

7 Mile Advisors



# Sectorwatch: Digital Transformation

April 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

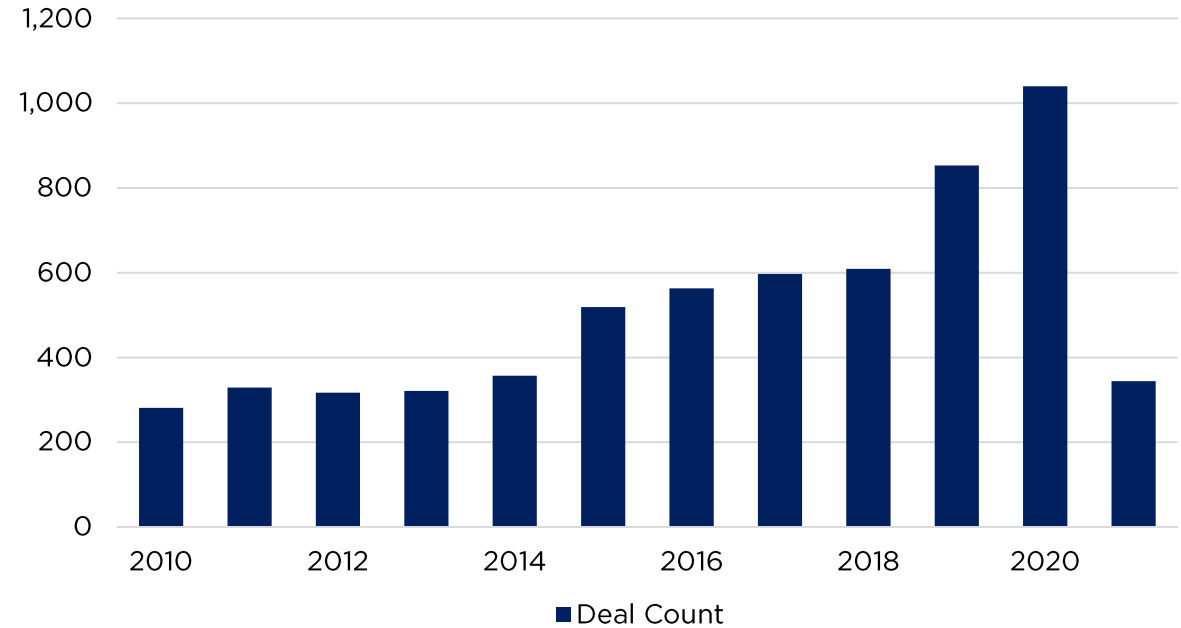
- The most recently announced deals in the sector

# Dashboard

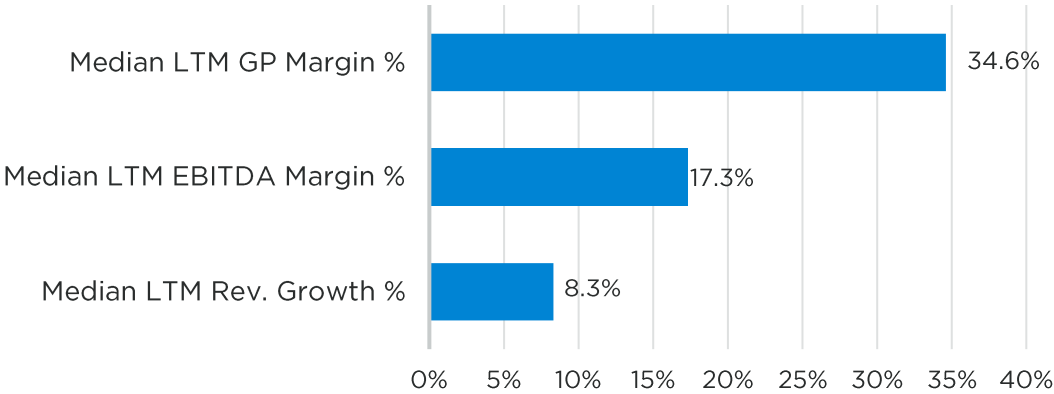
## REVENUE GROWTH MOMENTUM ↓ 0.7%

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

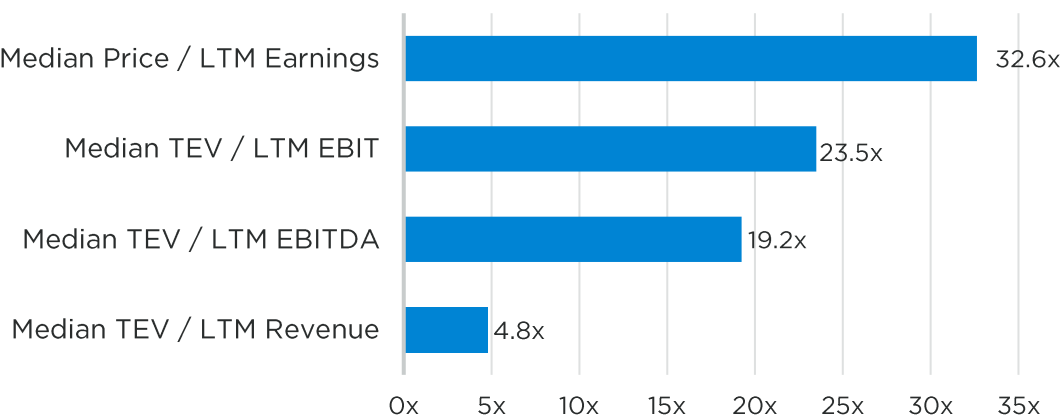
### M&A Activity



## Operating Metrics



## Valuation



# Public Basket Overview



Europe



United States



South America



Asia

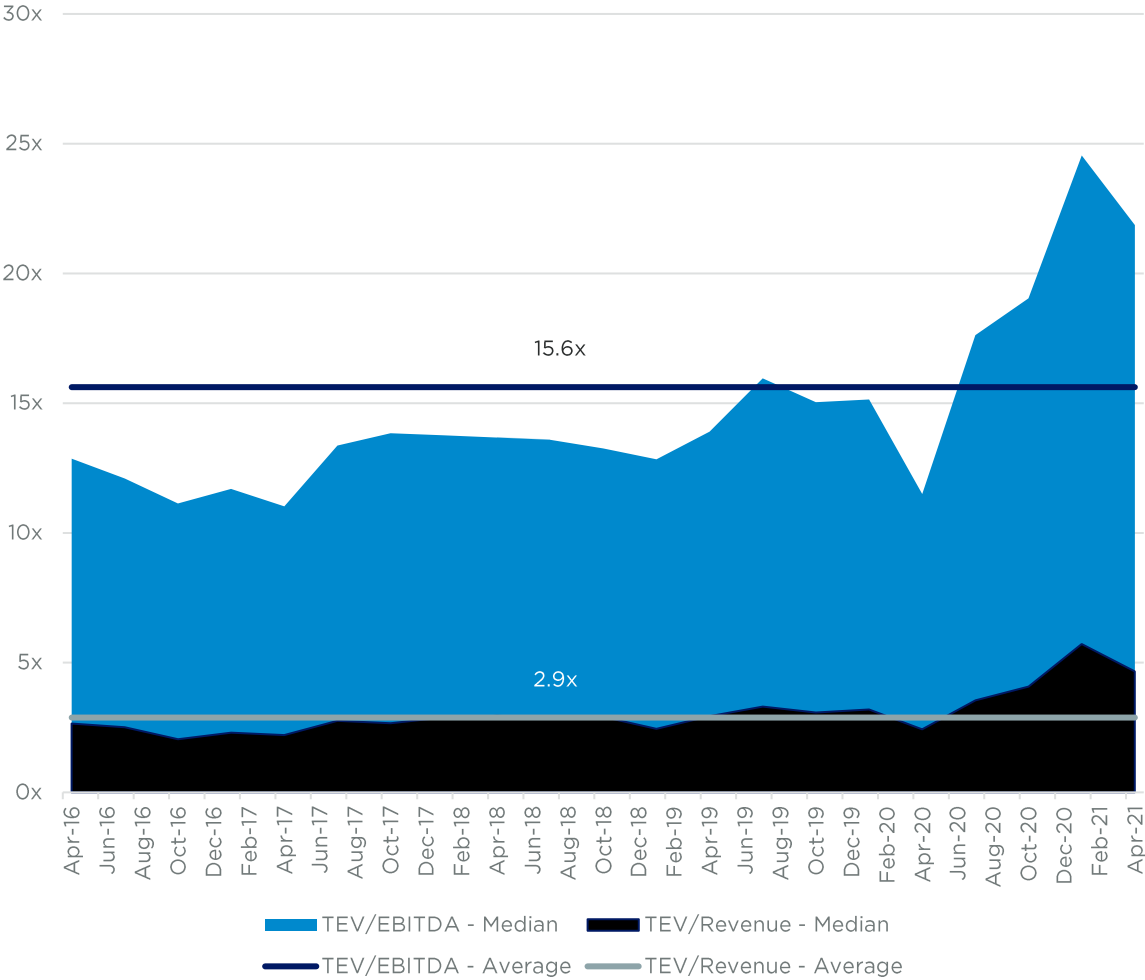


# Public Basket

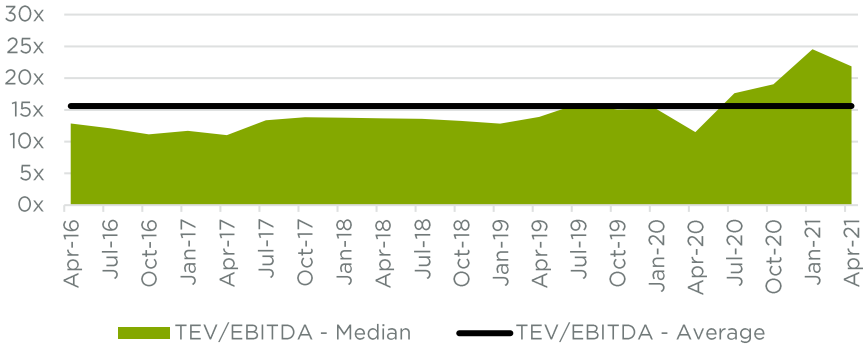
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava	4,955	89	491	20.5%	34.7%	18.2%	10.1x	55.6x	7,139	69
Globant	8,883	174	814	23.5%	37.4%	21.3%	10.9x	51.2x	16,251	50
WPP	19,840	2,469	15,674	4.4%	17.3%	15.7%	1.3x	8.0x	102,822	152
EPAM Systems	23,992	592	2,659	15.9%	34.9%	22.3%	9.0x	40.5x	41,168	65
Capgemini	37,663	2,814	18,065	12.2%	26.1%	15.6%	2.1x	13.4x	269,769	67
Cognizant Technology Solutions	41,276	2,749	16,652	-0.8%	35.9%	16.5%	2.5x	15.0x	289,500	58
Infosys	73,602	3,826	13,145	4.0%	34.6%	29.1%	5.6x	19.2x	242,371	54
Accenture	178,286	7,278	45,677	2.3%	31.7%	15.9%	3.9x	24.5x	514,000	89
<b>Average</b>	48,562	2,499	14,147	10.3%	31.5%	19.3%	5.7x	28.4x	185,378	75
<b>Median</b>	30,827	2,609	14,410	8.3%	34.6%	17.3%	4.8x	21.9x	172,597	66

share price as of 21Apr21

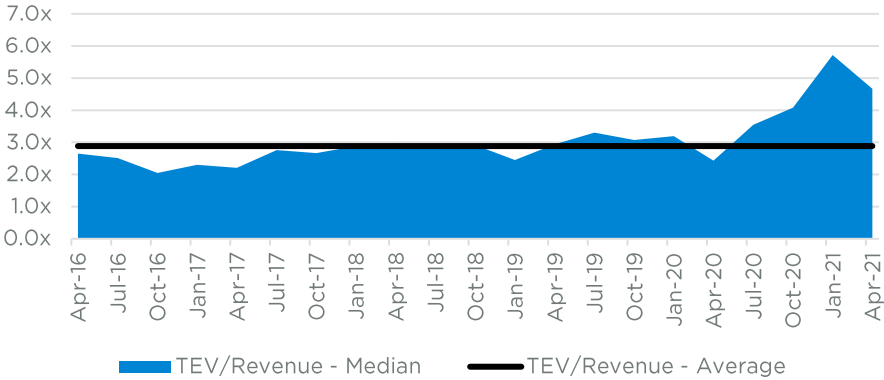
# Public Basket



Public EBITDA Multiples over Time

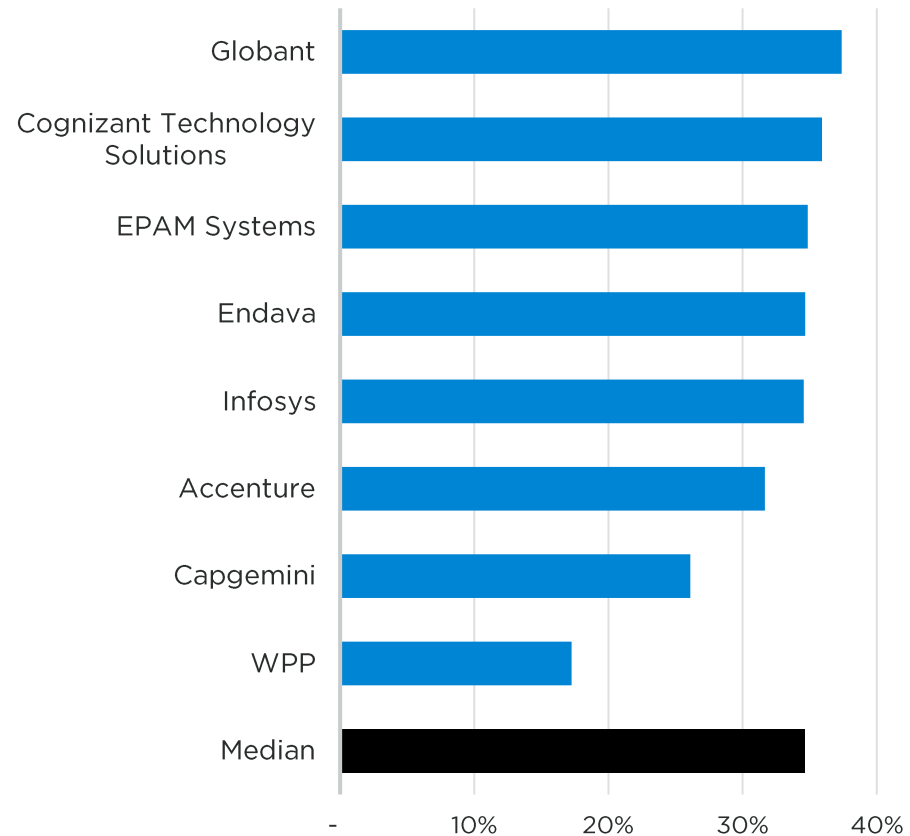


Public Revenue Multiples over Time

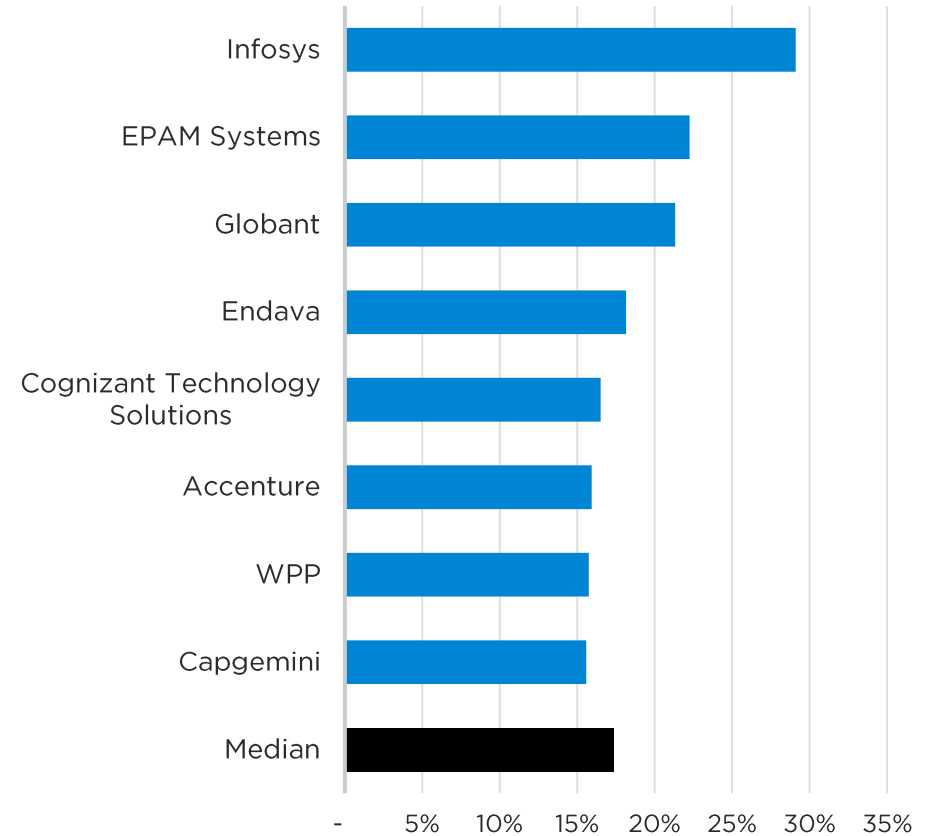


# Operational Metrics

LTM Gross Profit Margin %



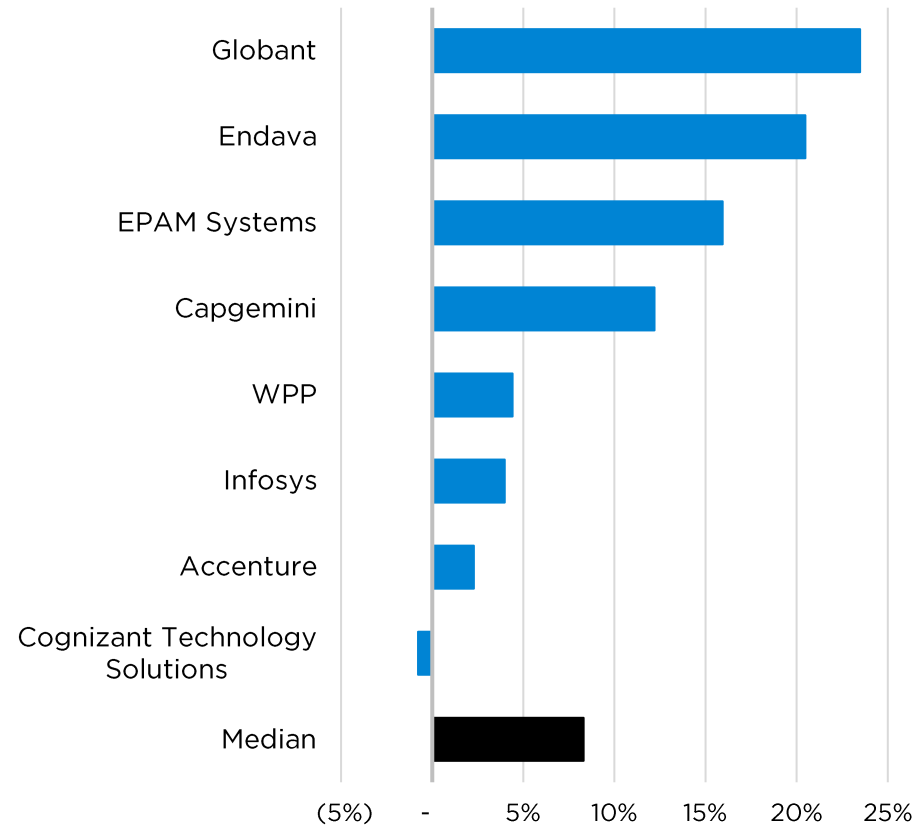
LTM EBITDA %



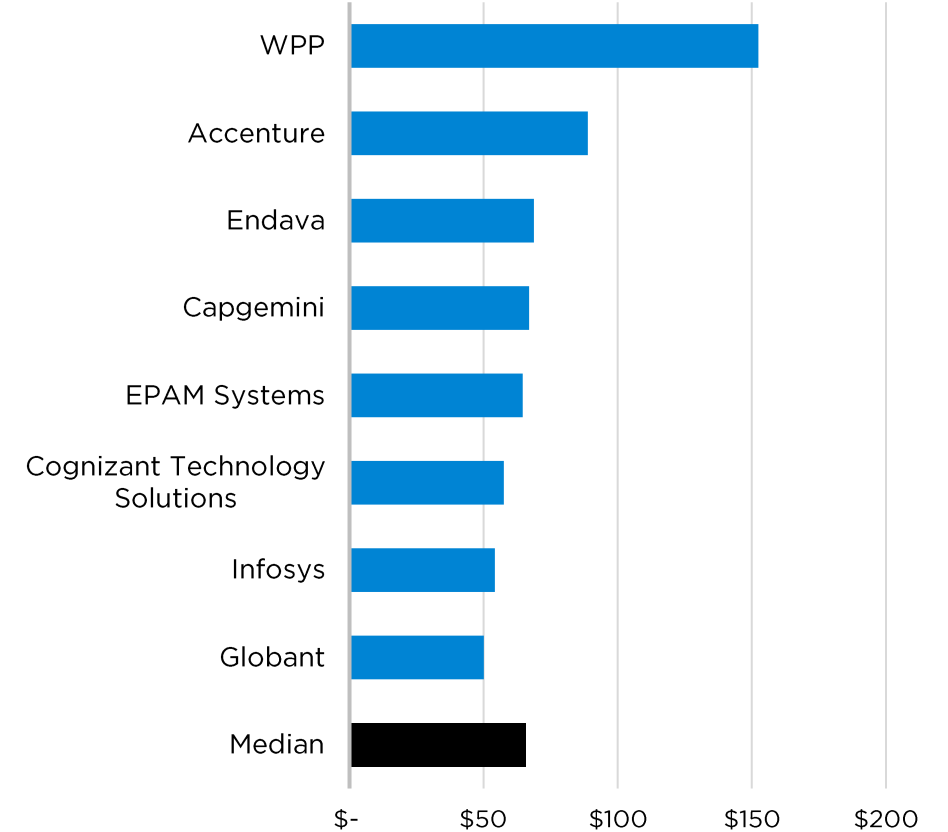


# Operational Metrics

LTM Revenue Growth %

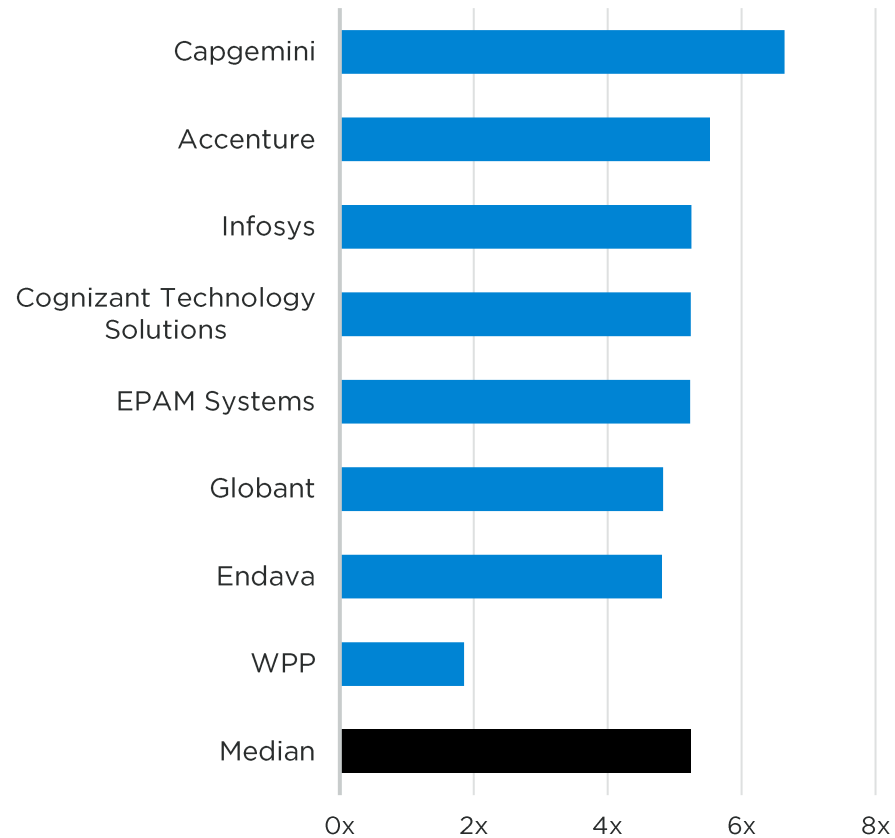


LTM Revenue per Full Time Employee x 000's

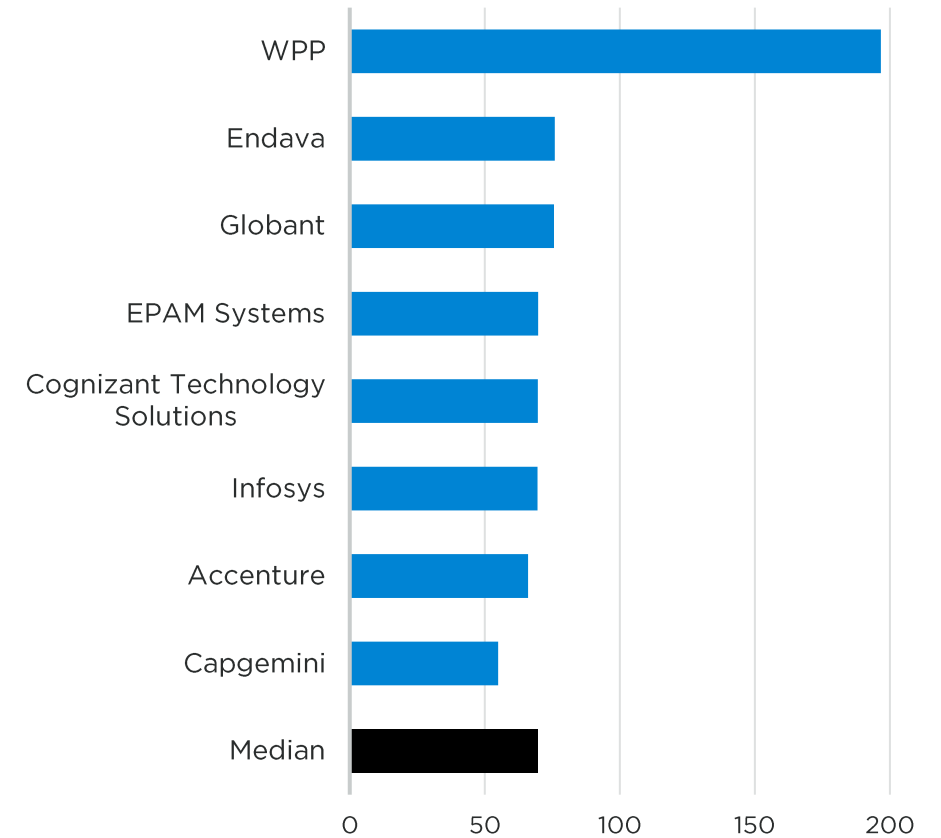


# Operational Metrics

## Accounts Receivable Turnover

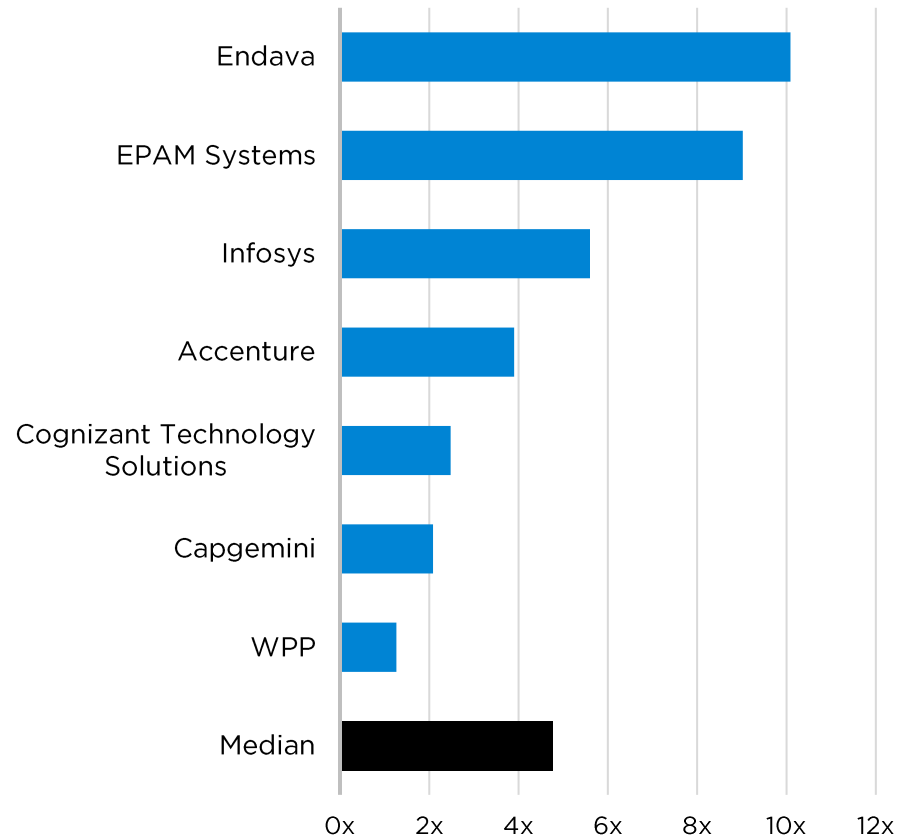


## Average Days Sales Outstanding

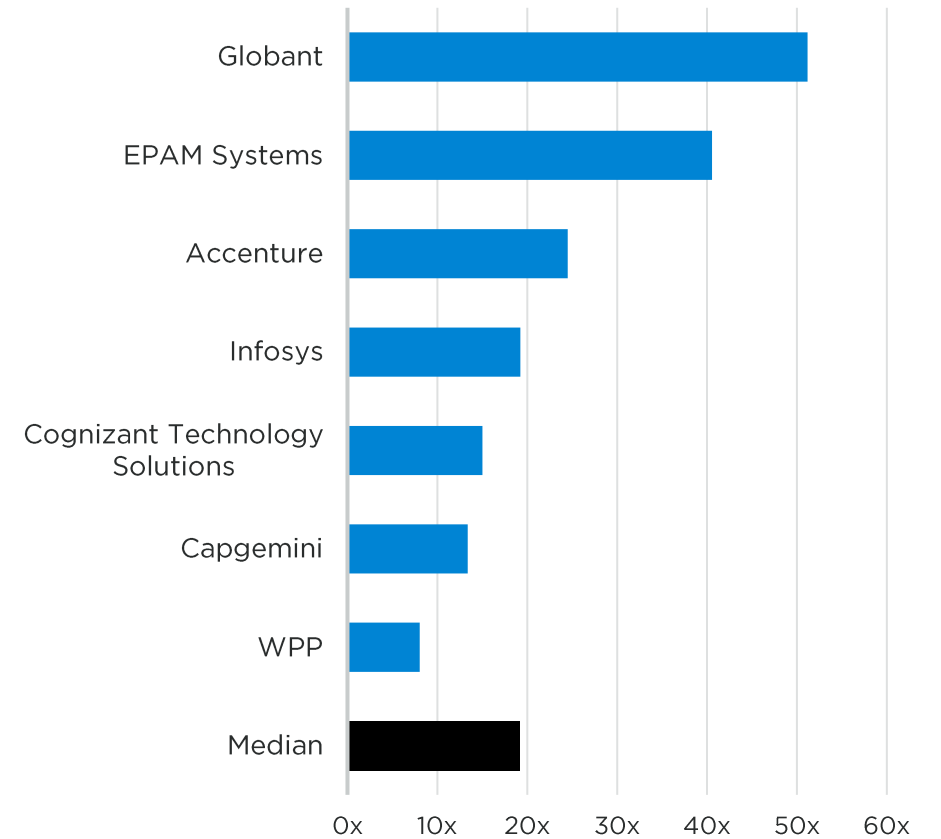


# Valuation

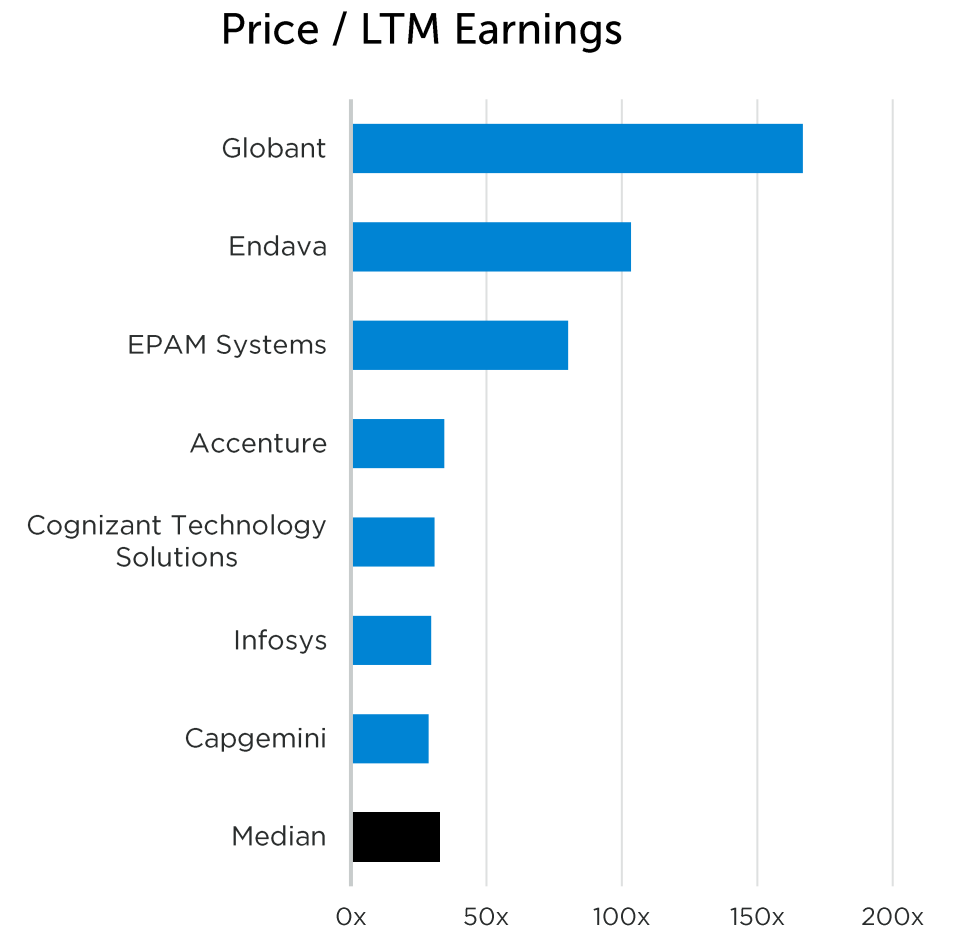
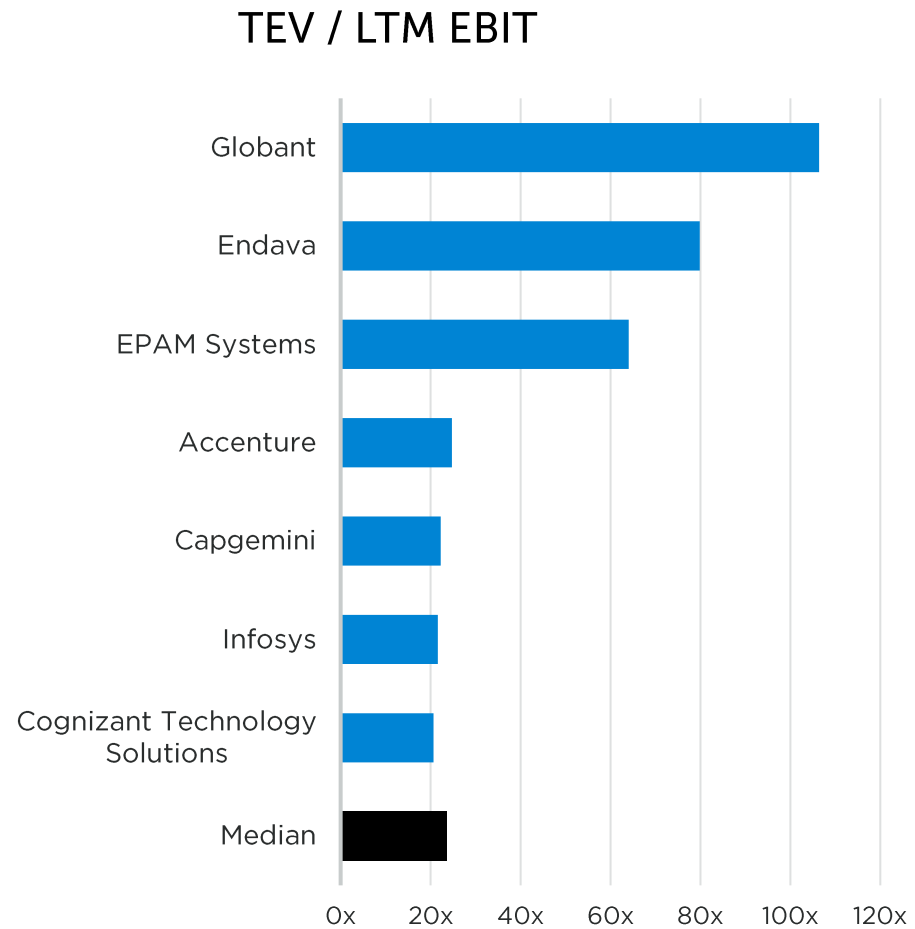
TEV / LTM Revenue



TEV / LTM EBITDA

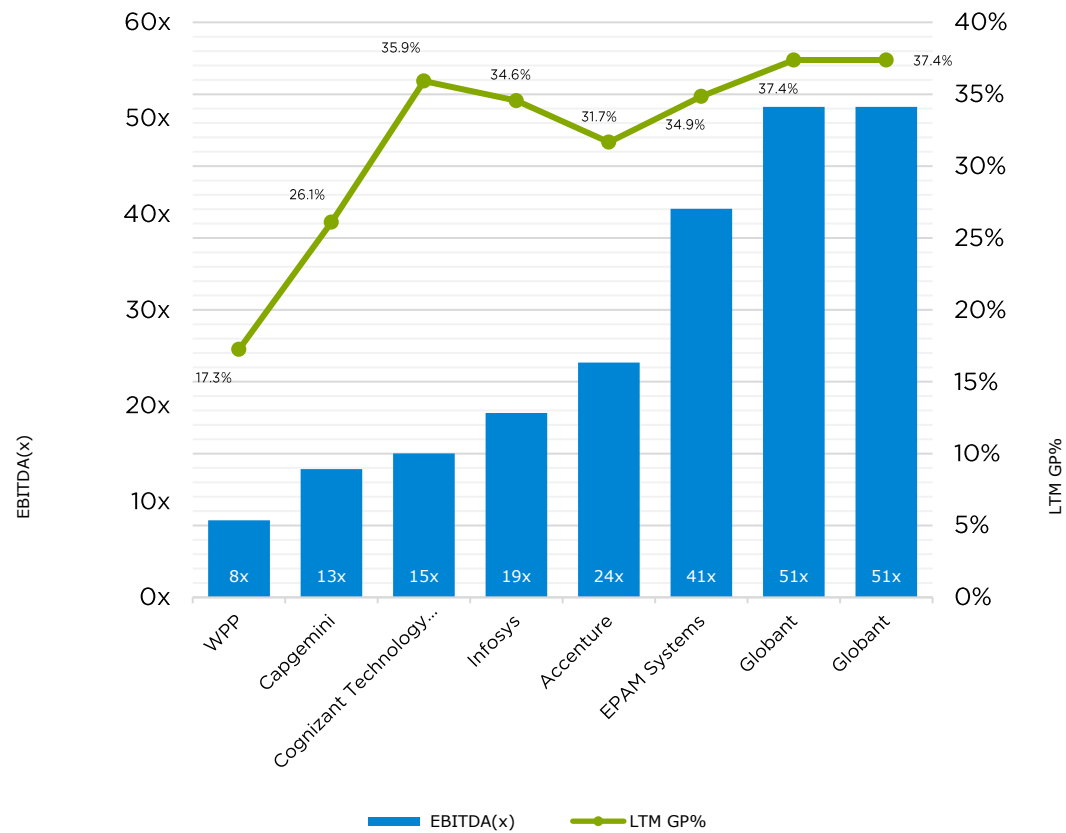


# Valuation

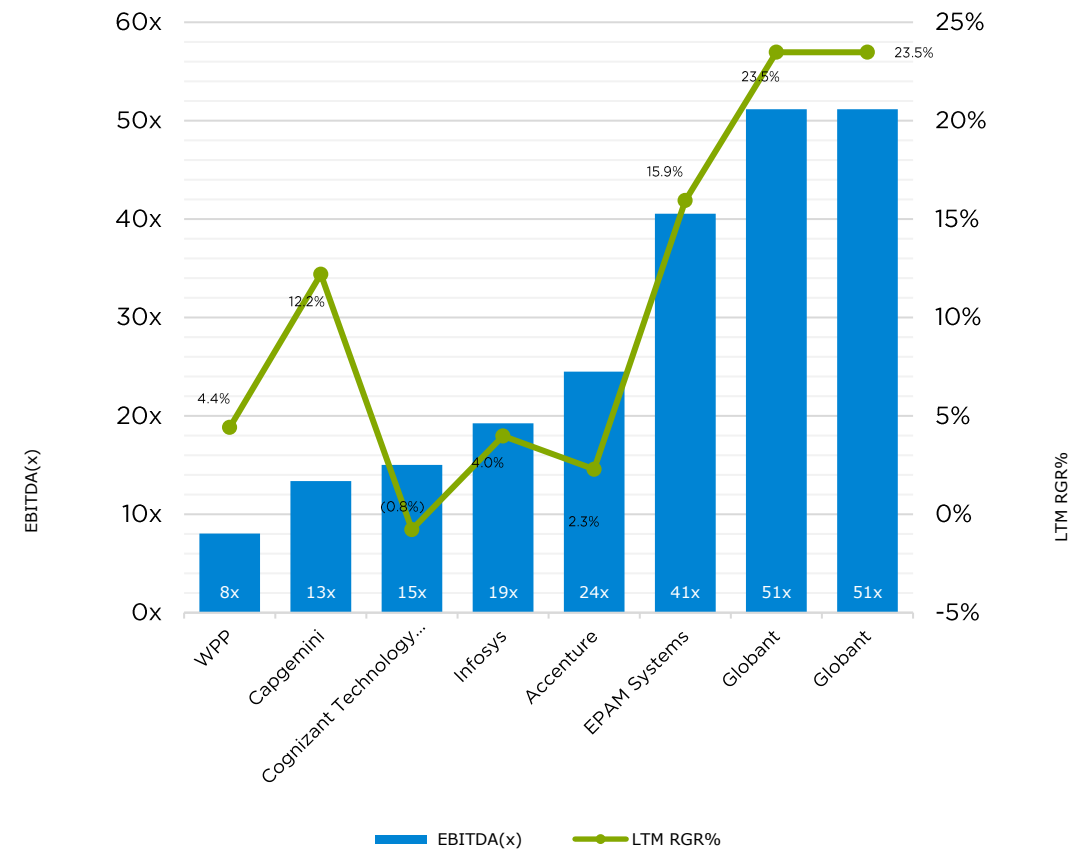


# Valuation

## 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
21-Apr-21	Empirix	Altamir	-	-	-	-
20-Apr-21	DigitalOnUS	Tech Mahindra	-	-	3.92	-
20-Apr-21	Innoveo Solutions	Paulson & Co.	-	-	-	-
20-Apr-21	RAM Information Technology	Keensight Capital	-	-	-	-
19-Apr-21	Basis Technologies	Scottish Equity Partners	-	-	-	-
19-Apr-21	Modern Networks	Horizon Capital (London)	-	-	-	-
19-Apr-21	Olenick	Bridgepoint Advisers	-	-	-	-
16-Apr-21	Sparklane	Andera Partners	-	-	-	-
15-Apr-21	HMD Clinical	Medrio	-	-	-	-
15-Apr-21	Linke Information Technology	Northleaf Capital Partners	-	-	-	-
15-Apr-21	Relight	HiQ International	-	-	-	-
14-Apr-21	3Aside Consultors	Izertis	-	-	-	-
14-Apr-21	ASK	Grade A Student	-	-	-	-
14-Apr-21	Entrust Technology Consulting Services	Aldridge (United States)	-	-	-	-
13-Apr-21	Blue Clarity Design Services	Equistone Partners Europe	-	-	-	-
13-Apr-21	eComIQ	Power My Analytics	-	-	-	-
13-Apr-21	Meridian Advisory Group	Arthur D. Little	-	-	-	-
13-Apr-21	SolutionHouse	BE-terna	-	-	-	-
12-Apr-21	Actilan	Ava6 Services	-	-	-	-
12-Apr-21	Aztek	Bas Invest	-	-	-	-
12-Apr-21	Conoa (Sweden)	Proact IT Group	-	-	-	11.25
12-Apr-21	Syslap	Synvance	-	-	-	-
09-Apr-21	Enforce Technology	Fifosys	-	-	-	-
09-Apr-21	FINNOPT	Silo.AI	-	-	-	-
09-Apr-21	Integrated Solutions	Dynamic Quest	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



## Endava

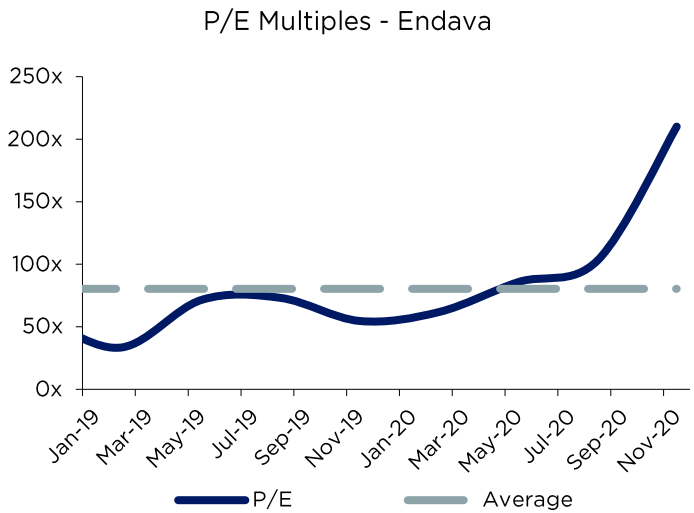
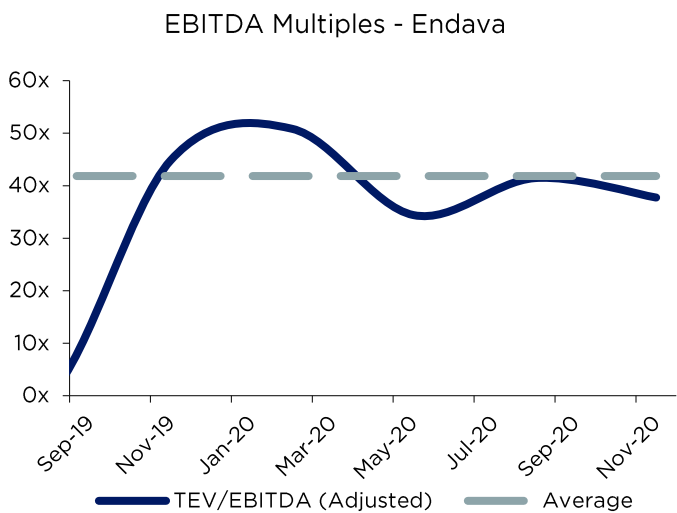
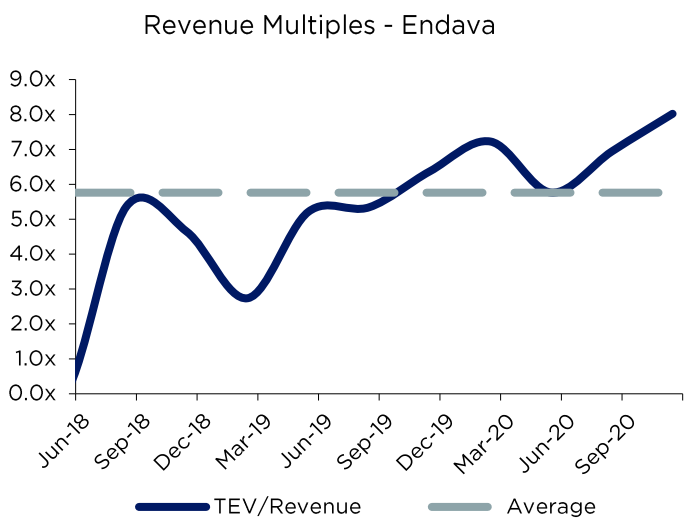
### **Endava PLC provides technology solutions.**

It offers various services such as Agile Transformation, through which the company identify, define, and implement the mix of process, technology, and culture. It also provides Digital Evolution and Automation, Test Automation and Engineering, Cloud, Architecture, Software Engineering, and others. The company offers its services to various industries such as Finance, Retail and Consumer Goods, Telecommunication, Media, and Technology, Insurance and Healthcare, and others.



# Public Basket

Endava



Company Name	Date	Deal Synopsis
Level	01-Apr-21	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on April 1, 2021.
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.

Globant

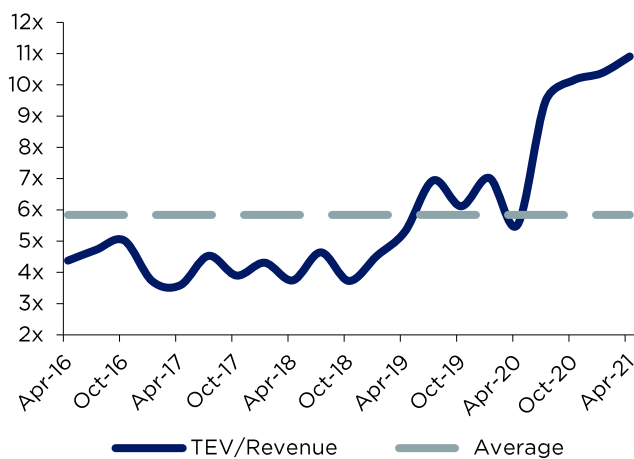
## **Globant SA is a software technology developer based in Luxemburg.**

It creates platforms which are powered by native digital technology, better known as digital journeys. The digital journey incorporates various software products, mobile apps and sensors that assist its clients in knowing its end user's behavioral pattern. The key aspects of the digital journey are stay relevant, discover and build. The stay relevant helps its clients in staying abreast of the developments in its industry and taking preemptive measures. The discover conceives digital journeys for the users based on consumer behaviors and technologies and the build creates each digital journey leveraging the work of its studios. The company's revenue is primarily generated by its technology services in the United States.

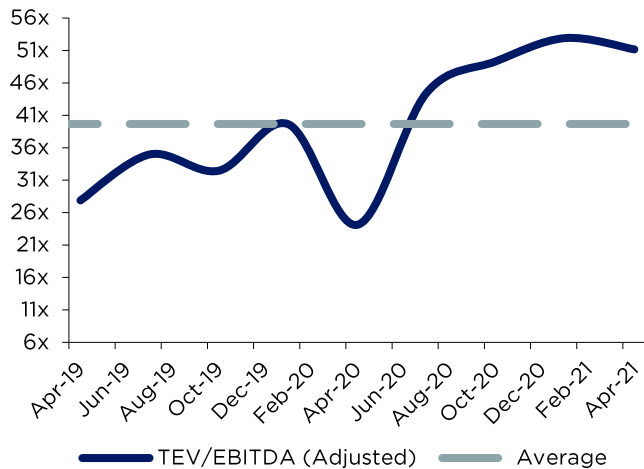
# Public Basket

Globant

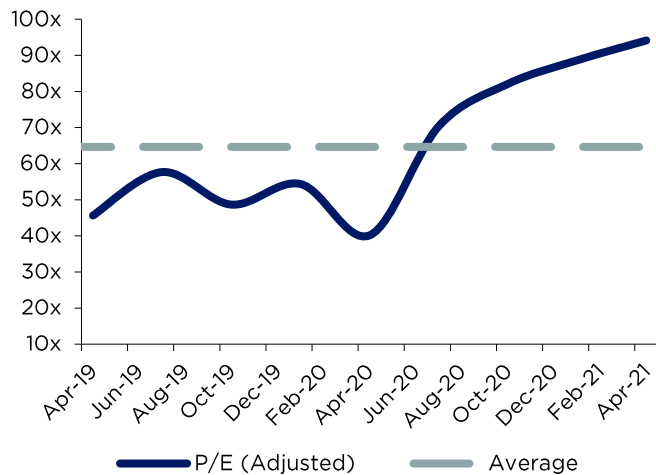
Revenue Multiples - Globant



EBITDA Multiples - Globant



P/E Multiples - Globant



Company Name	Date	Deal Synopsis
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.

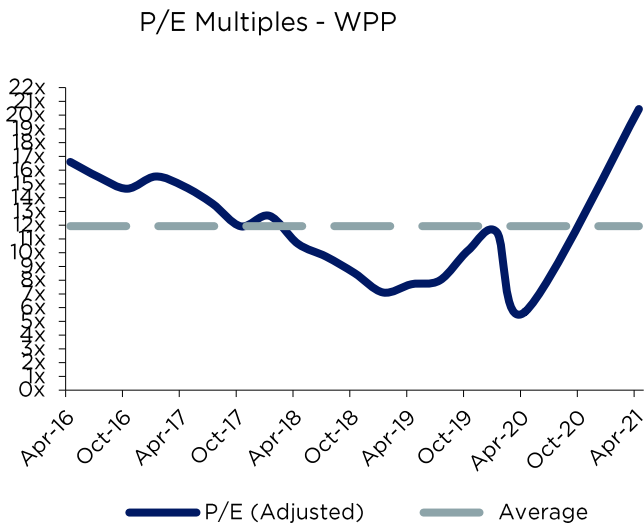
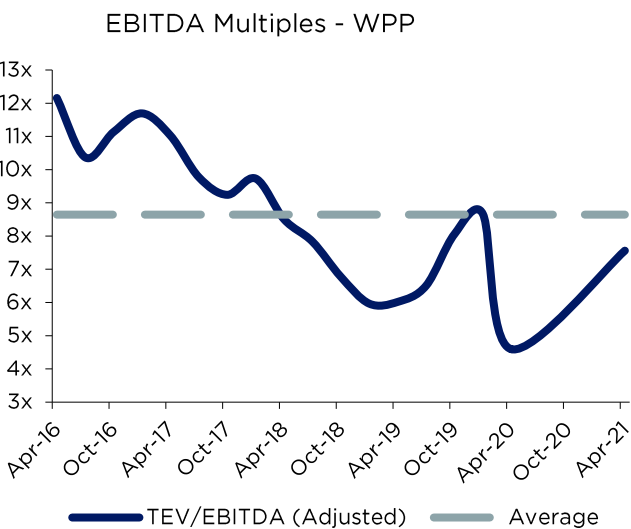
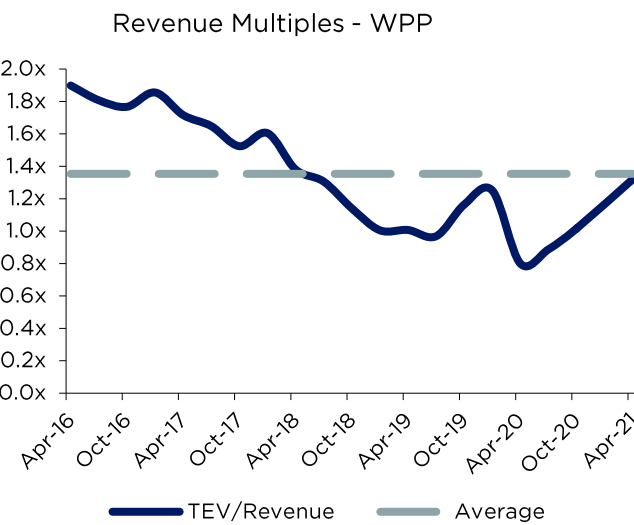
## WPP

**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.

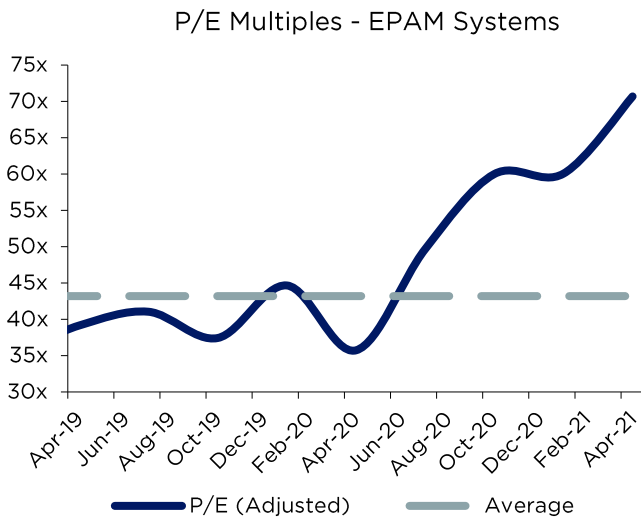
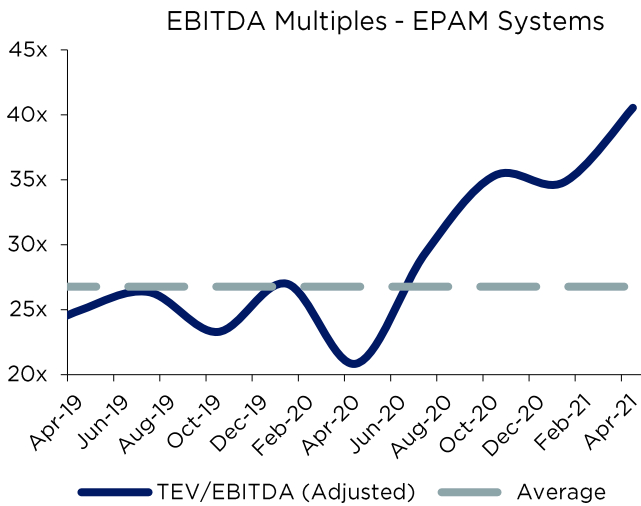
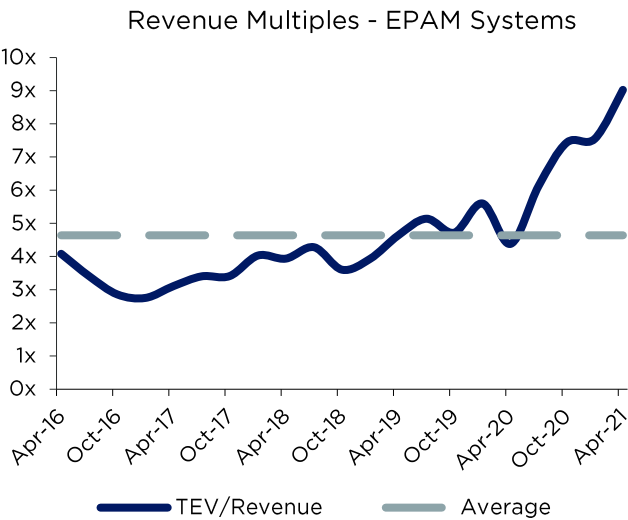
### EPAM Systems

## EPAM Systems Inc provides software product development and digital platform engineering

The company services include 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 its 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

# 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

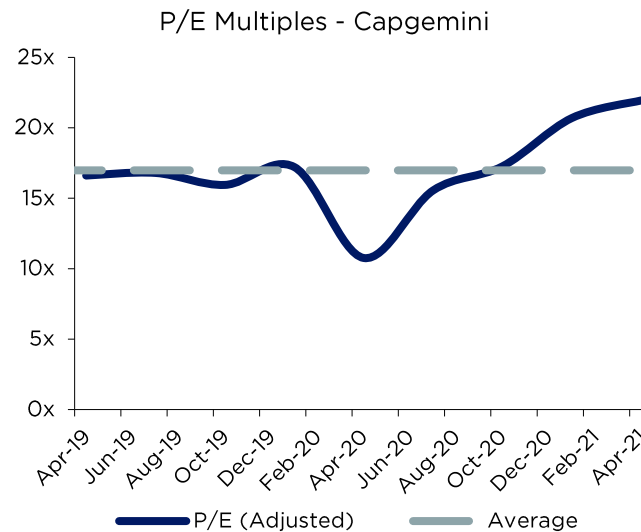
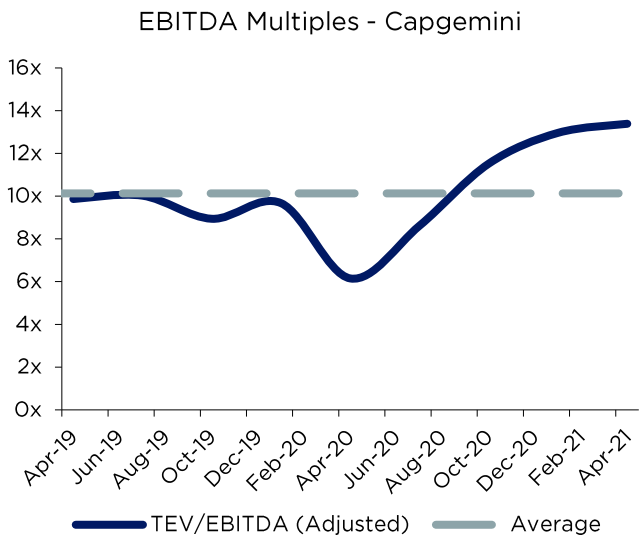
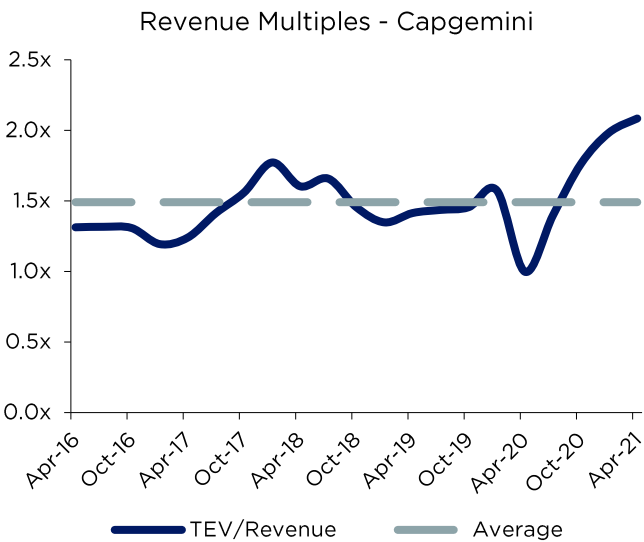
**Capgemini is a French IT services company with a global presence.**

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.

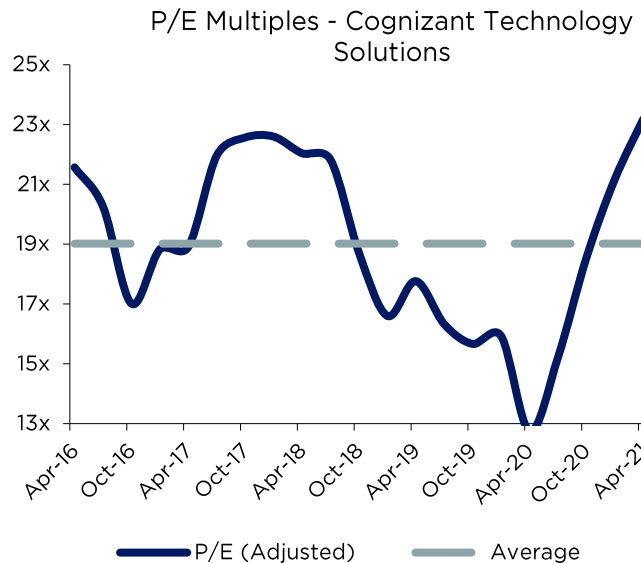
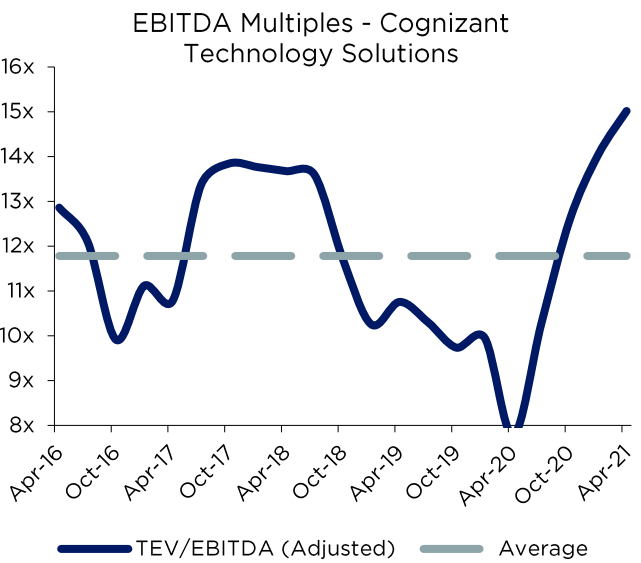
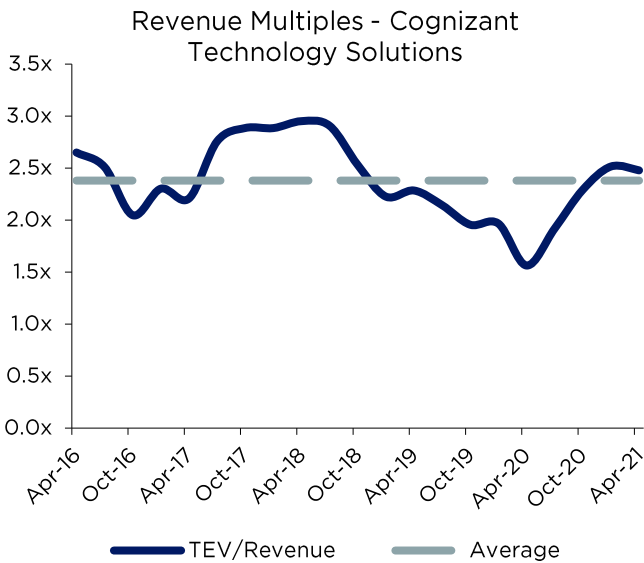
### Cognizant Technology Solutions

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

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
Servian	01-Apr-21	The company was acquired by Cognizant Technology Solutions (NAS: CTSB) on April 1, 2021 for an undisclosed sum.
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.

## Infosys

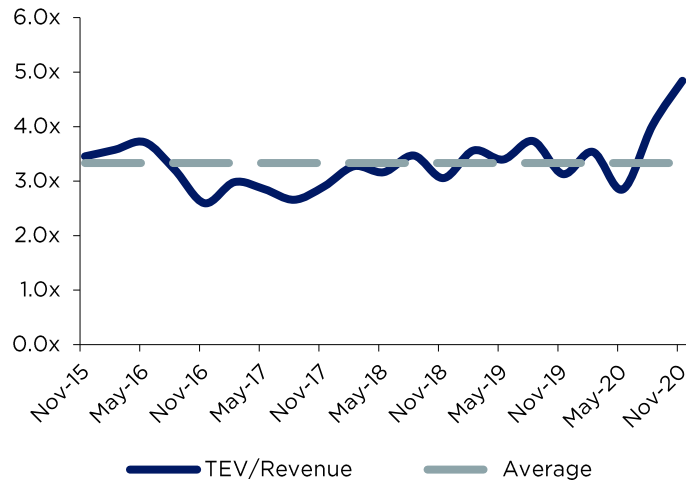
**Infosys is a leading global IT services provider,  
with nearly 250,000 employees.**

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).

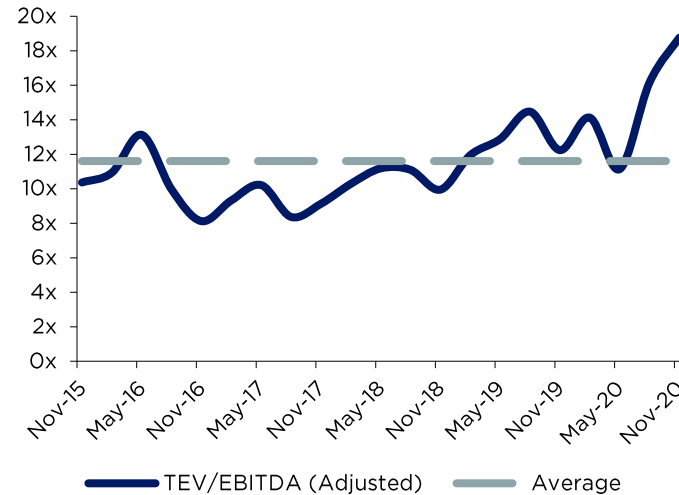
# Public Basket

Infosys

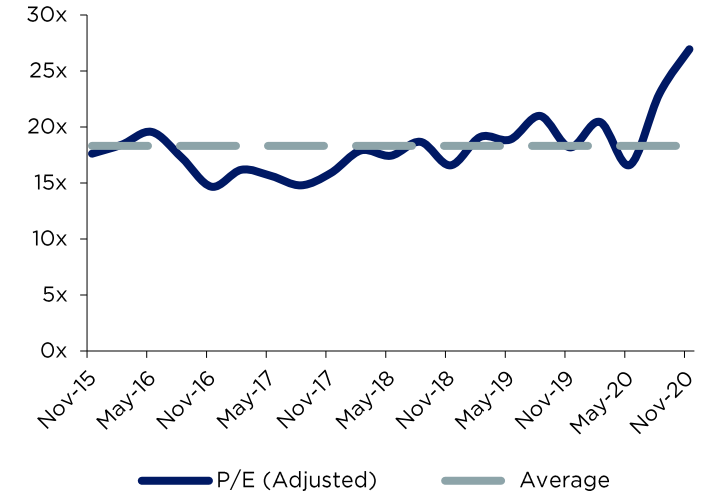
Revenue Multiples - Infosys



EBITDA Multiples - Infosys



P/E Multiples - Infosys



Company Name	Date	Deal Synopsis
Daimler (IT Assets in Germany)	12-Apr-21	The IT Assets in Germany of Daimler were acquired by Infosys (NSE: INFY) for an undisclosed amount on April 12, 2021.
ideaForge	11-Feb-21	The company received \$1 million of financing from Infosys on an undisclosed date.

## Accenture

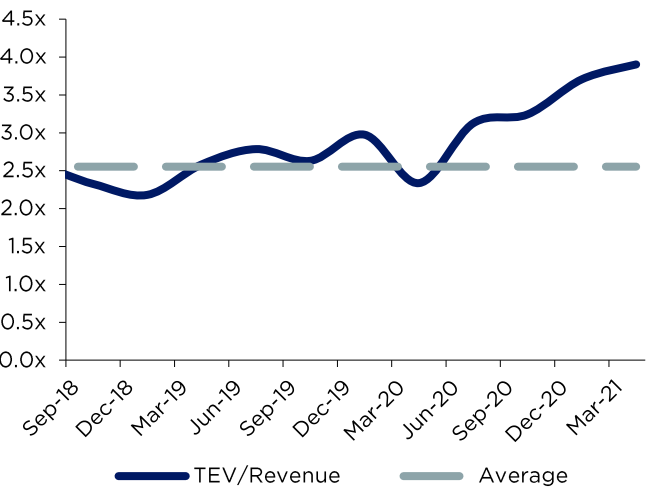
**Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.**

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.

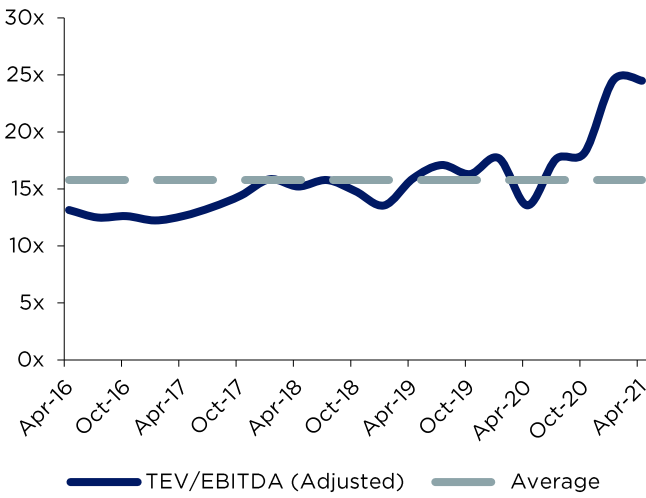
# Public Basket

Accenture

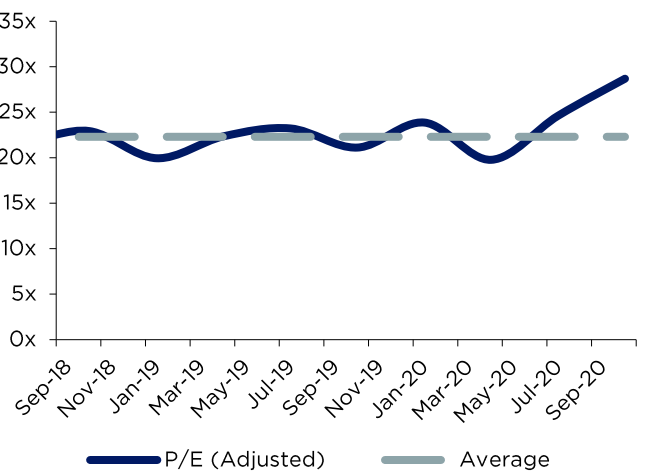
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name	Date	Deal Synopsis
Pollux Automation	08-Apr-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on April 08, 2021.
Core Compete	07-Apr-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on April 7, 2021. The acquisition strengthens Accenture's capabilities to help its clients execute their cloud-based data and AI strategies to drive more business value.

# Contact Info

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