

7 Mile Advisors



Sectorwatch: IT Consulting

April 2021



IT Consulting

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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

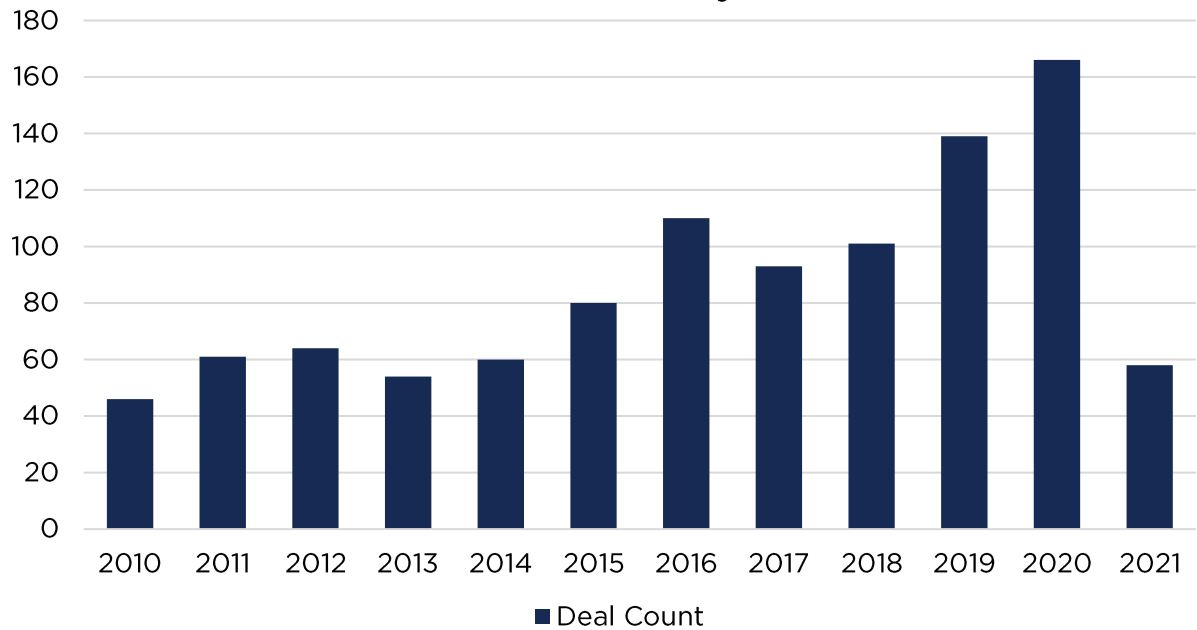
- The most recently announced deals in the sector

Dashboard

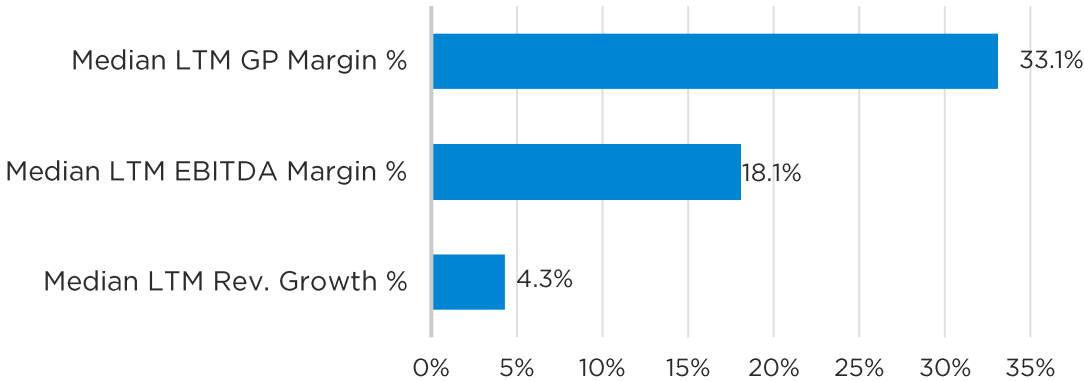
REVENUE GROWTH MOMENTUM ↓ -3.3%

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

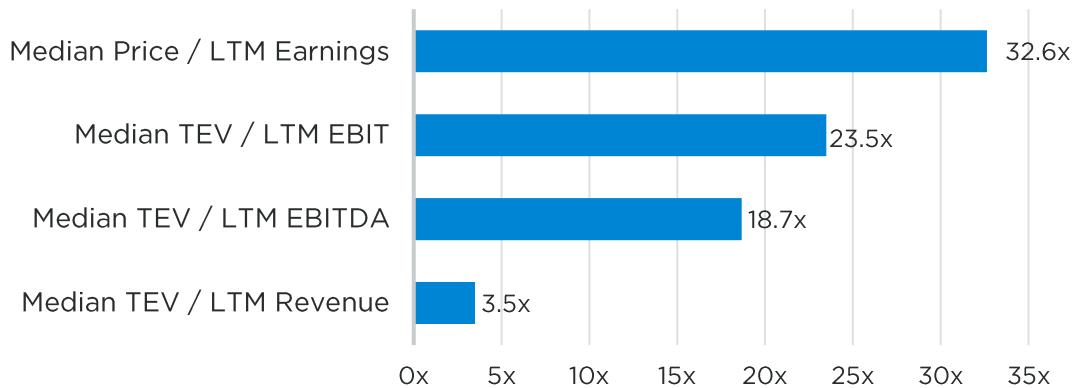
M&A Activity



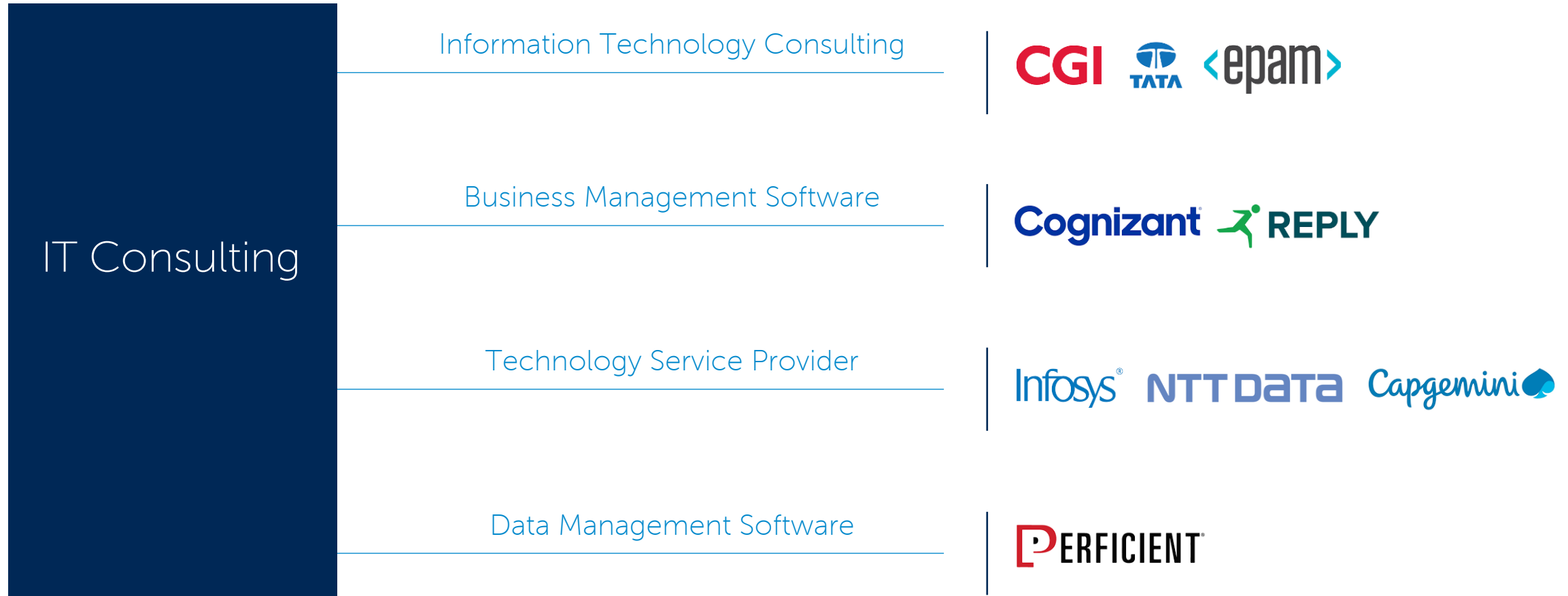
Operating Metrics



Valuation



Public Basket Overview

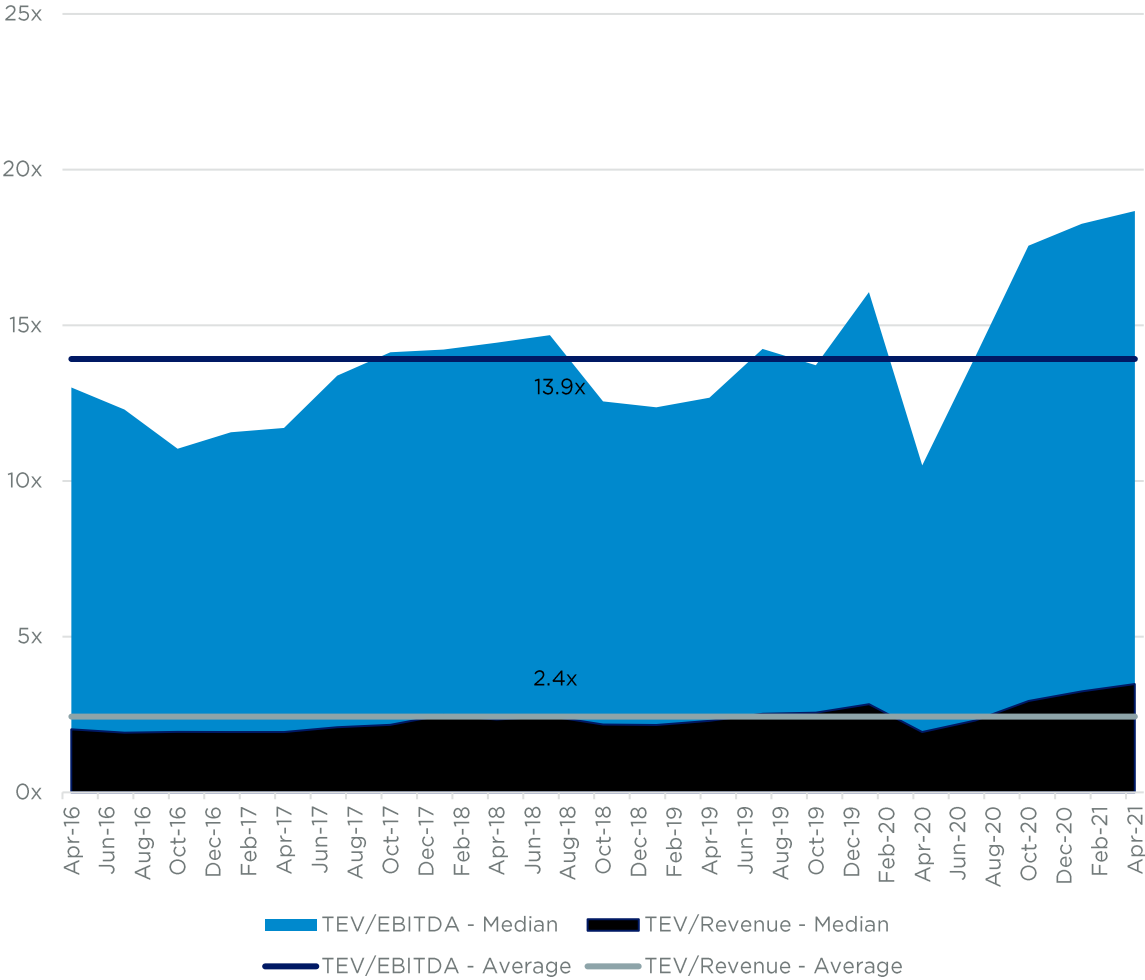


Public Basket

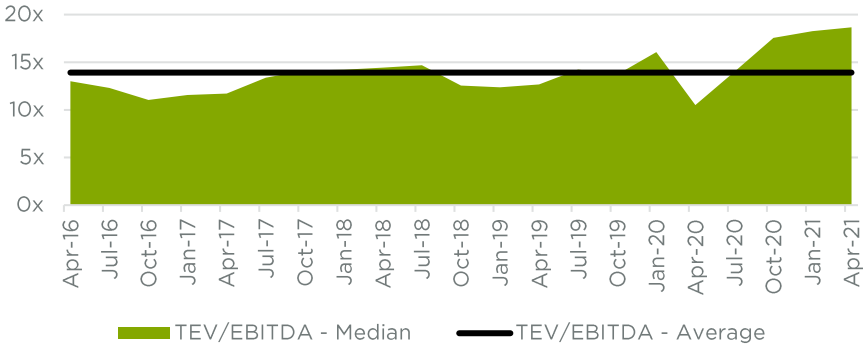
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	178,286	7,278	45,677	2.3%	31.7%	15.9%	3.9x	24.5x	514,000	89
Tata Consultancy Services	151,066	6,608	22,067	4.6%	43.2%	29.9%	6.8x	22.9x	488,649	45
Infosys	73,602	3,826	13,145	4.0%	34.6%	29.1%	5.6x	19.2x	242,371	54
Cognizant Technology Solutions	41,276	2,749	16,652	-0.8%	35.9%	16.5%	2.5x	15.0x	289,500	58
Capgemini	37,663	2,814	18,065	12.2%	26.1%	15.6%	2.1x	13.4x	269,769	67
NTT Data	26,099	3,334	21,381	1.3%	25.5%	15.6%	1.2x	7.8x	136,464	157
CGI Group	23,789	1,774	9,039	-0.6%	22.8%	19.6%	2.6x	13.4x	76,000	119
EPAM Systems	23,992	592	2,659	15.9%	34.9%	22.3%	9.0x	40.5x	41,168	65
Reply	4,805	222	1,447	5.3%	16.3%	15.3%	3.3x	21.7x	9,059	160
Perficient	2,229	123	612	8.2%	37.8%	20.1%	3.6x	18.1x	4,277	143
Average	56,281	2,932	15,075	5.2%	30.9%	20.0%	4.1x	19.7x	207,126	96
Median	31,881	2,782	14,899	4.3%	33.1%	18.1%	3.5x	18.7x	189,418	78

share price as of 21Apr21

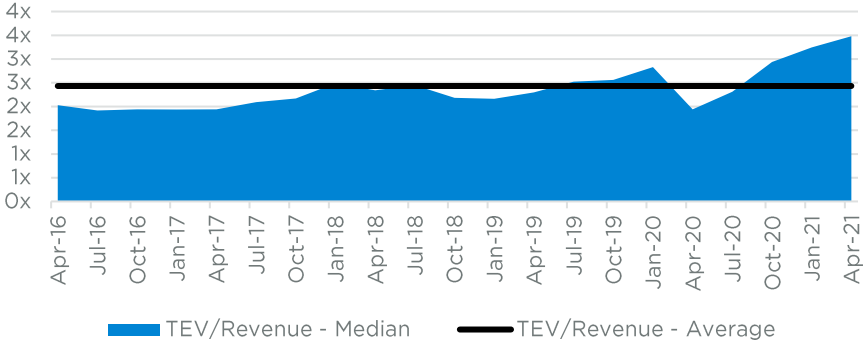
Public Basket



Public EBITDA Multiples over Time

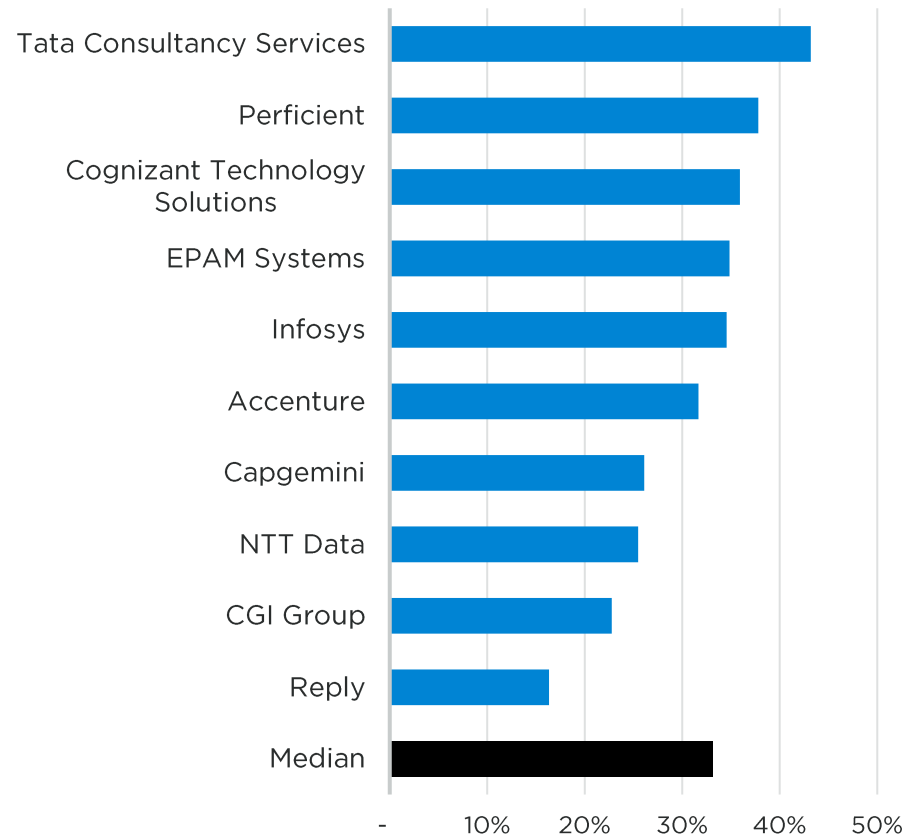


Public Revenue Multiples over Time

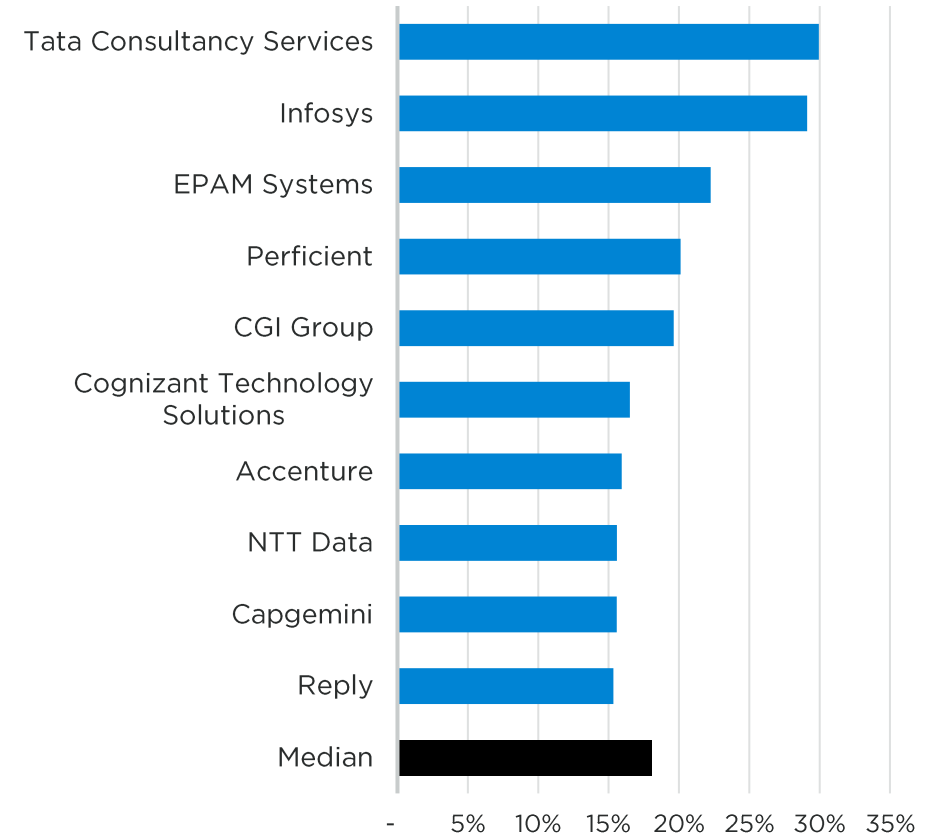


Operational Metrics

LTM Gross Profit Margin %

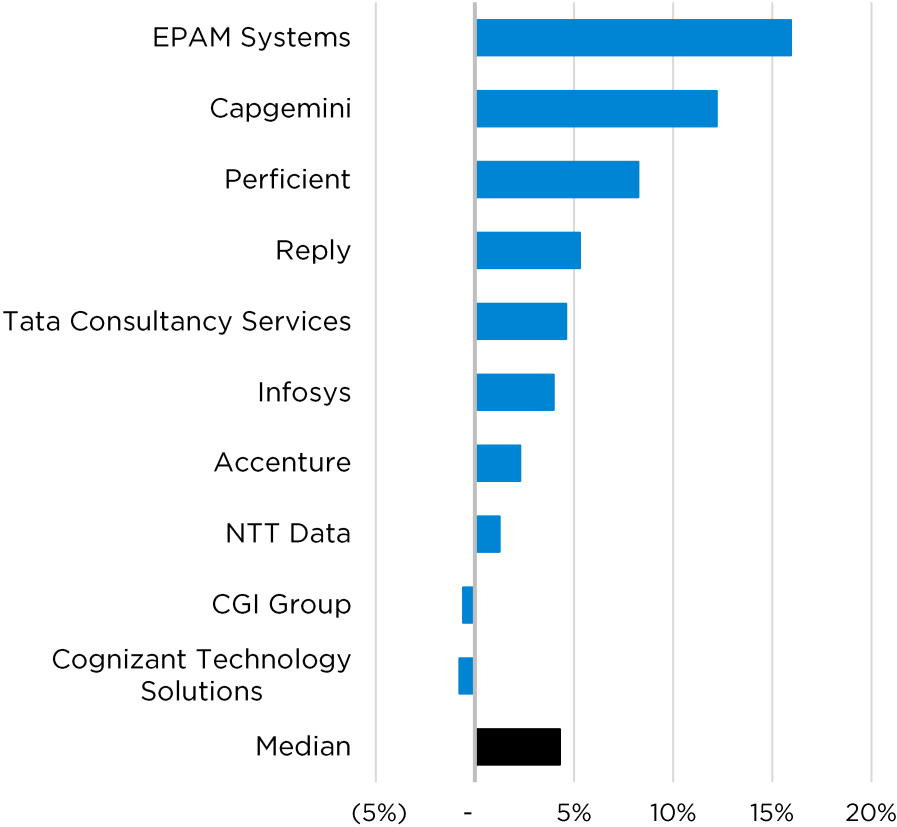


LTM EBITDA %

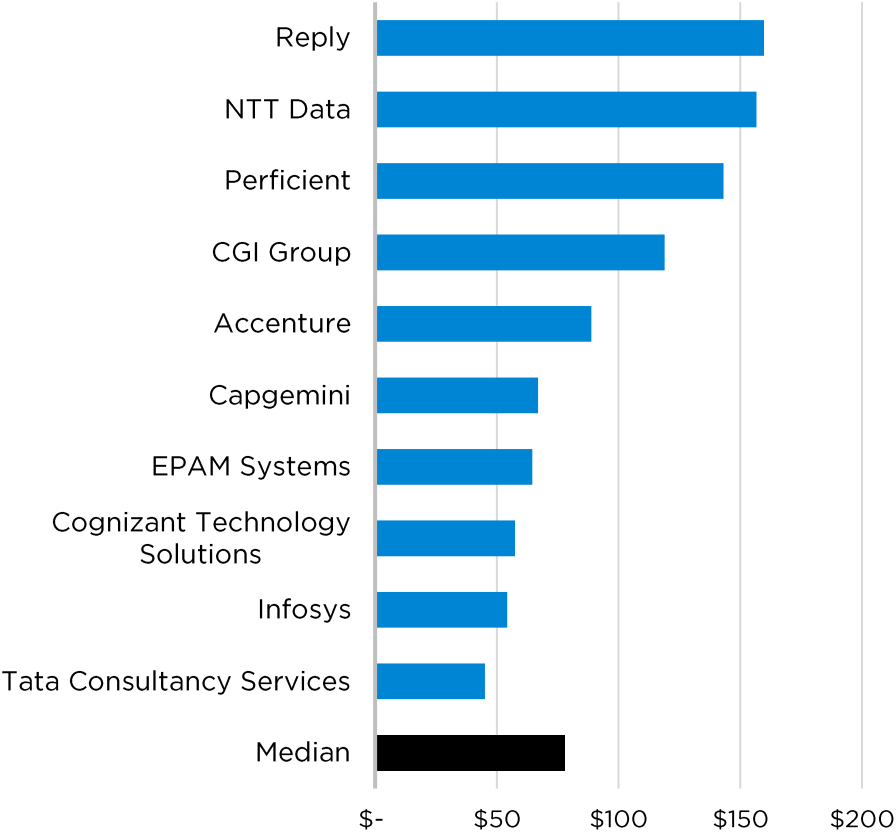


Operational Metrics

LTM Revenue Growth %

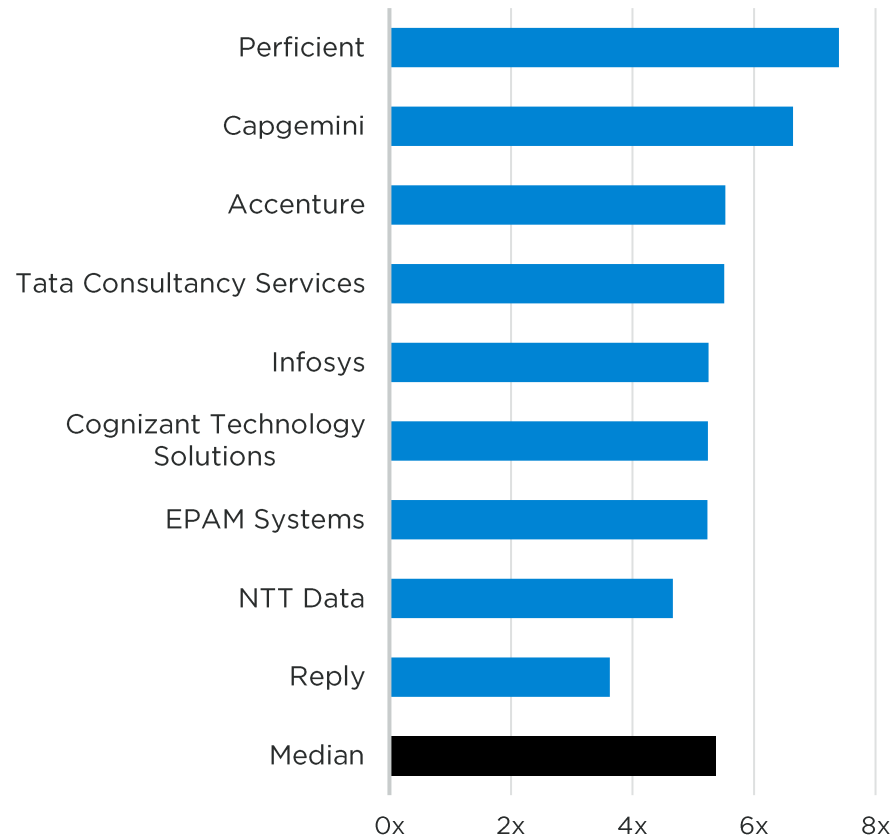


LTM Revenue per Full Time Employee x 000's

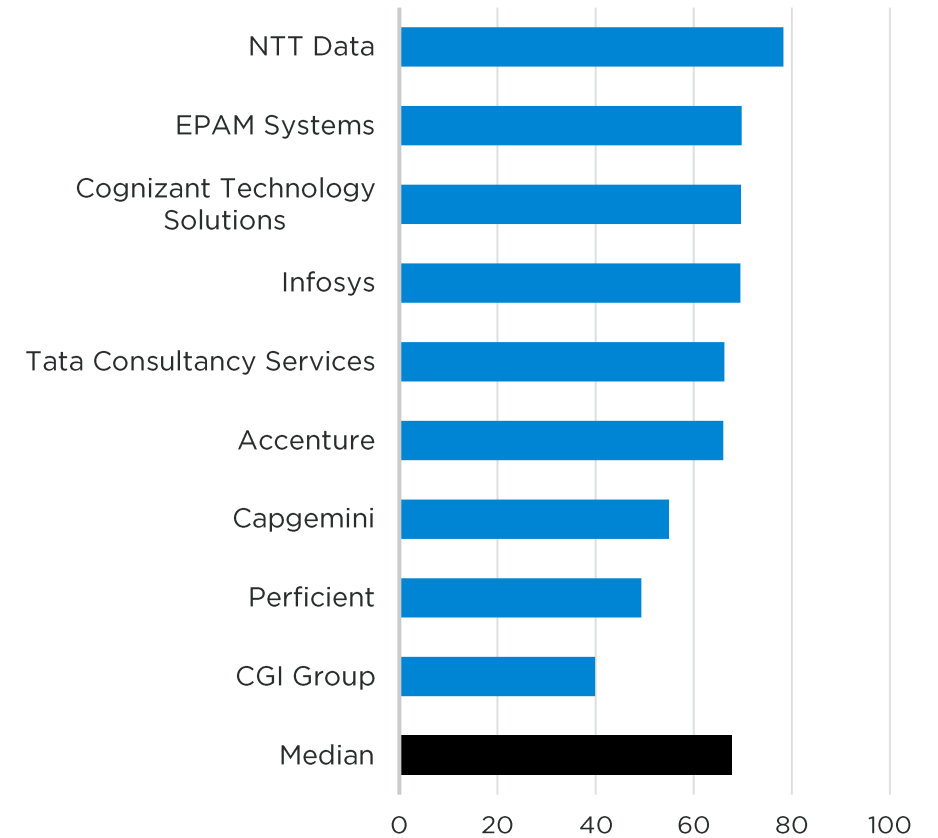


Operational Metrics

Accounts Receivable Turnover

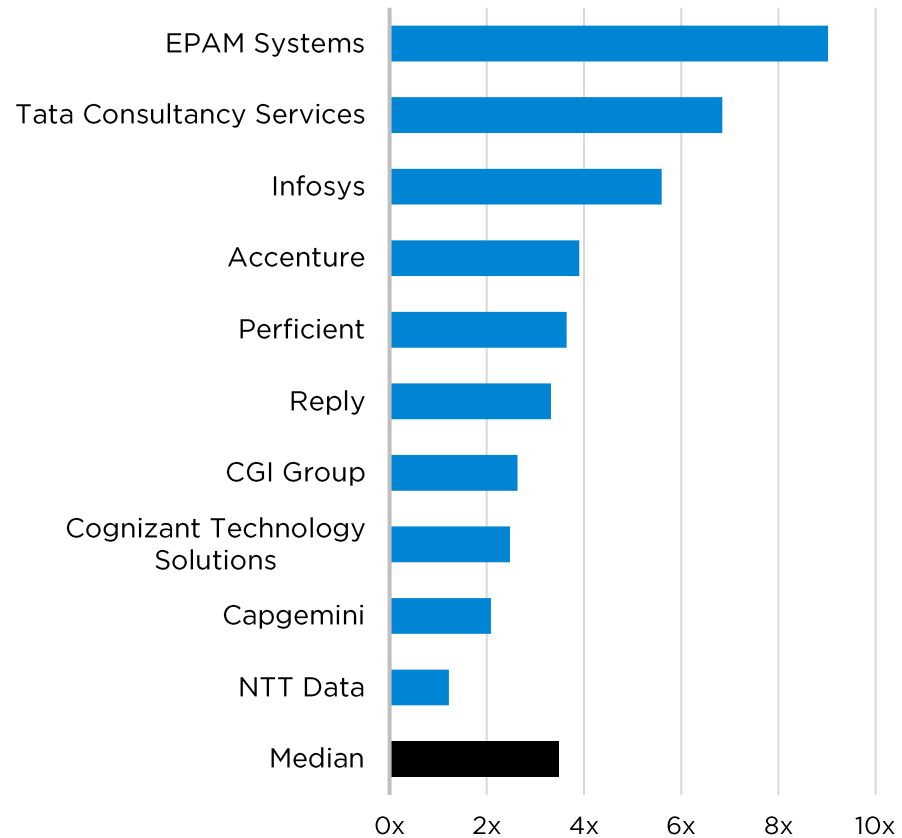


Average Days Sales Outstanding

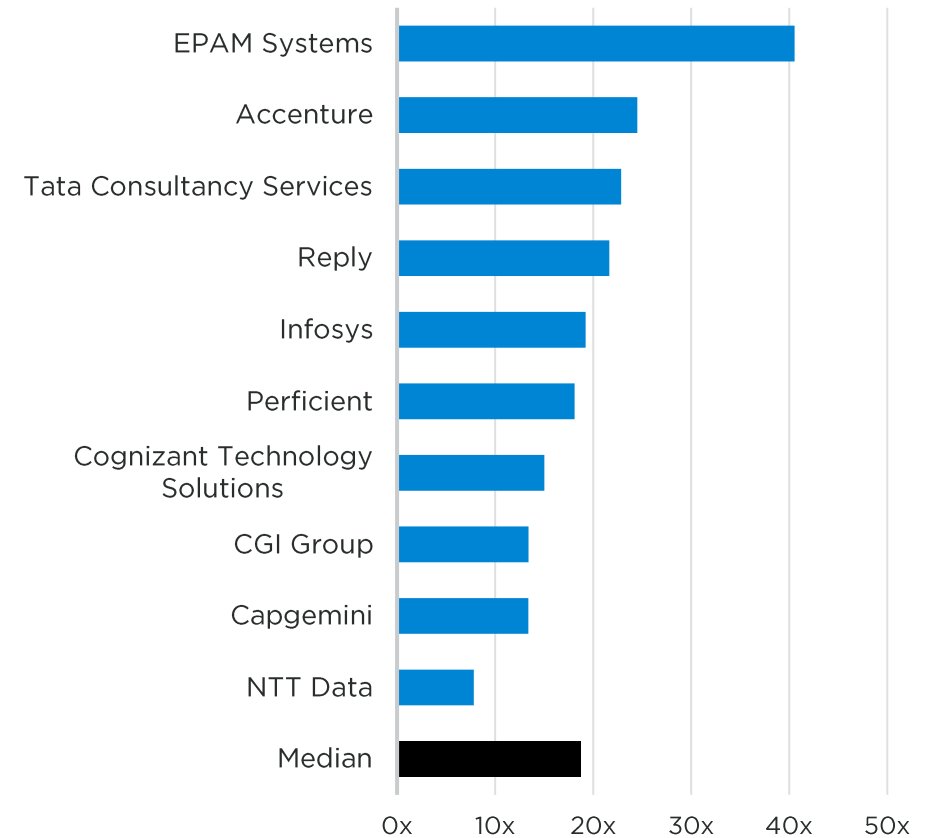


Valuation

TEV / LTM Revenue

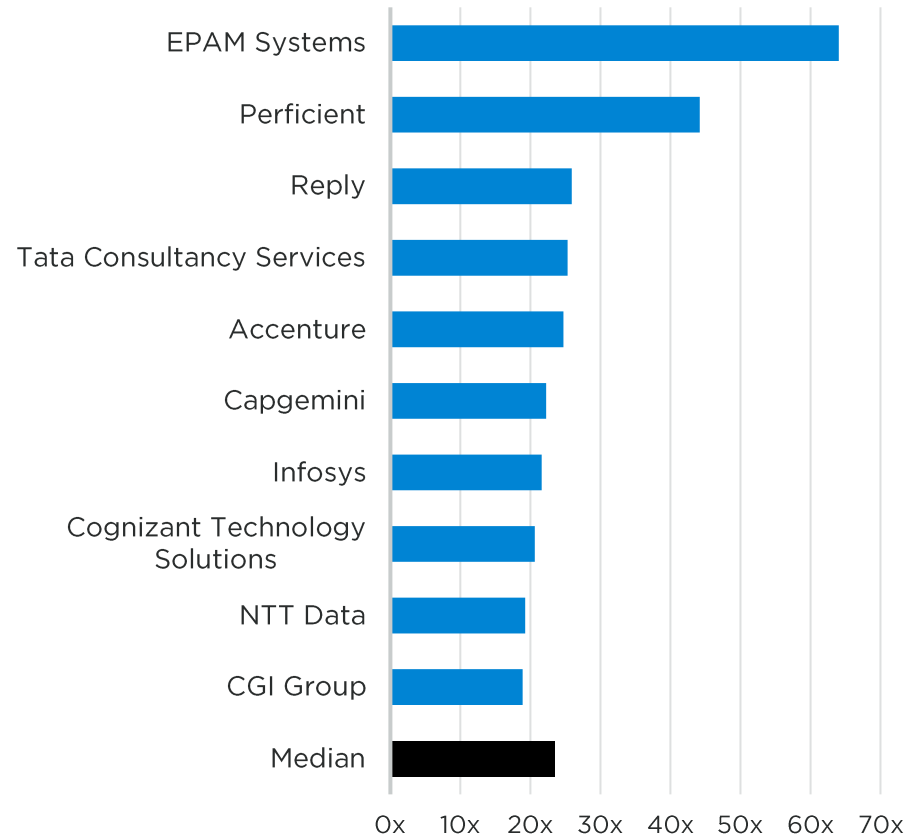


TEV / LTM EBITDA

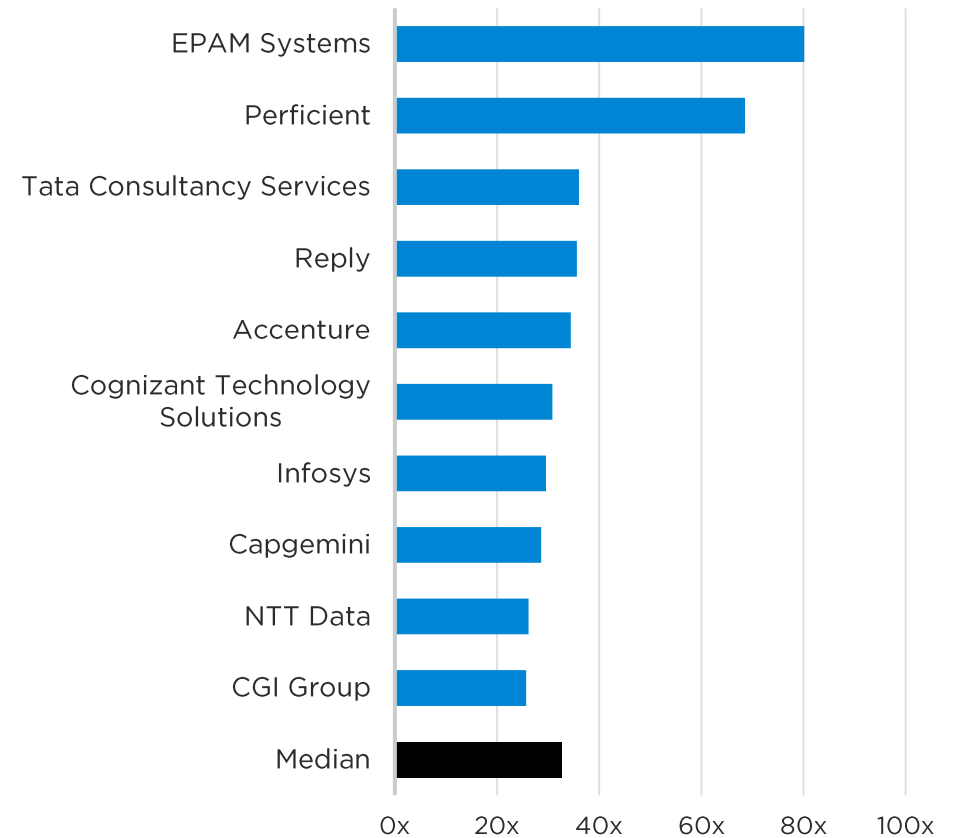


Valuation

TEV / LTM EBIT

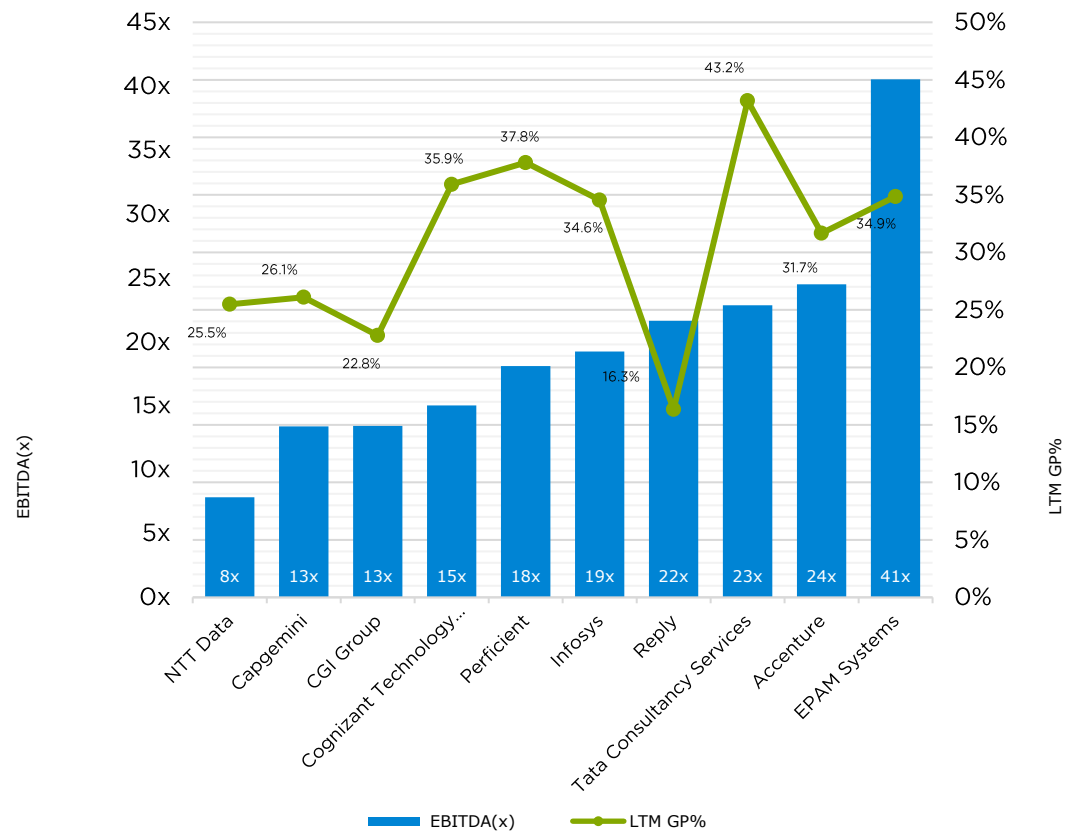


Price / LTM Earnings

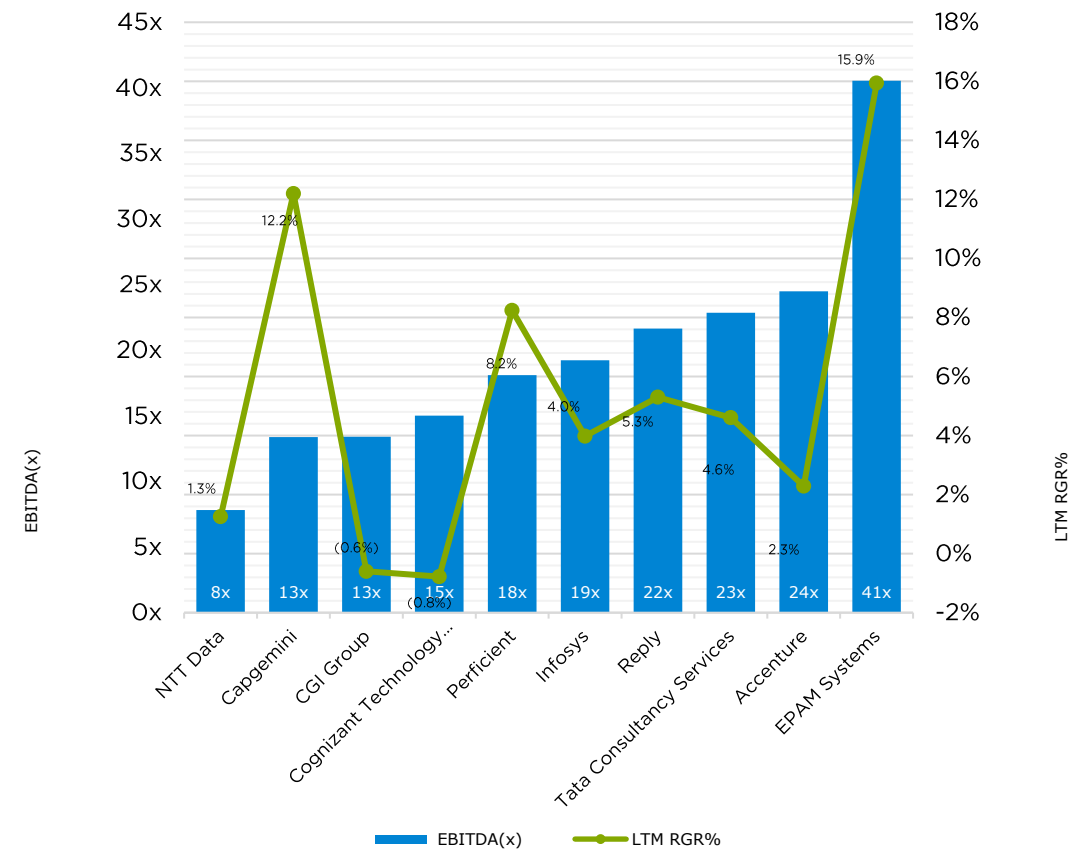


Valuation

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
14-Apr-21	3Aside Consultors	Izertis	5.14	-	-	-
14-Apr-21	Entrust Technology Consulting Services	Aldridge (United States)	-	-	-	-
12-Apr-21	Actilan	Ava6 Services	-	-	-	-
12-Apr-21	Aztek	Bas Invest	-	-	-	-
12-Apr-21	Syslap	Synvance	-	-	-	-
09-Apr-21	Integrated Solutions	Dynamic Quest	-	-	-	-
07-Apr-21	Pinnacle IT Services	Computer Hut	-	-	-	-
07-Apr-21	Tellenger	Information Analysis	-	-	-	-
07-Apr-21	Winwire Technologies	Sverica Capital Management	-	-	-	-
06-Apr-21	Concord USA	H.I.G. Capital	-	-	-	-
02-Apr-21	Metro Systems Romania	Wipro	-	-	-	-
30-Mar-21	Braver Technology Solutions	New Charter Technologies	-	-	-	-
30-Mar-21	Ontracks Consulting	The Cohesive Companies	-	-	-	-
25-Mar-21	CyberTek Engineering	The Venza Group	-	-	-	-
25-Mar-21	PremierComm (Unified Communications & Collaboration Division)	Appalachia Technologies	-	-	-	-
24-Mar-21	Avanttic	Cognicase Management Consulting	-	-	-	-
16-Mar-21	Norkart	Ferd	-	-	-	-
09-Mar-21	Leansys	Object Ware Group	-	-	-	-
05-Mar-21	TiG Data Intelligence	BGF	11.11	-	-	-
04-Mar-21	The Goal	Littlejohn & Co	-	-	-	-
02-Mar-21	InfoTech Solutions (UK)	Air IT	-	-	-	-
02-Mar-21	Realm Consulting	Criterion Systems	-	-	-	-
25-Feb-21	Hi5 (Sweden)	Advania	-	-	-	-
22-Feb-21	Dapasoft	Calian Group	65.18	-	-	-
12-Feb-21	Accudata Systems	Converge Technology Solutions	-	-	-	-

Appendix

*Public Basket
Contact Information*



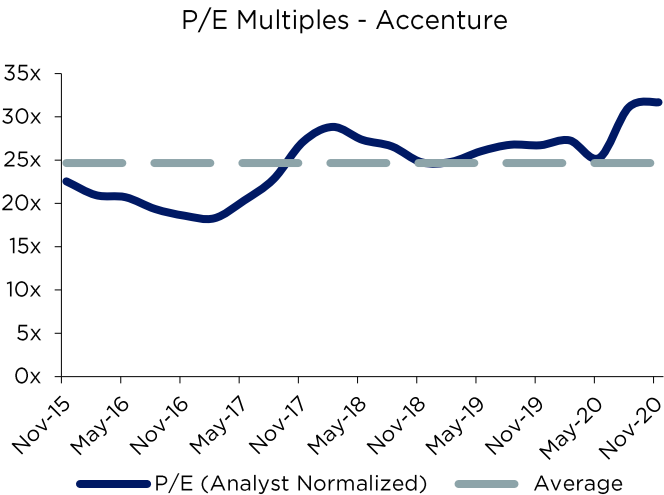
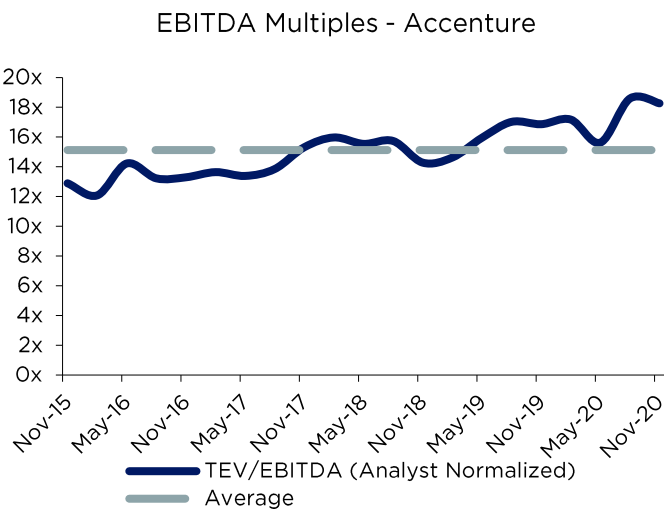
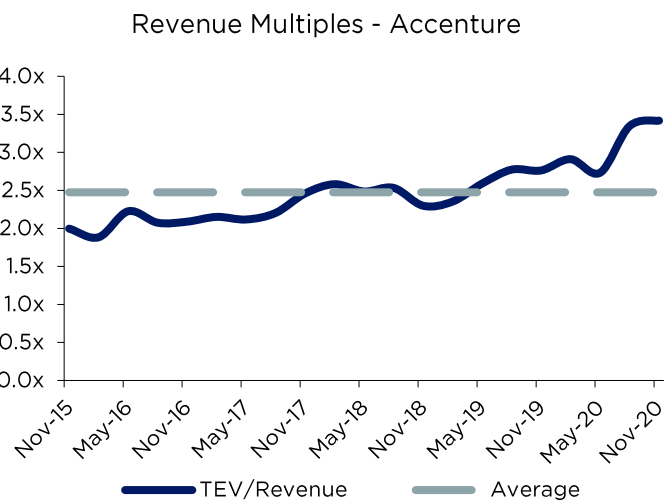
Accenture

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
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.

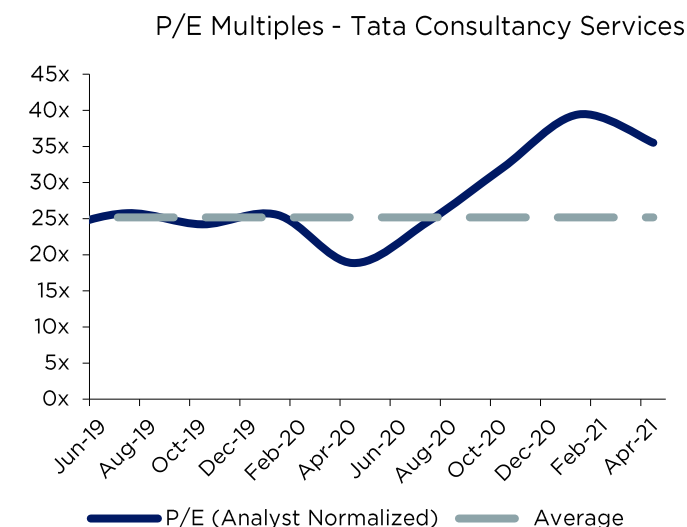
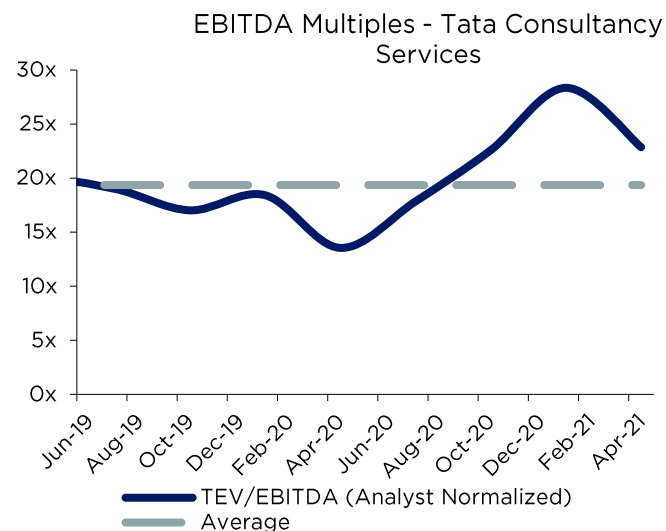
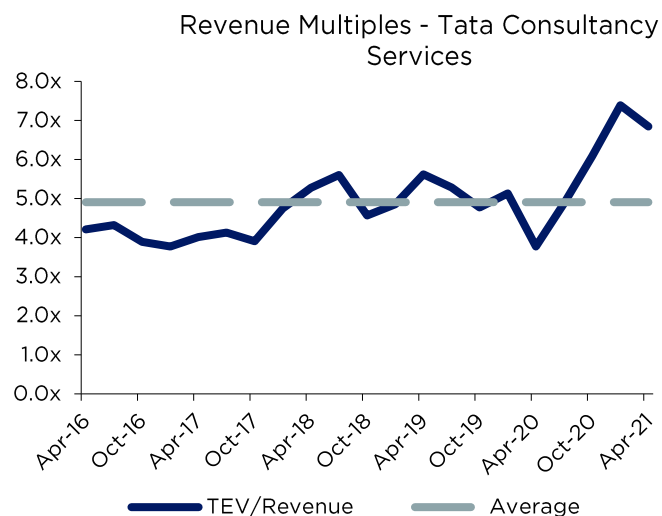
Tata Consultancy Services

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.

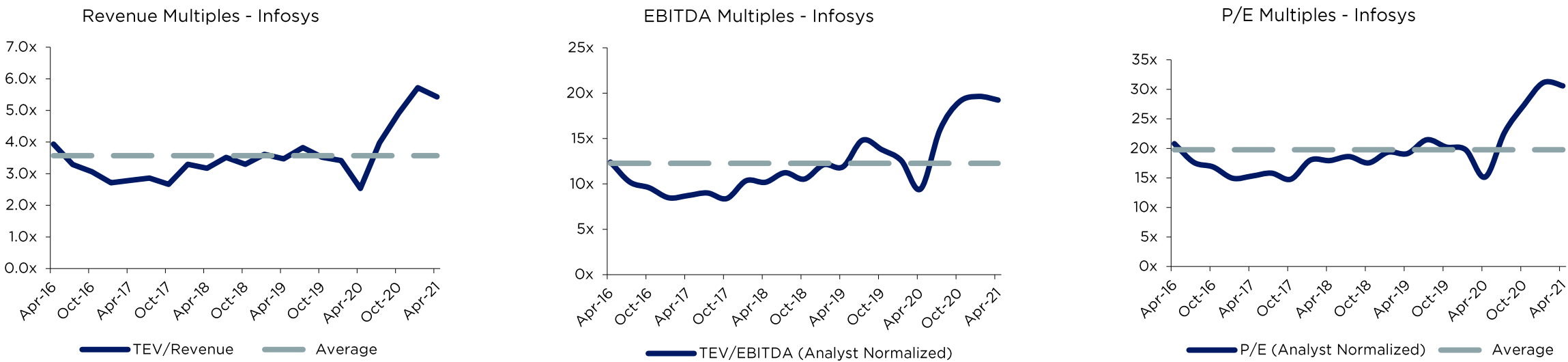
Infosys

**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
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.

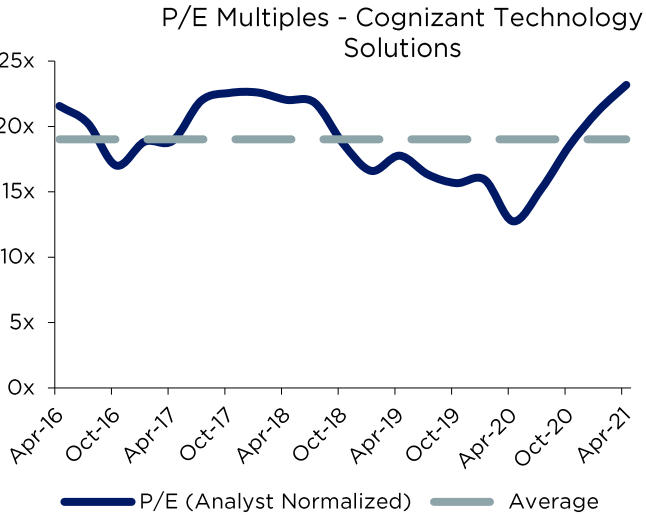
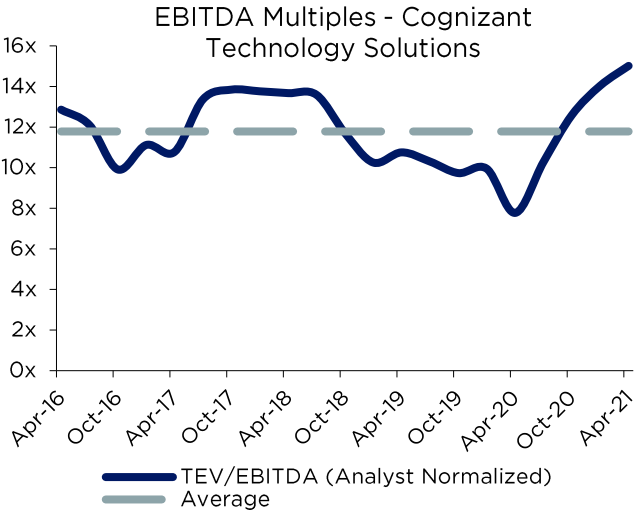
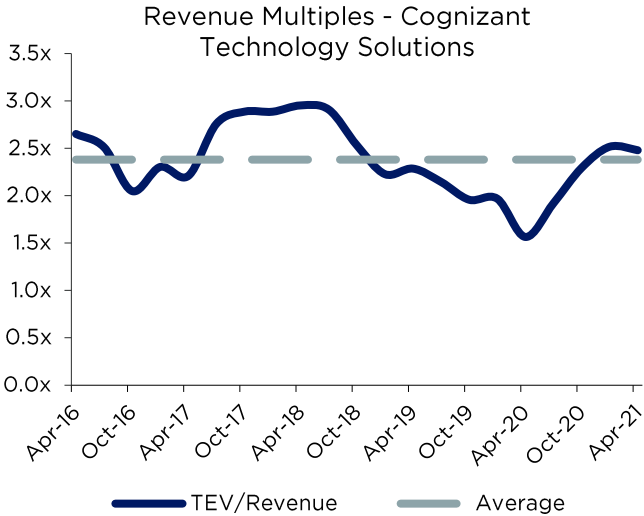
Cognizant Technology Solutions

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
Servian	01-Apr-21	The company was acquired by Cognizant Technology Solutions (NAS: CTSI) on April 1, 2021 for an undisclosed sum.
ESG Mobility	25-Mar-21	Cognizant Technology Solutions (NAS: CTSI) 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.

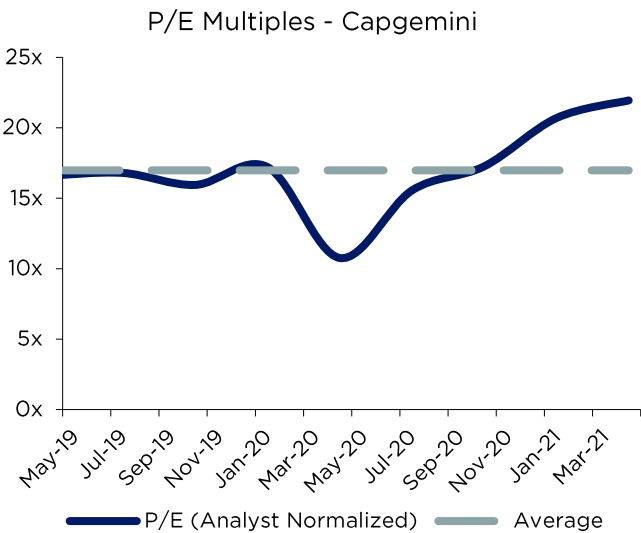
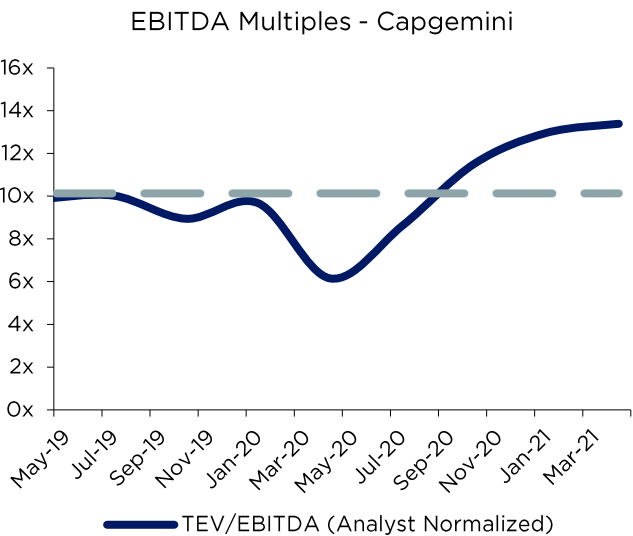
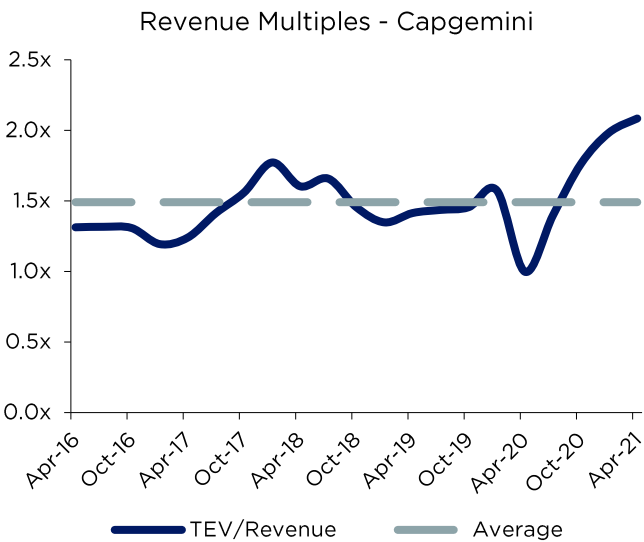
Capgemini

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.

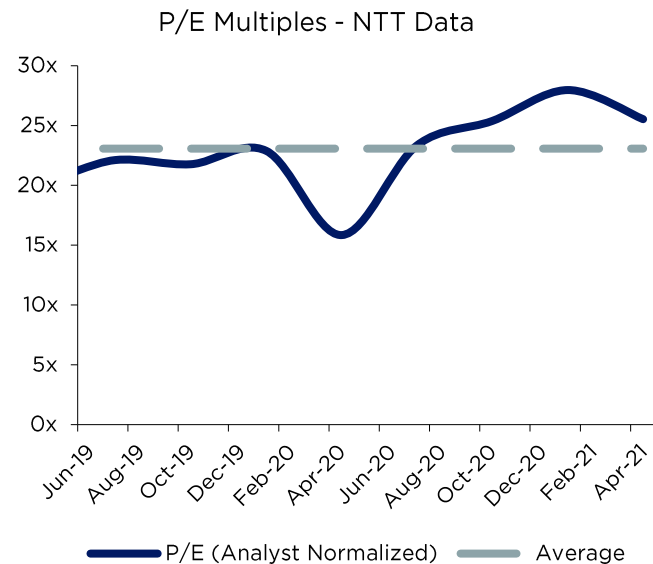
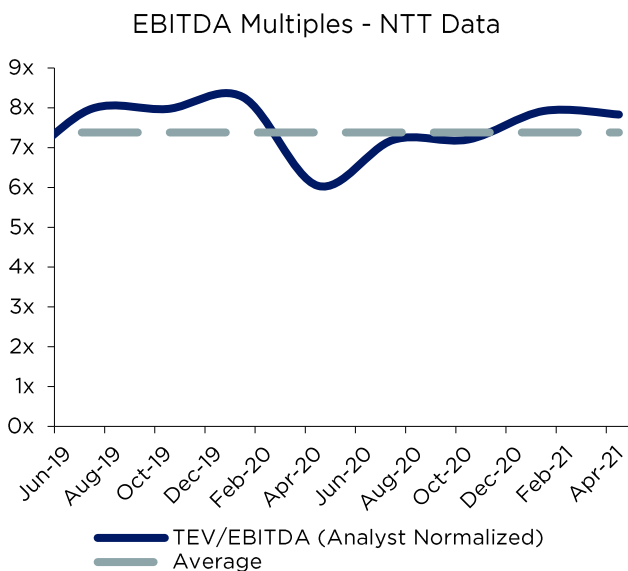
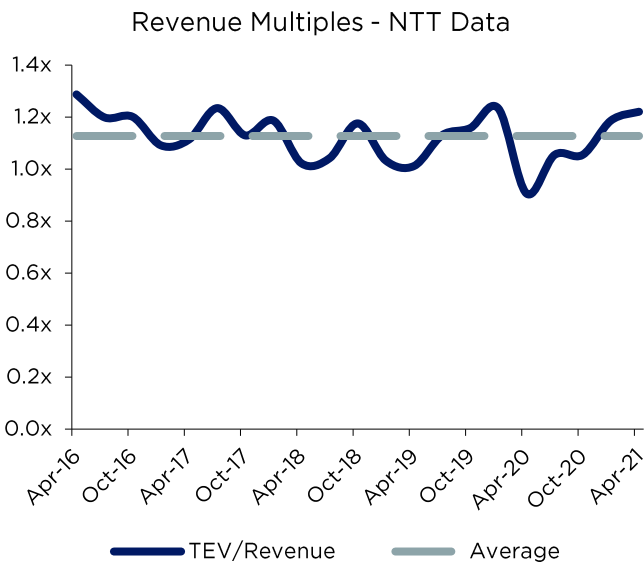
NTT Data

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
Hi55 Ventures	31-Mar-21	The company is in the process of raising venture funding from NTT Data, Ventura Capital and other undisclosed investors on March 31, 2021.
Hashmap	04-Jan-21	The company was acquired by NTT Data (TKS: 9613), a subsidiary of NTT DoCoMo, for an undisclosed amount on January 4, 2021. The acquisition will help NTT Data in adding deep technical expertise with modern data platforms to support analytics, artificial intelligence and machine learning.

Public Basket

CGI Group

CGI Group

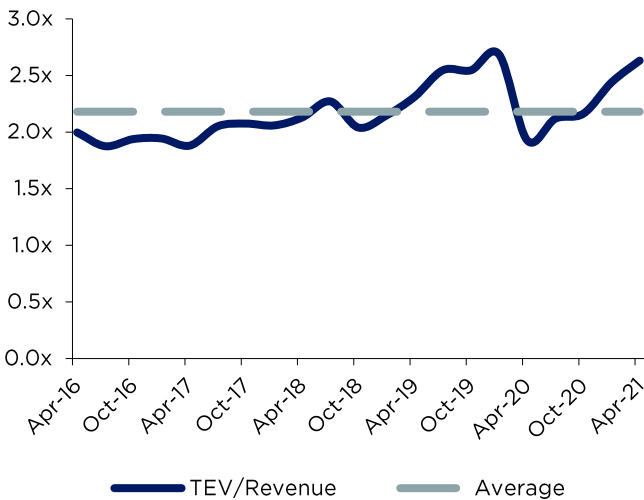
CGI Inc.

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 76,000 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 services (BPS). The company's largest vertical market is government, which contributes around 33% of group revenue.

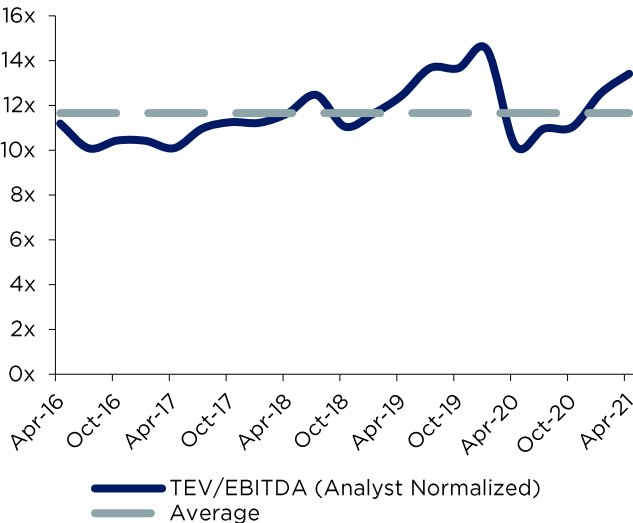
Public Basket

CGI Group

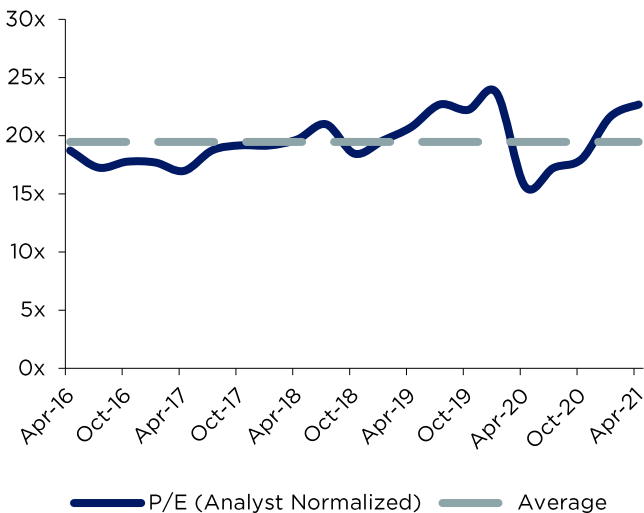
Revenue Multiples - CGI Group



EBITDA Multiples - CGI Group



P/E Multiples - CGI Group



Company Name	Date	Deal Synopsis
Harris, Mackessy & Brennan (Professional Services Division)	31-Dec-20	The professional services division of Harris, Mackessy & Brennan, was acquired by CGI Group (TSE: GIB.A) for an undisclosed amount on December 31, 2020. This acquisition expands CGI's footprint in the region and its end to end services for clients and CGI brings a robust intellectual property portfolio, a global delivery network with managed IT and business process services options and added digital insights and consulting capabilities.
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.

EPAM Systems

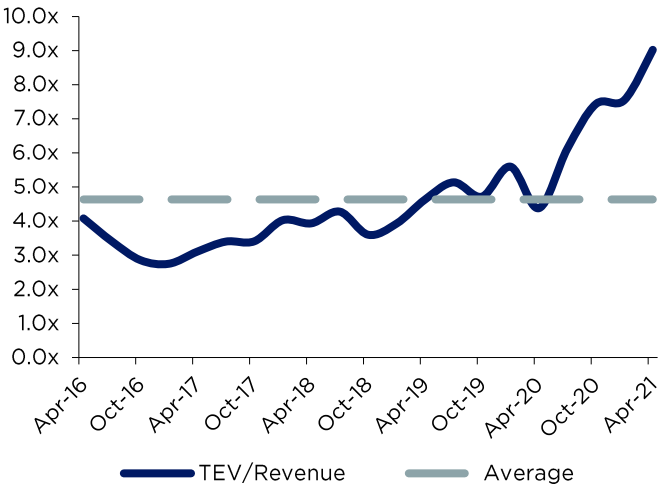
EPAM Systems Inc provides software product development and digital platform engineering services to clients located around the world.

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 clients.

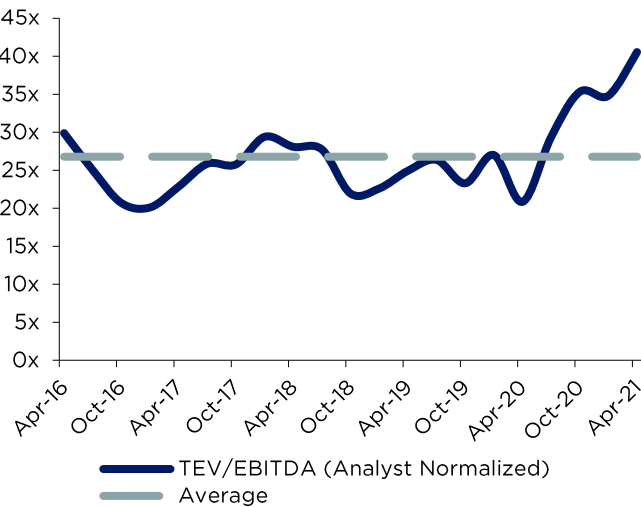
Public Basket

EPAM Systems

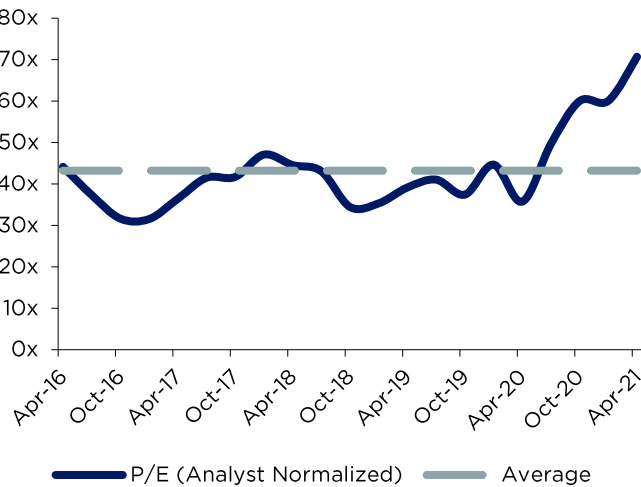
Revenue Multiples - EPAM Systems



EBITDA Multiples - EPAM Systems



P/E Multiples - 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.

Reply

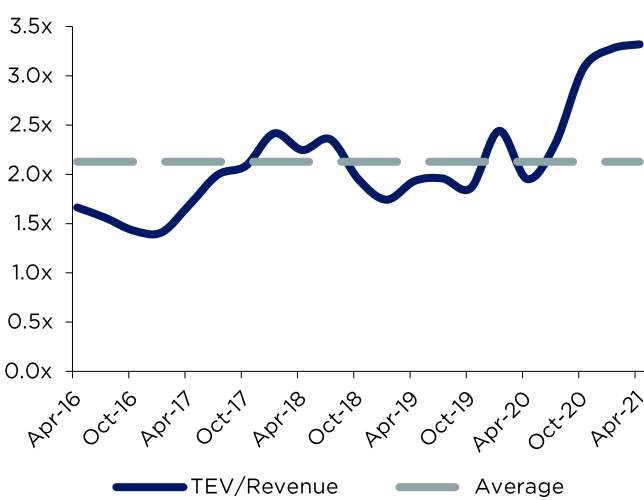
Reply SpA specialises in consulting, digital services, and the integration of processes, applications, and devices.

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 X-Rais Reply, Discovery Reply, Brick 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. Its geographical segments are Italy, United States, Brazil, Poland, Romania, China, Germany, Switzerland, United Kingdom, and Other countries.

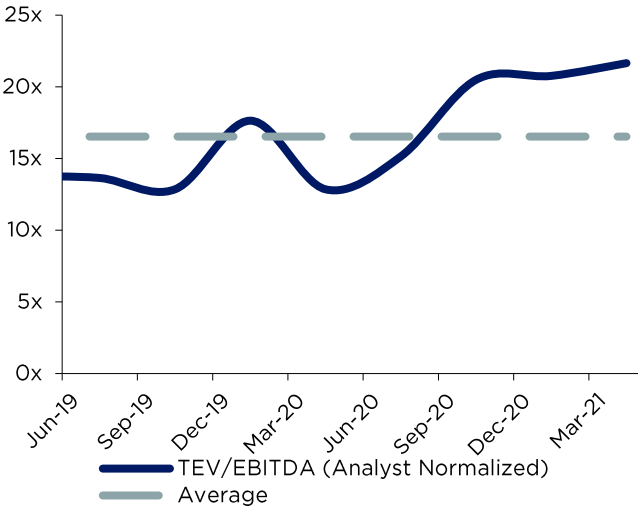
Public Basket

Reply

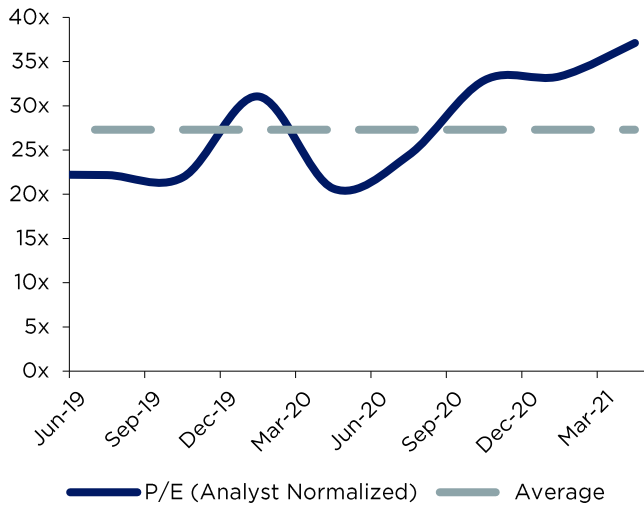
Revenue Multiples - Reply



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.

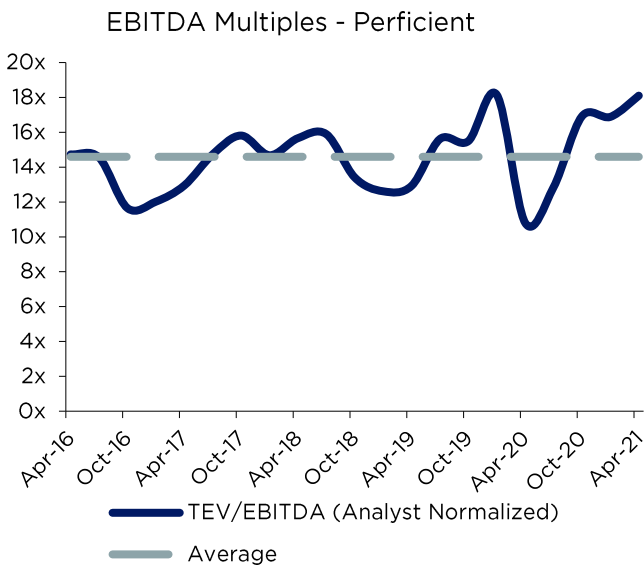
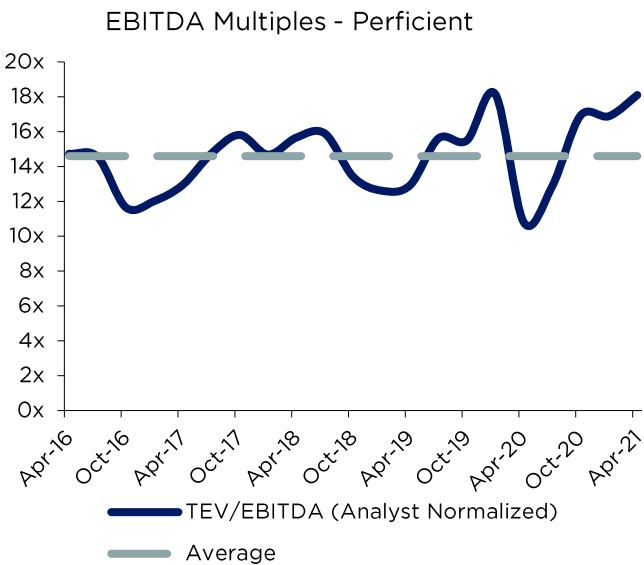
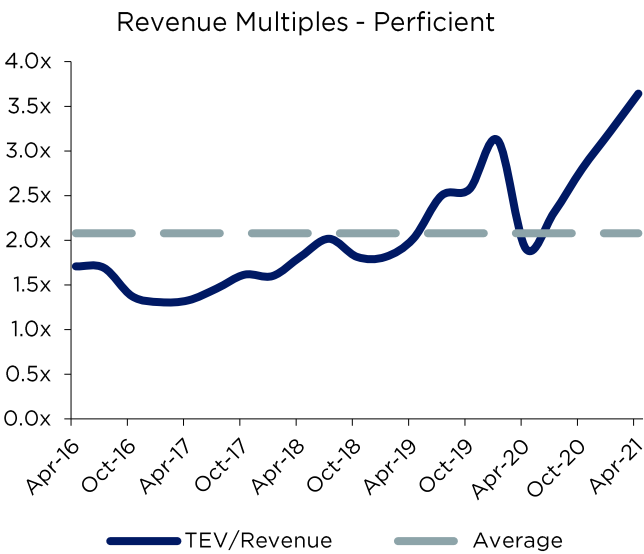
Perficient

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 the 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 \$83.1 million.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 \$21.2 million 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.



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