

7 Mile Advisors



Sectorwatch:

Business Process Outsourcing

June 2021



Business Process Outsourcing

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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.

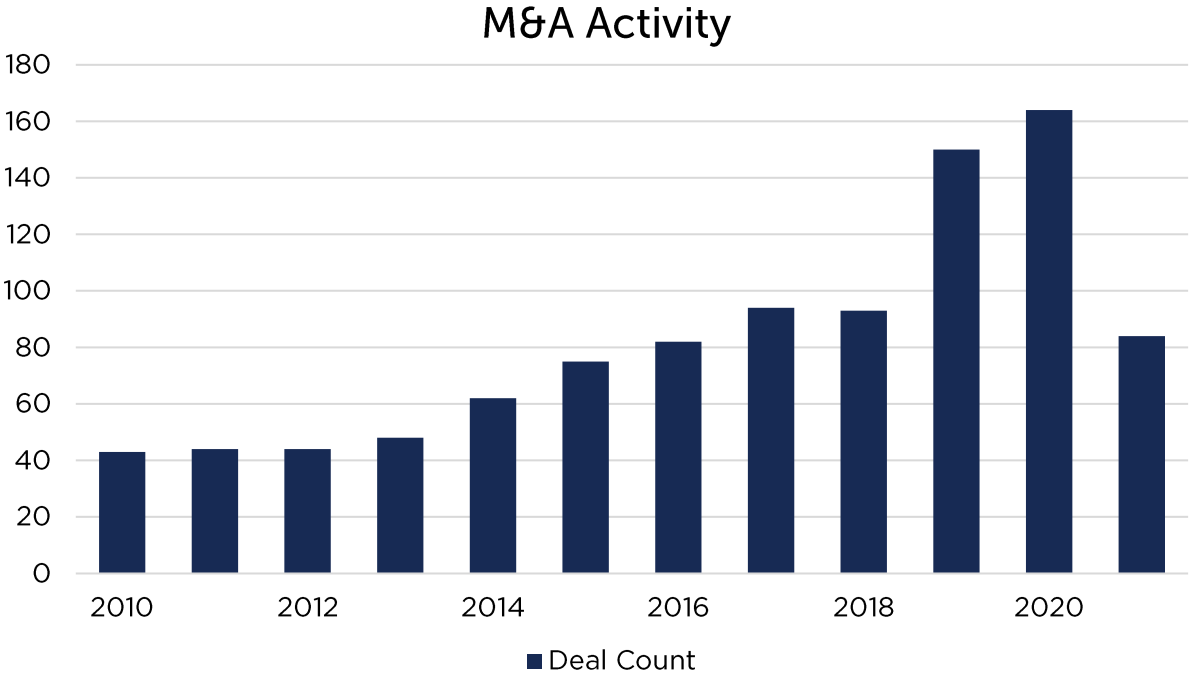
RECENT DEALS

- The most recently announced deals in the sector

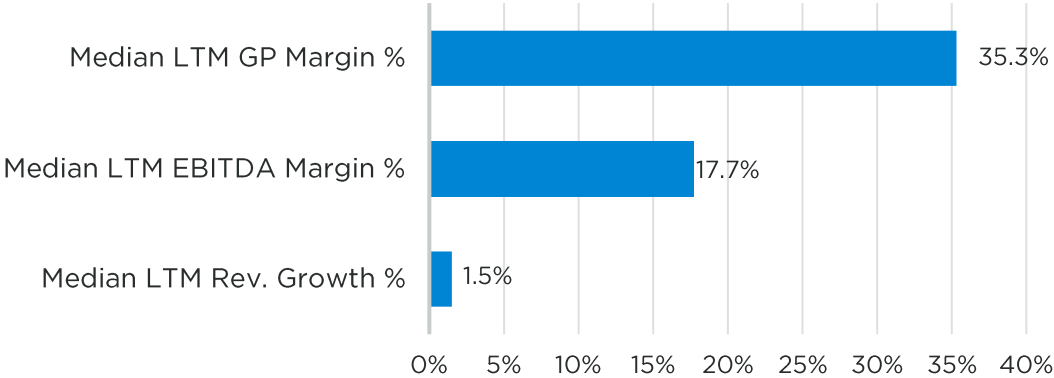
Dashboard

REVENUE GROWTH MOMENTUM ↓ -4.9%

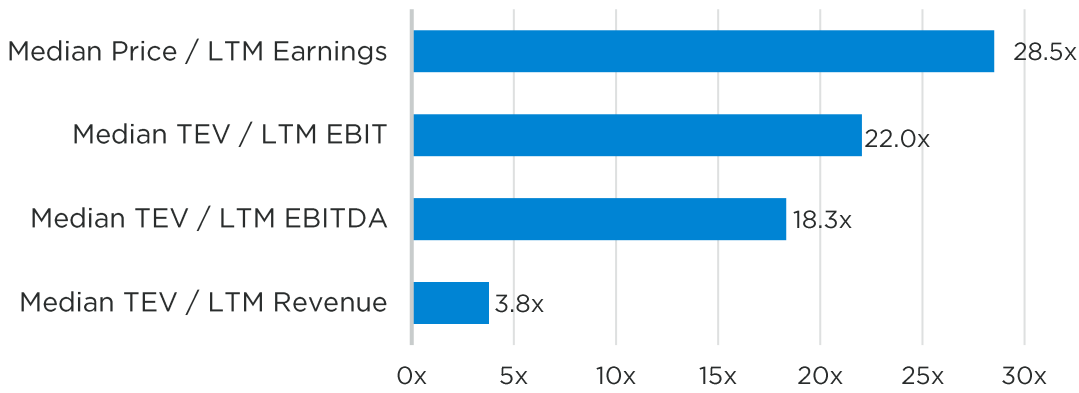
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining



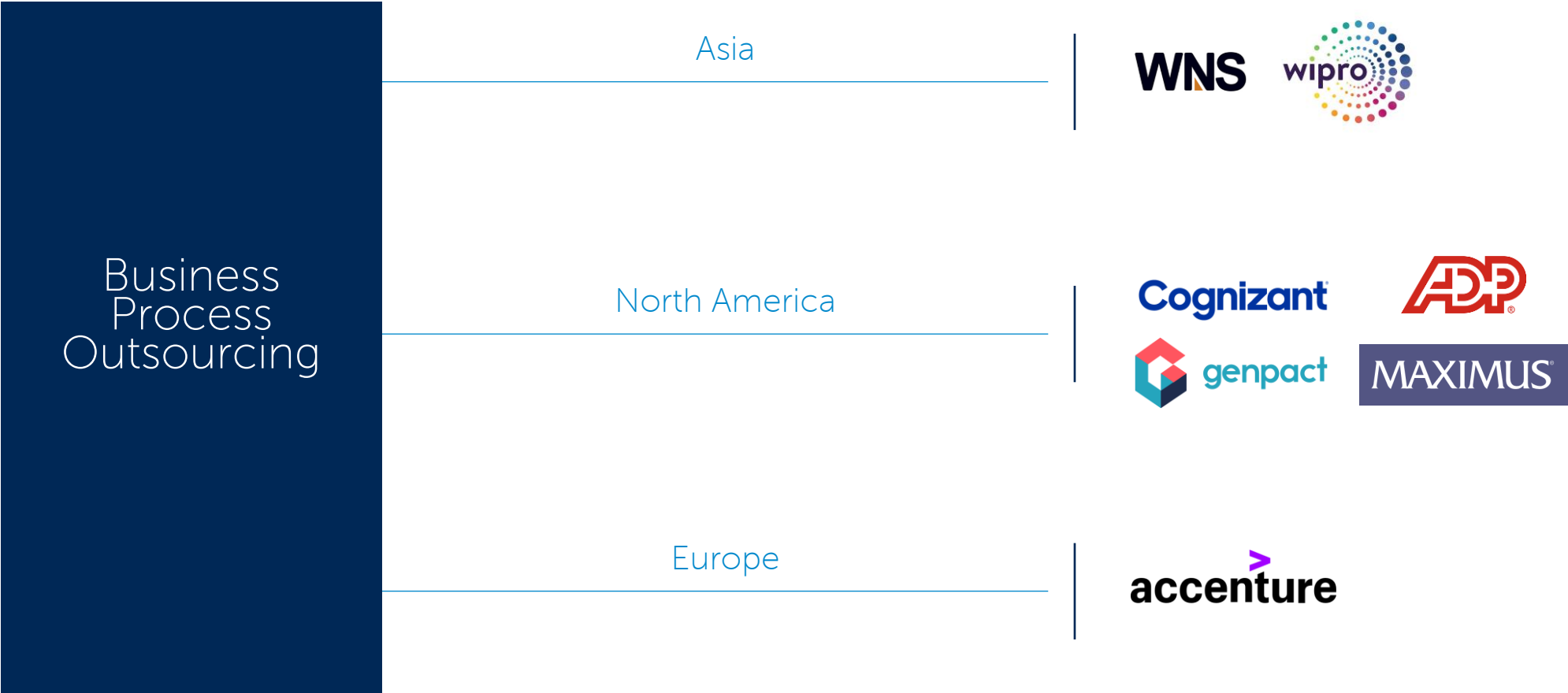
Operating Metrics



Valuation



Public Basket Overview

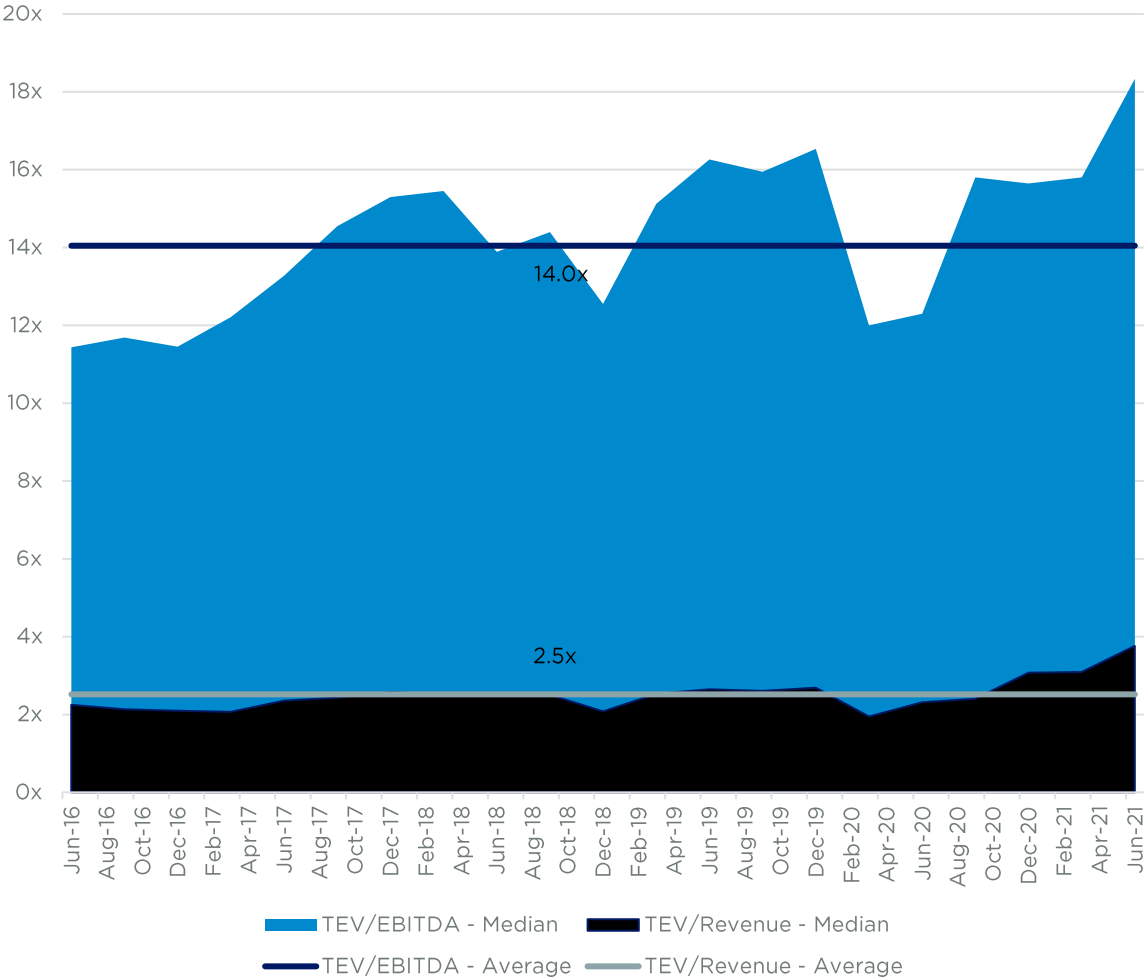


Public Basket

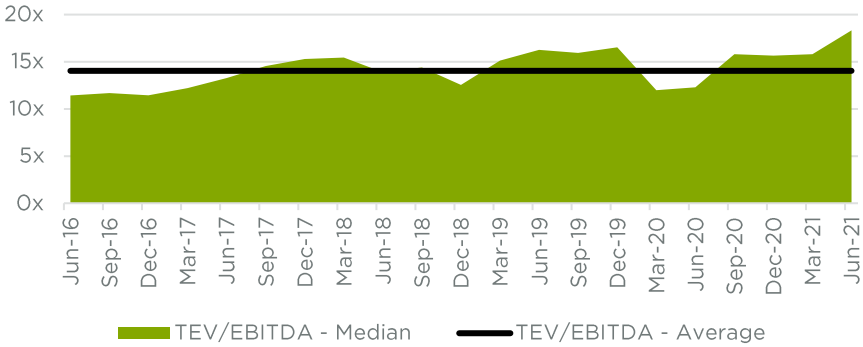
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
WNS Global Services	3,901	206	913	-1.7%	35.7%	22.6%	4.3x	18.9x	42,830	21
Maximus	5,708	456	3,730	19.5%	22.0%	12.2%	1.5x	12.5x	34,000	110
Genpact	9,927	655	3,732	2.7%	35.3%	17.5%	2.7x	15.2x	96,500	39
Wipro	36,984	2,017	8,326	1.5%	31.7%	24.2%	4.4x	18.3x	180,000	46
Cognizant Technology Solutions	36,555	2,748	16,828	-0.4%	36.5%	16.3%	2.2x	13.3x	289,500	58
Automatic Data Processing	84,133	3,804	14,645	-0.3%	41.9%	26.0%	5.7x	22.1x	58,000	253
Accenture	180,358	8,497	47,949	7.6%	32.0%	17.7%	3.8x	21.2x	514,000	93
Average	51,081	2,626	13,732	4.1%	33.6%	19.5%	3.5x	17.4x	173,547	89
Median	36,555	2,017	8,326	1.5%	35.3%	17.7%	3.8x	18.3x	96,500	58

share price as of 29Jun21

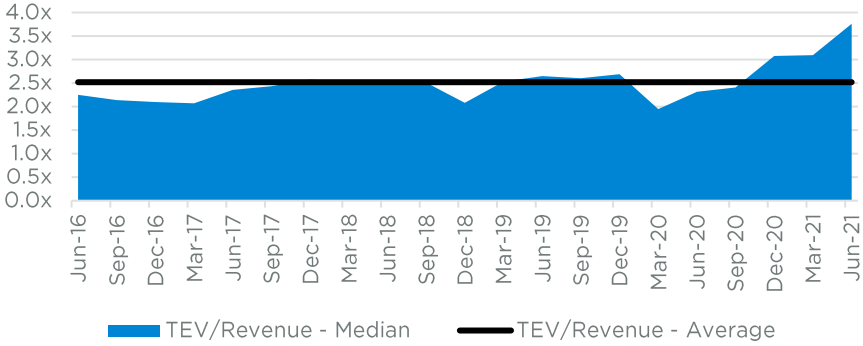
Public Basket



Public EBITDA Multiples over Time

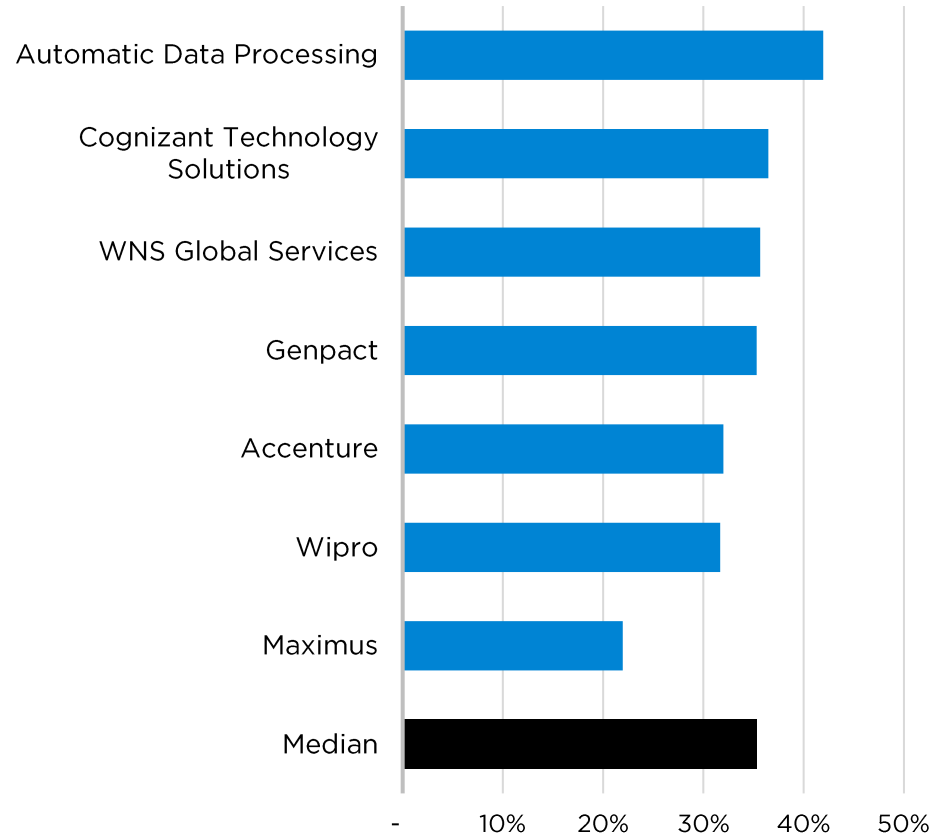


Public Revenue Multiples over Time

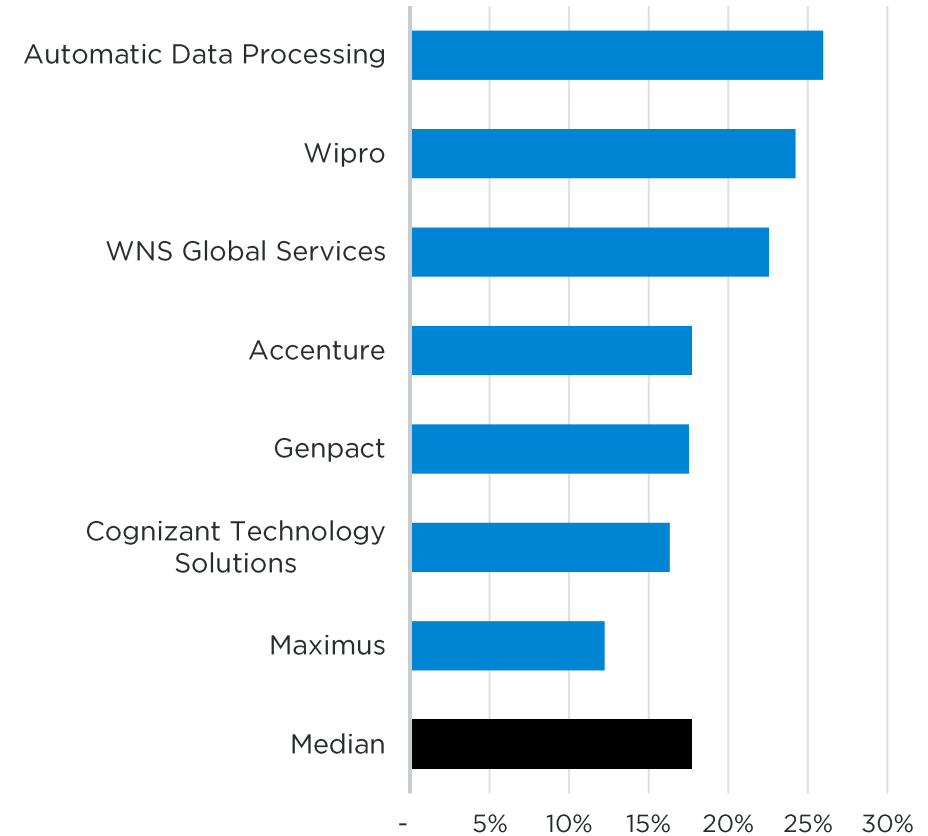


Operational Metrics

LTM Gross Profit Margin %

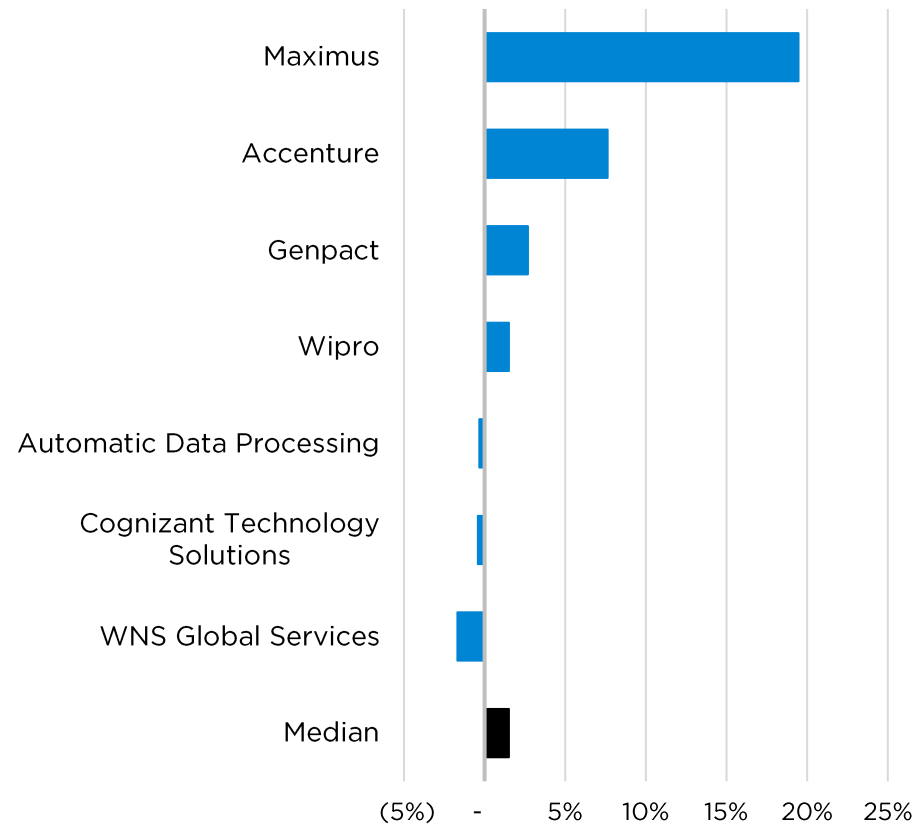


LTM EBITDA %

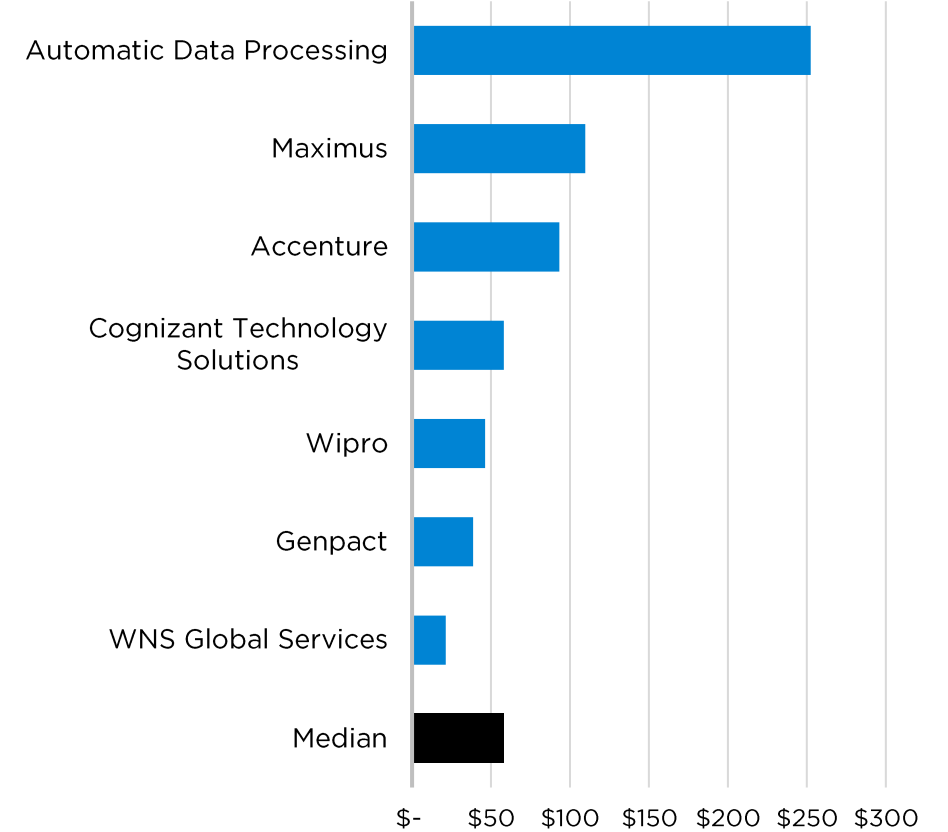


Operational Metrics

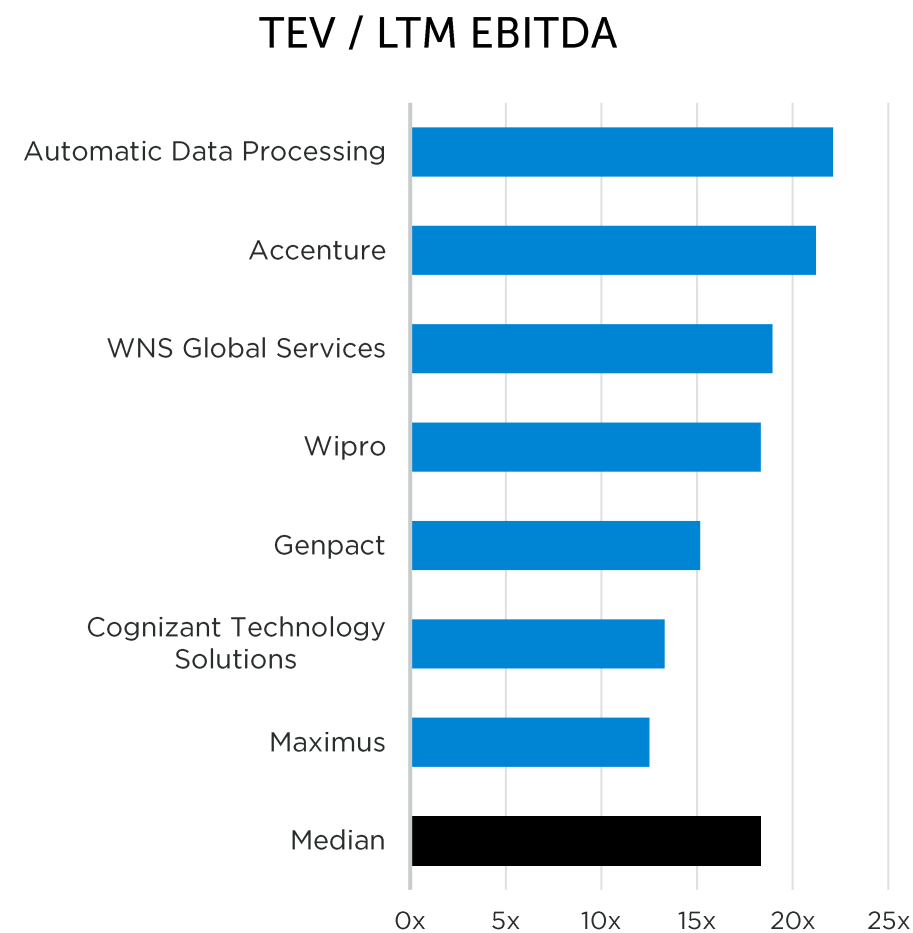
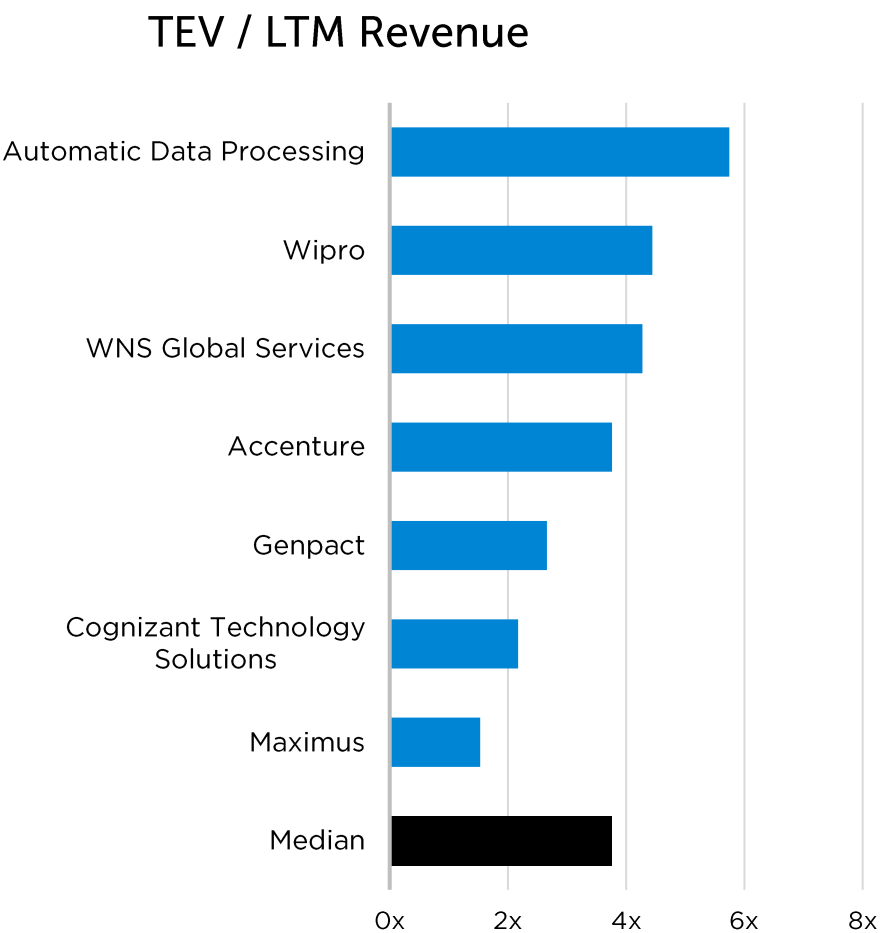
LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's

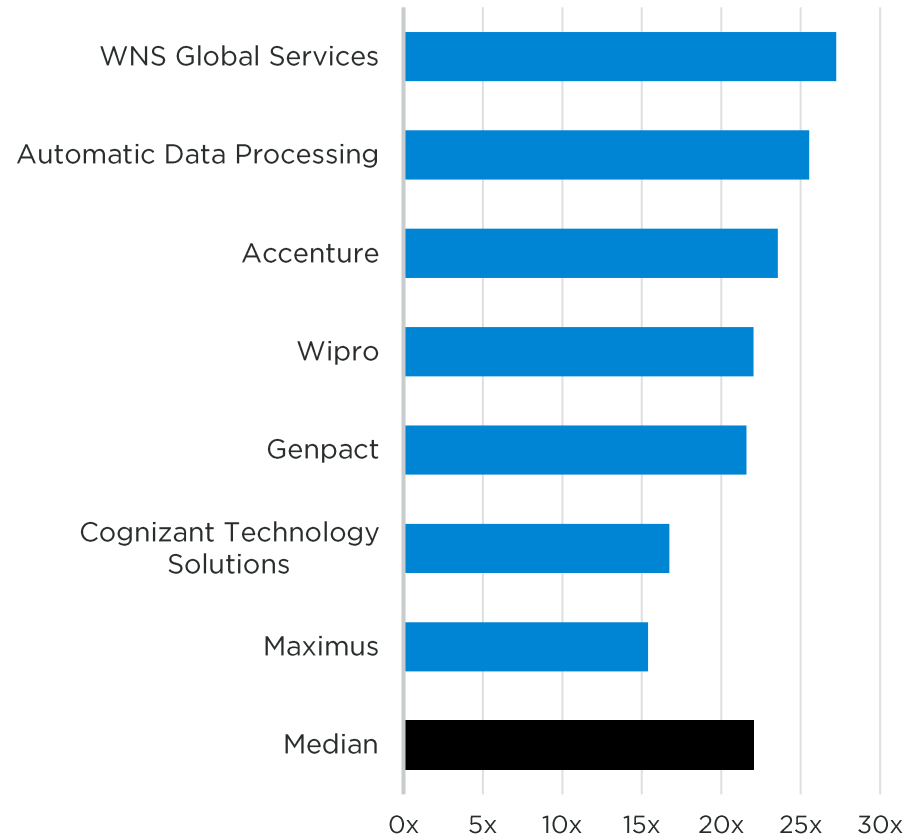


Valuation

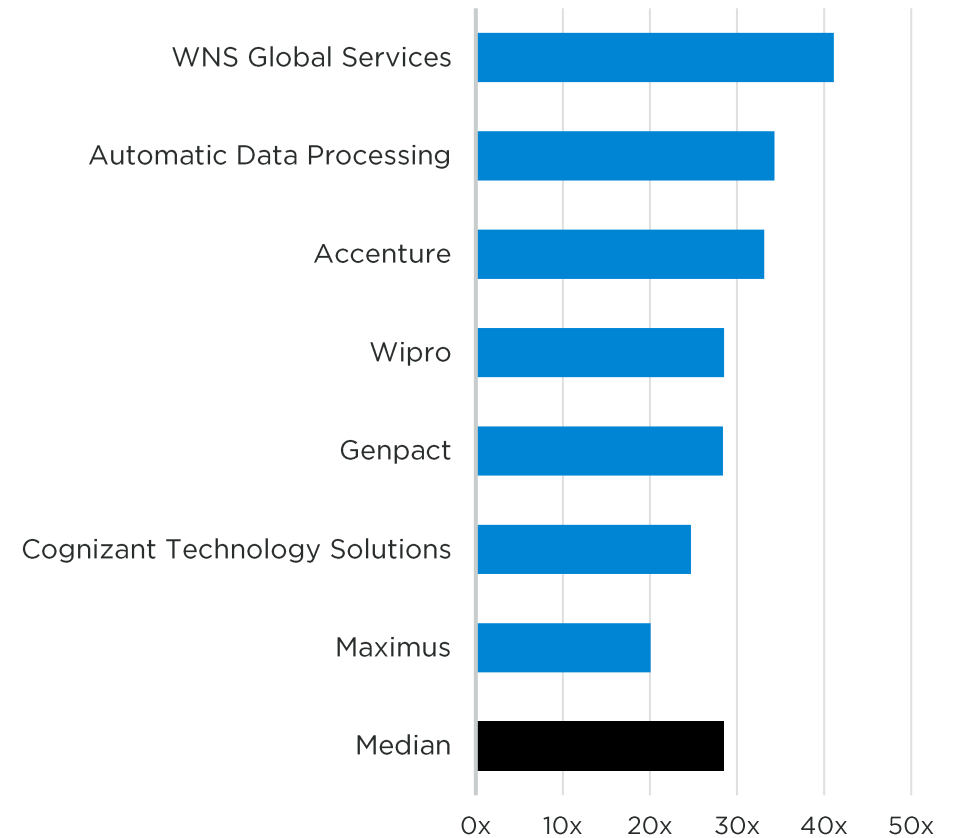


Valuation

TEV / LTM EBIT

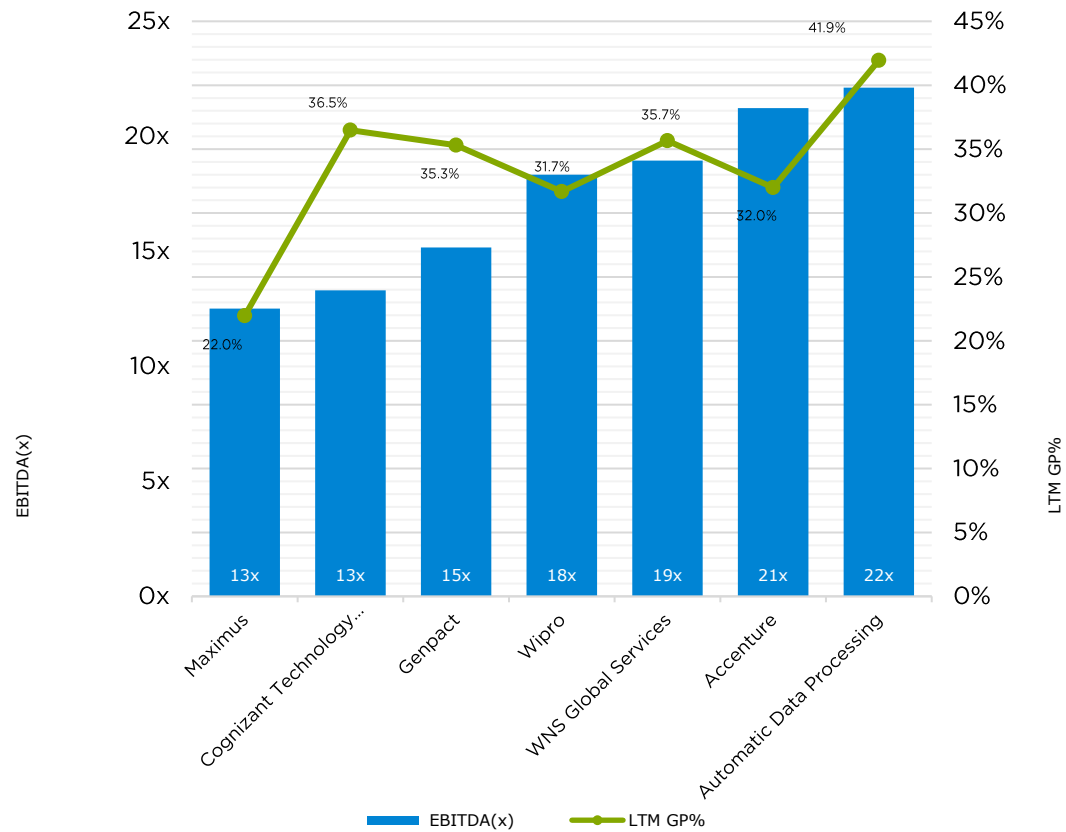


Price / LTM Earnings

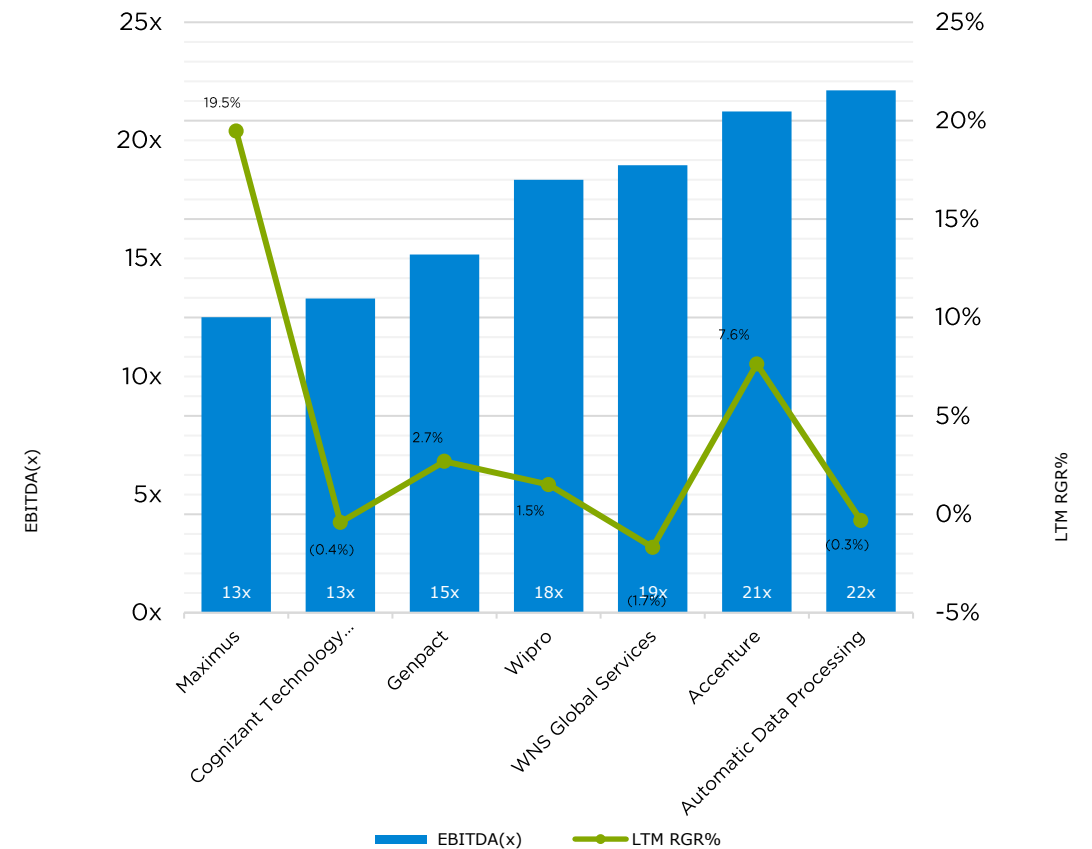


Valuation

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
13-May-21	UK-tec	Arrow Business Communications	-	-	-	-
12-May-21	Carousel Industries of North America	New State Capital Partners	-	-	-	-
12-May-21	ConXioN Consultancy	Vectis Private Equity	-	-	-	-
04-May-21	EMCO Technologies (PC Sales and Managed Services Division)	General Informatics	-	-	-	-
03-May-21	SpinnerTech	Magna5	-	-	-	-
01-May-21	Xylotek Solutions	Clairvest Group	-	-	-	-
26-Apr-21	Absols Complete IT	Allteks	-	-	-	-
26-Apr-21	Hopla Software	BETWEEN Technology	-	-	-	-
23-Apr-21	iXerv Americas	The Silicon Partners	-	-	-	-
19-Apr-21	Mandic	Claranet	-	-	-	-
09-Apr-21	Integrated Solutions	Dynamic Quest	-	-	-	-
09-Apr-21	Swan Network Solutions	Tectrix Solutions	-	-	-	-
08-Apr-21	Pure Technology Group	Fulcrum Technology Group	-	-	-	-
08-Apr-21	Sensa (Iceland)	Crayon Group	-	-	-	-
05-Apr-21	SolutionWorx	WingSwept	-	-	-	-
31-Mar-21	Esabe Informatica Distribuida	Gigas Hosting	-	-	-	-
31-Mar-21	Mk Partners	LogiGear	-	-	-	-
24-Mar-21	Avanttica	Cognicase Management Consulting	-	-	-	-
12-Mar-21	True North Networks	Bluff Point Associates	-	-	-	-
09-Mar-21	Codestone	FPE Capital	-	-	-	-
09-Mar-21	Howard Tech Advisors	Court Square	-	-	-	-
05-Mar-21	81G	Babble Cloud	-	-	-	-
05-Mar-21	Telroth	Aurelius Wachstumskapital	-	-	-	-

Appendix

*Public Basket
Contact Information*



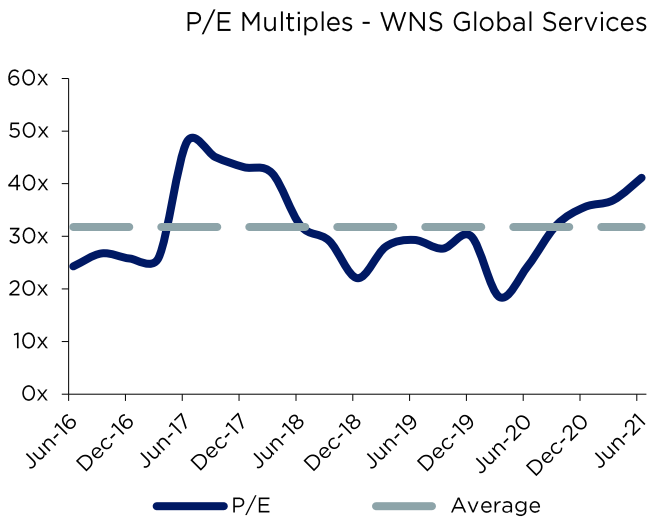
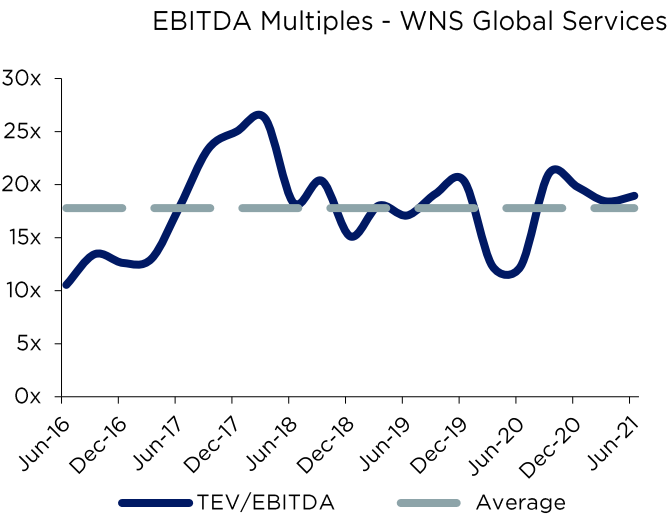
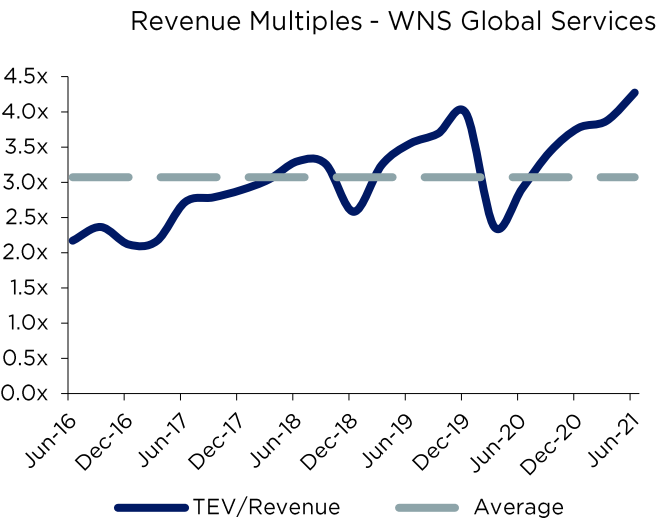
WNS Global Services

WNS (Holdings) Ltd is a global provider of business process management (BPM) services, offering comprehensive data, voice, analytical and business transformation services with a blended onshore, nearshore and offshore delivery model.

The company has two reportable segments namely WNS Global BPM and WNS Auto Claims BPM. It generates maximum revenue from WNS Global BPM segment. Geographically, it derives a majority of revenue from the US and also has a presence in the UK, Australia, Europe, South Africa and Rest of the world.

Public Basket

WNS Global Services



Company Name	Date	Deal Synopsis
HealthHelp	15-Mar-17	The company was acquired by WNS (NYSE: WNS) for \$95 million on March 15, 2017. With the acquisition of HealthHelp, WNS has taken a major step forward in strengthening their end-to-end Healthcare and Insurance BPM offerings.
Denali Sourcing Services	31-Jan-17	The company was acquired by WNS (Holdings) (NYSE: WNS) for \$40 million on January 31, 2017. The acquisition of Denali Sourcing Services adds a strategic procurement capability to the existing Finance and Accounting solutions.

Maximus

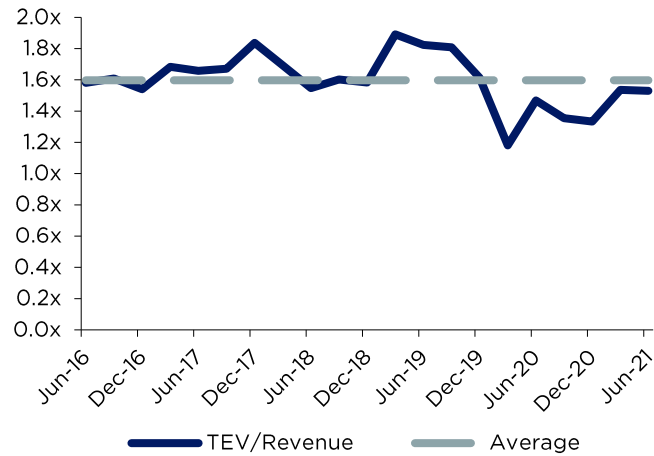
Maximus Inc is an operator of government health and human services programs in the United States, United Kingdom, Canada, Australia, and Saudi Arabia.

The company offers business solutions to improve the cost-effectiveness, efficiency, and quality of government-sponsored benefit programs, such as Medicaid, Medicare, Health Insurance BC, and child support programmes. Most of its revenue is derived from long-term contractual arrangements with governments around the world. The largest segment by revenue, health services, provides customer center operations and support services, health insurance enrollment services, and health plan oversight services.

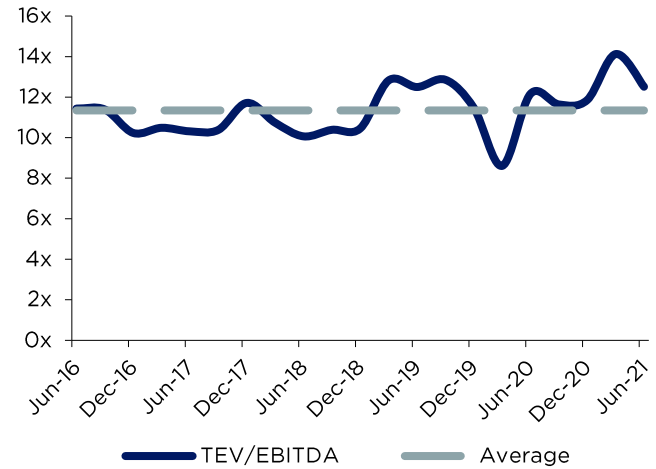
Public Basket

Maximus

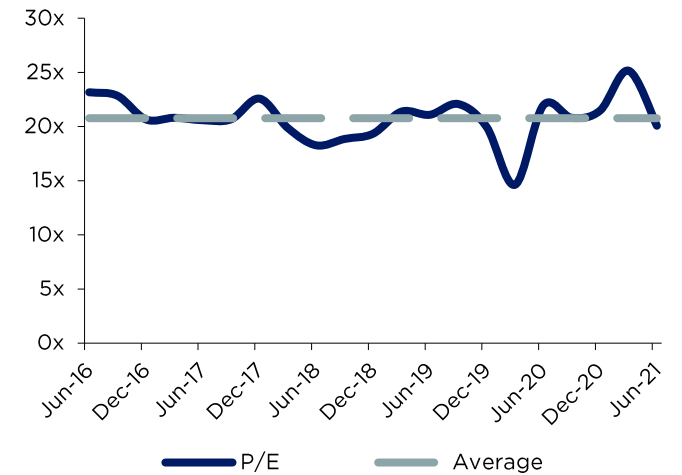
Revenue Multiples - Maximus



EBITDA Multiples - Maximus



P/E Multiples - Maximus



Company Name	Date	Deal Synopsis
Veterans Evaluation Services	01-Jun-21	The company was acquired by Maximus (NYS: MMS) for \$1.4 billion on June 1, 2021. The acquisition gives Maximus access to a robust business tied to the Department of Veterans Affairs that conducts medical disability examinations for veterans.
Attain	01-Mar-21	The company was acquired by Maximus (NYS: MMS) for \$419.86 million on March 1, 2021. The acquisition allows Maximus to expand in the US.

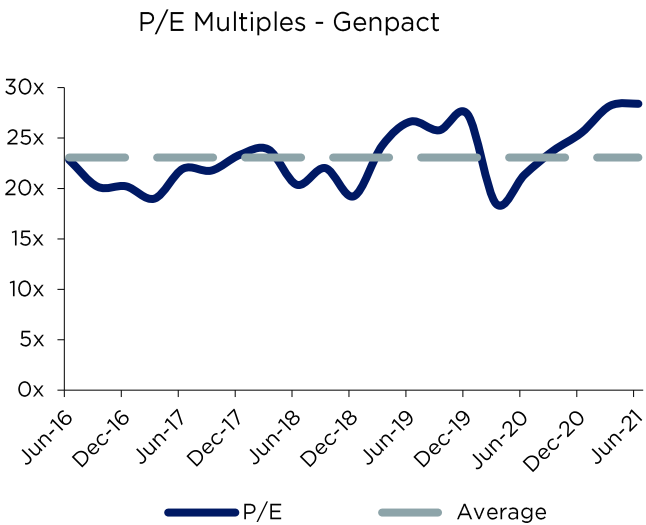
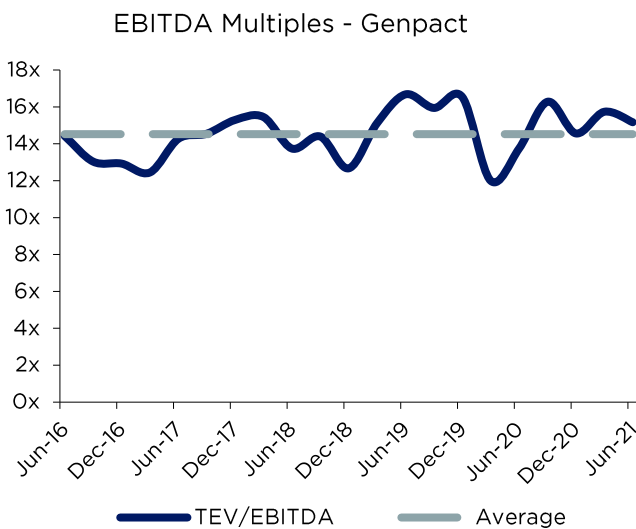
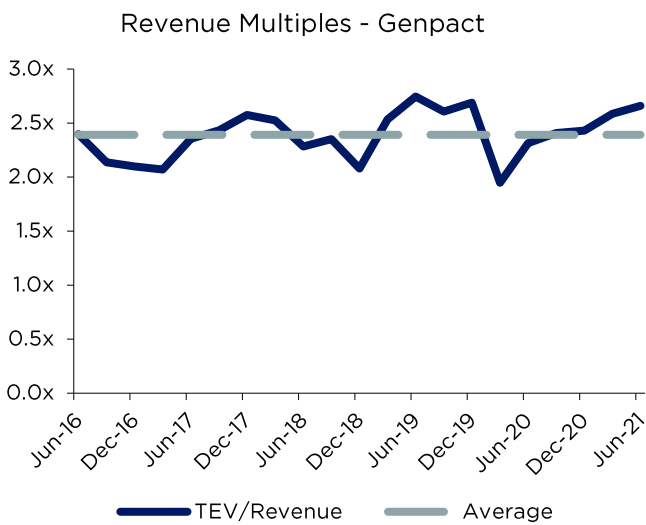
Genpact

Genpact Ltd is a provider of business process management services.

Clients are industry verticals and operate in banking and financial services, insurance, capital markets, consumer product goods, life sciences, infrastructure, manufacturing and services, healthcare, and high-tech. Genpact's services include aftermarket, direct procurement, risk and compliance, human resources, IT, industrial solutions, collections, finance and accounting, and media services. Genpact's end market by revenue is India. The company is a General Electric spin-off, which is still a large source of revenue for Genpact.

Public Basket

Genpact



Company Name	Date	Deal Synopsis
Enquero	31-Dec-20	The company was acquired by Genpact (NYS: G) for \$148.9 million on December 31, 2020. The acquisition will accelerate Genpact's ability to leverage data and cloud technologies to drive digital transformation services through advanced analytics.
Something Digital	05-Oct-20	The company was acquired by Genpact (NYS: G) for \$57.45 on October 5, 2020. The addition of the company's deep commerce expertise to Genpact's subsidiary, Rightpoint's customer experience leadership, will further enable Rightpoint's ability to drive experience-led transformation at scale for clients across industries.

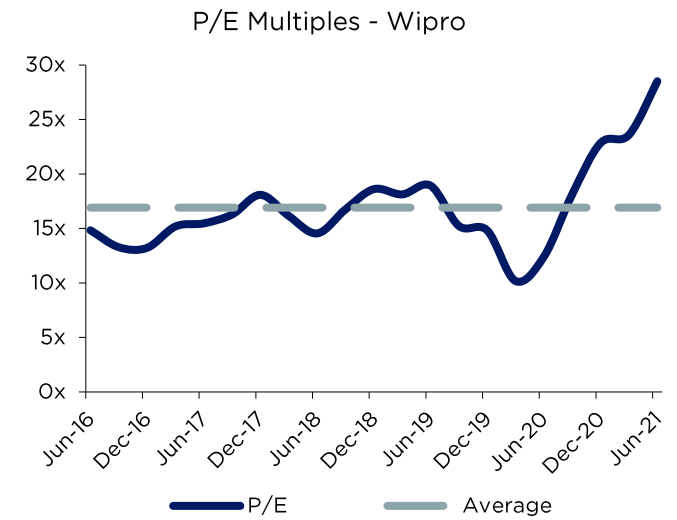
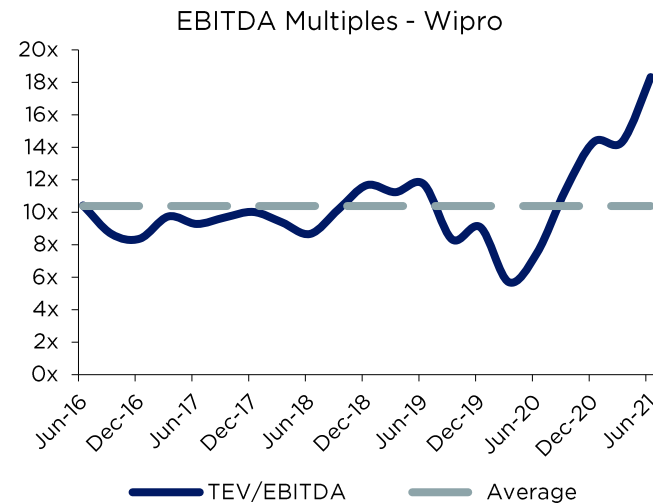
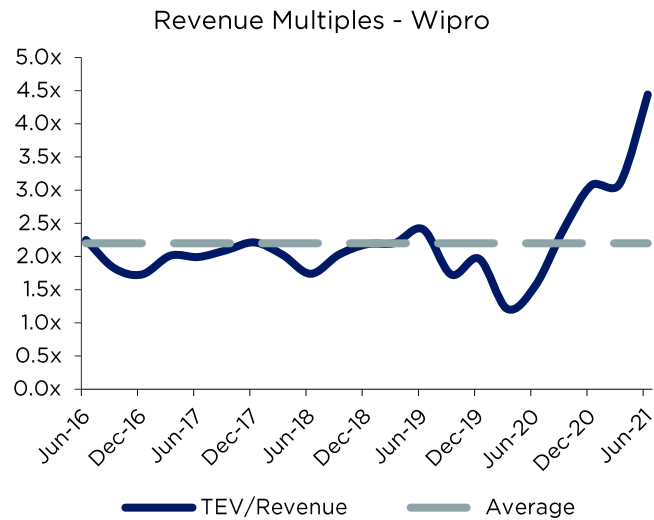
Wipro

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



Company Name	Date	Deal Synopsis
Squadcast	02-Jun-21	The company reached a definitive agreement to receive an undisclosed amount of financing from Wipro on June 2, 2021. It plans to close the round by June 30, 2021.
Metro Systems Romania	02-Apr-21	The company, a subsidiary of Metro (Düsseldorf) (ETR : B4B), was acquired by Wipro (BOM: 507685) for an undisclosed amount on April 2, 2021.

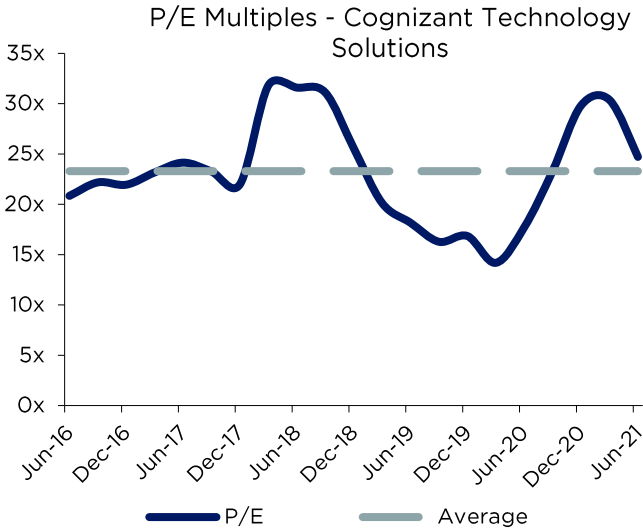
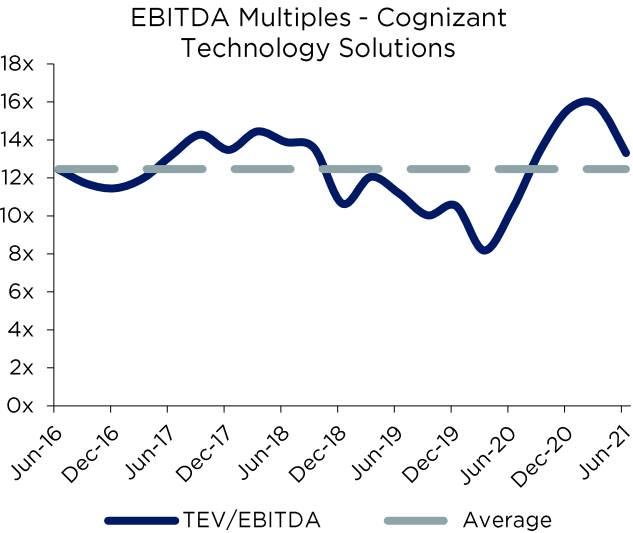
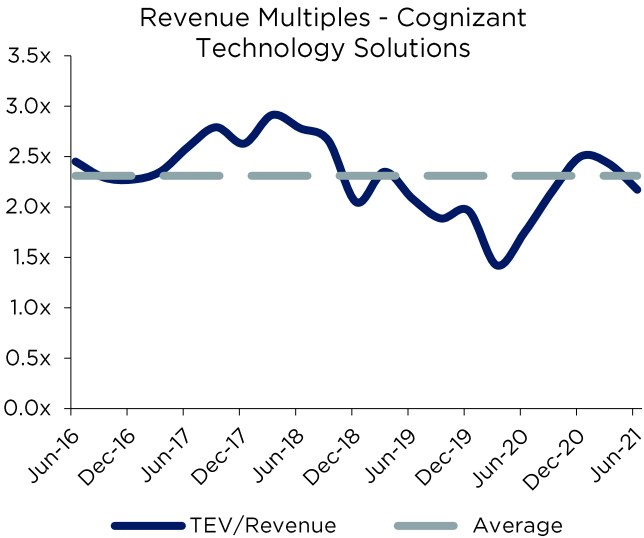
Cognizant Technology Solutions

Cognizant is a global IT services provider, offering consulting and outsourcing services to some of the world's largest enterprises spanning the 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
ESG Mobility	01-Jun-21	The company, a subsidiary of ESG Elektroniksystem- und Logistik was acquired by Cognizant Technology Solutions (NAS: CTSB) for an undisclosed amount on June 1, 2021.The acquisition will expand Cognizant's automotive engineering expertise, particularly in connected vehicles.
Servian	01-Apr-21	The company was acquired by Cognizant Technology Solutions (NAS: CTSB) for \$340 million on April 1, 2021.

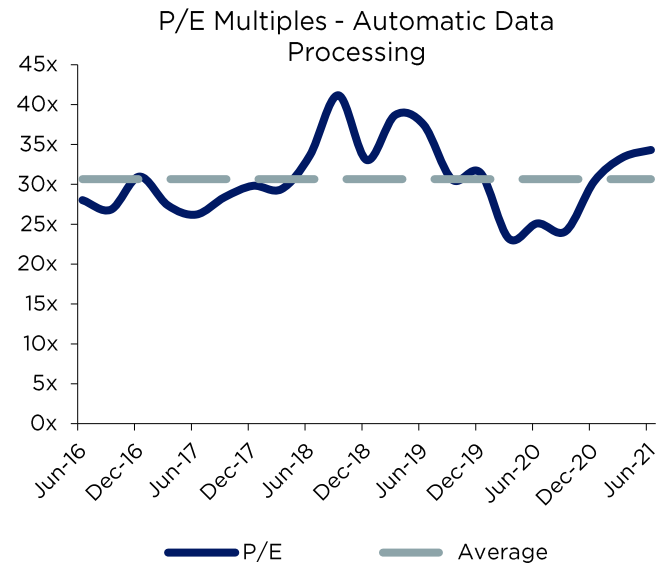
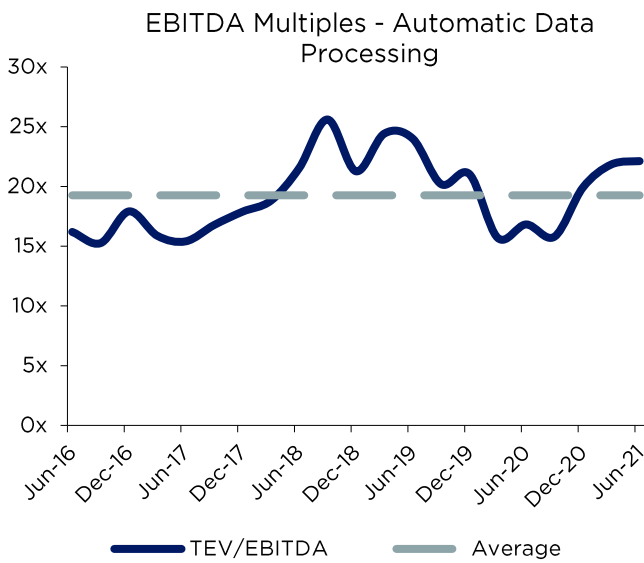
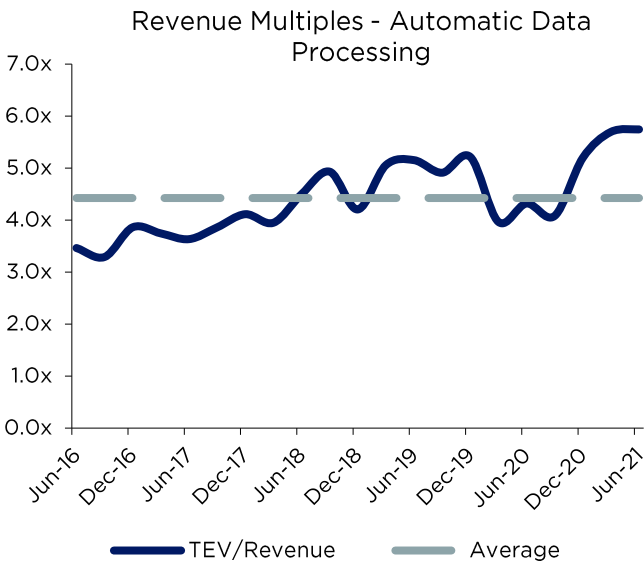
Automatic Data Processing

ADP competes in the human resources administration services industry.

It provides services that satisfy companies' human resources needs, such as payroll processing and benefits administration. ADP was founded in 1949 and has its headquarters in Roseland, New Jersey.

Public Basket

Automatic Data Processing



Company Name	Date	Deal Synopsis
BenefitMall Payroll	13-Jun-20	The company, a subsidiary of BenefitMall was acquired by Automatic Data Processing (NAS: ADP) for an undisclosed amount on June 13, 2020.
Celergo	01-Aug-18	The company was acquired by Automatic Data Processing (NASDAQ: ADP) for an undisclosed amount on August 1, 2018. The acquisition will enhance Automatic Data Processing's international payroll offerings with a strong platform and new solutions, including cross-currency and expatriate payment services.

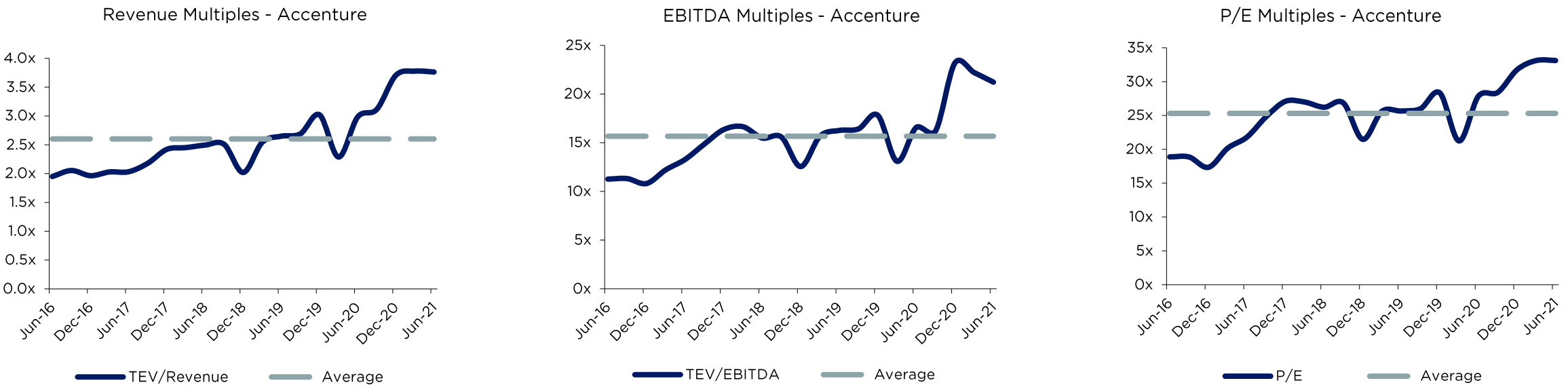
Accenture

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
Sentor	29-Jun-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on June 29, 2021. The acquisition will further extend Accenture's local resources and capabilities and addressing the growing demand for local cybersecurity and managed security services.
Exton Consulting	18-Jun-21	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on June 18, 2021. The acquisition will enhance Accenture's ability to leverage the combination of group of people with the latest technologies such as artificial intelligence, data and cloud, to help clients embrace change, accelerate transformation, unlock value and build new sustainable models that benefit all.

Contact Info

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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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