

7 Mile Advisors



Sectorwatch: IT Consulting

June 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

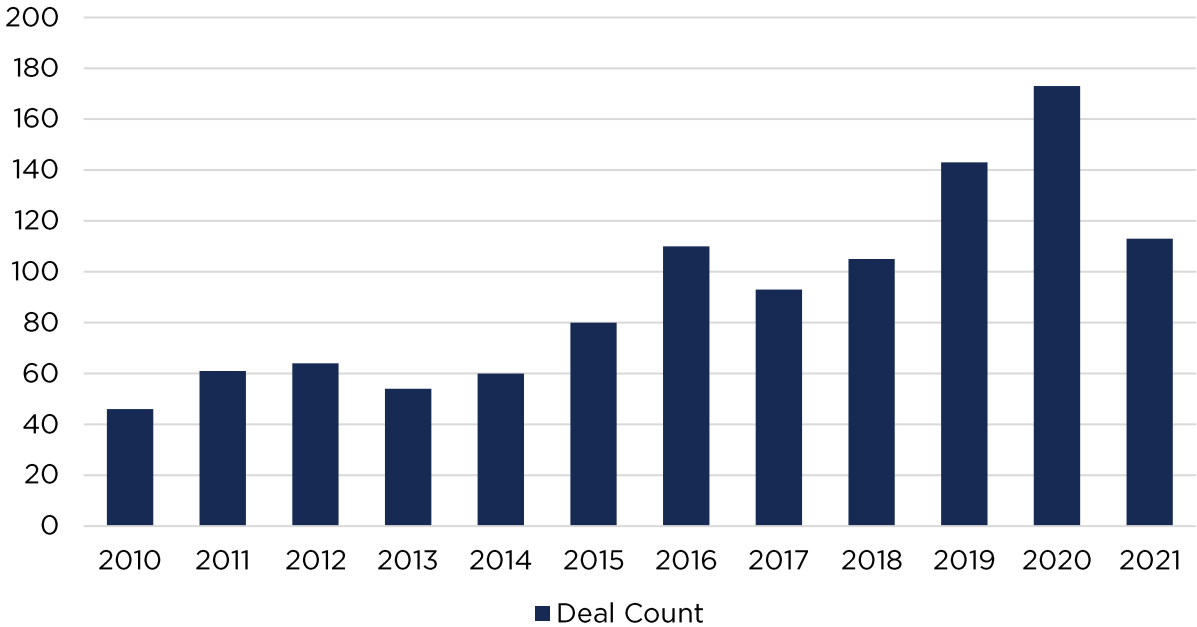
- The most recently announced deals in the sector

Dashboard

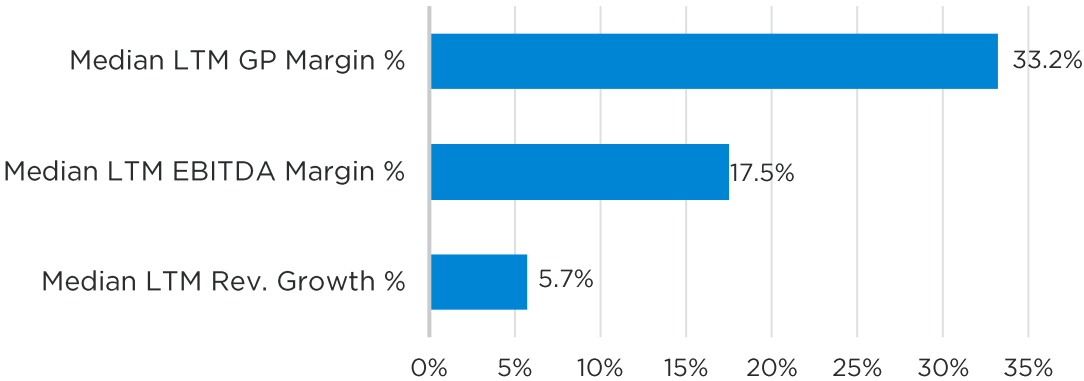
REVENUE GROWTH MOMENTUM ↓ -2.1%

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

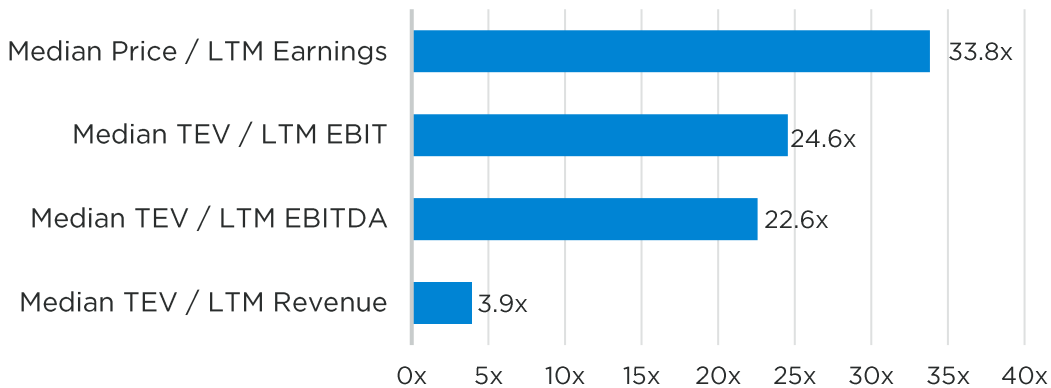
M&A Activity



Operating Metrics



Valuation



Public Basket Overview



IT Consulting

Information Technology Consulting



Business Management Software



Technology Service Provider



Data Management Software

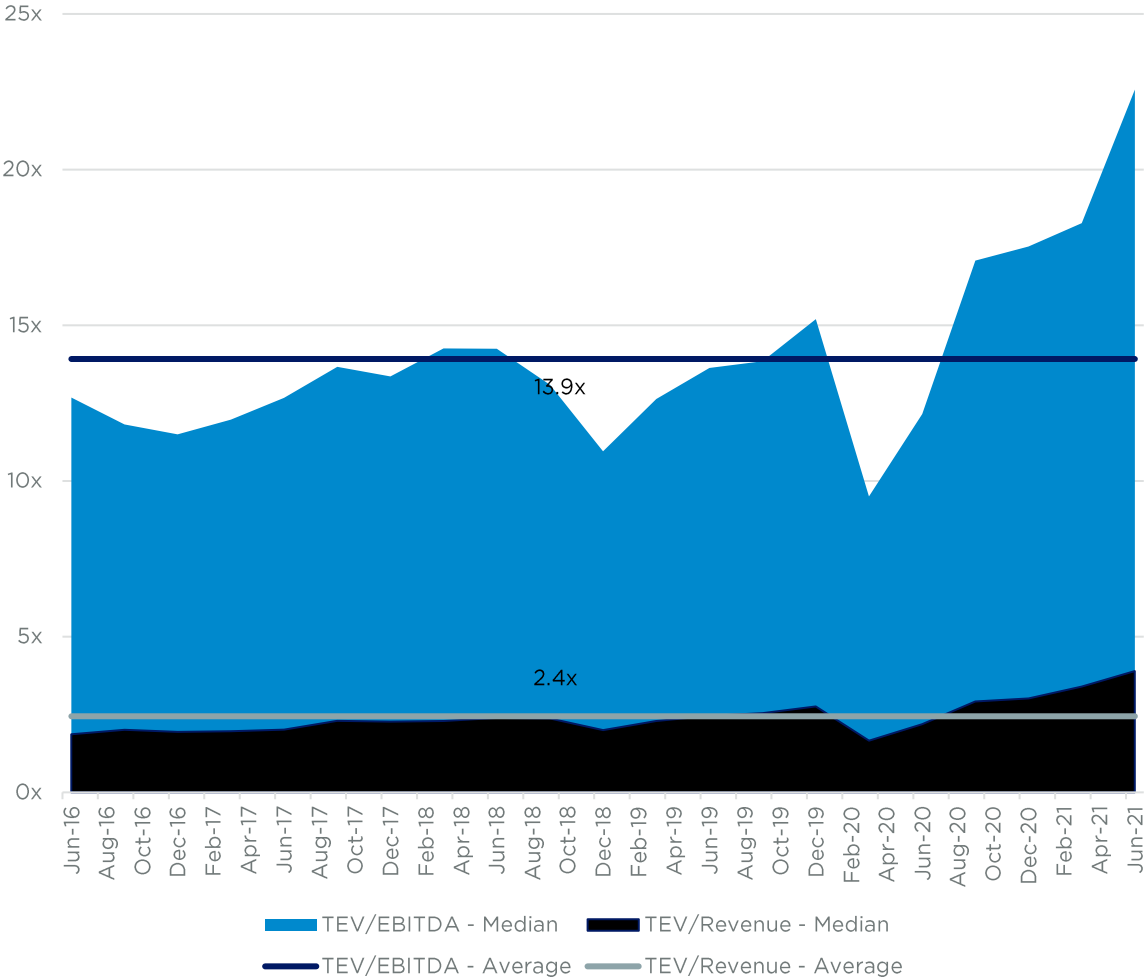


Public Basket

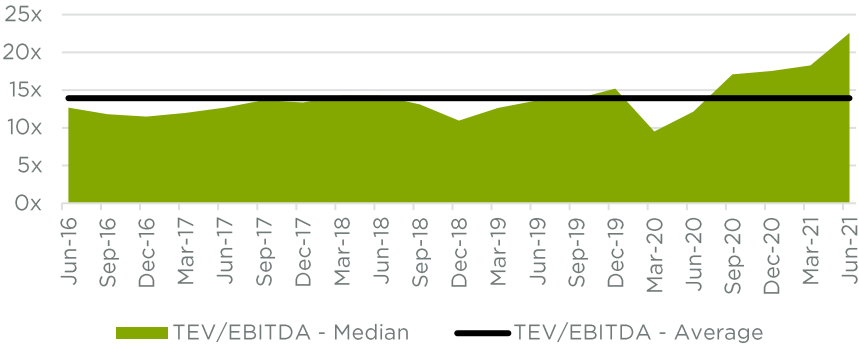
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	180,358	8,007	47,949	7.6%	32.0%	16.7%	3.8x	22.5x	514,000	93
Tata Consultancy Services	162,210	6,271	22,067	4.6%	47.1%	28.4%	7.4x	25.9x	488,649	45
Infosys	86,988	3,846	13,561	6.1%	34.9%	28.4%	6.4x	22.6x	242,371	56
Cognizant Technology Solutions	36,555	2,987	16,828	-0.4%	36.5%	17.8%	2.2x	12.2x	289,500	58
Capgemini	39,656	2,814	18,065	12.2%	26.1%	15.6%	2.2x	14.1x	269,769	67
NTT Data	26,331	3,274	21,866	2.3%	25.2%	15.0%	1.2x	8.0x	136,464	160
CGI Group	25,033	1,806	9,125	-1.5%	22.9%	19.8%	2.7x	13.9x	76,000	120
EPAM Systems	28,261	621	2,789	15.1%	34.5%	22.2%	10.1x	45.5x	41,168	68
Reply	6,129	246	1,520	5.3%	16.4%	16.2%	4.0x	25.0x	9,059	168
Perficient	2,850	109	636	10.2%	38.1%	17.2%	4.5x	26.0x	4,277	149
Average	59,437	2,998	15,441	6.1%	31.4%	19.7%	4.4x	21.6x	207,126	98
Median	32,408	2,901	15,195	5.7%	33.2%	17.5%	3.9x	22.6x	189,418	81

share price as of 29Jun21

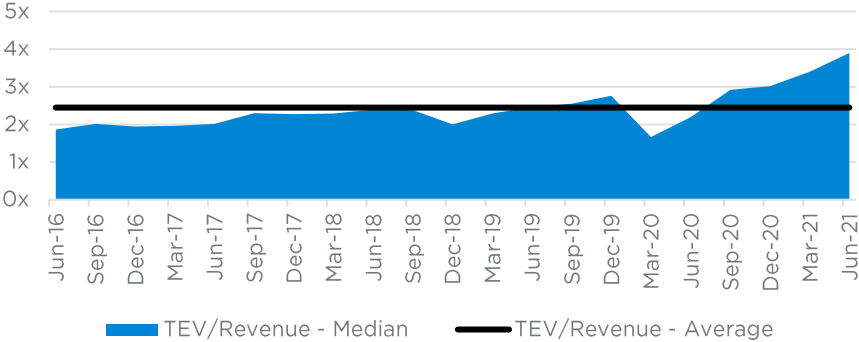
Public Basket



Public EBITDA Multiples over Time

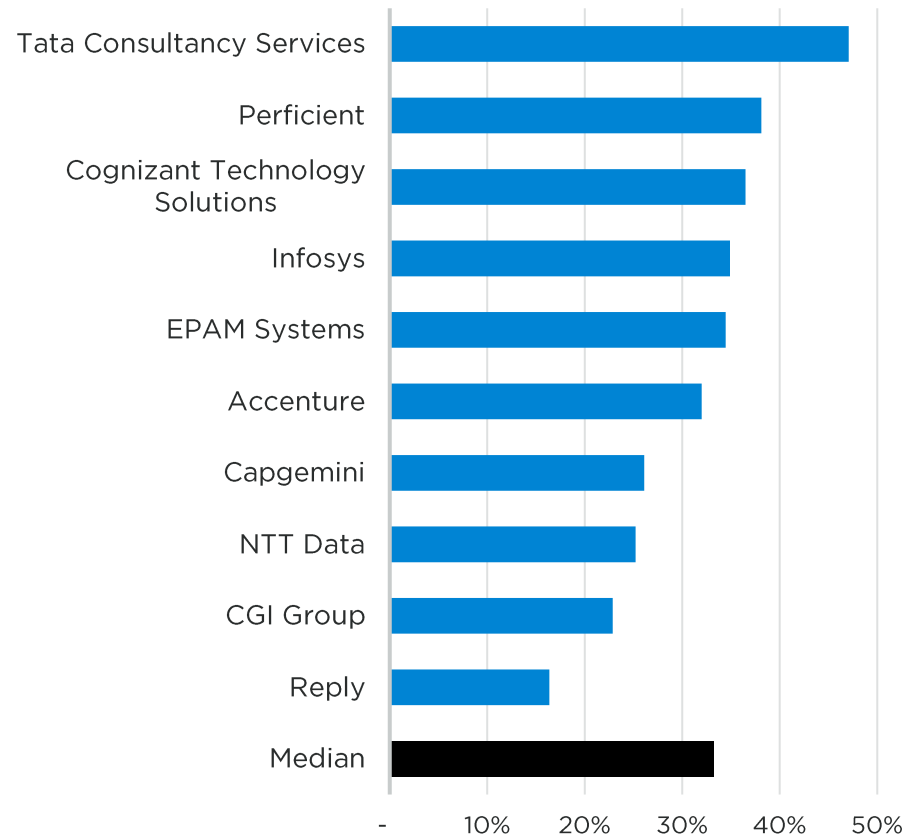


Public Revenue Multiples over Time

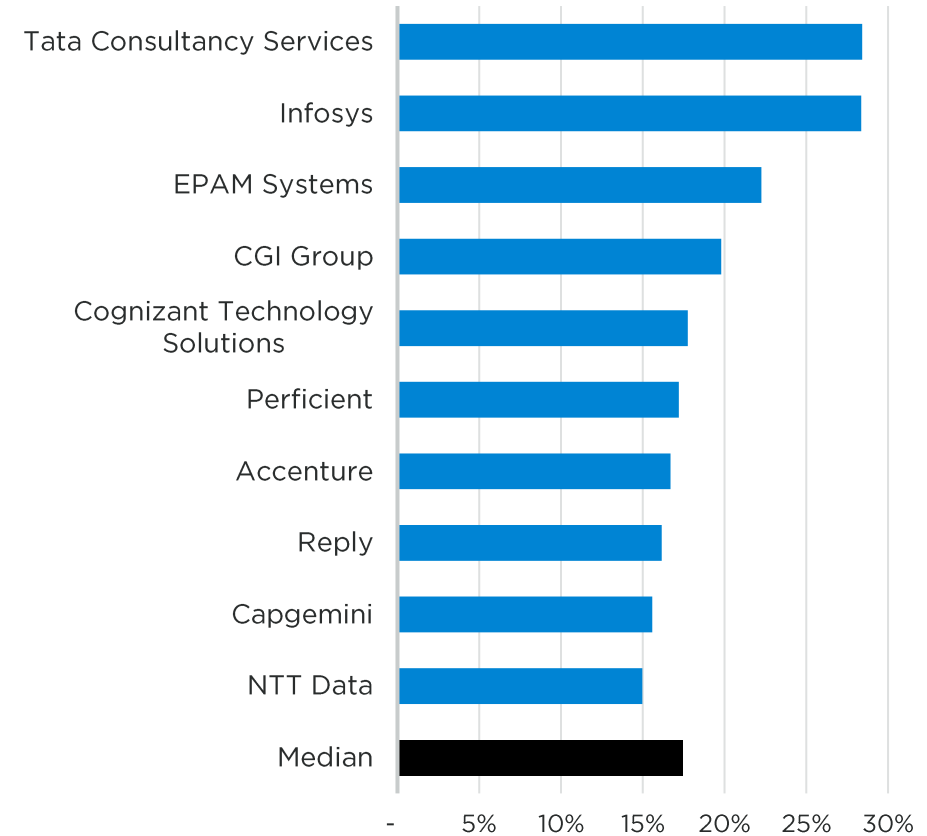


Operational Metrics

LTM Gross Profit Margin %

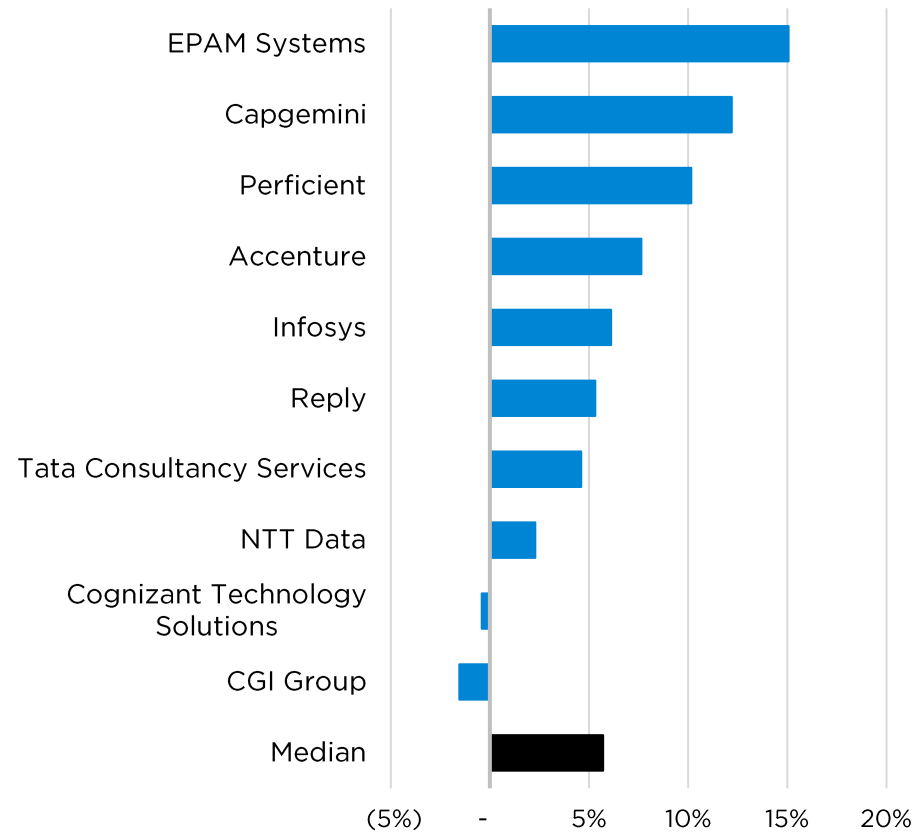


LTM EBITDA %

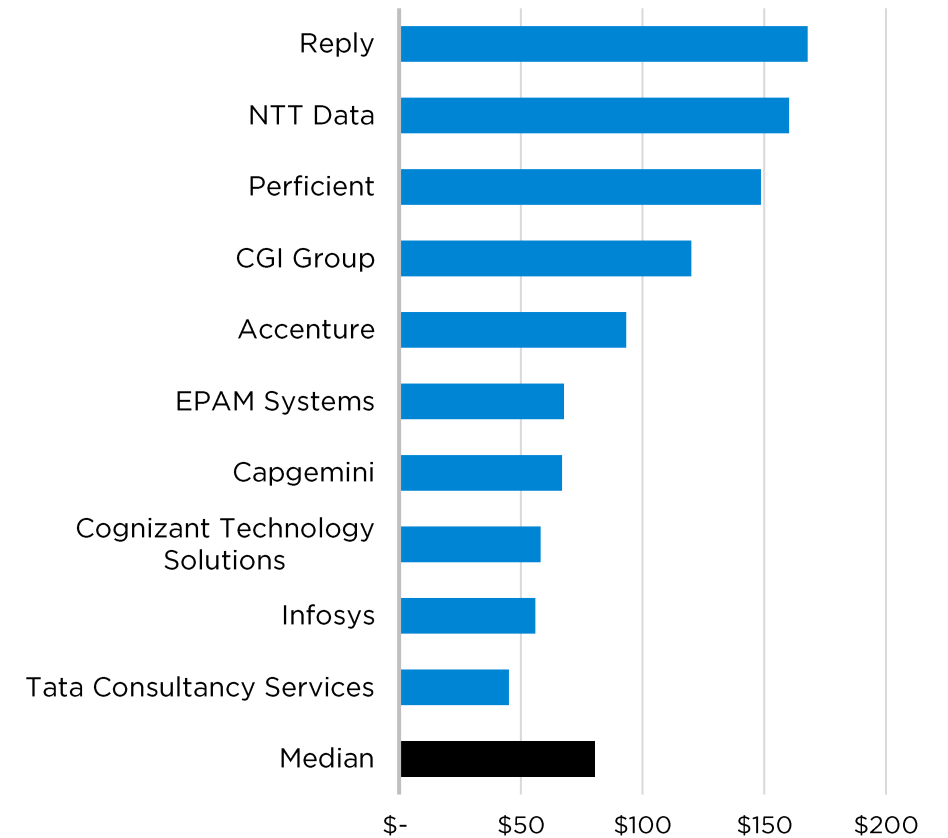


Operational Metrics

LTM Revenue Growth %

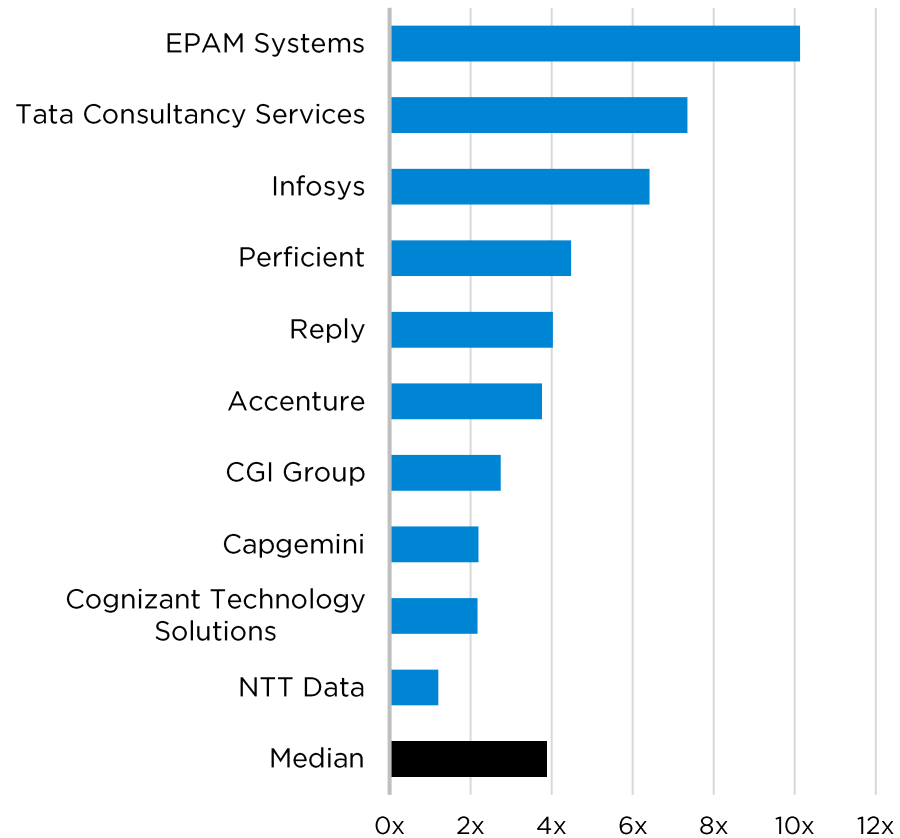


LTM Revenue per Full Time Employee x 000's

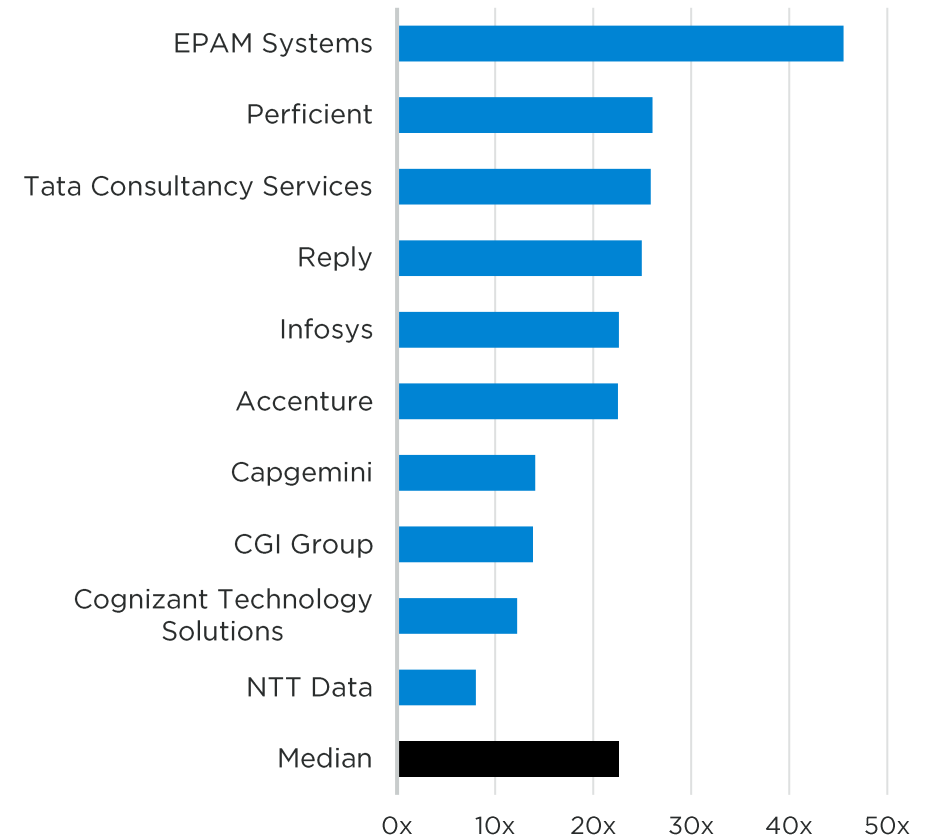


Valuation

TEV / LTM Revenue

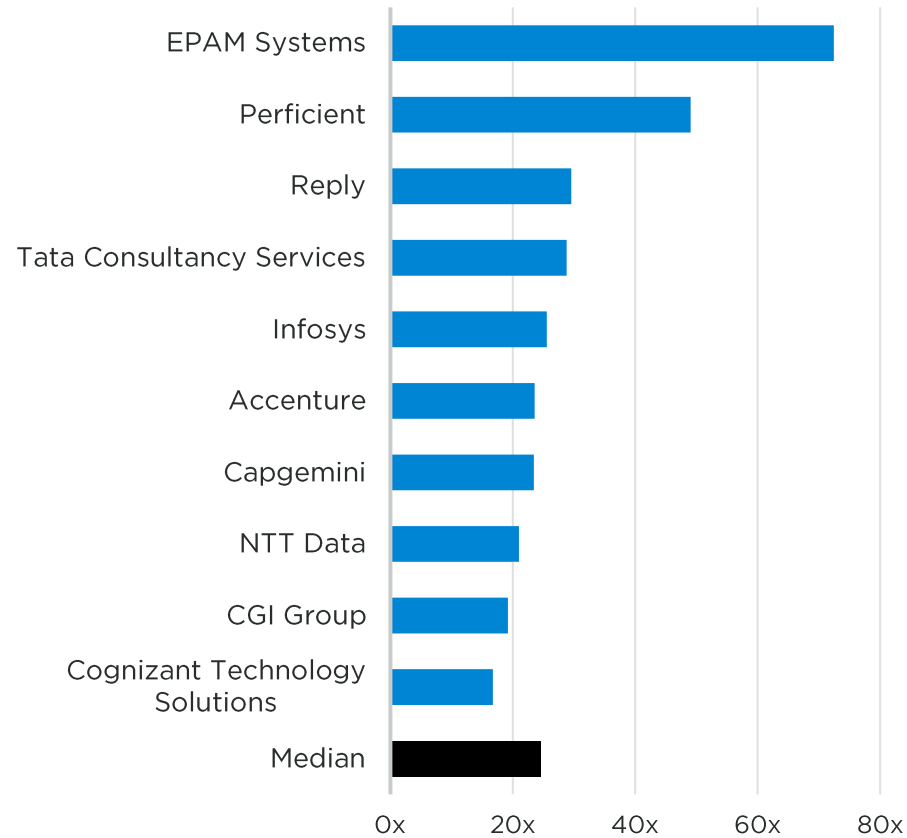


TEV / LTM EBITDA

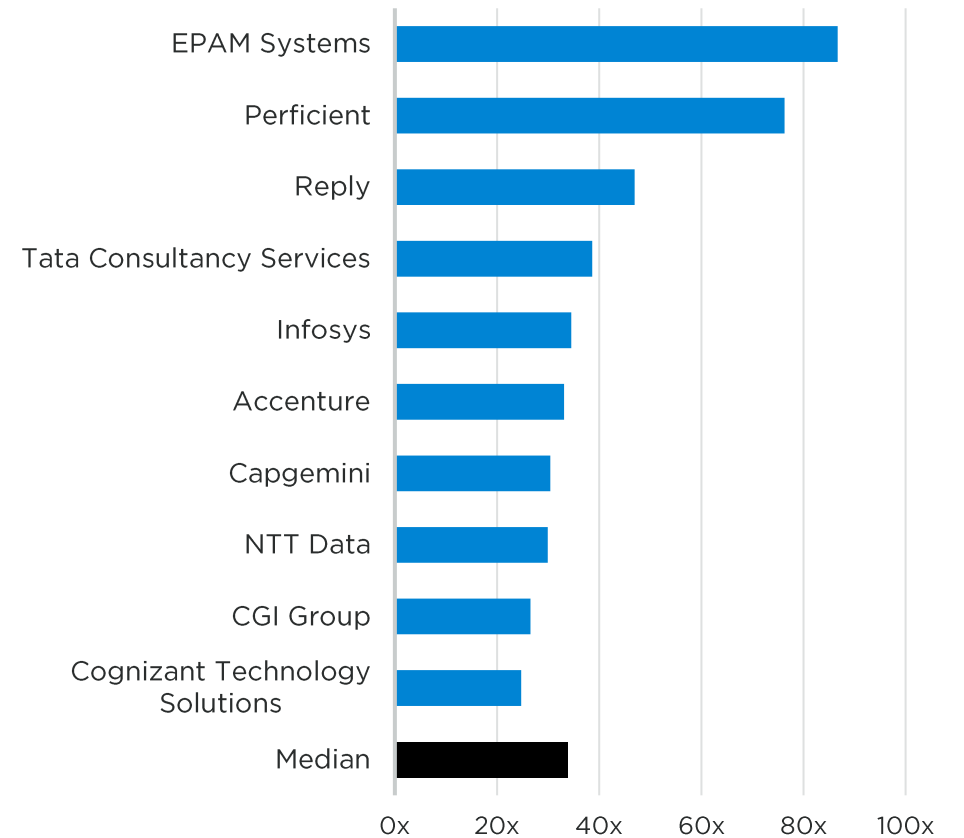


Valuation

TEV / LTM EBIT

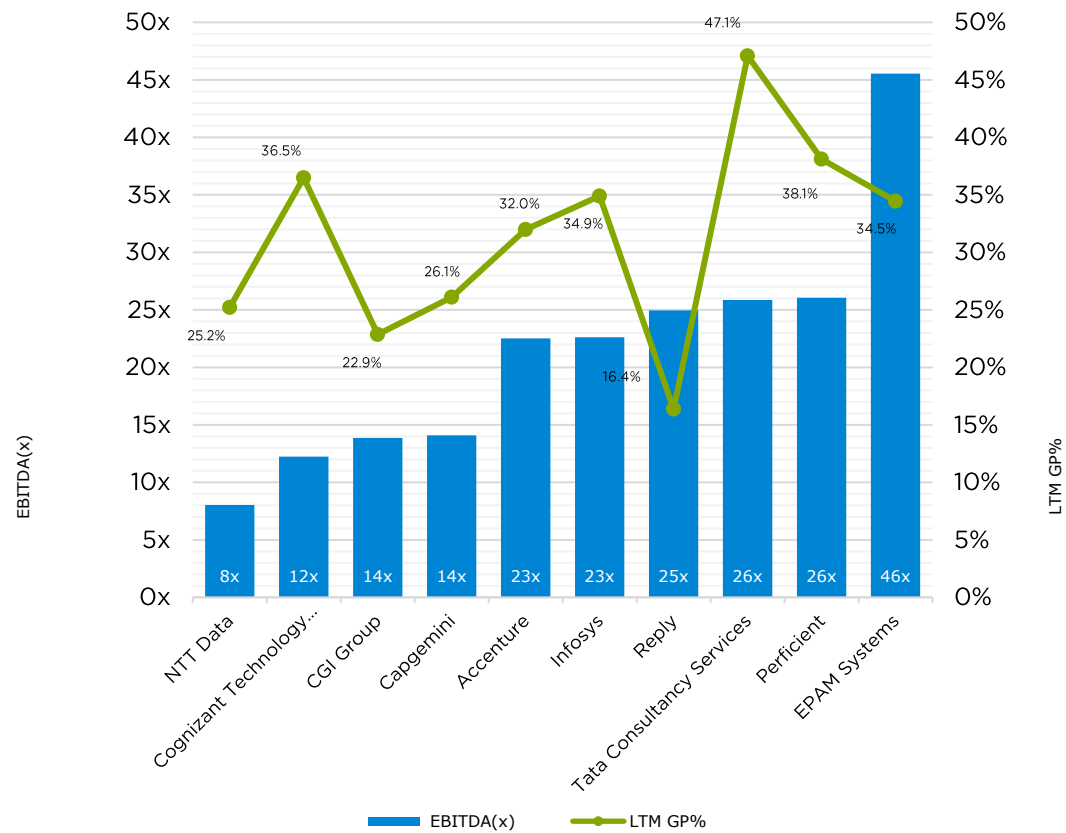


Price / LTM Earnings

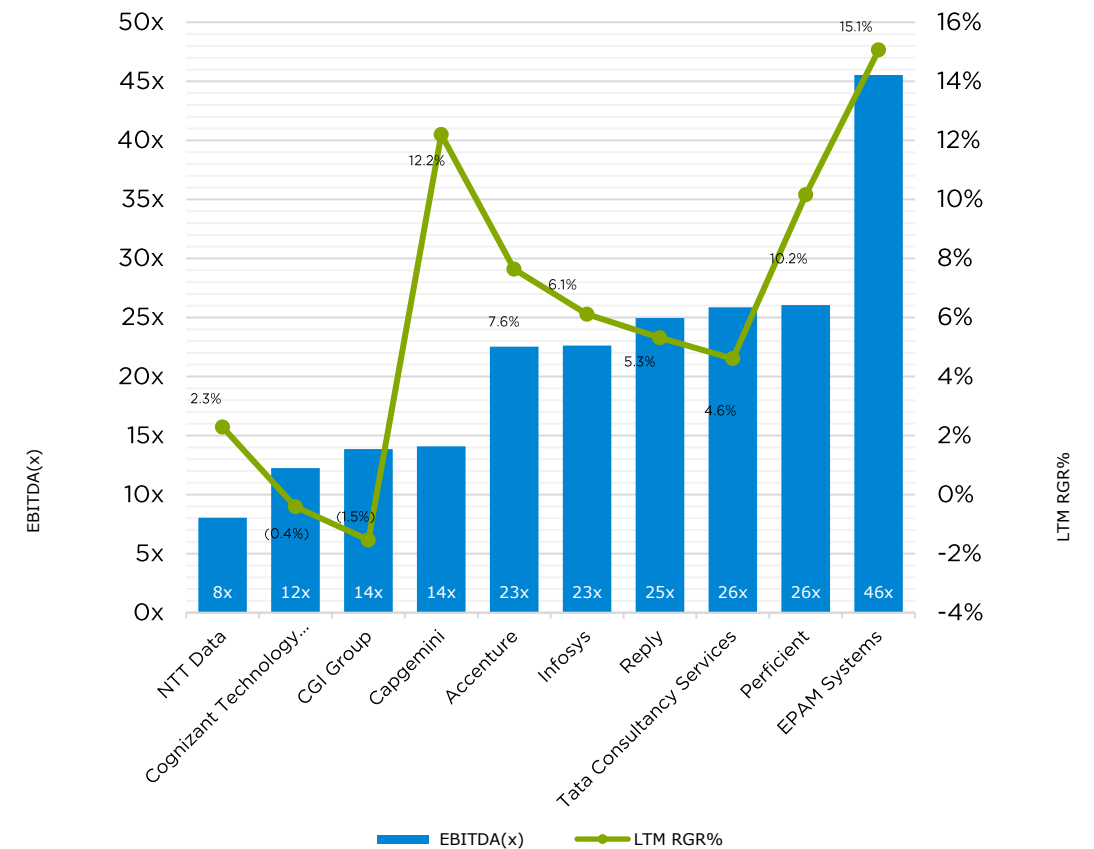


Valuation

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
25-Jun-21	GN Techonomy	GenCap Advisory	-	-	-	-
22-Jun-21	Triumph Technologies	Redsquad Communications	-	-	-	-
17-Jun-21	Azimuth	Elyon International	-	-	-	-
14-Jun-21	System Solution	Dynamica	-	-	-	-
10-Jun-21	CloudwirX	Berkshire Partners	-	-	-	-
07-Jun-21	Babel Sistemas De Informacion	Aurica Capital	-	-	-	-
04-Jun-21	Project-IT	eCraft	-	-	-	-
03-Jun-21	Processia Solutions	Atos	-	-	-	-
01-Jun-21	Talent Base	Loihde Group	12.2	-	-	-
01-Jun-21	Vitari	Exsitec	15.0	-	-	-
27-May-21	Omni Logika	mLogica	-	-	-	-
25-May-21	Solv (Norway)	IK Investment Partners	-	-	-	-
20-May-21	Moovity Technologies	Syntonize	-	-	-	-
18-May-21	ArchiTECH Solutions	TechCORE Management Solutions Services	-	-	-	-
15-May-21	M3bi	Zensar Technologies	30.6	-	-	-
12-May-21	ConXioN Consultancy	Vectis Private Equity	-	-	-	-
12-May-21	Sourced	Amdocs	75.0	-	-	-
11-May-21	Ammeon	intive	-	-	-	-
11-May-21	Scandio	HiQ International	-	-	-	-
06-May-21	Timetoact Group	Equistone Partners Europe	-	-	-	-
04-May-21	Hyperneph Software	Catenae Innovation	0.4	-	-	-
04-May-21	Medical Information Software Technology	DeliverHealth Solutions	-	-	-	-
04-May-21	Résiliances	FMI Groupe	-	-	-	-
04-May-21	Starport Managed Services	Alpine Investors	-	-	-	-
04-May-21	Switchfast Technologies	Ascend Technologies (Chicago)	-	-	-	-

Appendix

*Public Basket
Contact Information*



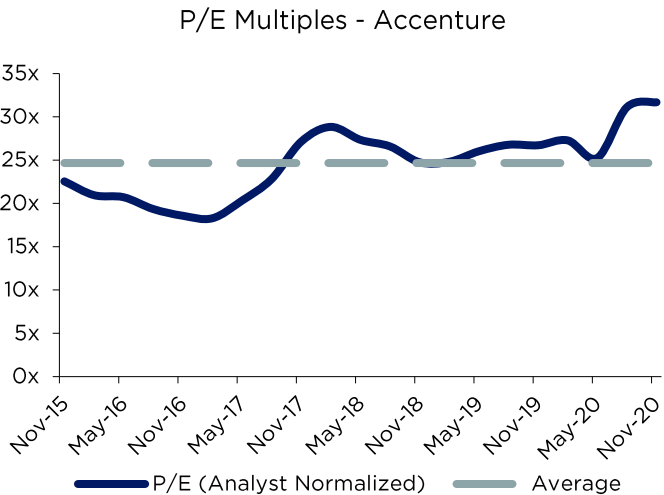
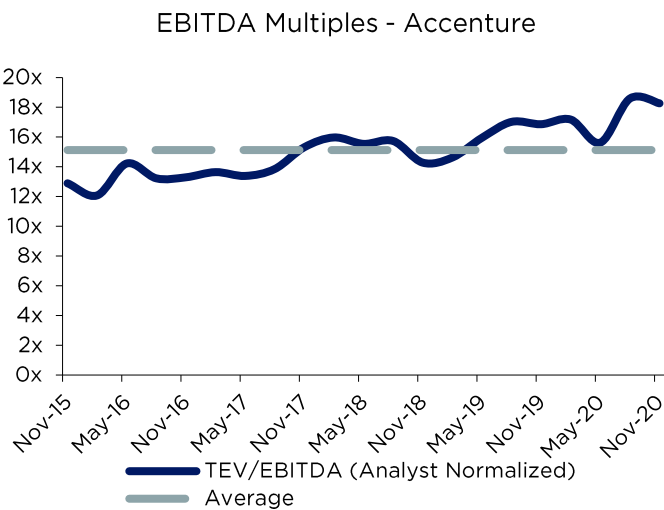
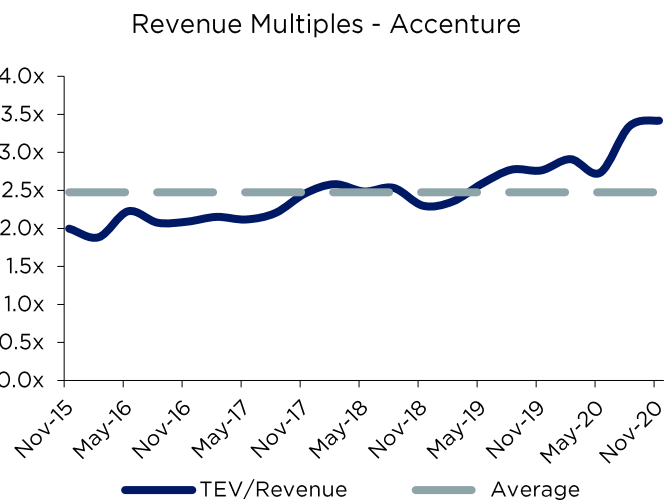
Accenture

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
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.

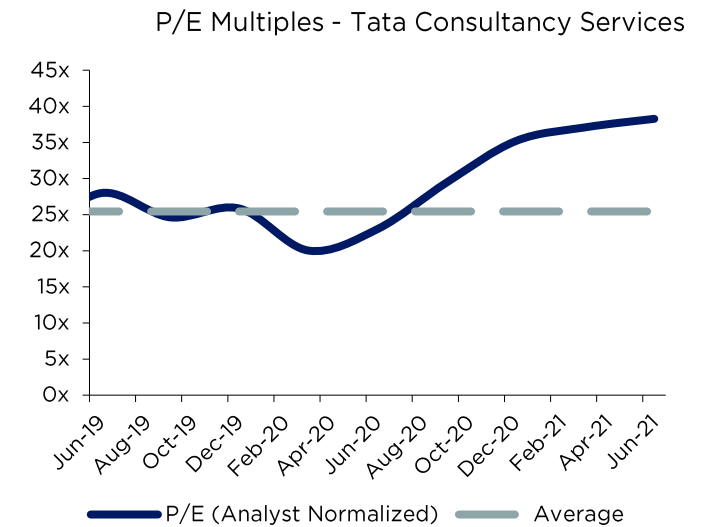
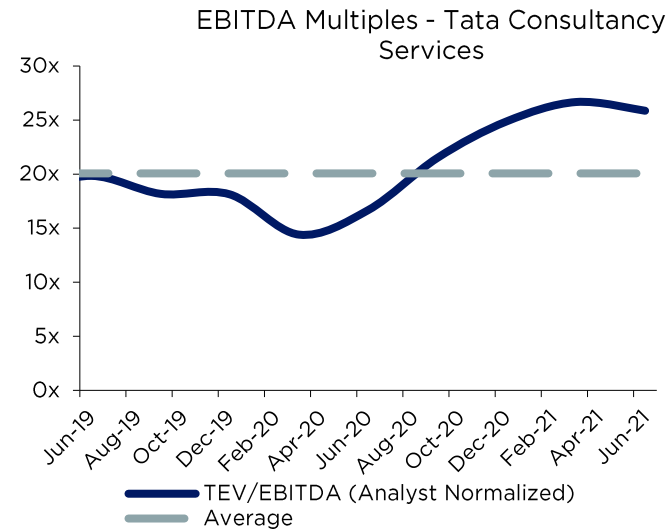
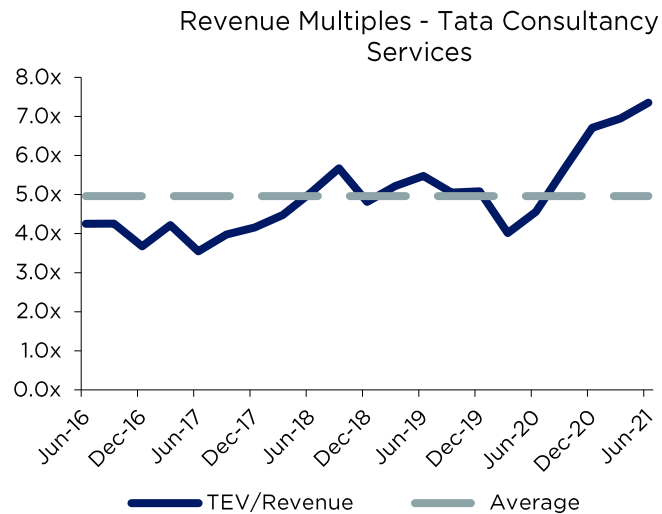
Tata Consultancy Services

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	The company, a subsidiary of Prudential Financial (NYS: PRU), reached a definitive agreement to be acquired by Tata Consultancy Services (NSE: TCS) 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.

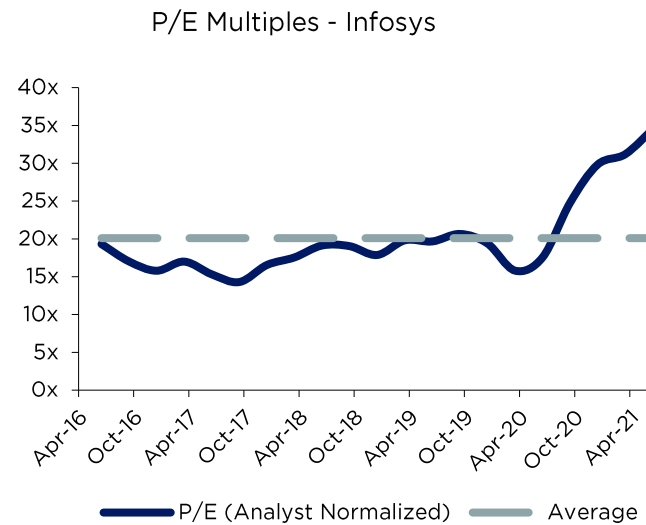
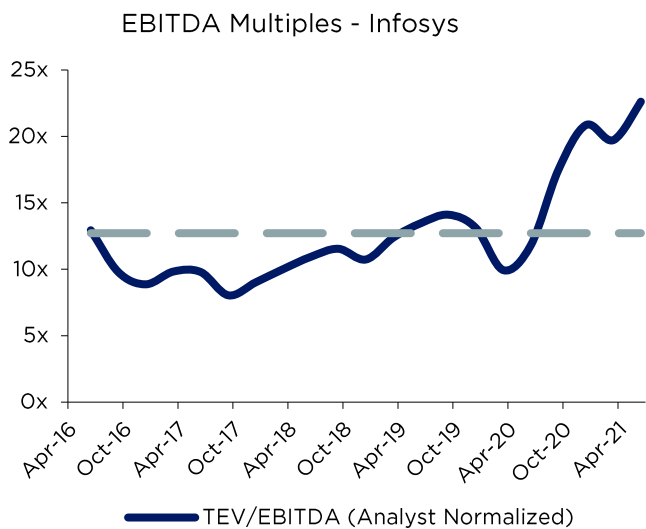
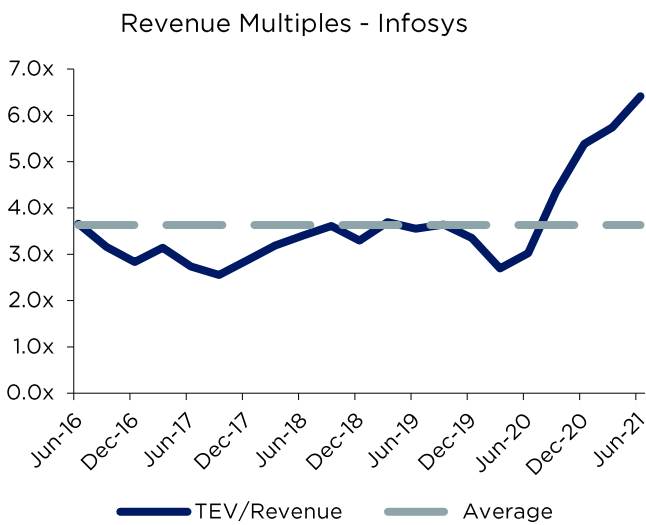
Infosys

**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.

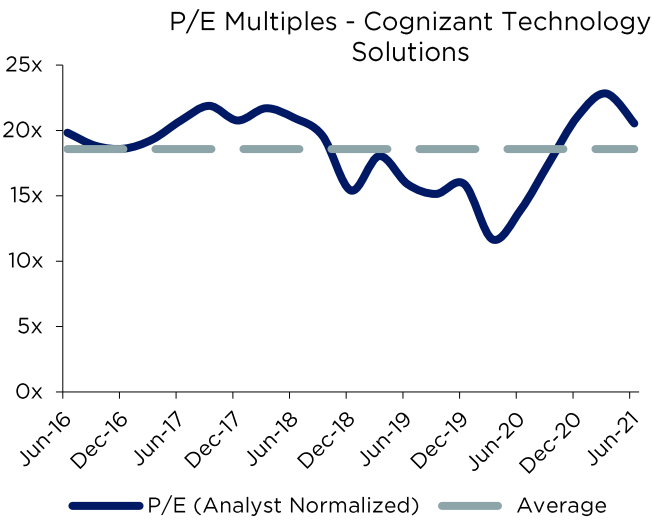
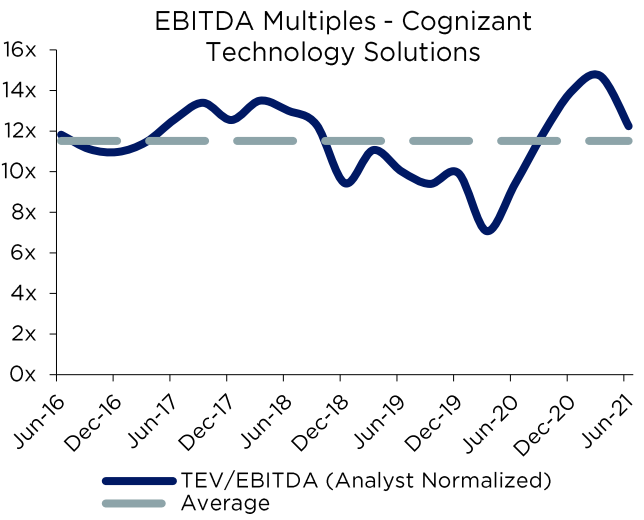
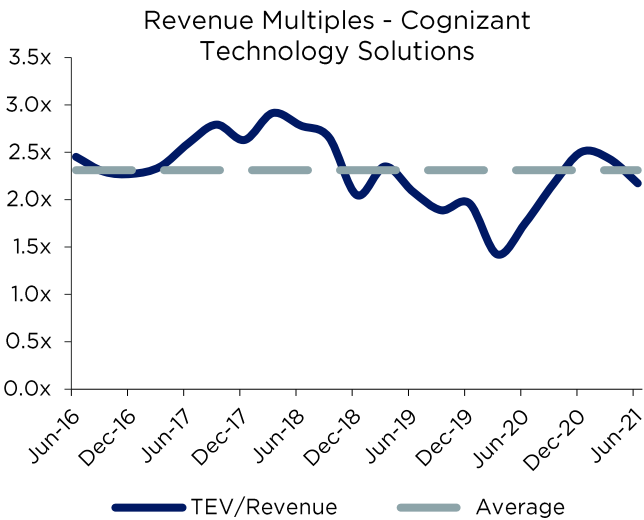
Cognizant Technology Solutions

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
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.
Servian	01-Apr-21	The company was acquired by Cognizant Technology Solutions (NAS: CTSH) for \$340 million on April 1, 2021.

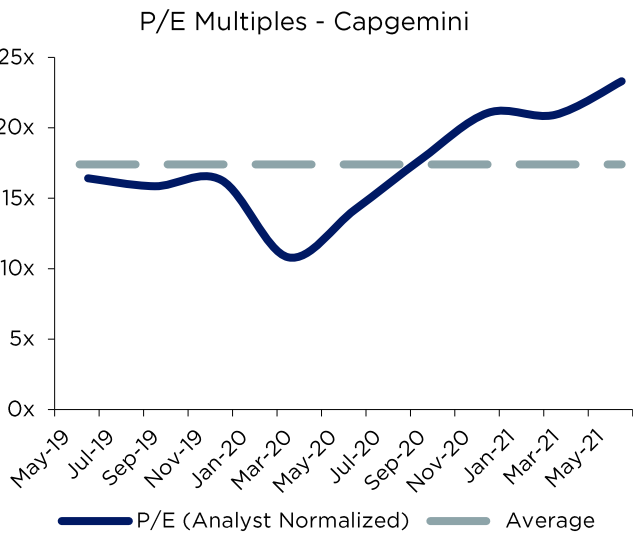
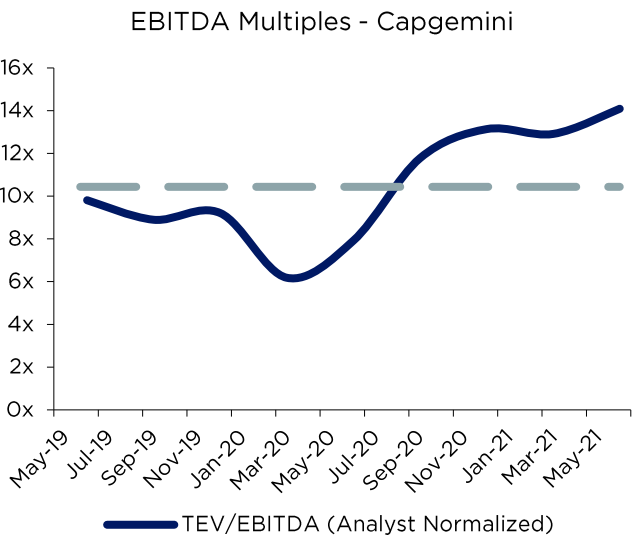
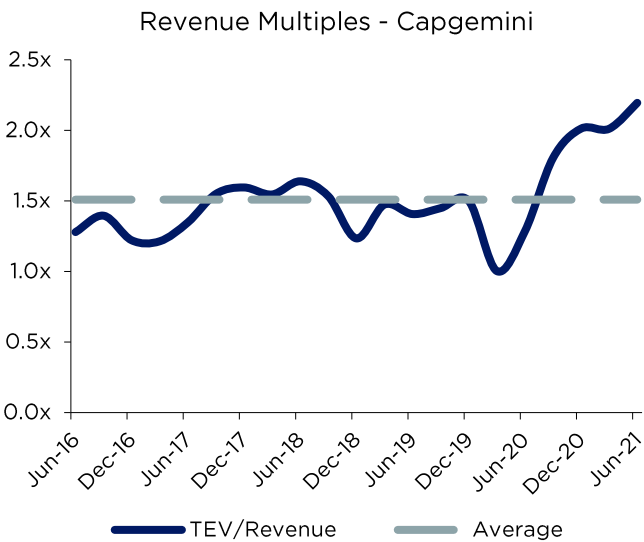
Capgemini

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.

Public Basket

Capgemini



Company Name	Date	Deal Synopsis
Future4care	10-Jun-21	The company was formed as a joint venture between Generali Proximité, Capgemini (EPA: CAP), Orange (EPA: ORA) and Sanofi (EPA: SAN) on June 10, 2021. The joint venture is a health-focused startup accelerator program with the objective to stimulate the development of e-health solutions and the go-to-market, for the benefit of both patients and health professionals.
Multibook (SAP Global Services Line)	09-May-21	Multibook a definitive agreement to sell its SAP services business in Japan and South East Asia Capgemini (PAR: CAP) for an undisclosed amount on May 9, 2021. The acquisition will enable Capgemini to further build its SAP capabilities and enrich its client portfolio of business services in Japan and South East Asia.

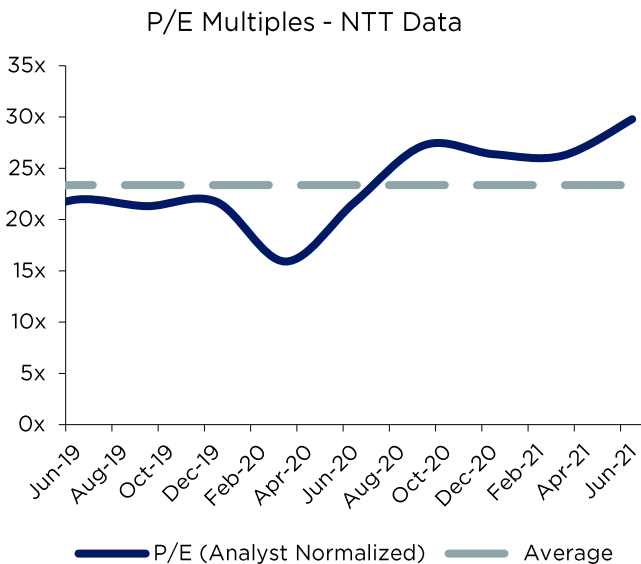
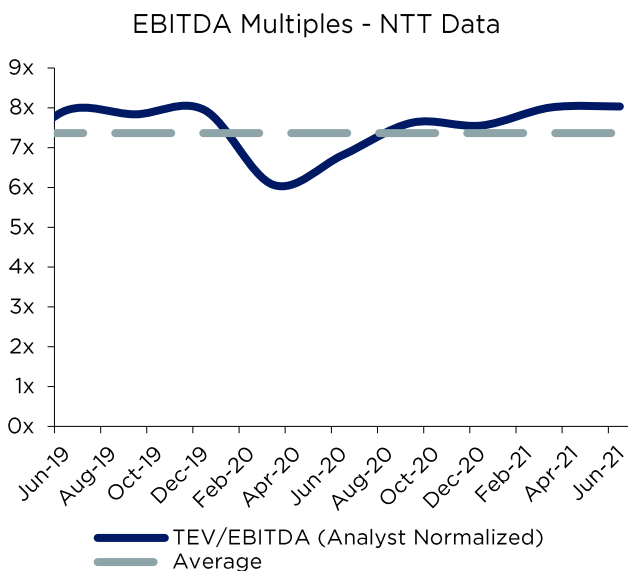
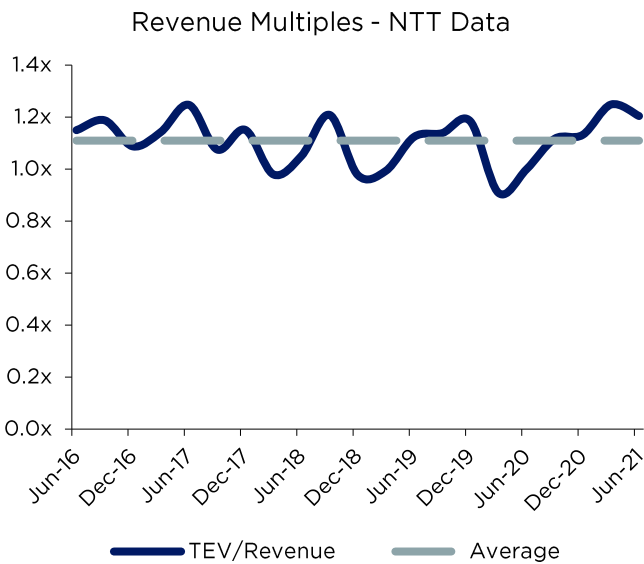
NTT Data

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
Securitize	21-Jun-21	The company raised \$48 million of venture funding in a deal led by Blockchain Capital and Morgan Stanley on June 21, 2021. Mouro Capital, AVA Labs, NTT Data, Ripio, Migration Capital, SPICE VC, Global Brain, Borderless Capital, IDC Ventures, Ripple Ventures and Sumitomo Mitsui Trust Bank also participated in the round. The funds will be used to expand its leadership in digital asset securities and in the digitization of private capital markets.
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.

Public Basket

CGI Group

CGI Group

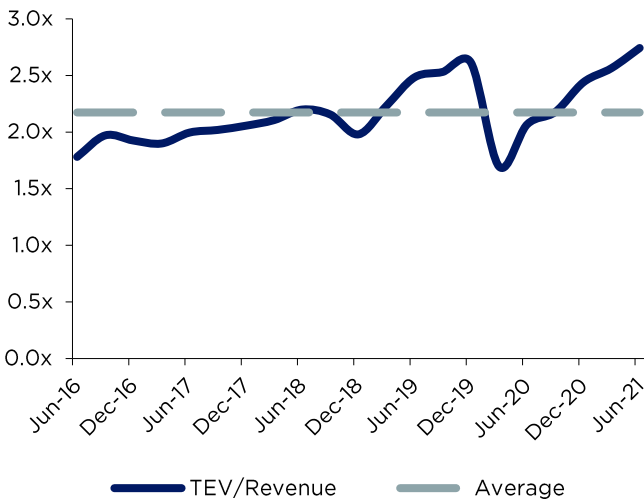
CGI Inc.

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.

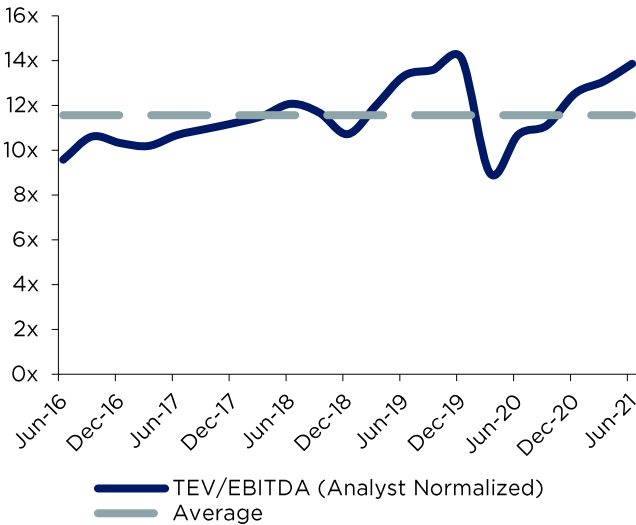
Public Basket

CGI Group

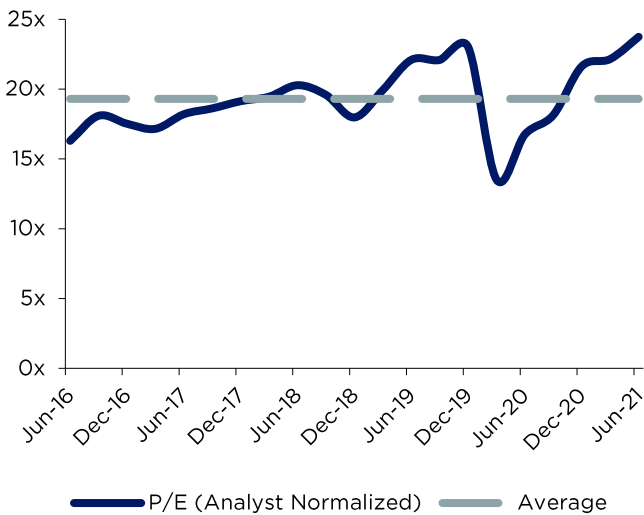
Revenue Multiples - CGI Group



EBITDA Multiples - CGI Group



P/E Multiples - CGI Group



Company Name	Date	Deal Synopsis
Sense Corp.	01-May-21	The company was acquired by CGI Group (TSE: GIB.A) for an undisclosed amount on May 1, 2021. This acquisition expands CGI's footprint in Austin, Dallas, Houston, and St. Louis and grows CGI's digital and cloud solution capabilities.
OLM Systems	15-Apr-21	The company received an undisclosed amount of financing from CGI Group (TSE: GIB.A) on April 15, 2021. The funding will be used for company's ECLIPSE software platform for Glasgow City Council to modernise and streamline health and social care services.

EPAM Systems

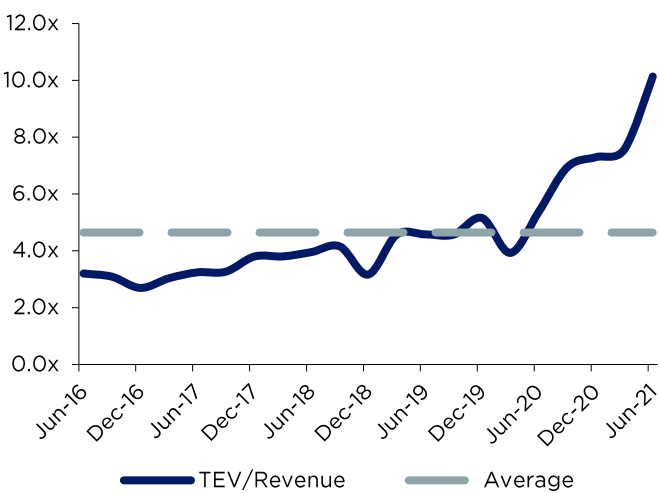
EPAM Systems Inc provides software product development and digital platform engineering services to clients located around the world.

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.

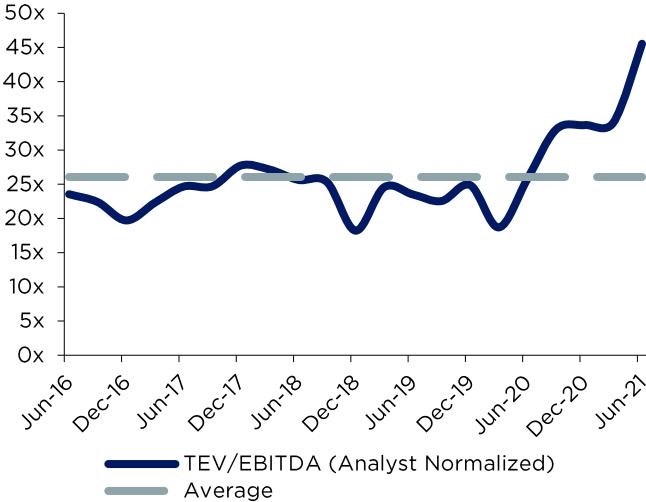
Public Basket

EPAM Systems

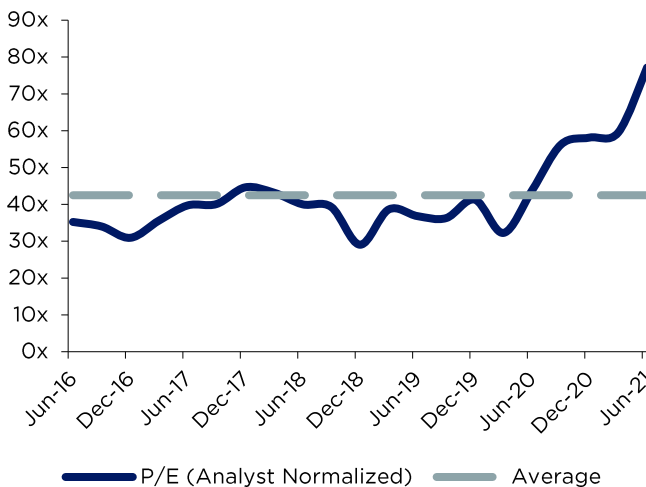
Revenue Multiples - EPAM Systems



EBITDA Multiples - EPAM Systems



P/E Multiples - EPAM Systems



Company Name	Date	Deal Synopsis
Just-BI	11-May-21	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.
White-Hat	05-May-21	The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on May 5, 2021.

Reply

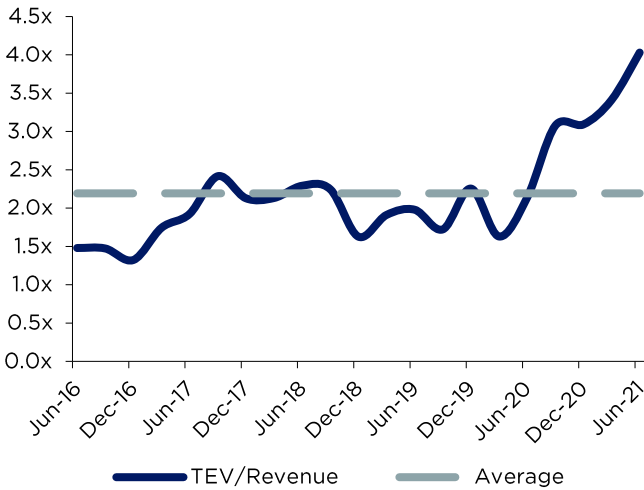
Reply SpA specialises in consulting, digital services, and the integration of processes, applications, and devices.

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.

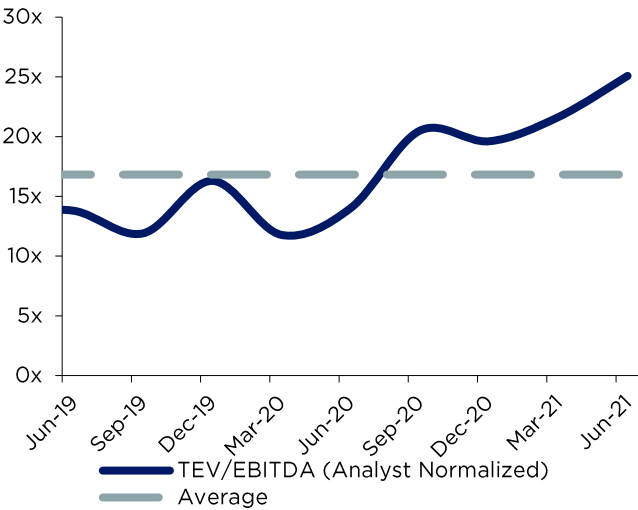
Public Basket

Reply

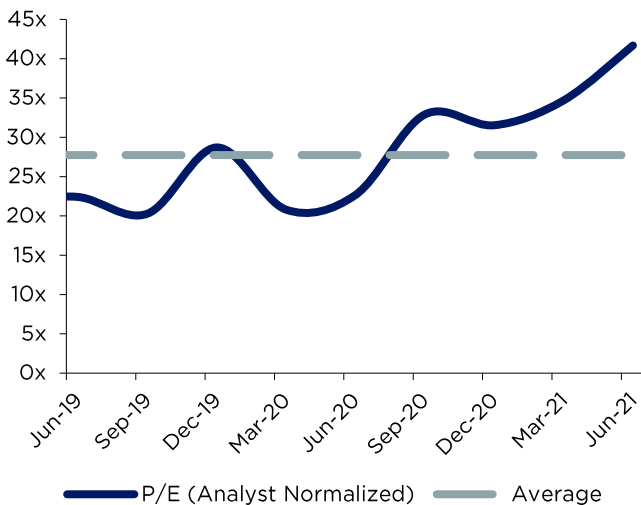
Revenue Multiples - Reply



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.

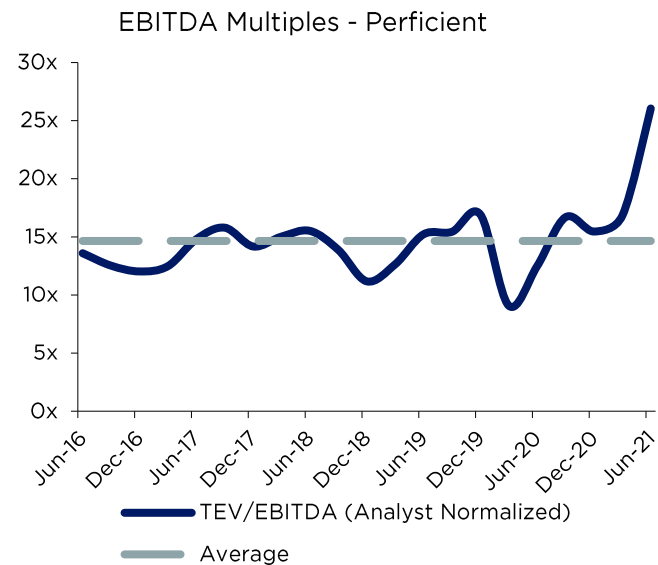
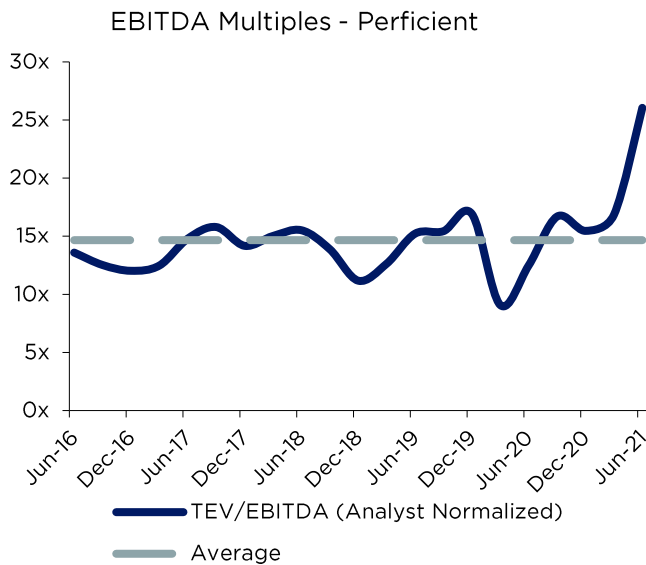
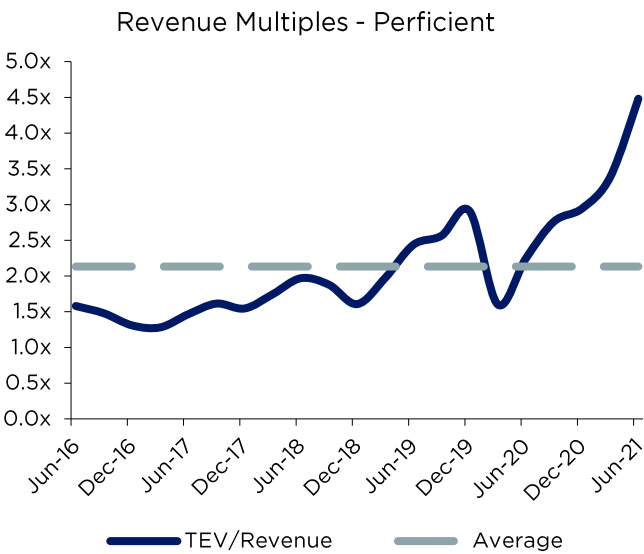
Perficient

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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