# Latin America - IT Services

Q2 2021



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# LATAM Coverage Team

### Leroy Davis Partner



Partner with over 25 years of investment banking experience. Leroy has managed transactions in the Technology, Consumer, Insurance, Healthcare & Infrastructure sectors. He began his career with Coopers & Lybrand and is a member of the AICPA. Leroy is married with three children. BA Economics - Hampden-Sydney College; MBA - Wake Forest University.

Kevin Postigo Analyst



Analyst with more than 4 years of experience in the Financial Services field. Previously, Kevin served as AVP of structured products at Bayview Asset Management, an investment management firm focused on credit-related assets, where he led 60+ debt capital market transactions across an array of asset classes. Kevin completed his undergraduate degree from the University of Virginia where he double-majored in Economics and Philosophy.







Managing Director with 25 years of financial experience. Horacio joined 7 Mile Advisors from Globant's corporate development group where he led six transactions to completion, with responsibilities ranging from the due diligence to the SPA closing. Prior to working with Globant, he held financial leadership positions with several key Latin American companies including PricewaterhouseCoopers, Hidronor Chile, Viña San Pedro Wine Group, and Belatrix Software. Horacio leads 7 Mile's Latin America sector coverage team. MBA - University of Pittsburgh.



### 7MA At A Glance

 $\sim 175$ 

Tech Consulting Transactions Executed

\$1.9b+

Aggregate Transaction Value Last 5 Years

60

Technology Consulting Transactions Last 5 Years

> M&A Professionals Dedicated to Tech Services

#### Pure-Play M&A Advisory Focused on Technology

- Founded in 2008 with a mission to provide deeply verticalized transaction advisory to middle-market technology companies globally
- Defined sub-markets include Cloud Services, Management Consulting, Risk and Security, Software, Systems Integration, IT Consulting, Analytics, Managed IT Services, and Cloud Consulting

#### Global Reach



### Leader in Technology M&A

 7MA has advised and executed upon a significant number of Tech transactions. 7MA senior bankers bring decades of Tech expertise and remain engaged every step of the way providing for the utmost in accountability and quality of results, putting client interests first

### Sample Acquirors & Investors

















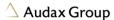


















"It is the advisor's role to provide guidance, coaching, and insight through what is an uncertain and stressful process (which in our case included a global pandemic). 7MA pivoted where needed, but always stayed laser focused on the best outcome, always putting our interests first. We could not be more thrilled with the results!" -Alan Kahn, Co-CEO, AKA Enterprise Solutions

# 7MA Navigating COVID

### Advising through the COVID Pandemic

- 7MA's success in middle-market M&A has continued to accelerate over the last few years, including during the COVID pandemic
- M&A processes have required agility and innovation, as well as a deep understanding of the underlying client capabilities to successfully articulate the long-term value proposition of the business model

35 Deals Closed or LOIs Signed from April 2020 - May 2021

27

Transactions Closed April 2020 - May 2021























































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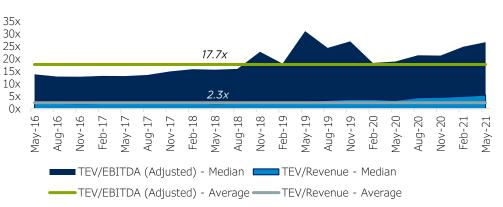
### LATAM Market Landscape - Executive Summary

- Over the course of the last decade, the emergence of the Latin American technology market has been a driver for economic growth in the region. The technology sector was further bolstered by the challenges COVID-19 created for businesses including remote work, communication, cash management, digital marketplaces, and cybersecurity solutions. Within the IT Services ecosystem, the LATAM region has risen to the forefront as a leading outsourced services provider of digital transformation capabilities. As business and technology strategies become ever more intertwined, many business leaders are finding that the technology choices of the past are now limiting the business strategies of the future.
- o IT service companies in Latin America have been a stand-out choice for any company looking to outsource and grow their software development platforms. The advantages Latin American firms enjoy are their geographic location, highly skilled engineers, inexpensive labor force relative to their developed-economy counterparts, and agile delivery methodologies.





#### Public Basket Valuation Metrics





### 7MA IT Services - LATAM

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## Top IT Outsourcing Countries in LATAM



#### <u>Argentina</u>

- In the late 1990s and early 2000, Buenos Aires established itself as a leading technology hub in Latin America with a wave of successful technology companies, including MercadoLibre, Globant, OLX, and Despegar.
- The business chamber of Argentina's IT sector, estimates that the Information Services sector in the country accounts for 14% of the whole Information and Communication Technologies Market which includes also the hardware and inputs sector (20%), telecommunications (66%).

#### Colombia

- Colombia has been accelerating digital government initiatives and support to the Tech/Creative industries or "Orange Economy" sector, including efforts to position the city of Medellín as an innovation and technology hub.
- In 2019, Medellín was inaugurated as the first Latin American Centre for the Fourth Industrial Revolution hubs for research and development on issues such as artificial intelligence, blockchain, the Internet of things, machine learning, big data, and nanotechnology.

#### Costa Rica

- Costa Rica has established itself as the leading nation in Latin America in terms of digital readiness and the adoption of new technologies.
- Information and communications technology services accounted for US\$4.7bn in 2019, representing 49% of the country's exports. This was far and away the highest levels regionally. The country's digital technologies labor force has a CAGR of 17% and grew by 23,900 workers in 2019.

#### Mexico

- Mexico is an attractive market for technology products from the United States related to the IT Services industry and a strong global player in the Business Process Outsourcing (BPO) market. Research and advisory firm Gartner ranks Mexico third globally for nearshoring and offshoring services.
- The country is following the global trend towards a service-centric IT industry, where most technologies are offered under a service contract or lease. There is a growing interest in Software as a Service (SaaS), Infrastructure as a Service (IaaS), and Platforms as a Service (PaaS).

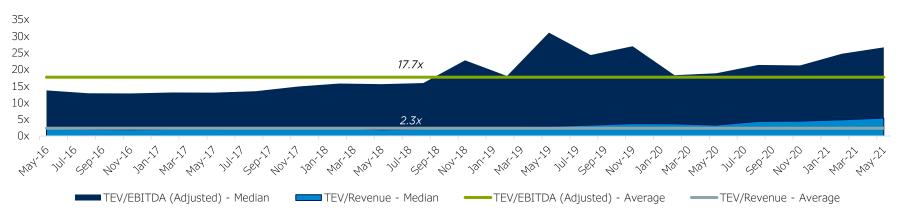


### LATAM Sectorwatch

### Latin America - Digital Technology Services (Public Basket)

Company	Client Geography	% of workforce in LATAM	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Sonda	Latin America	100%	994	994	-11.4%	17.4%	12.1%	0.7x	5.7x	13,387	74
Indra Sistemas	Spanish Speaking Countries	30%	3,565	3,565	-4.5%	37.6%	8.5%	0.6x	7.0x	48,979	73
Totvs	Spanish Speaking Countries	100%	502	502	17.0%	70.5%	-	7.1x	-	10,000	50
Endava	United States	15%	526	526	19.6%	33.6%	18.6%	11.8x	63.1x	7,139	74
Globant	United States	90%	893	893	26.7%	37.6%	22.7%	9.9x	43.7x	17,267	52
Accenture	United States	4%	45,677	45,677	2.3%	31.7%	15.9%	3.8x	23.9x	514,000	89
Average			32,609	8,693	8.3%	38.1%	15.6%	5.7x	28.7x	101,795	69
Median			4,889	943	9.7%	35.6%	15.9%	5.5x	23.9x	15,327	73

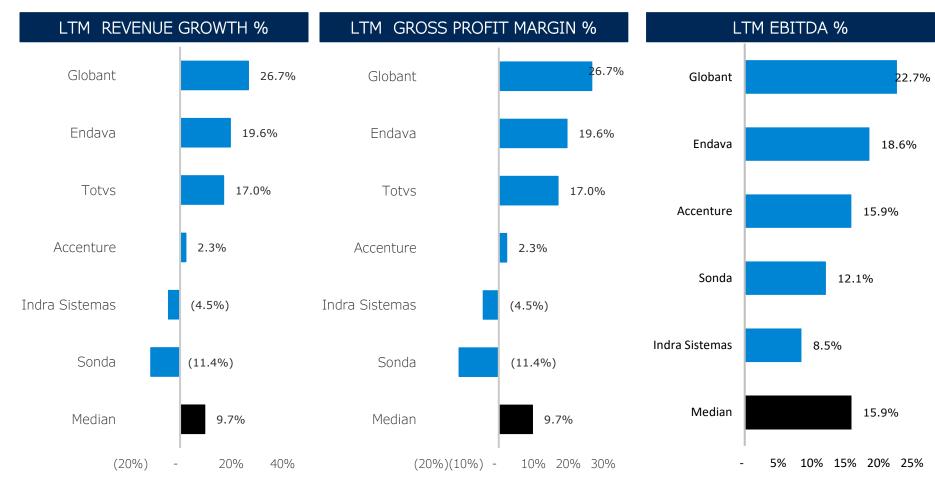
#### Public Rev & EBITDA Multiples Over Time





## Benchmarking

#### IT Services - LATAM





## IT Services – LATAM Positioning

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# IT Services – LATAM M&A Buyer Ecosystem

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# LATAM M&A and Buyer Ecosystem

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### 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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