Jan-21	Protera Technologies	Pamlico Capital	-	-	-	-
13-Jan-21	Enterprise Technology Services	Abacus Finance Group	-	-	-	-
13-Jan-21	IT Centric	SoConnect	-	-	-	-
12-Jan-21	Optimum Consulting	SoftwareONE	-	-	-	-
08-Jan-21	Akuity Technologies	ClearLight Partners	-	-	-	-

Appendix

*Public Basket
Contact Information*



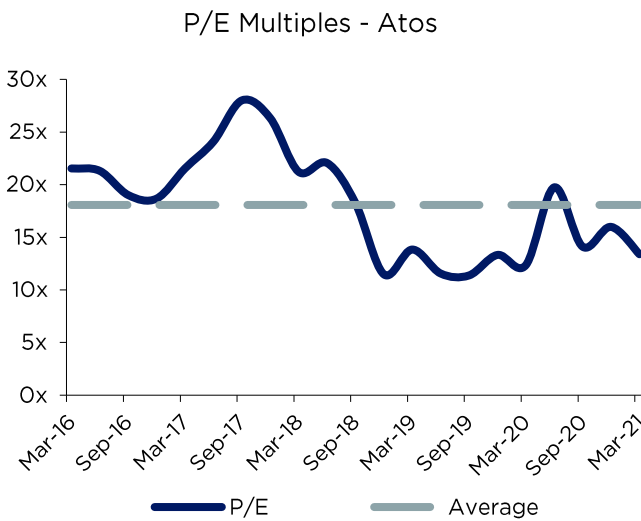
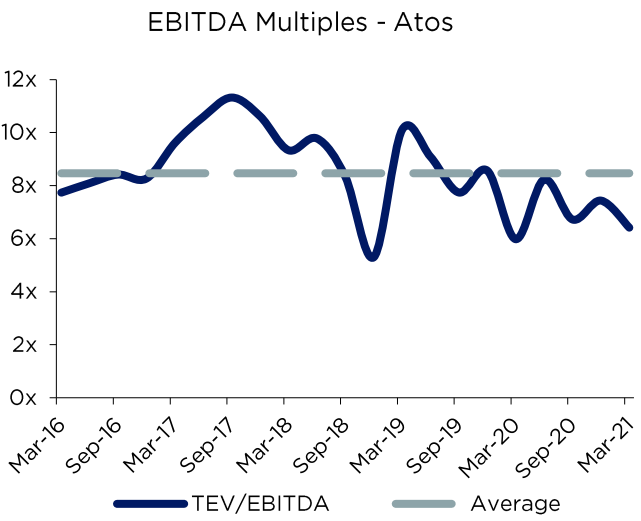
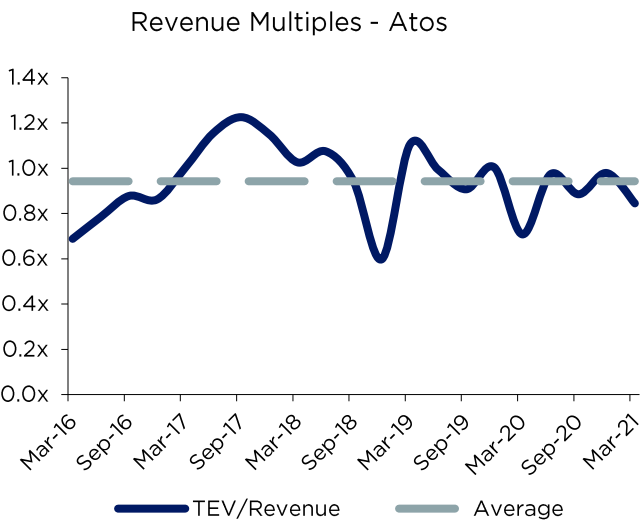
Atos

Atos SE is a France-based IT services provider.

The company generates over EUR 11 billion in annual revenue (the majority of which is generated in Europe), employs approximately 100,000 staff, and operates in 72 countries. Atos provides managed services, consulting and systems integration, Big Data and security, and Worldline (transactional services) across the manufacturing, retail and transportation, public health, telecom, media and utilities, and financial services markets.

Public Basket

Atos



Company Name	Date	Deal Synopsis
Motiv ICT Security	24-Feb-21	The company was acquired by Atos (PAR: ATO) for an undisclosed amount on February 24, 2021. This acquisition reinforces Atos's position as the 3rd worldwide managed security services provider by strengthening the Group's local capabilities and bringing its recent investment in the Managed Detection and Response (MDR) platform, Alsaac, to Dutch customers.
Profit4SF	22-Feb-21	The company was acquired by Atos (PAR: ATO) on February 22, 2021 for an undisclosed sum.

Wipro

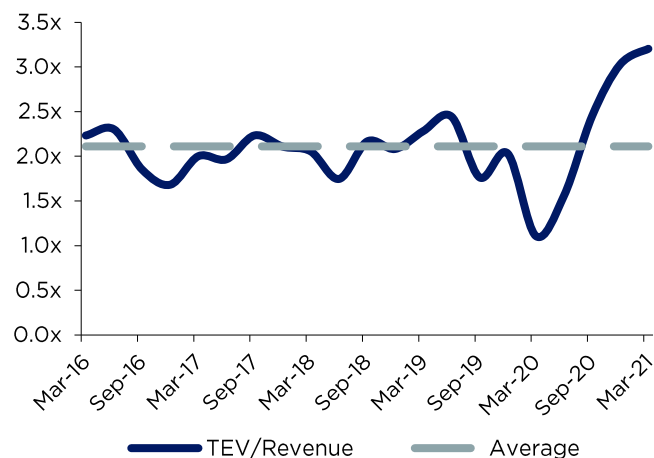
**Wipro is a leading global IT services provider,
with 175,000 employees.**

Based in Bengaluru, the Indian IT services firm leverages its offshore outsourcing model to derive over half of its revenue (57%) from North America. The company offers traditional IT services offerings: consulting, managed services, and cloud infrastructure services as well as business process outsourcing as a service.

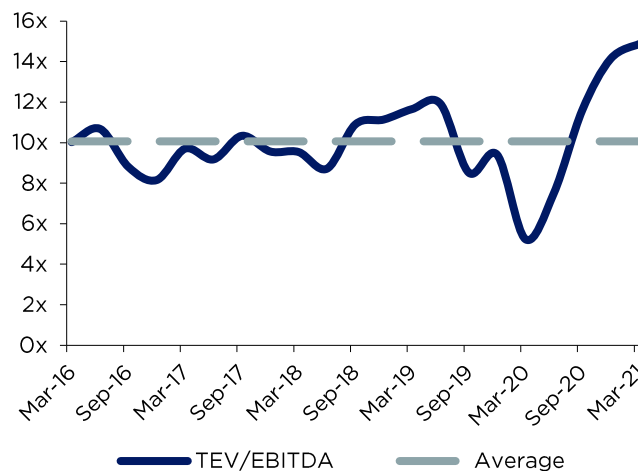
Public Basket

Wipro

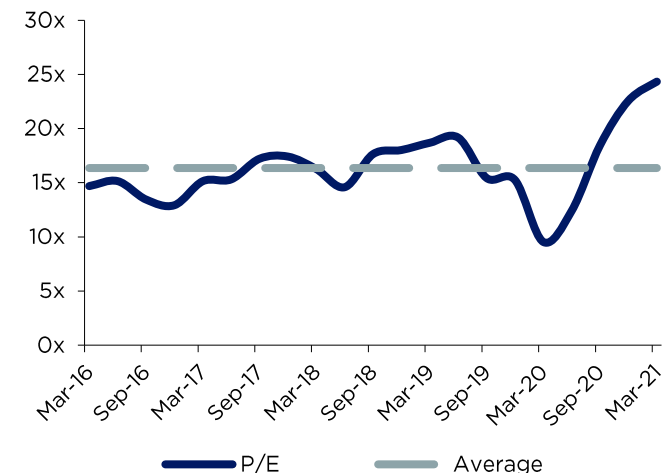
Revenue Multiples - Wipro



EBITDA Multiples - Wipro



P/E Multiples - Wipro



Company Name	Date	Deal Synopsis
Capco Group	04-Mar-21	The company reached a definitive agreement to be acquired by Wipro (BOM: 507685) for \$1.45 billion on March 4, 2021. This acquisition will make Wipro one of the largest end-to-end global consulting, technology and transformation service providers to the banking and financial services industry.
Eximius Design	26-Feb-21	The company was acquired by Wipro (BOM: 507685) for \$80 million on February 26, 2021. 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.

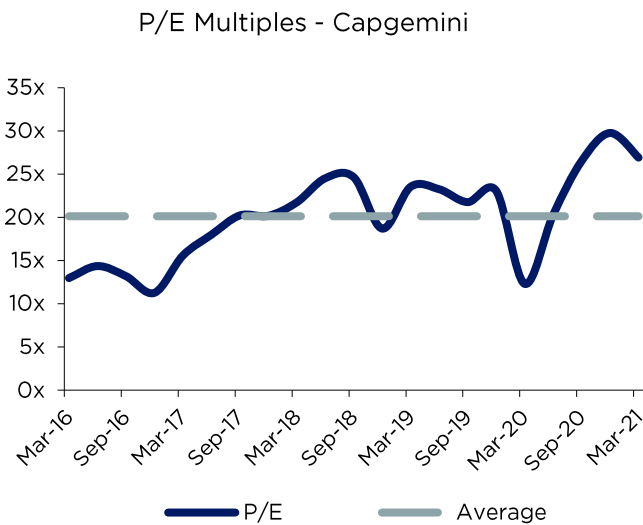
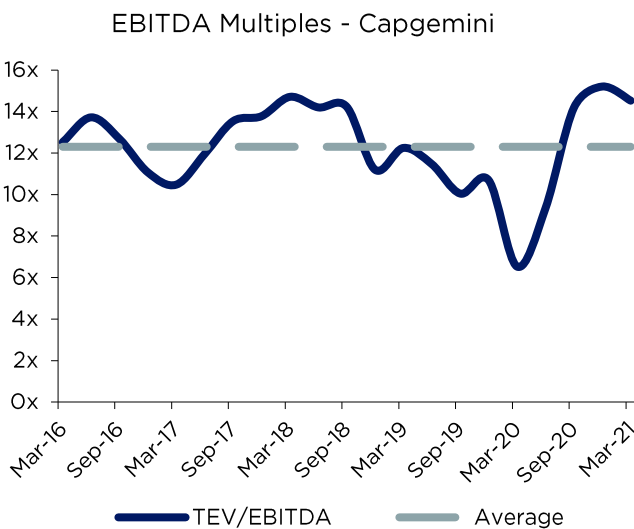
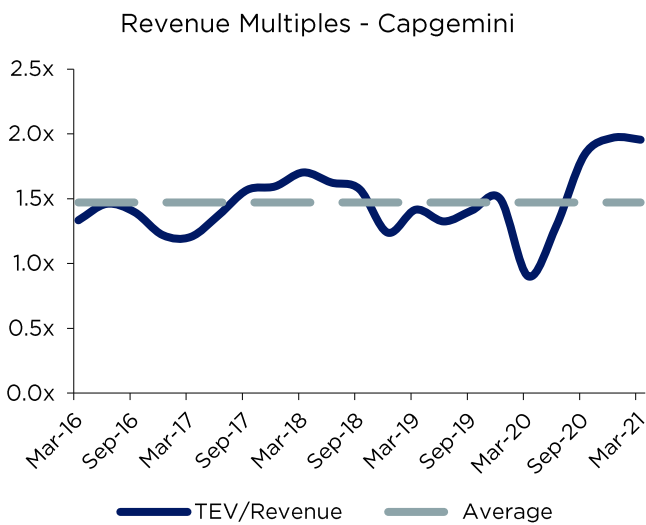
Capgemini

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
Health Technologies (Sanofi / Capgemini / Orange / Generali)	3/23/20	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.
Five By Five	1/6/20	The company was acquired by Capgemini (PAR: CAP) for an undisclosed amount on December 23, 2020. The Capgemini has acquired 70.1% of the capital of the French company Five by Five, the remainder of 29.9% being held by its subsidiary June 21.

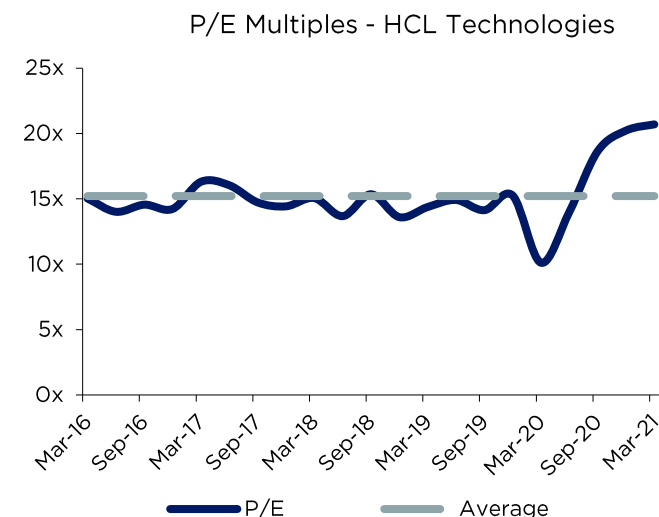
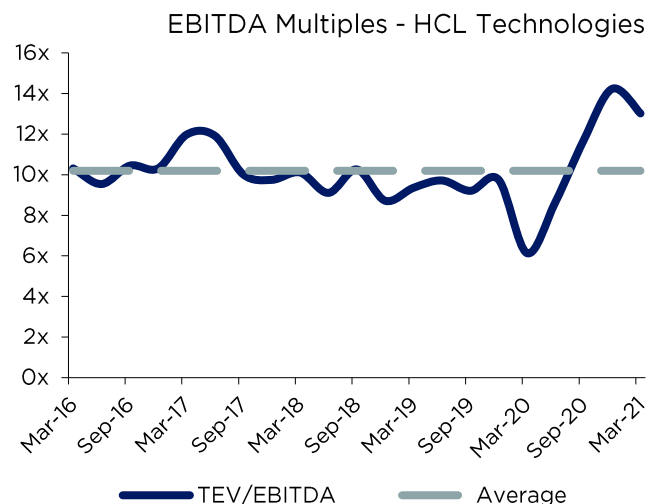
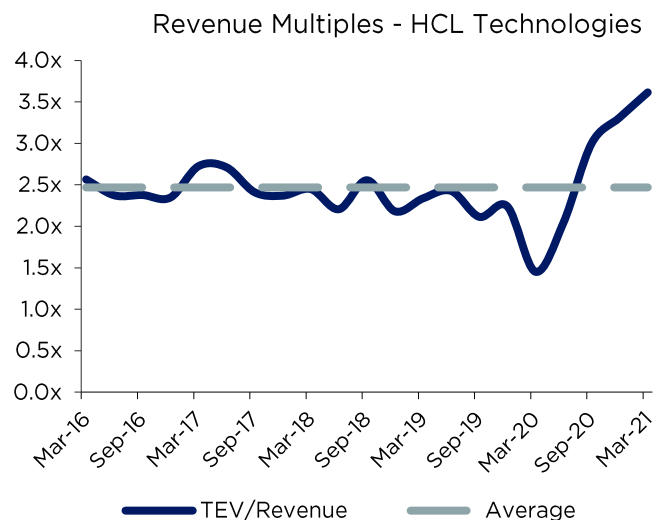
HCL Technologies

HCL Technologies Ltd provides enterprises with IT solutions in India.

It focuses on offering Digital, Internet of Things Services, Cloud, Automation, Cybersecurity, Infrastructure Management, and Engineering Services to solve business problems for clients. While the company is based in India, it has international clients in a large number of countries. It offers solutions to a variety of industries including Financial Services, Public Services, Consumer Services, Healthcare, and Manufacturing. It operates in three segments Software services, IT Infrastructure services, and Business Process Outsourcing services. The firm emphasizes consultation services for firms, with the goal to offer them digital and design solutions. Most of the firm's revenue comes from Software services segment.

Public Basket

HCL Technologies



Company Name	Date	Deal Synopsis
Cisco (Self-Optimizing Network technology)	25-Oct-20	The Self-Optimising Network business of Cisco Systems (NASDAQ: CSCO) was acquired by HCL Technologies (NSE: HCLTECH) for \$50 million on October 25, 2020. The acquisition enables HCL Technologies to meet the growing needs of its customers in the telecommunications industry, which includes tier-one communications service providers globally.
DWS Group	21-Sep-20	The company reached a definitive agreement to be acquired by HCL Technologies (NSE: HCLTECH) for AUD 162 million on September 21, 2020.

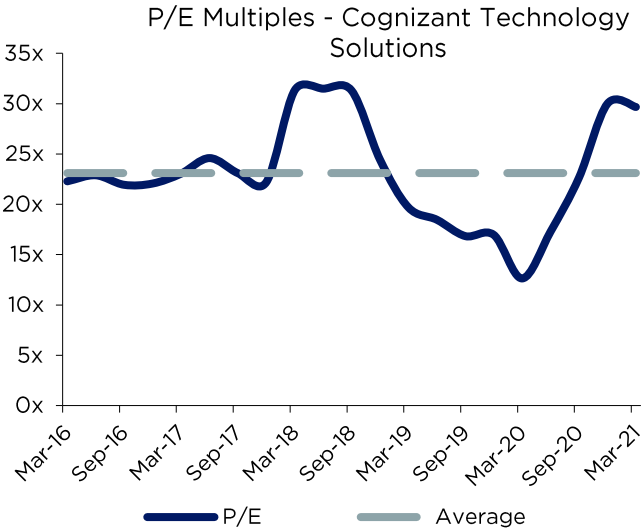
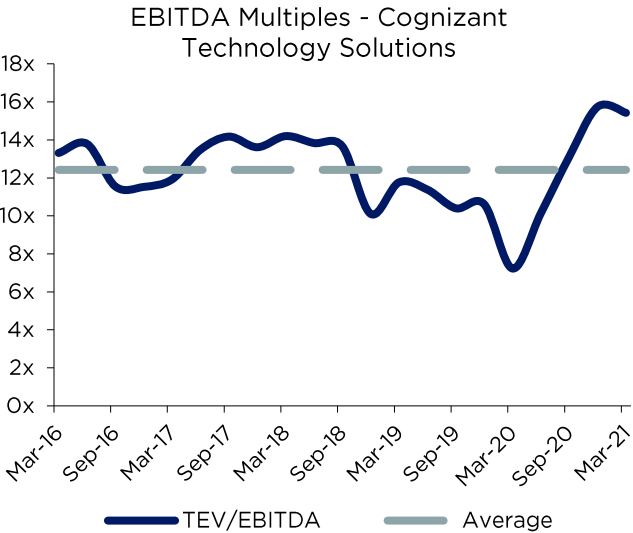
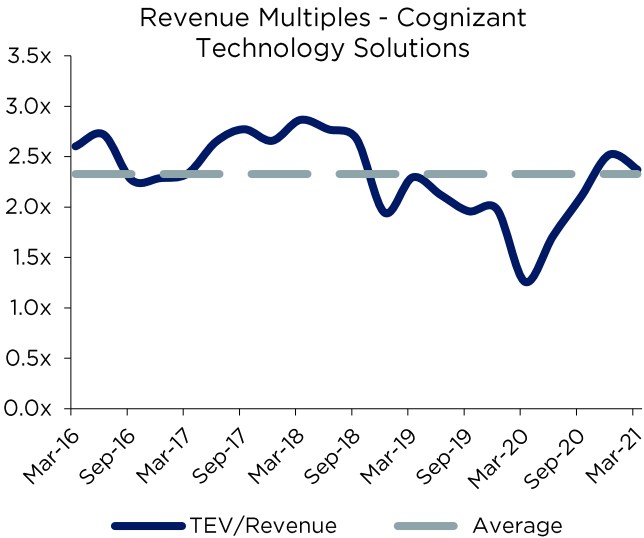
Cognizant Technology Solutions

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
Linium	01-Feb-21	The company, a subsidiary of Ness Technologies, was acquired by Cognizant Technology Solutions (NAS: CTSH) for an undisclosed amount on February 1, 2021.
Magenic	01-Feb-21	The company was acquired by Cognizant Technology Solutions (NAS: CTSH) for an undisclosed amount on February 1, 2021. The acquisition will expand Cognizant's software product engineering footprint.

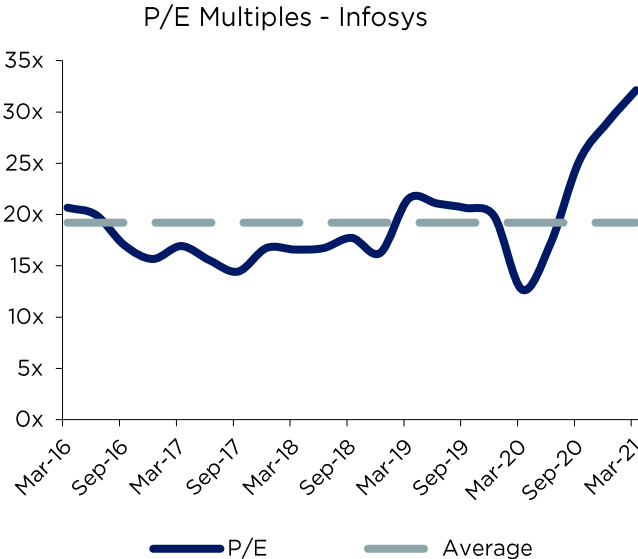
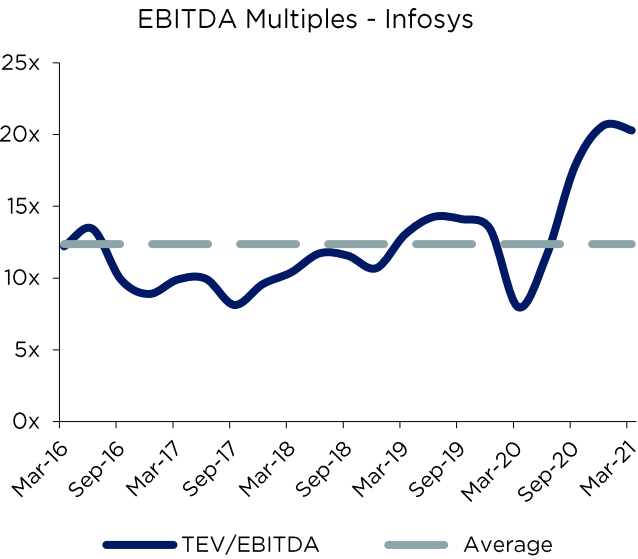
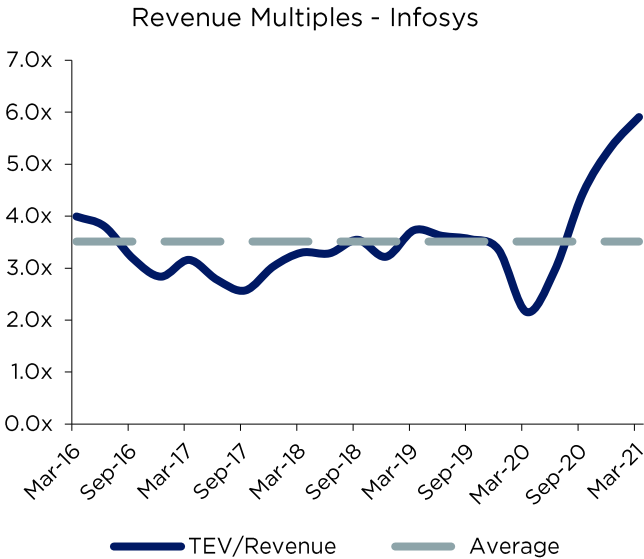
Infosys

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



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.

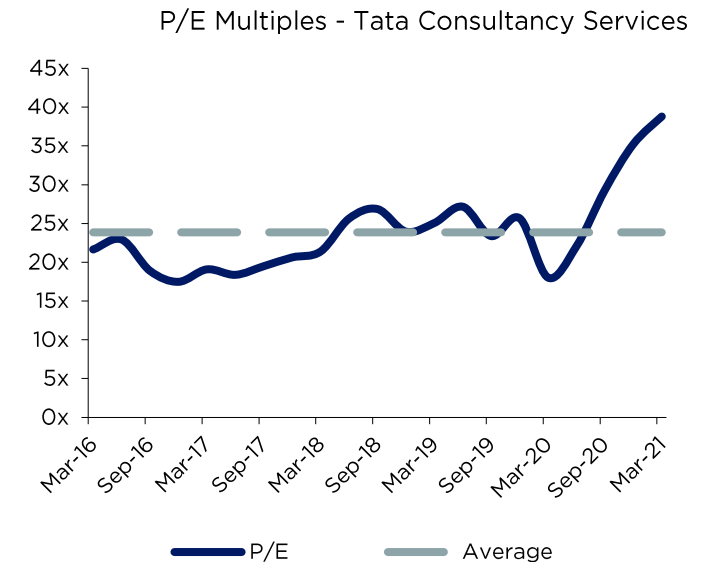
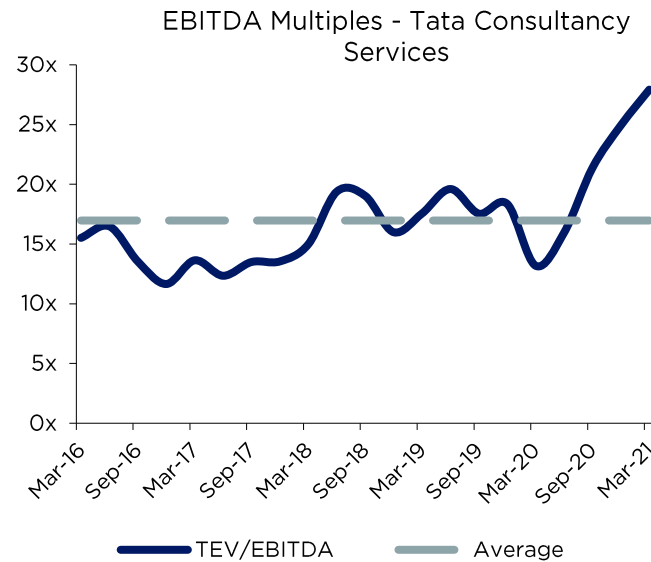
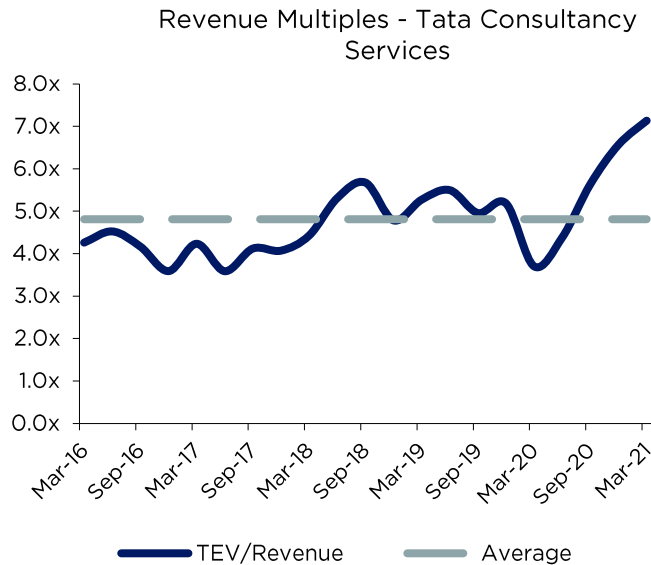
Tata Consultancy Services

Tata Consulting Services is a leading global IT services provider, with nearly 450,000 employees.

Based in Mumbai, the India IT services firm leverages its offshore outsourcing model to derive half of its revenue from North America. The company offers traditional IT services offerings: consulting, managed services, and cloud infrastructure services as well as business process outsourcing as a service, or BPaaS.

Public Basket

Tata Consultancy Services



Company Name	Date	Deal Synopsis
Postbank Systems	01-Jan-21	The company, a subsidiary of Deutsche Bank (ETR: DBK), was acquired by Tata Consultancy Services (NSE: TCS) for an undisclosed amount on January 1, 2021.
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.

Accenture

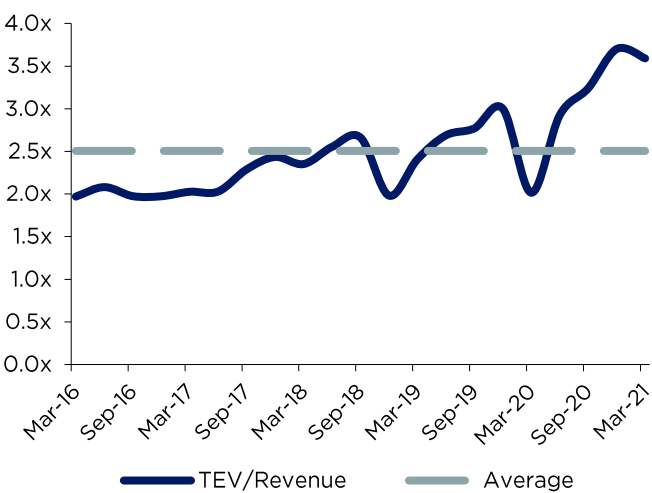
Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.

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.

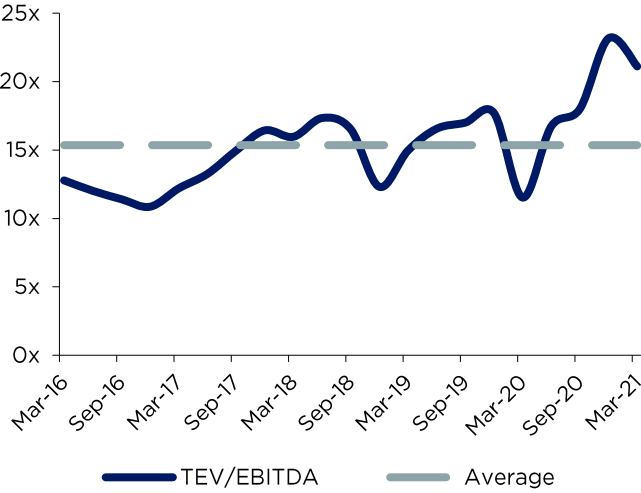
Public Basket

Accenture

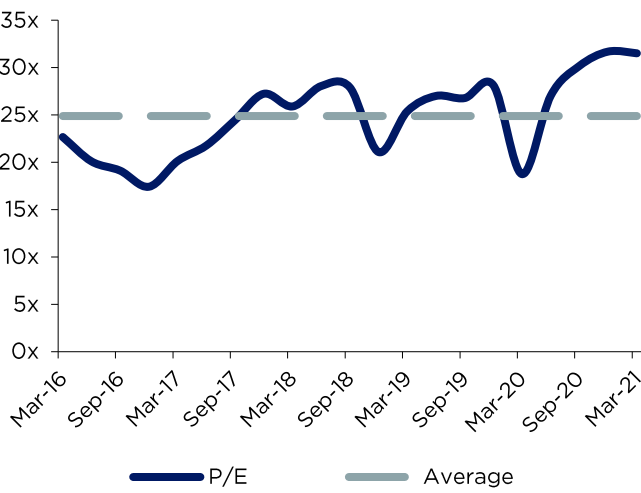
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name	Date	Deal Synopsis
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.
Imaginea	10-Mar-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on March 10, 2021. The acquisition will enhance the global capabilities of Accenture Cloud First.

International Business Machines

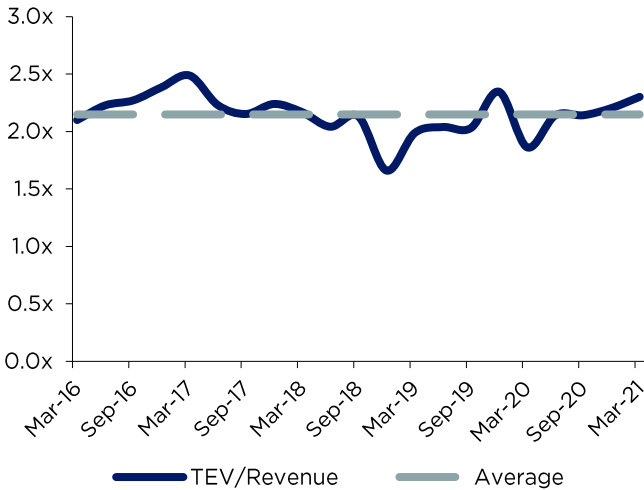
IBM looks to be a part of every aspect of an enterprise's IT needs.

The company primarily sells infrastructure services (37% of revenue), software (29% of revenue), IT services (23% of revenue) and hardware (8% of revenues). IBM operates in 175 countries and employs approximately 350,000 people. The company has a robust roster of 80,000 business partners to service 5,200 clients--which includes 95% of all Fortune 500. While IBM is a B2B company, IBM's outward impact is substantial. For example, IBM manages 90% of all credit card transactions globally and is responsible for 50% of all wireless connections in the world.

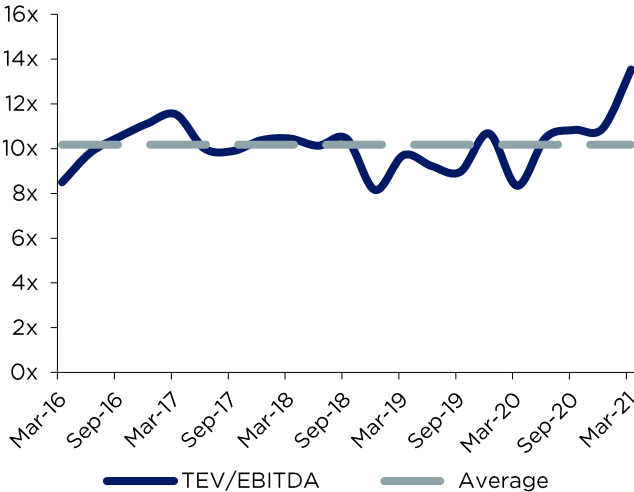
Public Basket

International Business Machines

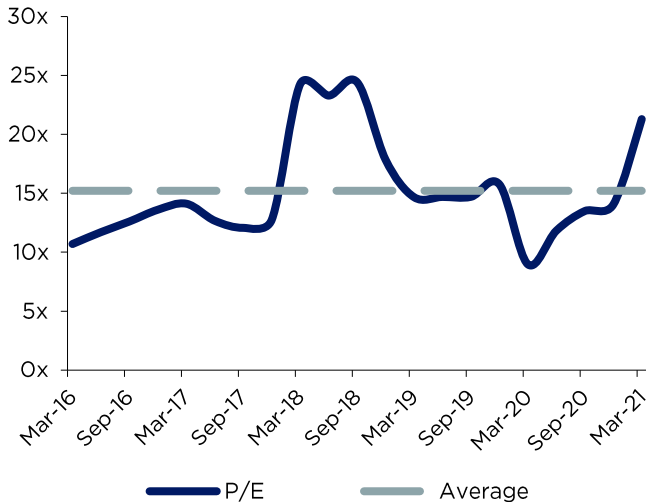
Revenue Multiples - International Business Machines



EBITDA Multiples - International Business Machines



P/E Multiples - International Business Machines



Company Name	Date	Deal Synopsis
Taos Mountain	11-Feb-21	The company was acquired by International Business Machines (NYS: IBM) for an undisclosed amount on February 11, 2021.
Lygon	09-Feb-21	The company was formed as joint venture between ANZ bank (AXS: ANZ), the Commonwealth Bank (ASX: CBA), Westpac (AXS: WBC), Scentre Group (AXS: SCG) and IBM (NYSE: IBM) on February 9, 2021. The joint venture is formed to create first digital bank guarantee using blockchain technology in the Australian banking sector.

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.



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