Sectorwatch: Digital Transformation
Digital Transformation

4 Sector Dashboard
5 Public Basket Overview
6 Public Basket Performance
8 Operational Metrics
11 Valuation Comparison
14 Recent Deals
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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  
3.4%

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

- **2010**: 0
- **2012**: 0
- **2014**: 0
- **2016**: 0
- **2018**: 0
- **2020**: 1,200

### Operating Metrics

- Median LTM GP Margin %: 34.0%
- Median LTM EBITDA Margin %: 18.2%
- Median LTM Rev. Growth %: 11.8%

### Valuation

- Median Price / LTM Earnings: 34.2x
- Median TEV / LTM EBIT: 25.0x
- Median TEV / LTM EBITDA: 20.6x
- Median TEV / LTM Revenue: 5.1x

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7 MILE ADVISORS
Public Basket Overview

Digital Transformation

- Europe
- United States
- South America
- Asia
### Public Basket

<table>
<thead>
<tr>
<th>Company</th>
<th>TEV $m</th>
<th>LTM EBITDA $m</th>
<th>LTM Rev $m</th>
<th>Rev Growth YoY</th>
<th>GP %</th>
<th>EBITDA %</th>
<th>TEV / Rev X</th>
<th>TEV / EBITDA X</th>
<th># FTEs</th>
<th>Rev / FTE $k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endava</td>
<td>7,417</td>
<td>98</td>
<td>526</td>
<td>19.6%</td>
<td>33.6%</td>
<td>18.6%</td>
<td>14.1x</td>
<td>75.6x</td>
<td>7,139</td>
<td>74</td>
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<tr>
<td>Globant</td>
<td>9,688</td>
<td>203</td>
<td>893</td>
<td>26.7%</td>
<td>37.6%</td>
<td>22.7%</td>
<td>10.9x</td>
<td>47.7x</td>
<td>16,251</td>
<td>55</td>
</tr>
<tr>
<td>WPP</td>
<td>19,840</td>
<td>2,073</td>
<td>15,386</td>
<td>-9.3%</td>
<td>16.8%</td>
<td>13.5%</td>
<td>1.3x</td>
<td>9.6x</td>
<td>102,822</td>
<td>150</td>
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<tr>
<td>EPAM Systems</td>
<td>30,308</td>
<td>621</td>
<td>2,789</td>
<td>15.1%</td>
<td>34.5%</td>
<td>22.2%</td>
<td>10.9x</td>
<td>48.8x</td>
<td>41,168</td>
<td>68</td>
</tr>
<tr>
<td>Capgemini</td>
<td>41,409</td>
<td>2,814</td>
<td>18,065</td>
<td>12.2%</td>
<td>26.1%</td>
<td>15.6%</td>
<td>2.3x</td>
<td>14.7x</td>
<td>269,769</td>
<td>67</td>
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<tr>
<td>Cognizant Technology Solutions</td>
<td>36,101</td>
<td>2,987</td>
<td>16,828</td>
<td>-0.4%</td>
<td>36.5%</td>
<td>17.8%</td>
<td>2.1x</td>
<td>12.1x</td>
<td>289,500</td>
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<tr>
<td>Infosys</td>
<td>87,803</td>
<td>4,259</td>
<td>14,223</td>
<td>11.4%</td>
<td>34.9%</td>
<td>29.9%</td>
<td>6.2x</td>
<td>20.6x</td>
<td>242,371</td>
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<tr>
<td>Accenture</td>
<td>196,053</td>
<td>8,007</td>
<td>47,949</td>
<td>7.6%</td>
<td>32.0%</td>
<td>16.7%</td>
<td>4.1x</td>
<td>24.5x</td>
<td>514,000</td>
<td>93</td>
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<tr>
<td><strong>Average</strong></td>
<td>53,577</td>
<td>2,633</td>
<td>14,582</td>
<td>10.4%</td>
<td>31.5%</td>
<td>19.6%</td>
<td>6.5x</td>
<td>31.7x</td>
<td>185,378</td>
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<td><strong>Median</strong></td>
<td>33,205</td>
<td>2,443</td>
<td>14,805</td>
<td>11.8%</td>
<td>34.0%</td>
<td>18.2%</td>
<td>5.1x</td>
<td>22.6x</td>
<td>172,597</td>
<td>67</td>
</tr>
</tbody>
</table>

*share price as of 26Jul21*
Public Basket

Public EBITDA Multiples over Time

Public Revenue Multiples over Time

- TEV/EBITDA - Median
- TEV/Revenue - Median
- TEV/EBITDA - Average
- TEV/Revenue - Average
Operational Metrics

**LTM Gross Profit Margin %**

- Globant
- Cognizant Technology Solutions
- Infosys
- EPAM Systems
- Endava
- Accenture
- Capgemini
- WPP
- Median

**LTM EBITDA %**

- Infosys
- Globant
- EPAM Systems
- Endava
- Cognizant Technology Solutions
- Accenture
- Capgemini
- WPP
- Median
Operational Metrics

**LTM Revenue Growth %**

- Globant
- Endava
- EPAM Systems
- Capgemini
- Infosys
- Accenture
- Cognizant Technology Solutions
- WPP
- Median

**LTM Revenue per Full Time Employee x 000’s**

- WPP
- Accenture
- Endava
- EPAM Systems
- Capgemini
- Cognizant Technology Solutions
- Infosys
- Globant
- Median
Valuation

**TEV / LTM Revenue**

- Globant
- EPAM Systems
- Infosys
- Accenture
- Capgemini
- Cognizant Technology Solutions
- WPP
- Median

**TEV / LTM EBITDA**

- EPAM Systems
- Globant
- Accenture
- Infosys
- Capgemini
- Cognizant Technology Solutions
- WPP
- Median
Valuation

**TEV / LTM EBIT**

- Endava
- Globant
- EPAM Systems
- Accenture
- Capgemini
- Infosys
- Cognizant Technology Solutions
- Median

**Price / LTM Earnings**

- Endava
- Globant
- EPAM Systems
- Accenture
- Infosys
- Capgemini
- Cognizant Technology Solutions
- Median
Valuation

Historical Valuation Multiples versus Gross Profit

Historical Valuation Multiples versus Revenue Growth Rate
# Recent Transactions

<table>
<thead>
<tr>
<th>Date</th>
<th>Target</th>
<th>Buyer</th>
<th>Total Transaction Amount</th>
<th>Target Revenue</th>
<th>TEV / Revenue</th>
<th>TEV / EBITDA</th>
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<tbody>
<tr>
<td>26-Jul-21</td>
<td>AGS Tek Partners</td>
<td>Kris Infotech</td>
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<tr>
<td>26-Jul-21</td>
<td>Simplicit Technologies</td>
<td>Palmer Technology Solutions</td>
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<tr>
<td>22-Jul-21</td>
<td>Zerkana</td>
<td>Nunsys</td>
<td></td>
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<td>21-Jul-21</td>
<td>DotCom Partners</td>
<td>WhyteSpyder</td>
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<tr>
<td>21-Jul-21</td>
<td>KeyData</td>
<td>CIVC Partners</td>
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<tr>
<td>21-Jul-21</td>
<td>ProcessDX</td>
<td>Lydonia Technologies</td>
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<tr>
<td>21-Jul-21</td>
<td>Wireless Watchdogs</td>
<td>Daaprise</td>
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<td></td>
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<tr>
<td>20-Jul-21</td>
<td>Clipper Group (France)</td>
<td>Andera Partners</td>
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<td>20-Jul-21</td>
<td>CyberNet Security</td>
<td>BEK Communications</td>
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<td>20-Jul-21</td>
<td>Defcon Solutions</td>
<td>MiDef Group</td>
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<td>1.43</td>
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<td>20-Jul-21</td>
<td>Trams</td>
<td>Econocom Group</td>
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<td>19-Jul-21</td>
<td>Cloudworks Consulting Services</td>
<td>Accenture</td>
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<tr>
<td>19-Jul-21</td>
<td>Mainstream Technologies (Czech Republic)</td>
<td>Sandberg Capital</td>
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<tr>
<td>19-Jul-21</td>
<td>Sability (Dayforce HCM Consulting Practice)</td>
<td>AXL Global Consulting</td>
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<td>19-Jul-21</td>
<td>Summa Solutions (Digital Commerce agency)</td>
<td>Infra.Commerce</td>
<td>9.00</td>
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<td>19-Jul-21</td>
<td>VDOO</td>
<td>JFrog</td>
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<tr>
<td>16-Jul-21</td>
<td>Dapesco</td>
<td>Metron</td>
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<tr>
<td>16-Jul-21</td>
<td>Indrasoft (Cybersecurity)</td>
<td>ASGN</td>
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<tr>
<td>15-Jul-21</td>
<td>Blazing Edge</td>
<td>Dept Agency</td>
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<tr>
<td>15-Jul-21</td>
<td>Engagement Factory</td>
<td>BLEND360</td>
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<tr>
<td>15-Jul-21</td>
<td>Integress</td>
<td>AllCloud</td>
<td></td>
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<tr>
<td>15-Jul-21</td>
<td>Occam's Razor Technologies</td>
<td>Avantus Federal</td>
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<tr>
<td>14-Jul-21</td>
<td>Tarrytech Computer Consultants</td>
<td>Bilgola Capital</td>
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<tr>
<td>13-Jul-21</td>
<td>Cantey Technology Consulting</td>
<td>LNC Partners</td>
<td></td>
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</tr>
</tbody>
</table>
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.
The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on April 1, 2021.

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 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.
The company raised $12 million of Series B venture funding from Telefónica Tech Ventures, Globant and Bridge One on July 12, 2021. IDB Lab., NXTP Ventures and Agrega Partners also participated in the round. The funds will be used to hire developers across Europe and in the U.S.

The company was acquired by Globant (NYS: GLOB) for an undisclosed amount on July 8, 2021. Globant has an option to acquire remaining minority stake in three year time.
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.
The company was acquired by WPP (LON: WPP) for an undisclosed amount on April 30, 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.

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 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 clients.
The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on May 11, 2021. The acquisition enables EPAM Systems to expand its portfolio of data and analytics services.

The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on May 5, 2021.
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.
Empired 19-Jul-21 The company reached a definitive agreement to be acquired by Capgemini (PAR: CAP) for AUD 233 million on July 19, 2021. The acquisition strengthens Capgemini’s client portfolio across key industries, notably in Mining, Utilities and Government.

Verkor 06-Jul-21 The company raised EUR 100 million of Series B venture funding in a deal led by Groupe Renault (France) and EQT Ventures on July 6, 2021. Schneider Electric, Capgemini, Arkema and 6 other investors also participated in the round. The funds will be used by the company to support the expansion of Verkor and accelerate the construction of the VIC (Verkor Innovation Center).
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.
TQS Integration 20-Jul-21
The company reached a definitive agreement to be acquired by Cognizant Technology Solutions (NAS: CTSH) for an undisclosed amount on July 20, 2021. The acquisition will expand Cognizant’s presence in Ireland, a hub for the world’s leading life science manufacturing experts and an ideal location to offer Industry 4.0 consulting and services to European manufacturing clients.

ESG Mobility 01-Jun-21
The company, a subsidiary of ESG Elektroniksystem- und Logistik was acquired by Cognizant Technology Solutions (NAS: CTSH) for an undisclosed amount on June 1, 2021. The acquisition will expand Cognizant’s automotive engineering expertise, particularly in connected vehicles.
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

**Revenue Multiples - Infosys**

<table>
<thead>
<tr>
<th>Date</th>
<th>TEV/Revenue</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>May-20</td>
<td>3.0x</td>
<td>2.5x</td>
</tr>
<tr>
<td>May-19</td>
<td>3.2x</td>
<td>2.8x</td>
</tr>
<tr>
<td>May-18</td>
<td>2.8x</td>
<td>2.5x</td>
</tr>
<tr>
<td>May-17</td>
<td>3.0x</td>
<td>2.6x</td>
</tr>
<tr>
<td>May-16</td>
<td>2.8x</td>
<td>2.5x</td>
</tr>
<tr>
<td>Nov-15</td>
<td>2.5x</td>
<td>2.2x</td>
</tr>
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</table>

**EBITDA Multiples - Infosys**

<table>
<thead>
<tr>
<th>Date</th>
<th>TEV/EBITDA (Adjusted)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov-15</td>
<td>10.0x</td>
<td>9.5x</td>
</tr>
<tr>
<td>May-16</td>
<td>12.0x</td>
<td>11.5x</td>
</tr>
<tr>
<td>May-17</td>
<td>13.0x</td>
<td>12.5x</td>
</tr>
<tr>
<td>May-18</td>
<td>14.0x</td>
<td>13.5x</td>
</tr>
<tr>
<td>May-19</td>
<td>15.0x</td>
<td>14.5x</td>
</tr>
<tr>
<td>Nov-20</td>
<td>16.0x</td>
<td>15.5x</td>
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**P/E Multiples - Infosys**

<table>
<thead>
<tr>
<th>Date</th>
<th>P/E (Adjusted)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov-15</td>
<td>10.0x</td>
<td>9.5x</td>
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<tr>
<td>May-16</td>
<td>12.0x</td>
<td>11.5x</td>
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<tr>
<td>May-17</td>
<td>13.0x</td>
<td>12.5x</td>
</tr>
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<td>May-18</td>
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<td>13.5x</td>
</tr>
<tr>
<td>May-19</td>
<td>15.0x</td>
<td>14.5x</td>
</tr>
<tr>
<td>Nov-20</td>
<td>16.0x</td>
<td>15.5x</td>
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</table>

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

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Date</th>
<th>Deal Synopsis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openminded</td>
<td>21-Jul-21</td>
<td>The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on July 21, 2021. The acquisition will help Accenture increase its presence in the field of cybersecurity in Europe.</td>
</tr>
<tr>
<td>Cloudworks Consulting Services</td>
<td>19-Jul-21</td>
<td>The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on July 19, 2021. The acquisition further enhances Accenture’s capabilities to deliver oracle solutions to clients on their journeys to the cloud.</td>
</tr>
</tbody>
</table>
Contact Info

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