

7 Mile Advisors



Sectorwatch: Public Cloud

April 2021



Public Cloud

- 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.

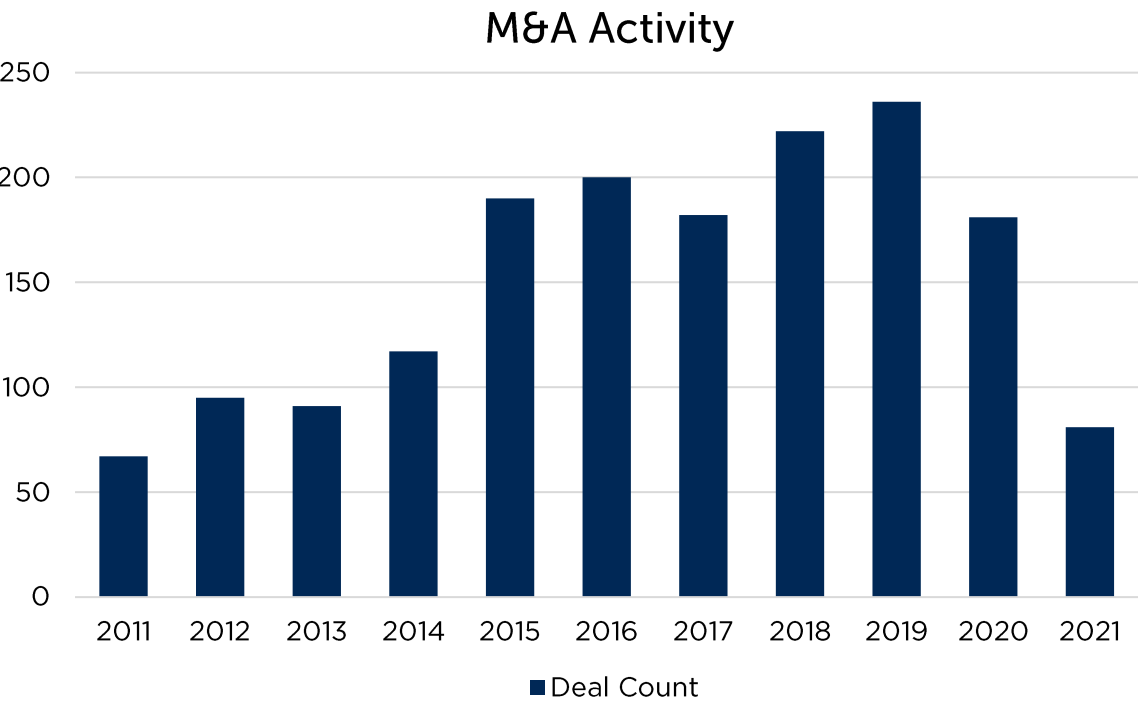
RECENT DEALS

- The most recently announced deals in the sector

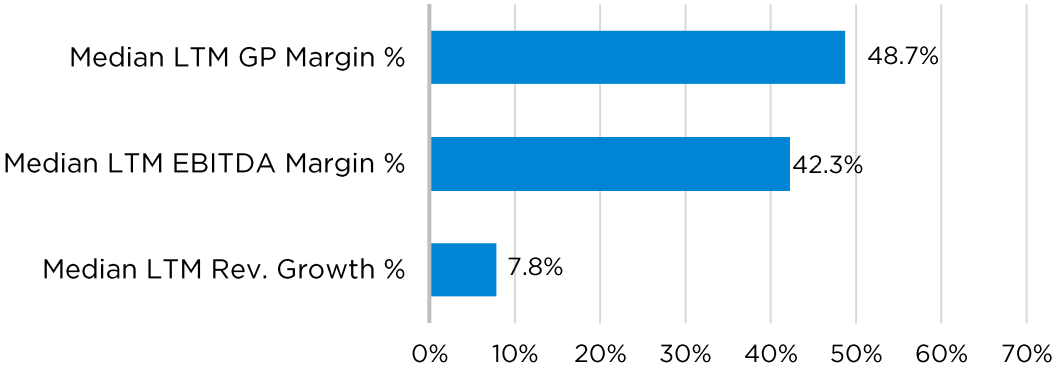
Dashboard

REVENUE GROWTH MOMENTUM ↓ -0.2%

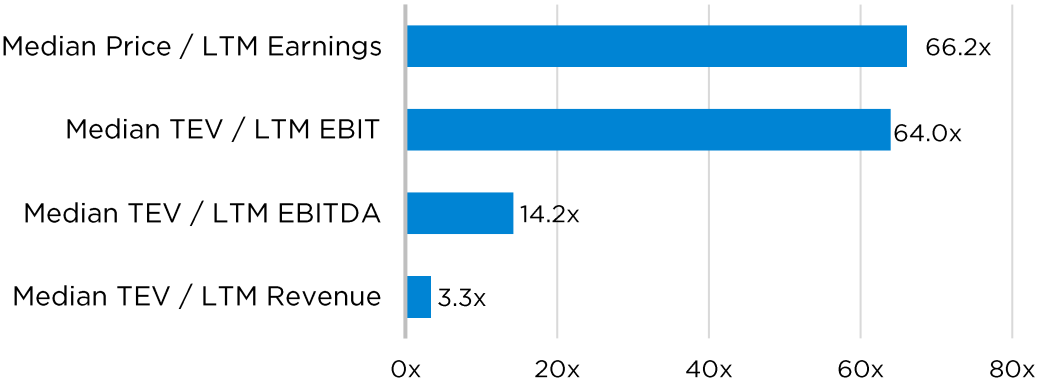
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



Operating Metrics



Valuation

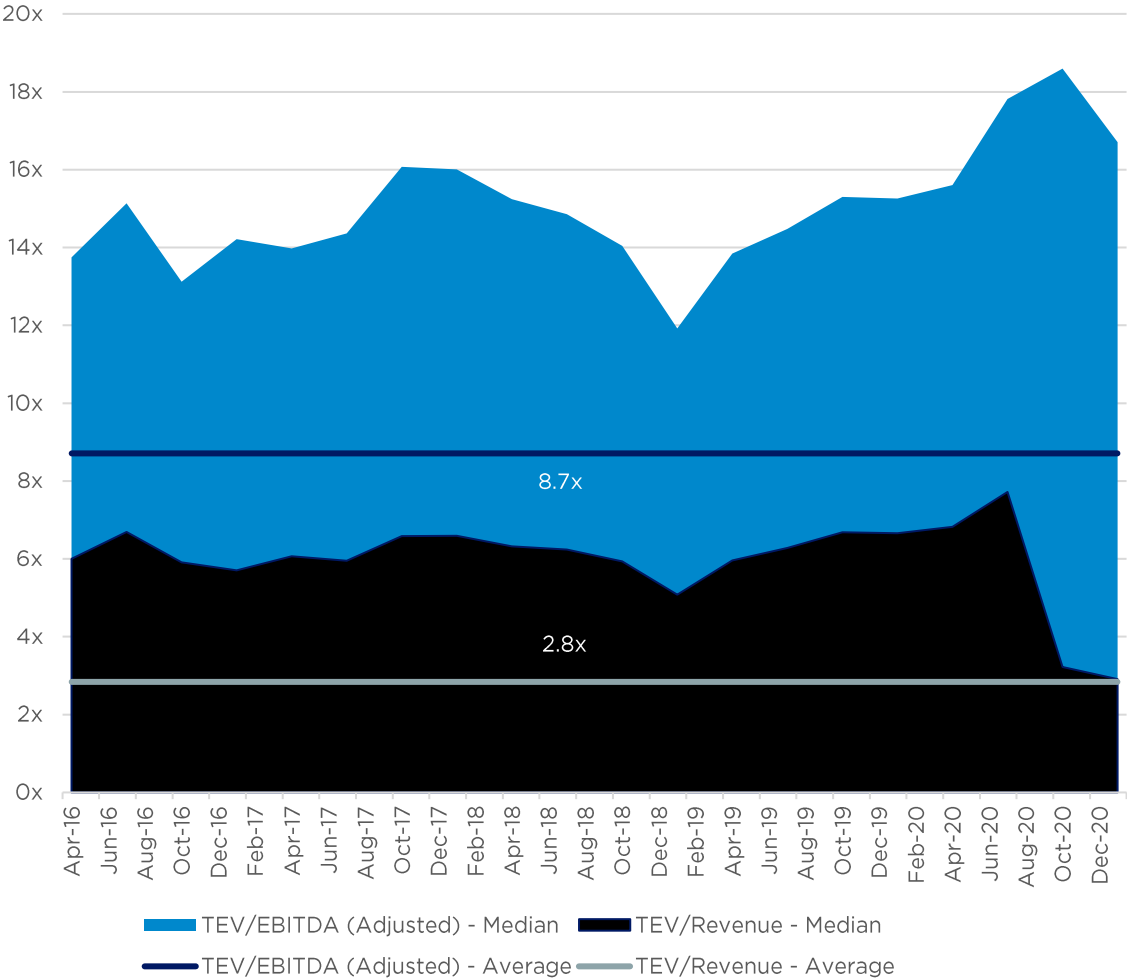


Public Basket

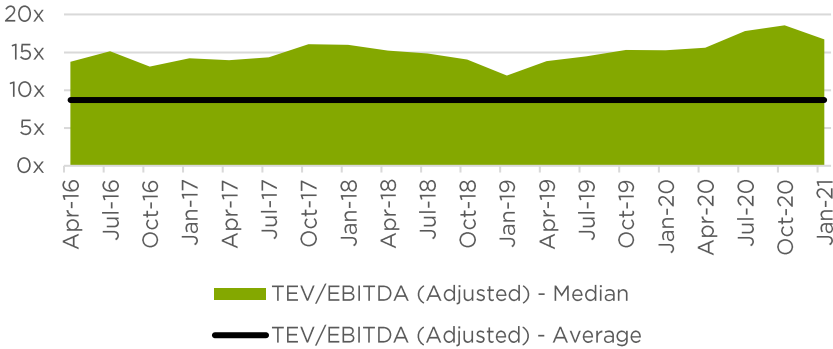
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Unisys	1,571	316	2,026	-8.8%	23.8%	15.6%	0.8x	5.0x	17,200	118
Rackspace US	9,057	636	2,707	9.0%	36.4%	23.5%	3.3x	14.2x	7,200	376
Lumen Technologies	46,190	8,756	20,712	-3.5%	56.9%	42.3%	2.2x	5.3x	39,000	531
Digital Realty	56,890	2,071	3,904	21.6%	61.2%	53.1%	14.6x	27.5x	2,878	1,356
Equinix	72,851	2,562	5,999	7.8%	48.7%	42.7%	12.1x	28.4x	8,785	683
Average	37,312	2,868	7,070	5.2%	45.4%	35.4%	6.6x	16.1x	15,013	613
Median	46,190	2,071	3,904	7.8%	48.7%	42.3%	3.3x	14.2x	8,785	531

share price as of 05Apr21

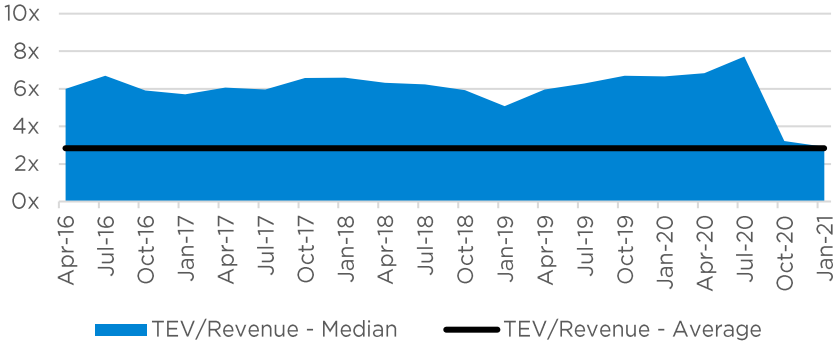
Public Basket



Public EBITDA Multiples over Time

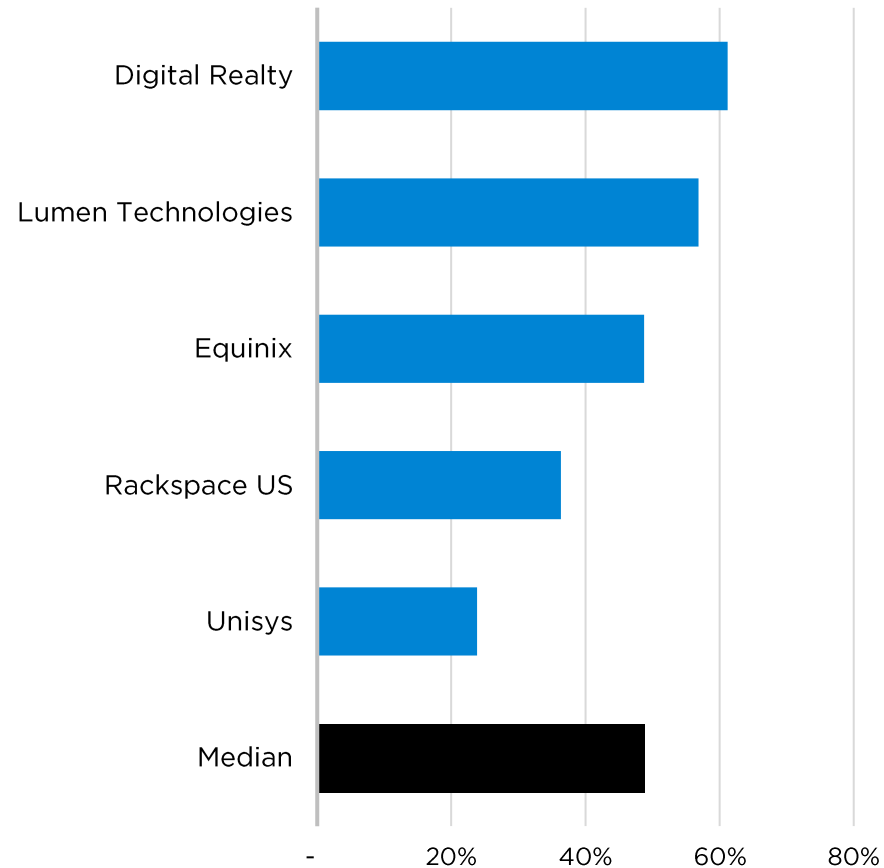


Public Revenue Multiples over Time

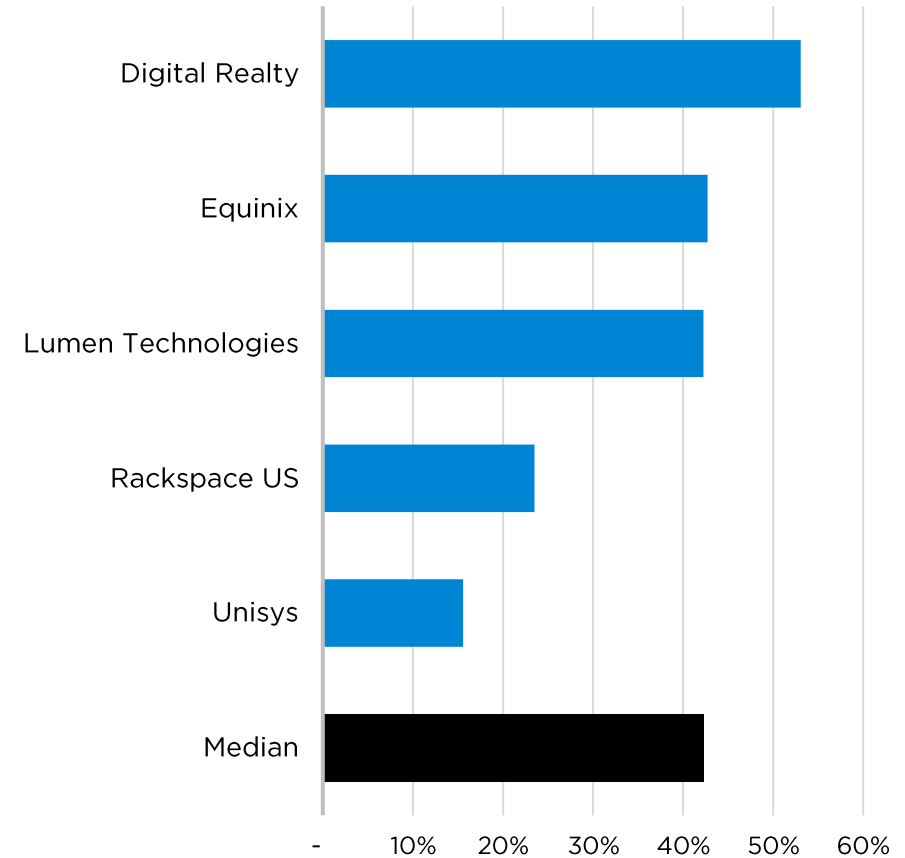


Operational Metrics

LTM Gross Profit Margin %

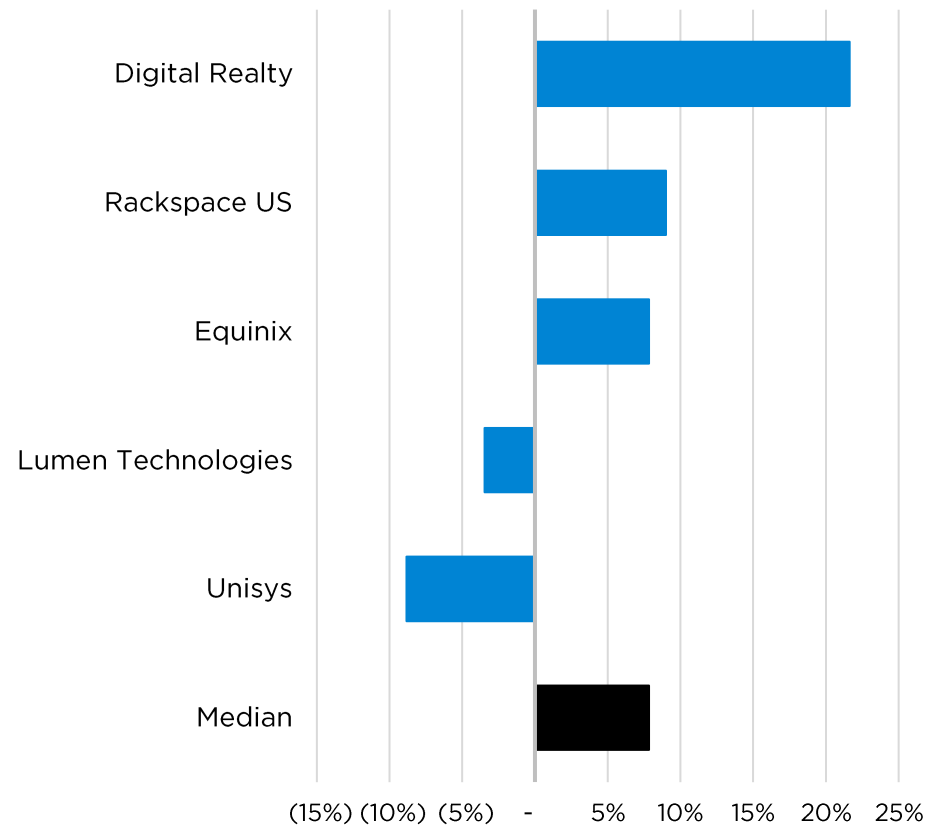


LTM EBITDA %

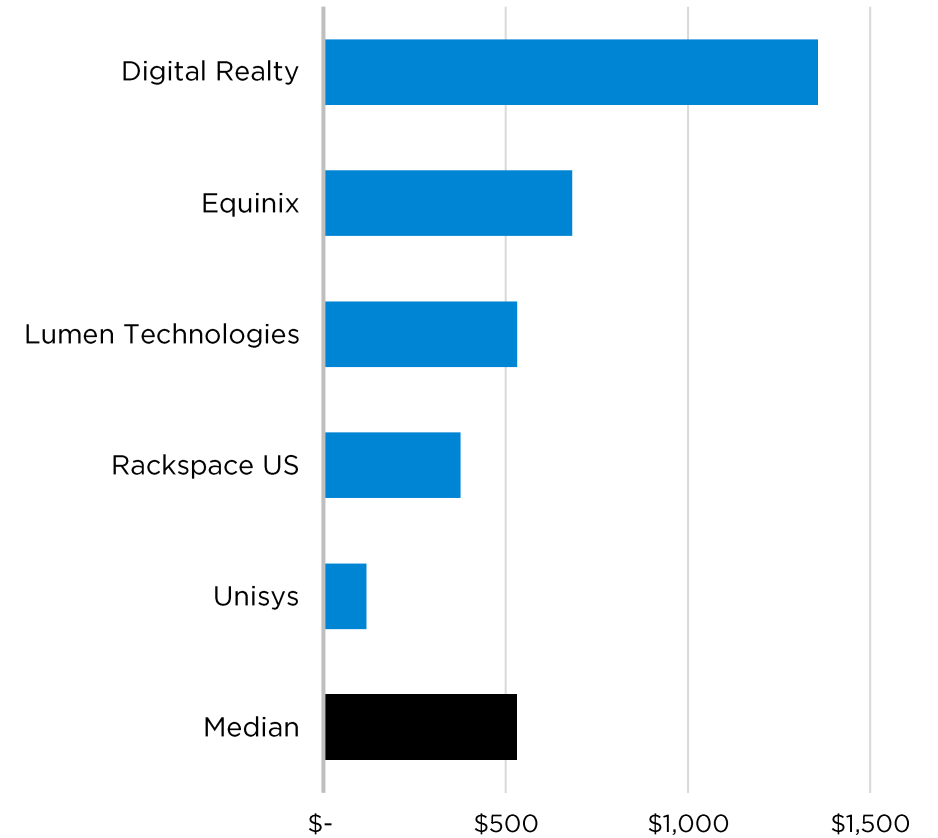


Operational Metrics

LTM Revenue Growth %

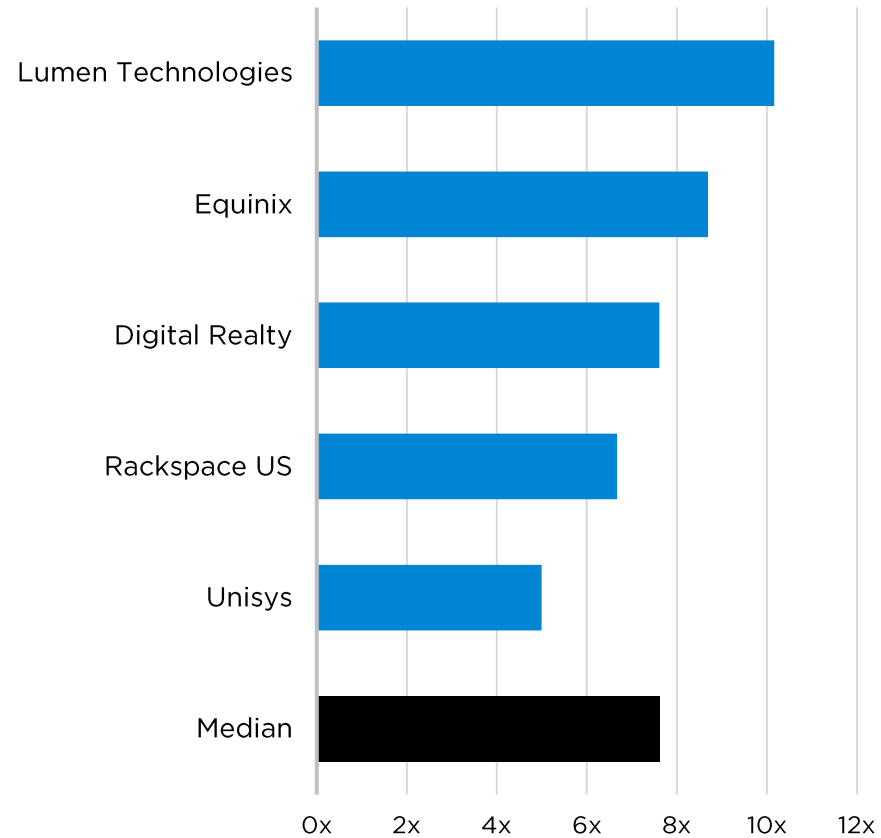


LTM Revenue per Full Time Employee x 000's

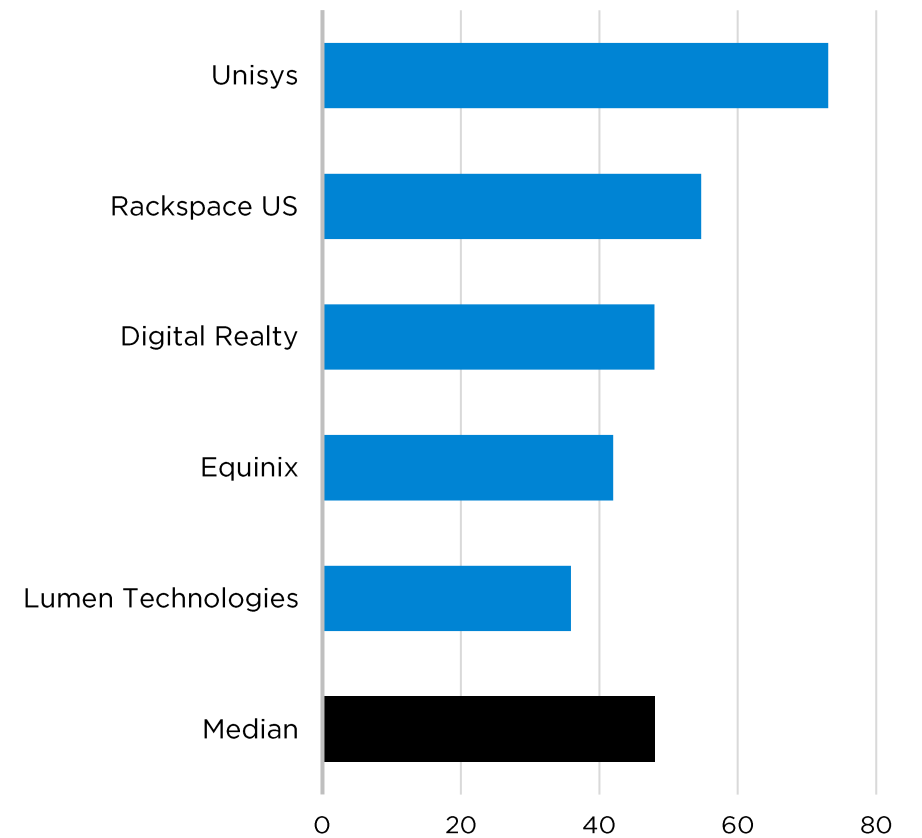


Operational Metrics

Accounts Receivable Turnover

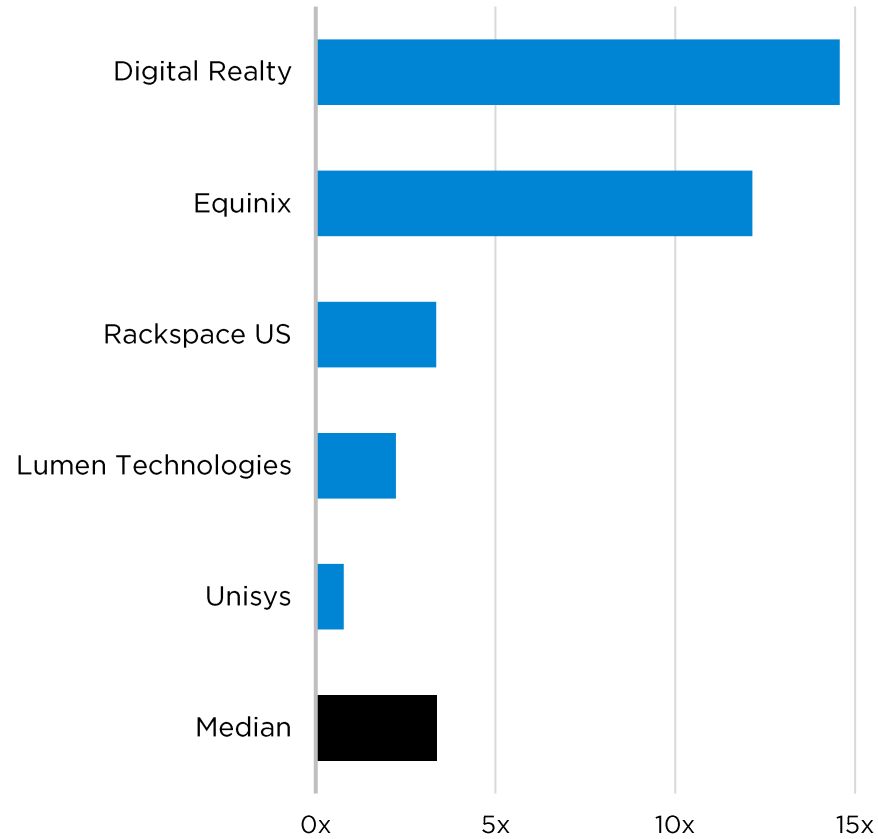


Average Days Sales Outstanding

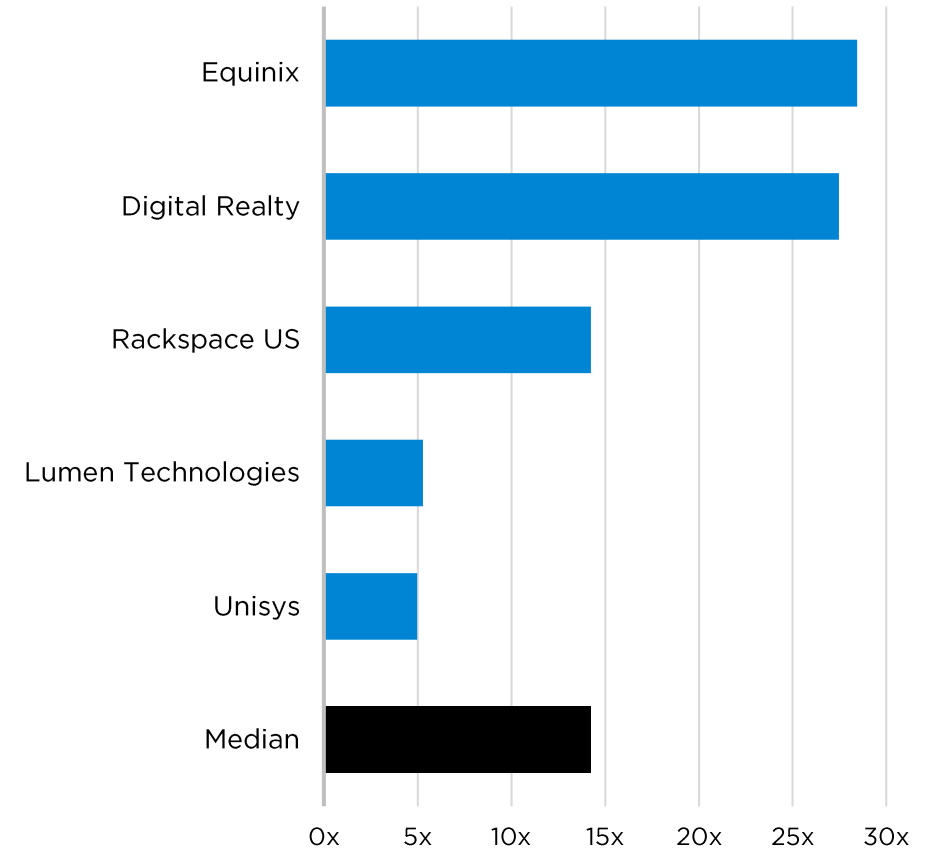


Valuation

TEV / LTM Revenue

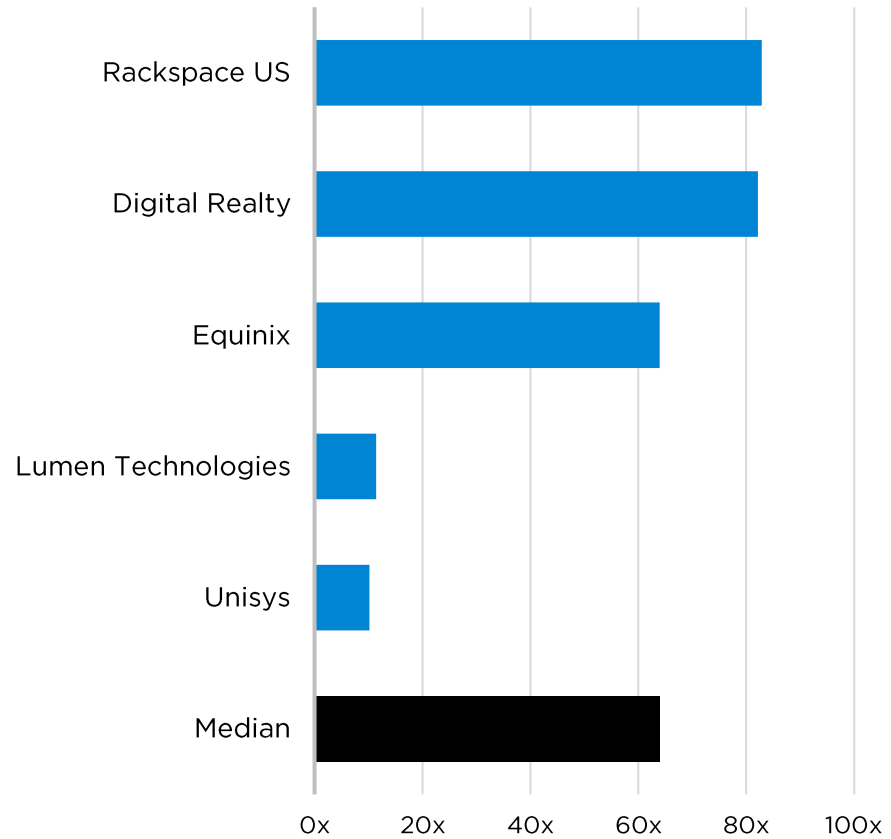


TEV / LTM EBITDA

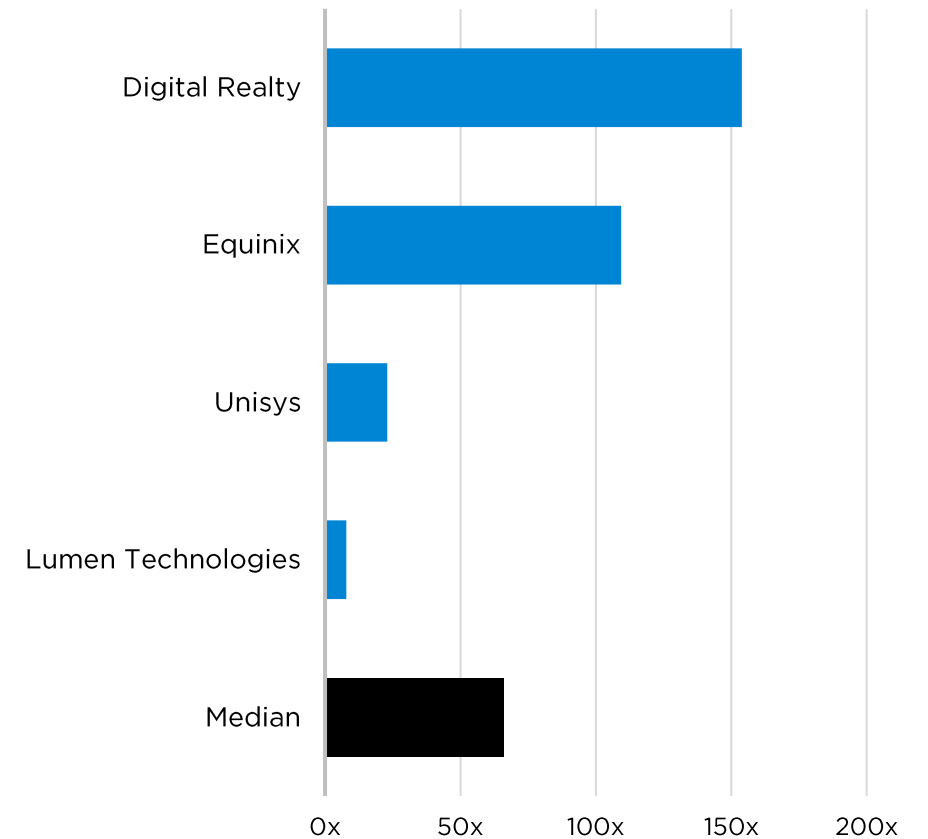


Valuation

TEV / LTM EBIT

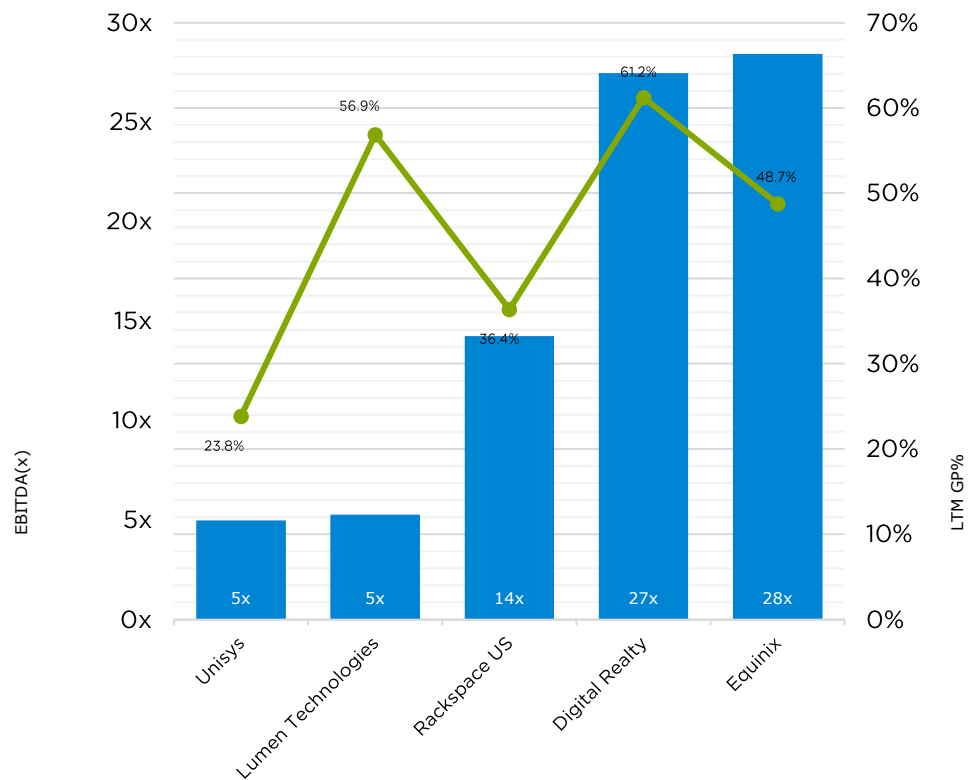


Price / LTM Earnings

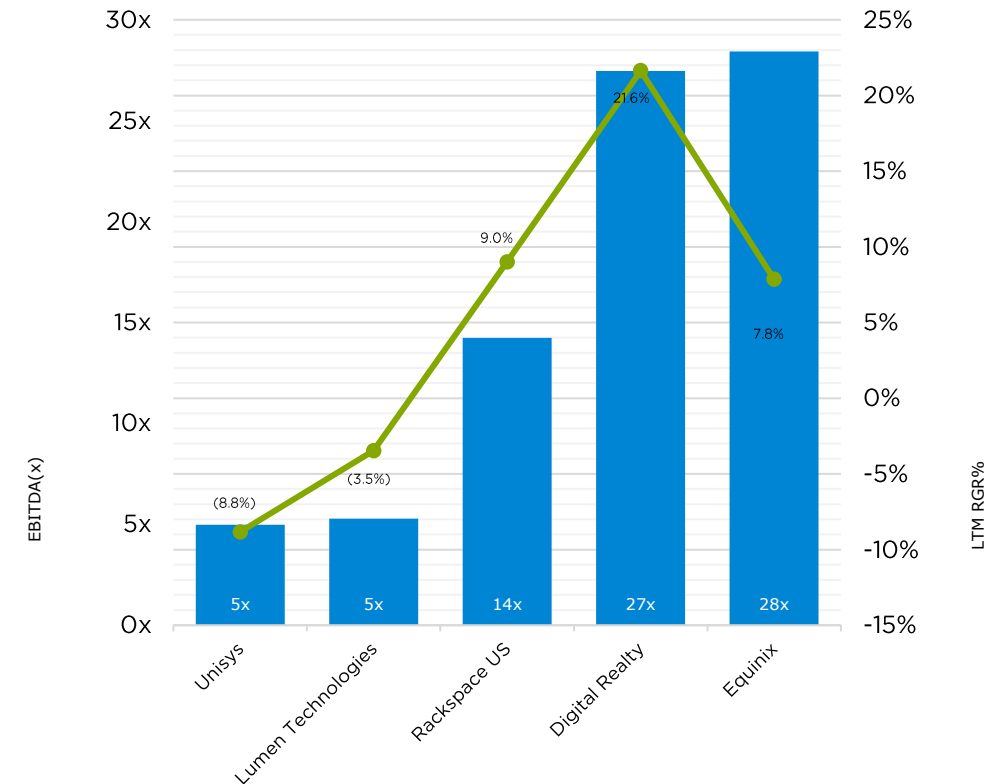


Valuation

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
31-Mar-21	Ariatek	LinkPoint IT Solutions	-	-	-	-
26-Mar-21	Codeflair	Capza	-	-	-	-
24-Mar-21	R3D Conseil	Alithya	60.38	-	1.29	-
24-Mar-21	Avanttic	Cognicase Management Consulting	-	22.23	-	-
24-Mar-21	Duologik Solutions	Ardenton Capital	-	-	-	-
23-Mar-21	Tickstar	Xero	17.76	-	-	-
22-Mar-21	Unit4	Partners Group	2,150.00	-	-	-
22-Mar-21	d-Wise	Instem	31.00	-	-	-
22-Mar-21	Mazik Global	Quisitive Technology Solutions	15.00	-	1.44	7.14
22-Mar-21	Bulpros	Silverfleet Capital	-	-	-	-
22-Mar-21	EngagedPro	SinglePoint Solutions	-	-	-	-
22-Mar-21	Juhe.Cn	Agricultural Bank of China	-	-	-	-
18-Mar-21	Chorus Communications	Columbia Capital	-	-	-	-
18-Mar-21	eGain Sweden	IWMAC	-	-	-	-
16-Mar-21	Acrinax	August Equity	-	-	-	-
16-Mar-21	Immedion	Astra Capital (Washington)	-	-	-	-
16-Mar-21	Lutech Group	Apax Partners	-	-	-	-
16-Mar-21	Odiso	Bee Up Capital	-	-	-	-
15-Mar-21	Amplified IT	CDW	-	-	-	-
15-Mar-21	CipherCloud	Lookout	-	-	-	-
15-Mar-21	PeakView Communications	Inflow Communications	-	-	-	-
12-Mar-21	True North Networks	Bluff Point Associates	-	-	-	-
12-Mar-21	VC3	Nautic Partners	-	-	-	-
11-Mar-21	Daxos	eSource Capital	-	-	-	-
11-Mar-21	Masstech Innovations	Genstar Capital	-	-	-	-
10-Mar-21	ID Grup	Claranet	-	-	-	-
10-Mar-21	ShieldX	Fortinet	-	-	-	-
09-Mar-21	Avantage Groep	Ricoh Company	-	-	-	-

Appendix

*Public Basket
Contact Information*



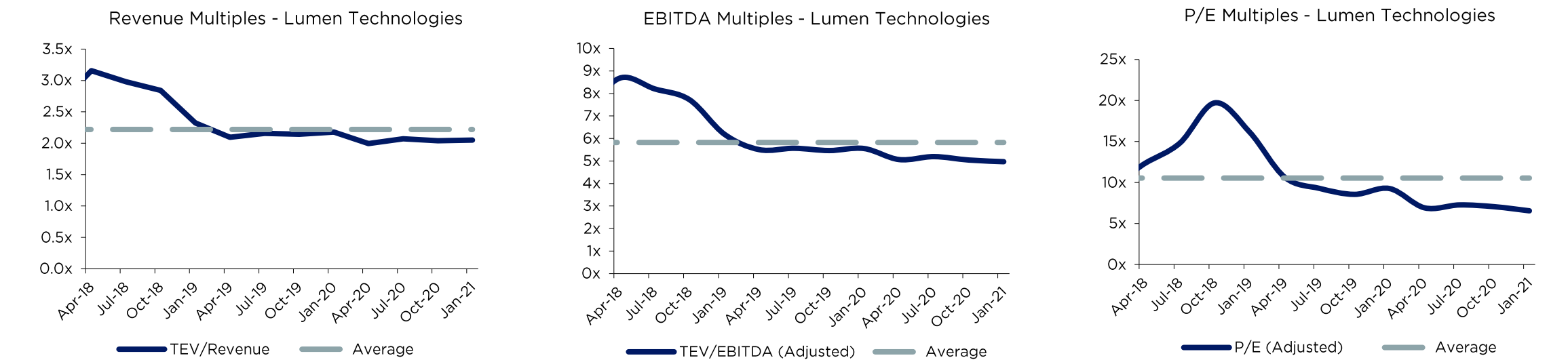
Lumen Technologies

With 450,000 route miles of fiber, including over 35,000 route miles of subsea fiber connecting Europe, Asia, and Latin America, Lumen Technologies is one of the United States' largest telecommunications carriers serving global enterprises.

The merger further shifted the company's operations toward businesses (now 75% of revenue) and away from its legacy consumer business. Lumen offers businesses a full menu of communications services, providing colocation and data center services, data transportation, and end-user phone and Internet service. On the consumer side, Lumen provides broadband and phone service across 37 states, where it has nearly 5 million broadband customers.

Public Basket

Lumen Technologies



Company Name	Date	Deal Synopsis
Unisys West	26-Nov-08	Bank of Western Australia (ASX: BWA) sold a 49% stake to Unisys Australia, a subsidiary of Unisys (NYS: UIS) for an undisclosed amount on November 26, 2008.
Capgemini (French Computer Hardware Maintenance Operations)	08-Feb-06	The French Computer Hardware Maintenance Operations of Capgemini (EPA: CAP) were acquired by Unisys (NYSE: UIS) for an undisclosed amount on February 8, 2006. Acquiring Capgemini's break/fix business increases Unisys's support services presence in Europe, where its competence is well-established.

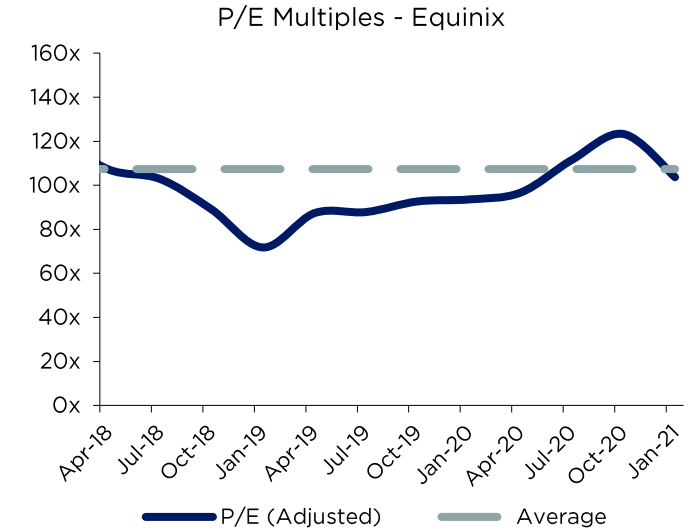
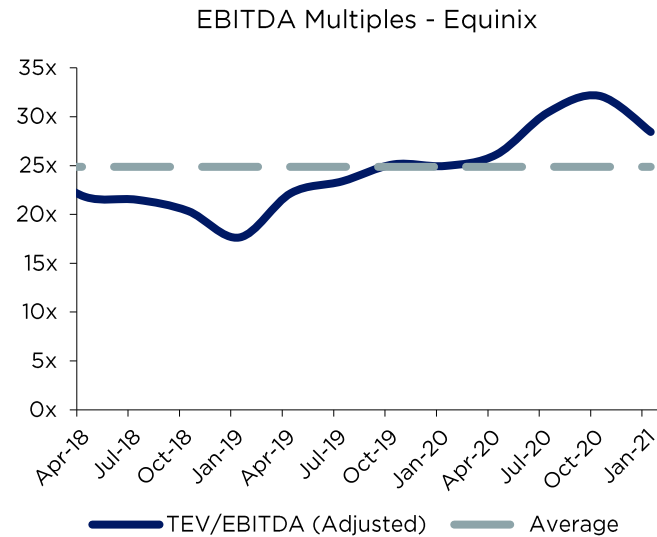
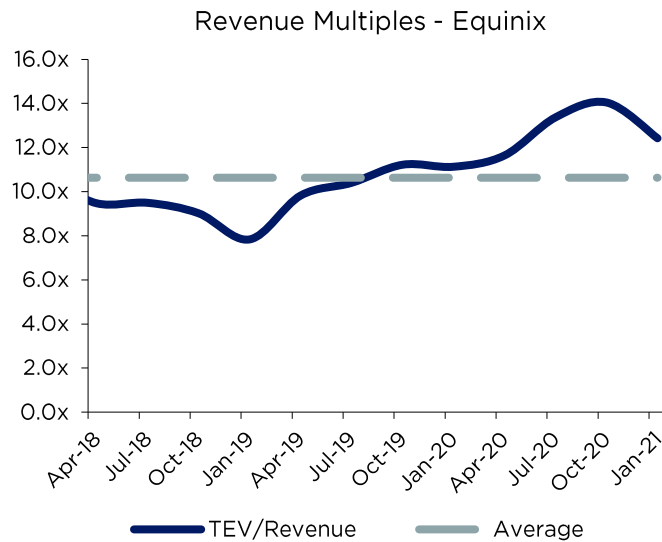
Equinix

Equinix is a retail provider of data centers, enabling hundreds of enterprise tenants to house their servers and networking equipment in a colocated environment.

Tenants can then connect with each other, cloud service providers, and telecom networks. Equinix operates 210 data centers in 55 markets worldwide and owns just less than half of them. The firm has nearly 10,000 customers, including 1,800 networks, that are dispersed over five verticals: Cloud and IT Services, Content Providers, Network and Mobile Services, Financial Services, and Enterprise. About 70% of Equinix's revenue comes from renting space to tenants and related services, and more than 20% comes from connecting customers with each other. Equinix operates as a real estate investment trust.

Public Basket

Equinix

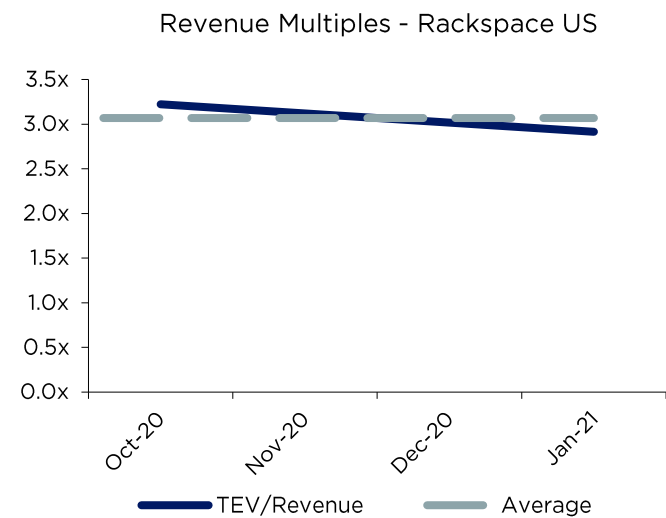


Company Name	Date	Deal Synopsis
Bright Skies	11-Nov-20	The company was acquired by Rackspace US (NAS: RXT) for an undisclosed amount on November 11, 2020. This acquisition is an important milestone in further expanding Rackspace's EMEA presence and investing in the region.
Onica	04-Nov-19	The company was acquired by Rackspace US, via its financial sponsors Apollo Global Management and Searchlight Capital Partners, through an LBO on November 4, 2019 for an undisclosed sum.

Rackspace US

Rackspace Technology Inc is an end-to-end multicloud technology services company.

It designs, builds and operates its customers' cloud environments across all technology platforms, irrespective of technology stack or deployment model. The company's solutions include Application Services; Data; Colocation; Managed Cloud; Managed Hosting; Professional Services; and Security & Compliance. It operates in three reportable segments Multicloud Services; Apps & Cross Platform; and OpenStack Public Cloud. It generates revenue through the sale of consumption-based contracts for its services offerings and from the sale of professional services related to designing and building customer solution.



Company Name	Date	Deal Synopsis
Streamroot	06-Sep-19	The company was acquired by CenturyLink (NYS: CTL) for an undisclosed amount on September 6, 2019. The acquisition will help the company to improve video and static content delivery within bandwidth-constrained areas.
Level 3 Communications	01-Nov-17	The company (NYSE: LVLT) was acquired by CenturyLink (NYSE: CTL) for \$19.61 billion on November 1, 2017. This transaction increases CenturyLink's network by 200,000 route miles of fiber, which includes 64,000 route miles in 350 metropolitan areas and 33,000 subsea route miles connecting multiple continents. The transaction also enhances network capabilities and broadband infrastructure. Holders of Level 3 common stock as of immediately prior to closing are entitled to receive \$26.50 per share in cash (without interest) and 1.4286 shares of CenturyLink stock for each Level 3 share they owned. CenturyLink shareholders now own approximately 51 percent and

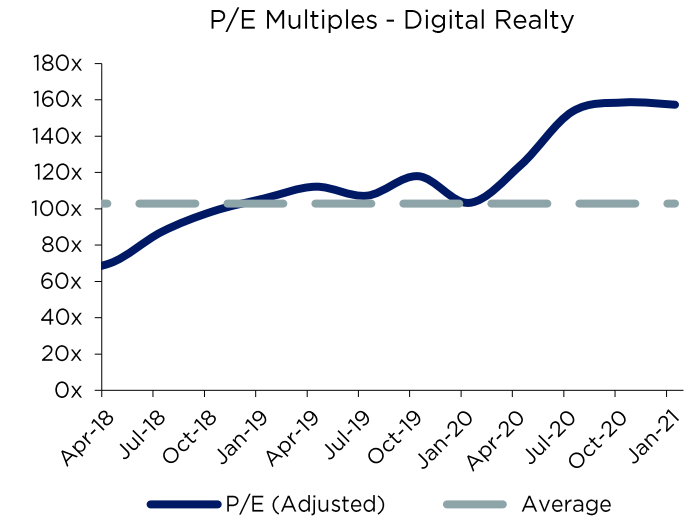
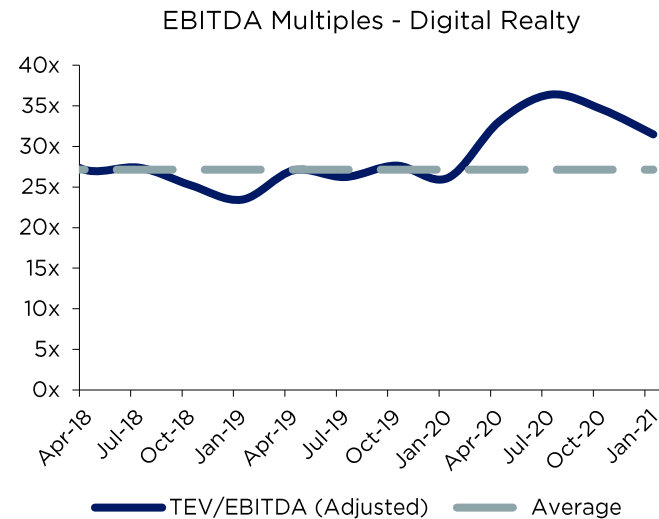
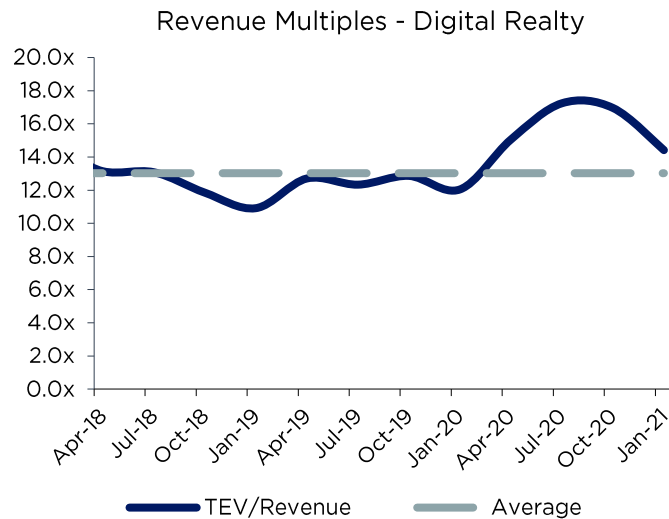
Digital Realty

Digital Realty owns and operates over 275 data centers worldwide.

It has more than 30 million rentable square feet across five continents. Digital's offerings range from retail co-location, where an enterprise may rent a single cabinet and rely on Digital to provide all the accommodations, to "cold shells," where hyperscale cloud service providers can simply rent much, or all, of a barren, power-connected building. In recent years, Digital Realty has de-emphasized cold shells and now primarily provides higher-level service to tenants, which outsource their related IT needs to Digital. Digital Realty has also moved more into the co-location business, increasingly serving enterprises and facilitating network connections. Digital Realty operates as a real estate investment trust.

Public Basket

Digital Realty



Company Name	Date	Deal Synopsis
Clise Properties (Westin Building Exchange)	08-Jul-20	Digital Realty (NYS: DLR) acquired the Westin Building Exchange in Seattle of Clise Properties for \$ 149.45 million on July 8, 2020.
Interxion	12-Mar-20	The company (NYS: INXN) was acquired by Digital Realty (NYS: DLR) for approximately \$6.97 billion on March 12, 2020. The merger will create a leading global provider of the data center, colocation, and interconnection solutions.

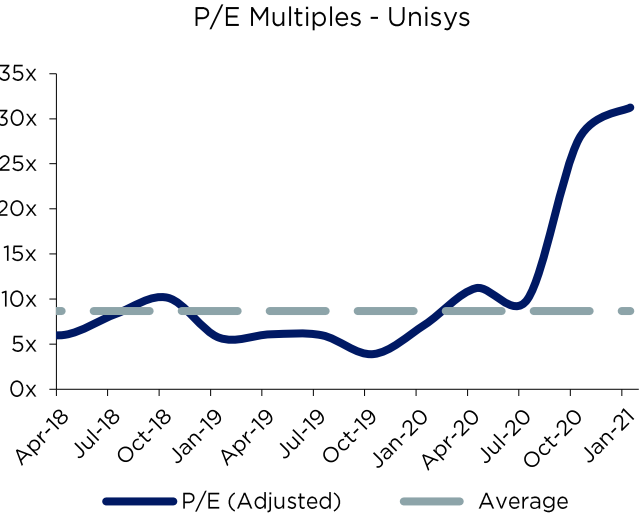
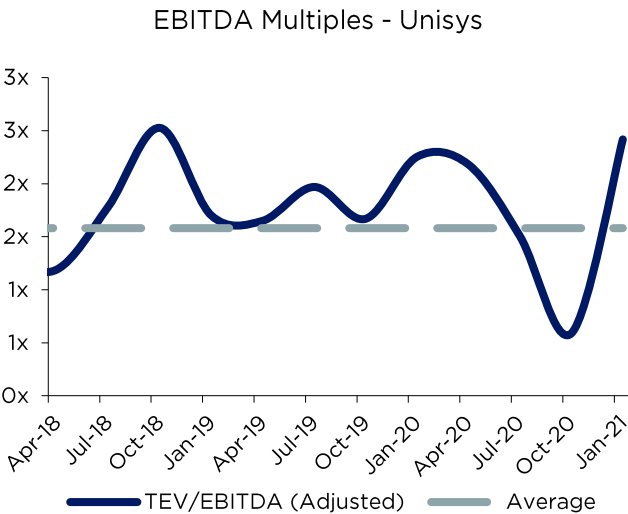
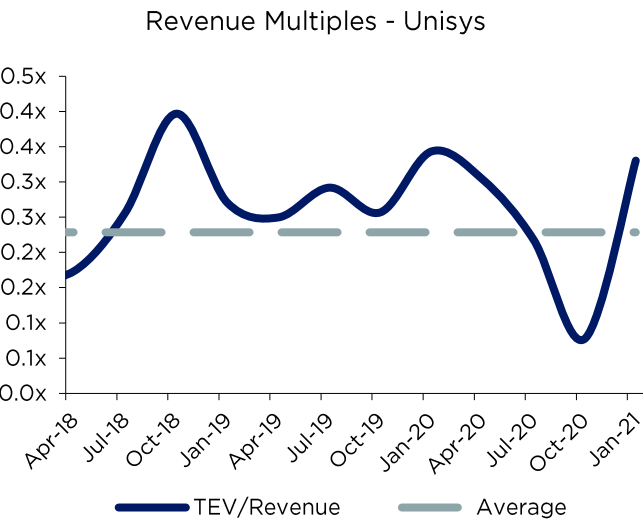
Unisys

Unisys Corp is a United States based company engaged in providing IT (Information Technology) outsourcing solutions and technology products.

The company builds security-centric solutions for clients across the Government, Financial Services and Commercial markets. Its offerings include security software and services; digital transformation and workplace services; industry applications and services; and software operating environments for high-intensity enterprise computing. The organization operates in two segments namely, Services and Technology. Geographically, the company operates in the US, UK and other countries.

Public Basket

Unisys



Company Name	Date	Deal Synopsis
Bell (Data Center Facilities)	01-Oct-20	The 25 data-center facilities of Bell Mobility were acquired by Equinix (NAS: EQIX) for CAD 1041 million on October 1, 2020.
GPX India	07-Aug-20	The company, a subsidiary of Gpx Global Systems, reached a definitive agreement to be acquired by Equinix (NAS: EQIX) for \$161 million on August 7, 2020. The acquisition will help extend Equinix's presence to India with two data-center campuses in Mumbai.

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
Ben Lunka, Managing Director	704.496.2995	ben@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 Coordinator	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