

7 Mile Advisors



# Sectorwatch: IT Services - Oracle

August 2021



# IT Services - Oracle

---

- 3    [Sector Dashboard](#)
- 5    [Public Basket Overview](#)
- 6    [Public Basket Performance](#)
- 7    [Operational Metrics](#)
- 10   [Valuation Comparison](#)
- 13   [Recent Deals](#)
- 14   [Appendix](#)

# 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.

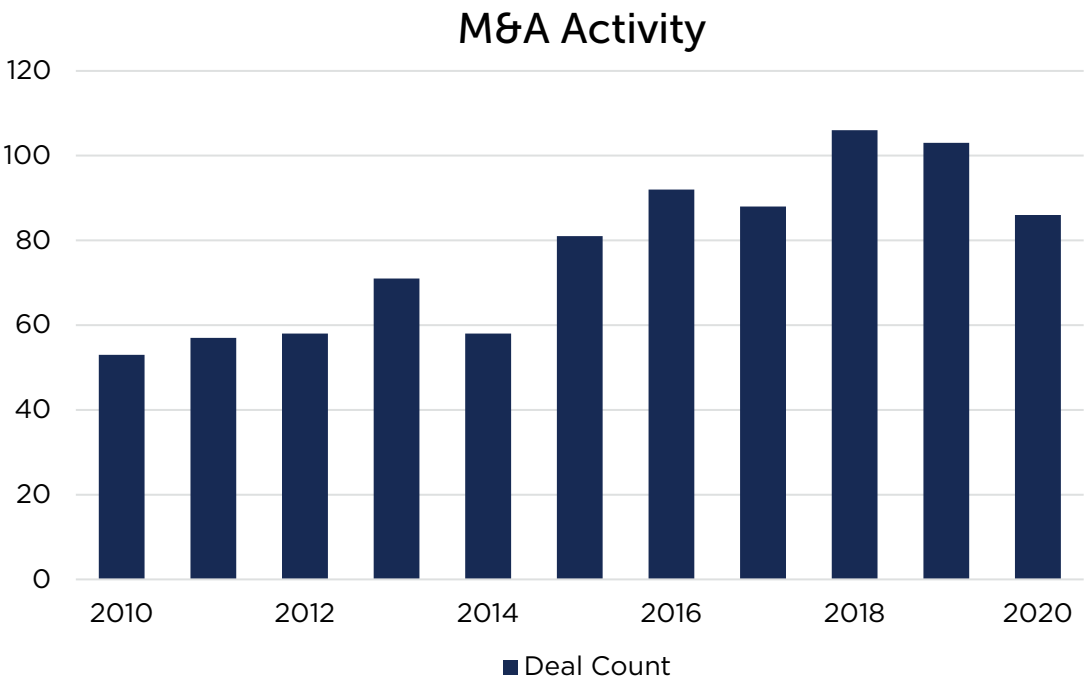
## RECENT DEALS

- The most recently announced deals in the sector

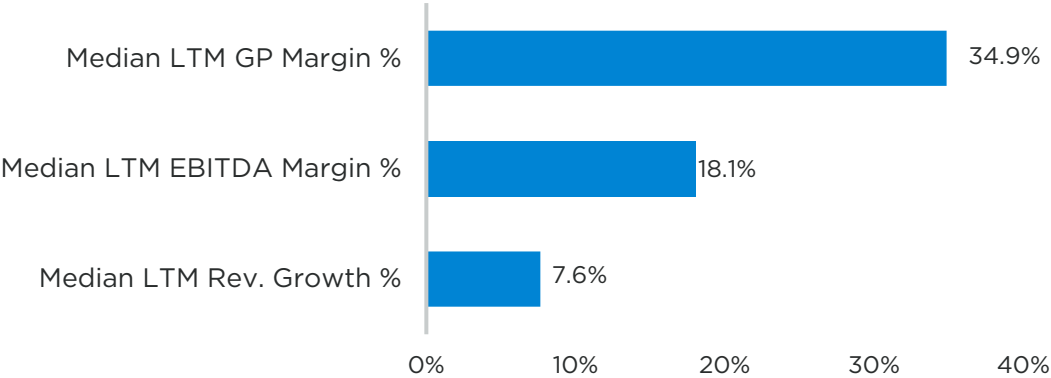
# Dashboard

## REVENUE GROWTH MOMENTUM 0.0%

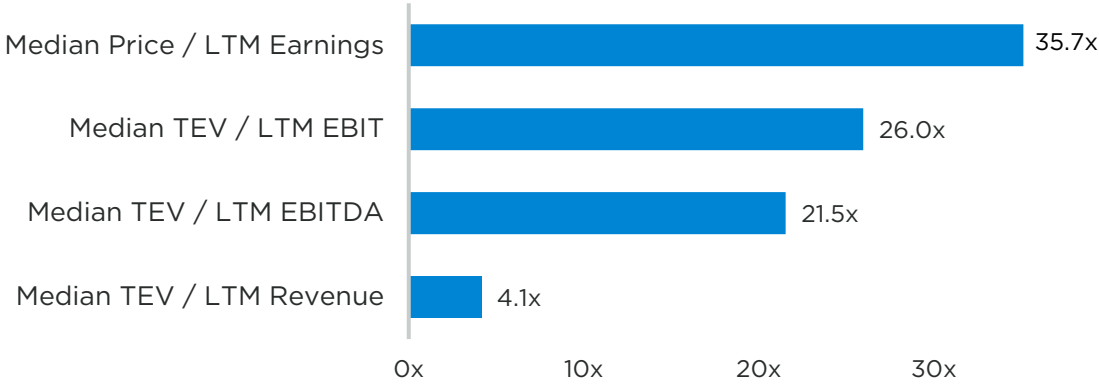
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



## Operating Metrics



## Valuation

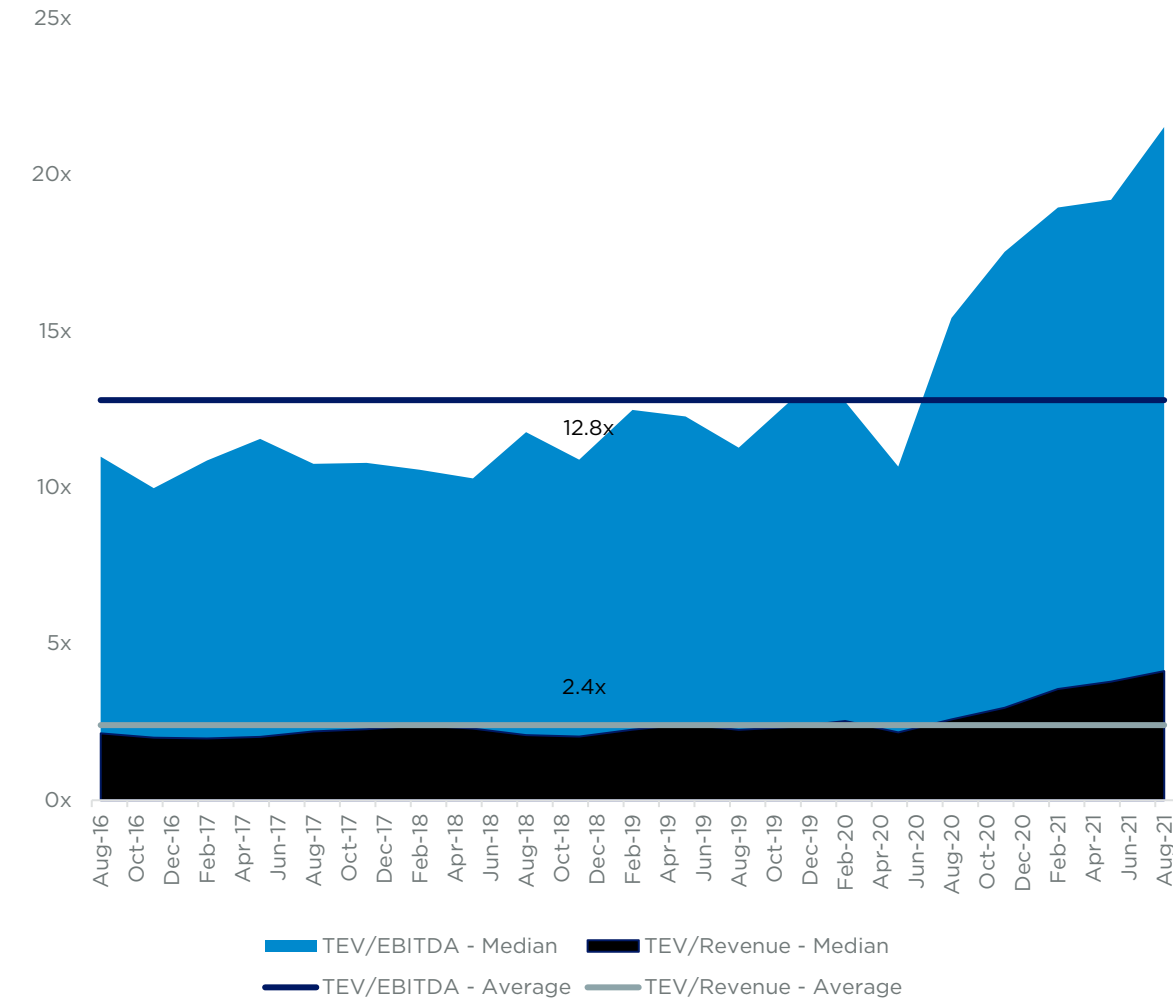


# Public Basket

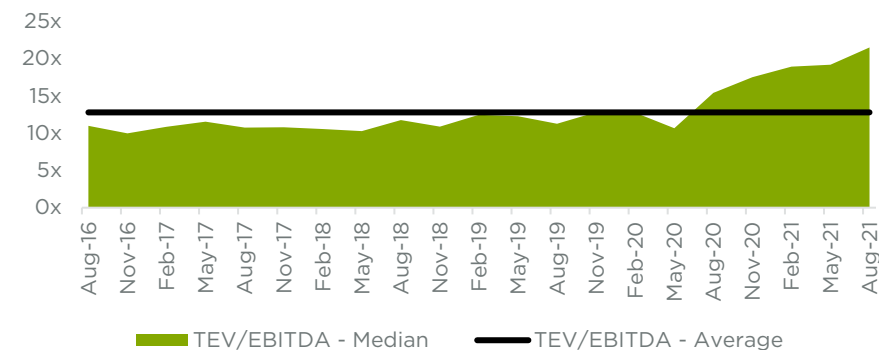
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Perficient	3,453	106	674	15.8%	38.3%	15.8%	5.1x	32.5x	4,277	158
Reply	6,477	281	1,630	9.6%	16.8%	17.2%	4.0x	23.1x	9,395	173
Atos	8,511	1,203	13,086	-4.3%	26.9%	9.2%	0.7x	7.1x	105,000	125
HCL Technologies	36,788	2,314	10,525	5.9%	41.5%	22.0%	3.5x	15.9x	168,977	62
Wipro	41,729	2,139	8,845	6.6%	31.5%	24.2%	4.7x	19.5x	200,000	44
Infosys	91,676	4,259	14,223	11.4%	34.9%	29.9%	6.4x	21.5x	259,619	55
Accenture	198,069	8,497	47,949	7.6%	32.0%	17.7%	4.1x	23.3x	569,000	84
Tata Consultancy Services	161,191	6,774	23,205	9.0%	47.2%	29.2%	6.9x	23.8x	509,058	46
International Business Machines	181,115	13,454	74,404	-1.4%	48.6%	18.1%	2.4x	13.5x	375,300	198
<b>Average</b>	81,001	4,336	21,616	6.7%	35.3%	20.4%	4.2x	20.0x	244,514	105
<b>Median</b>	41,729	2,314	13,086	7.6%	34.9%	18.1%	4.1x	21.5x	200,000	84

share price as of 11Aug21

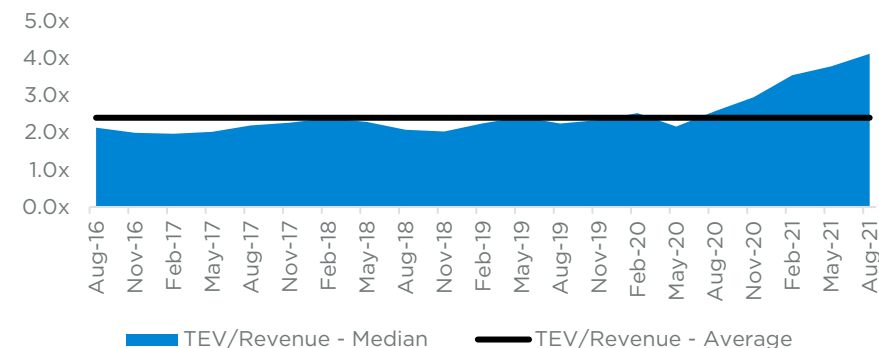
# Public Basket



## Public EBITDA Multiples over Time

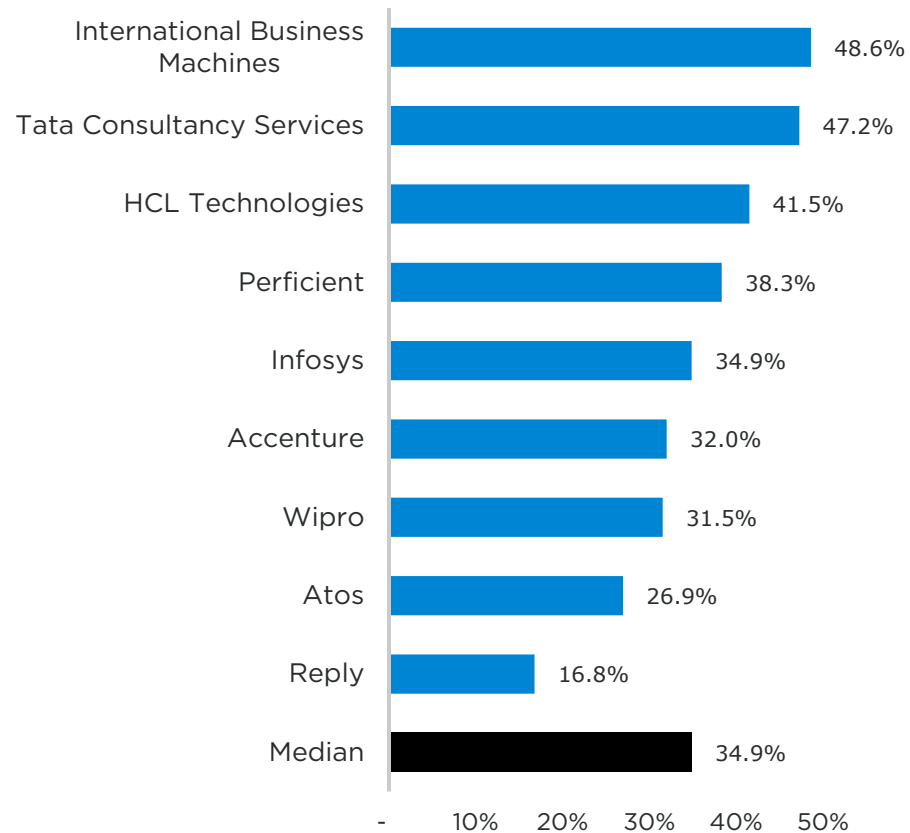


## Public Revenue Multiples over Time

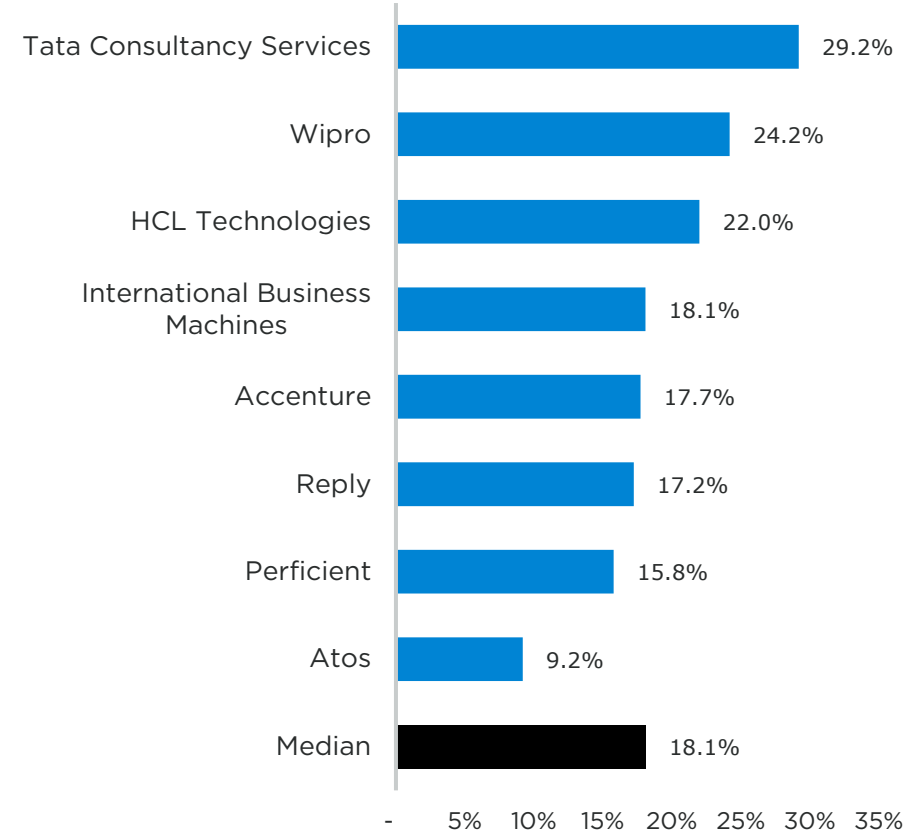


# Operational Metrics

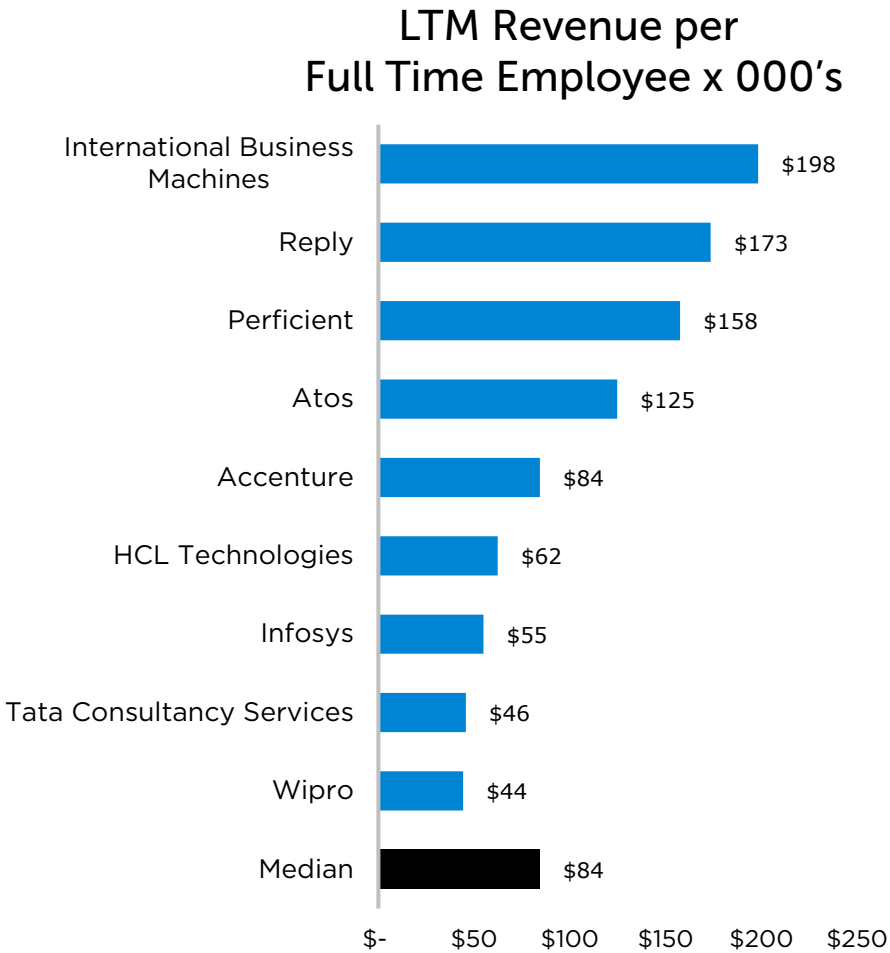
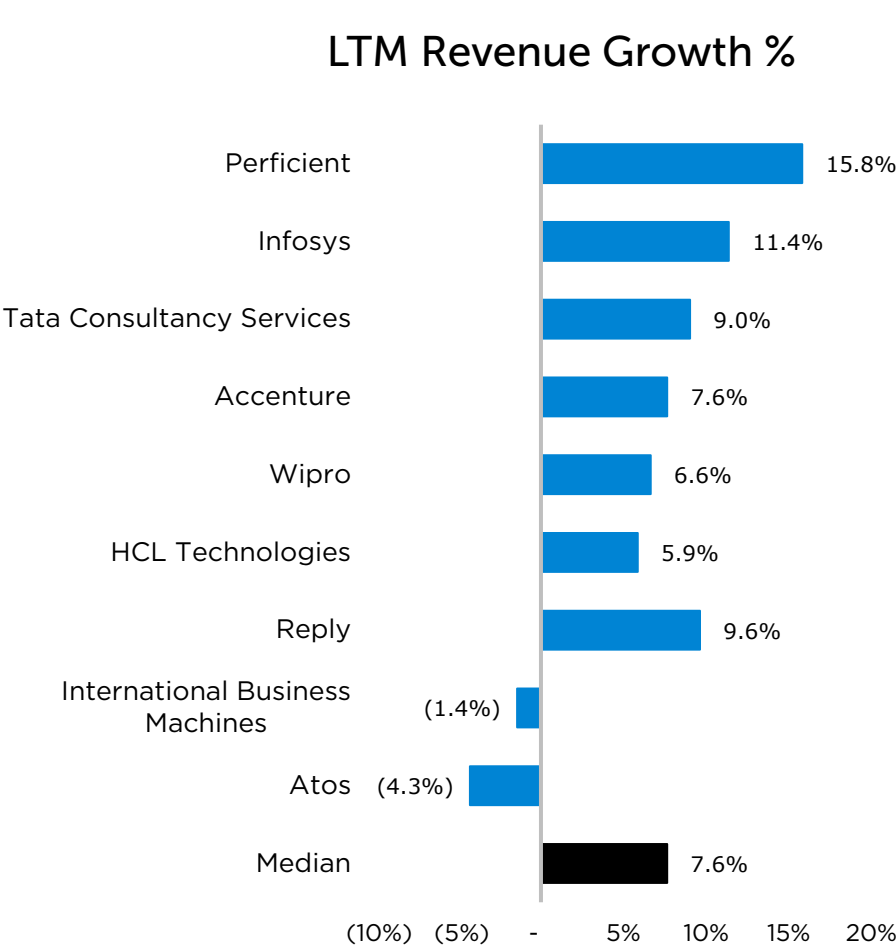
## LTM Gross Profit Margin %



## LTM EBITDA %



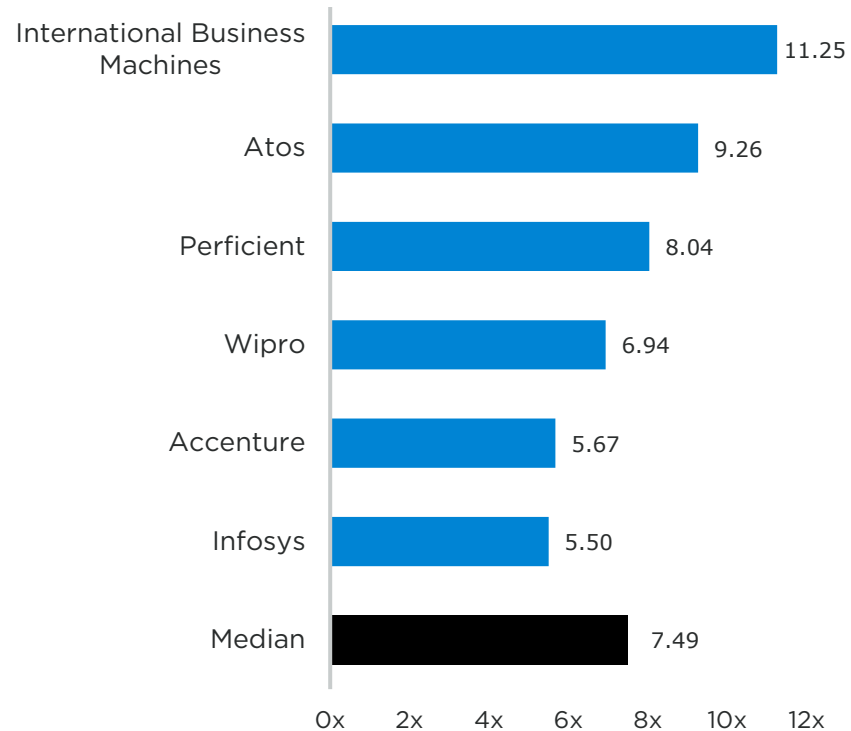
# Operational Metrics



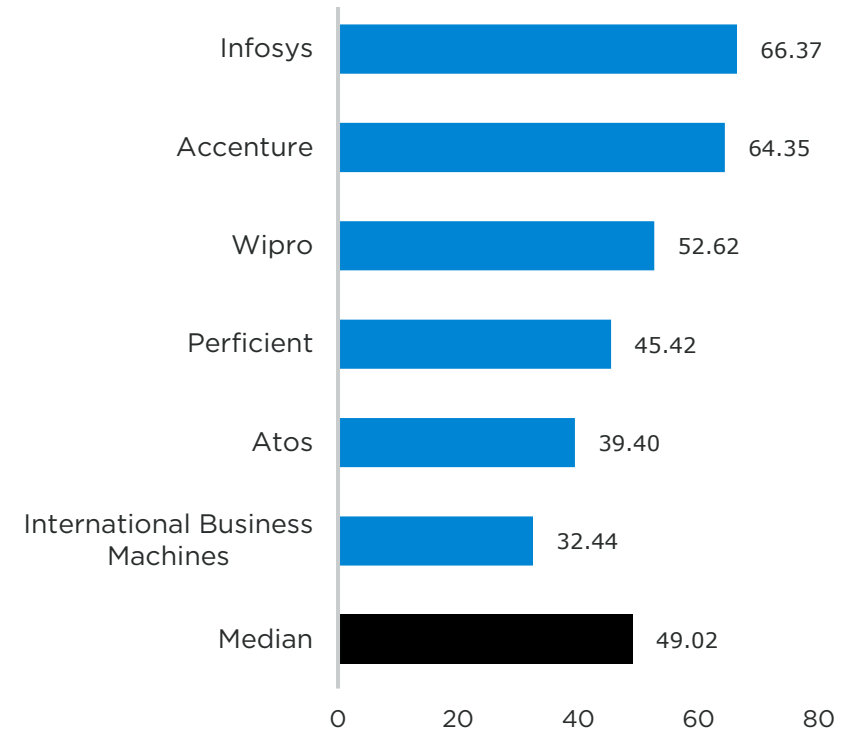


# Operational Metrics

## Accounts Receivable Turnover

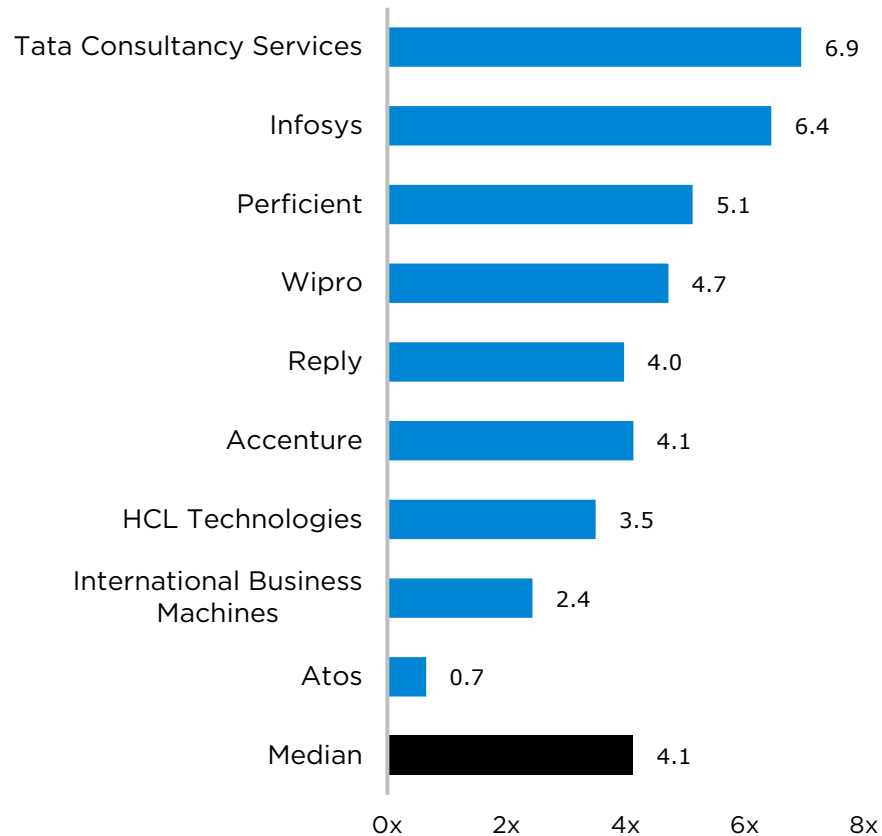


## Average Days Sales Outstanding

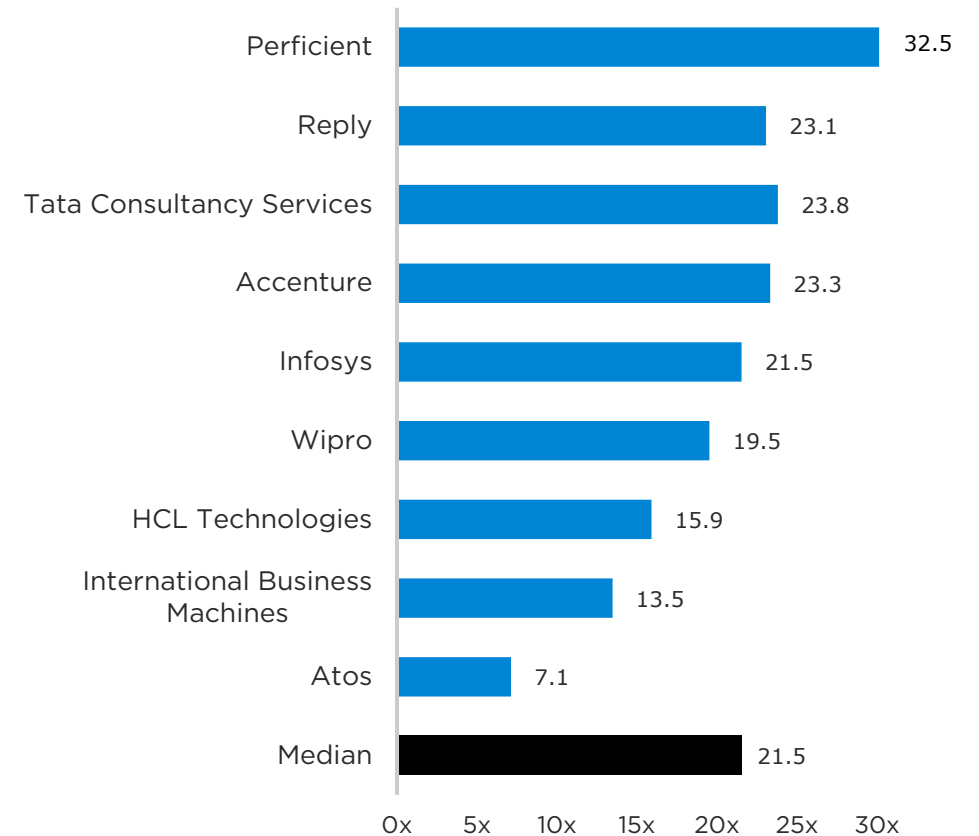


# Valuation

TEV / LTM Revenue

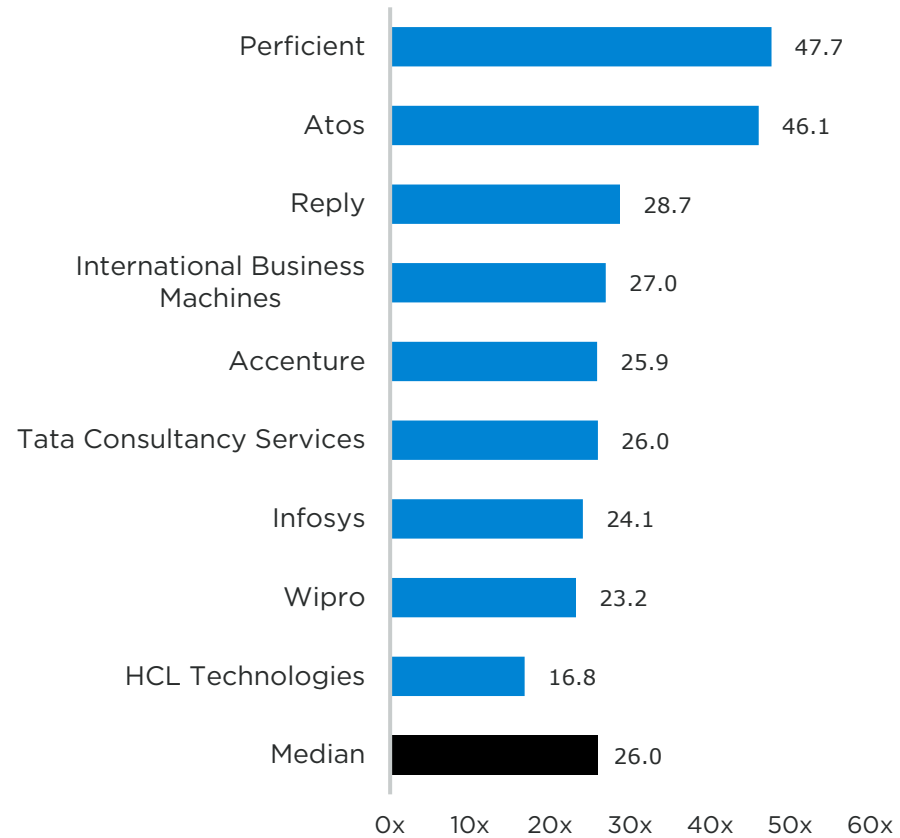


TEV / LTM EBITDA

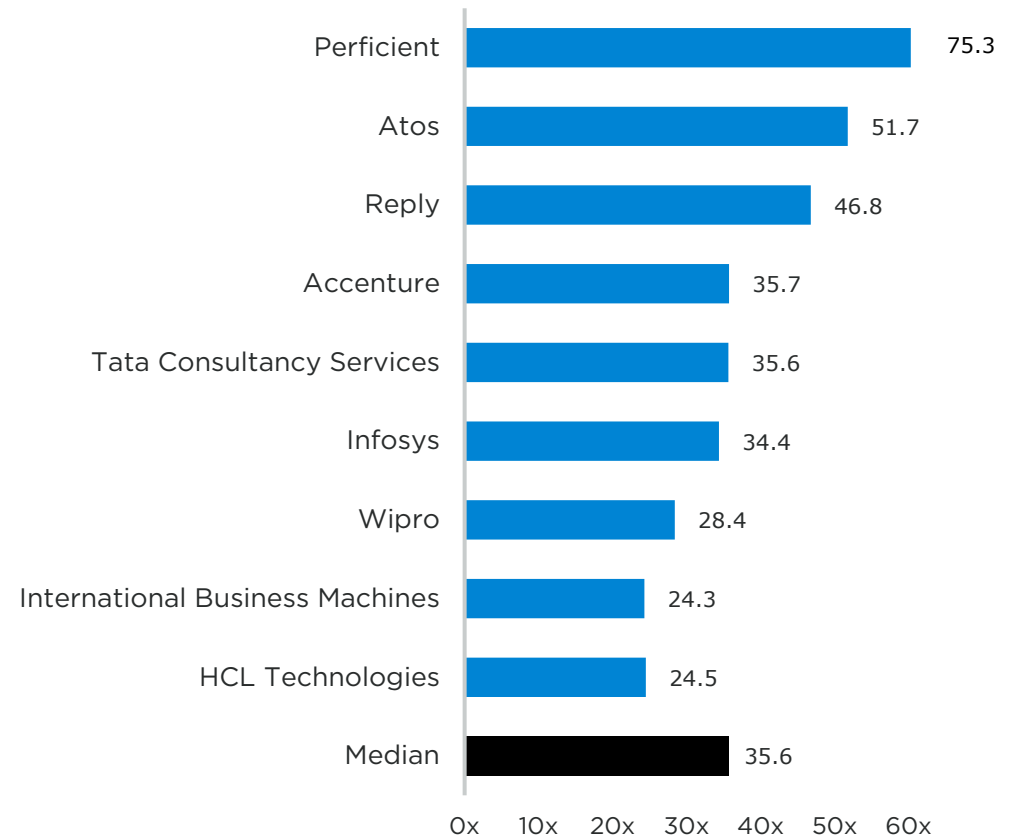


# Valuation

TEV / LTM EBIT

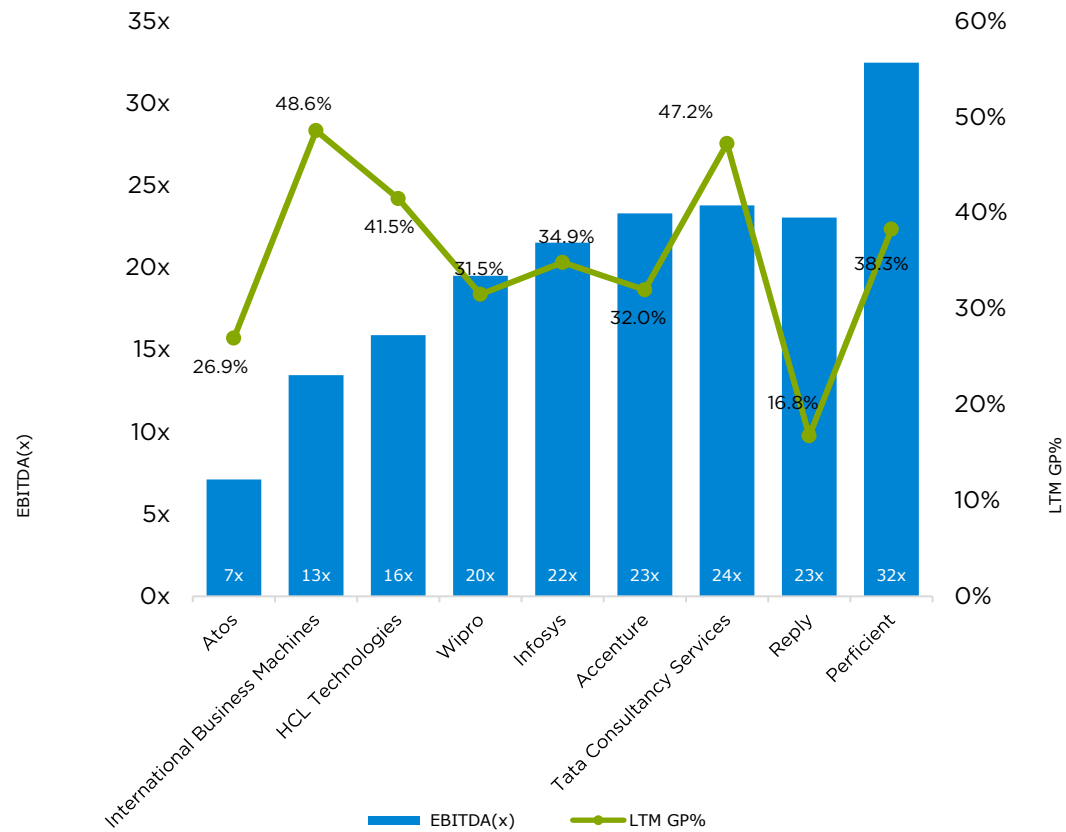


Price / LTM Earnings

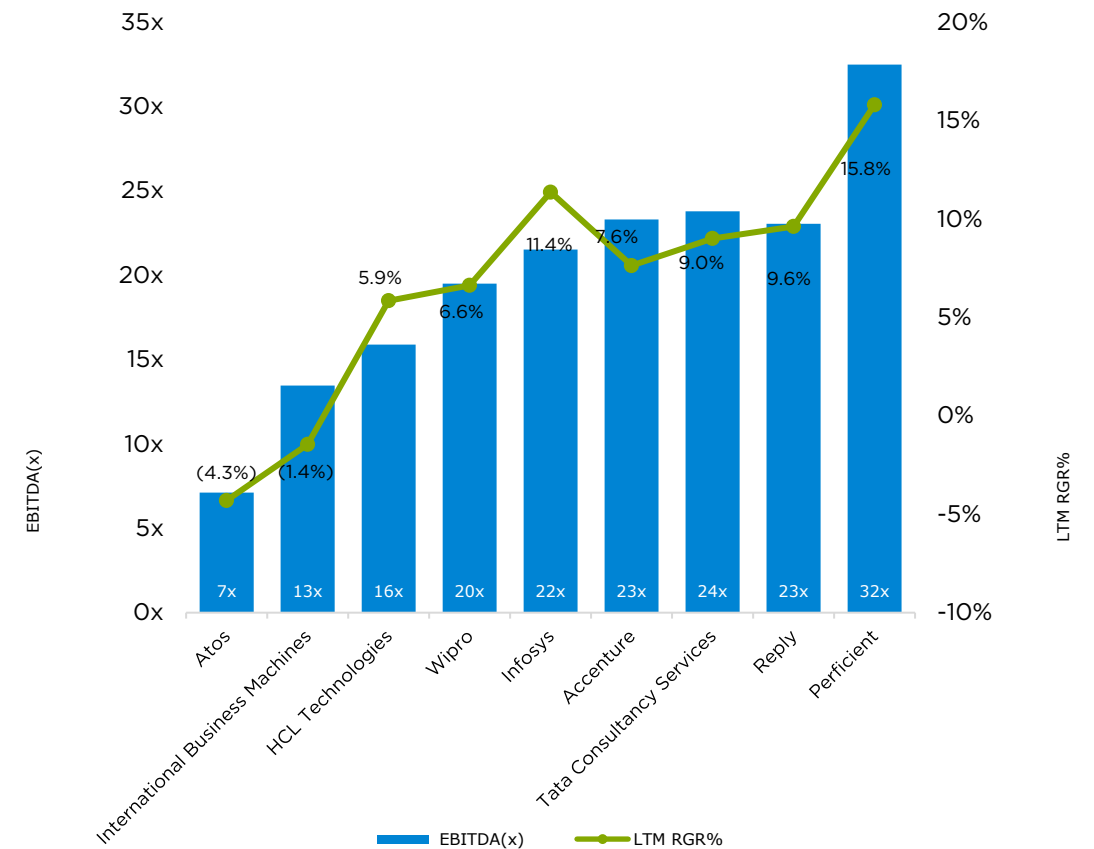


# Valuation

## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
19-Jul-21	Cloudworks Consulting Services	Accenture	#N/A	#N/A	#N/A	#N/A
26-May-21	Centroid Systems	VSS	#N/A	#N/A	#N/A	#N/A
20-Apr-21	Software Development Europe	3Pillar Global	#N/A	#N/A	#N/A	#N/A
24-Mar-21	Avanttic	Cognicase Management Consulting	#N/A	22.23	#N/A	#N/A
19-Feb-21	In Dreach Consulting	Sogeti	#N/A	#N/A	#N/A	#N/A
01-Feb-21	Emineo	HG Capital (UK)	#N/A	#N/A	#N/A	#N/A
01-Feb-21	Focus IT	Deloitte	#N/A	#N/A	#N/A	#N/A
30-Dec-20	The DOC	MBO & Groei Fonds	#N/A	#N/A	#N/A	#N/A
30-Oct-20	InterRel Consulting	Trinity Hunt Partners	#N/A	#N/A	#N/A	#N/A
01-Oct-20	Ekulus	Deloitte Australia	#N/A	#N/A	#N/A	#N/A
28-Aug-20	Shell ITES	Cloud4C	#N/A	#N/A	#N/A	#N/A
03-Aug-20	Explorer UK	Database Service Provider	#N/A	#N/A	#N/A	#N/A
04-Jun-20	Keste	Trinity Hunt Partners	#N/A	#N/A	#N/A	#N/A
19-Apr-20	Prolog Partners	Accelalpha	#N/A	#N/A	#N/A	#N/A
05-Mar-20	A5	C3 Capital	#N/A	#N/A	#N/A	#N/A
08-Feb-20	Evosys	Mastek	96.60	#N/A	2.31	10.04
01-Feb-20	House of Brick Technologies	OpsCompass	#N/A	#N/A	#N/A	#N/A
09-Jan-20	Alas Ingenieria	Hexagon PPM	#N/A	#N/A	#N/A	#N/A
13-Dec-19	Travercent	Alithya	19.50	#N/A	#N/A	#N/A
09-Sep-19	Pythian	Mill Point Capital	#N/A	#N/A	#N/A	#N/A

# Appendix

*Public Basket  
Contact Information*



## Perficient

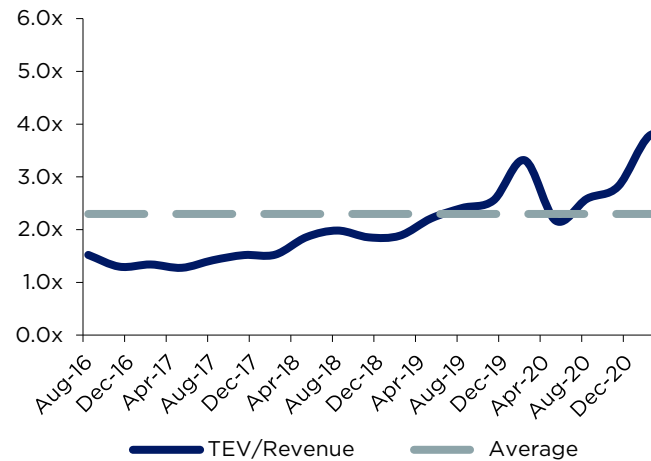
Perficient Inc provides a variety of information technology, consulting services that focus on digital experience, business optimization, and IT solutions.

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.

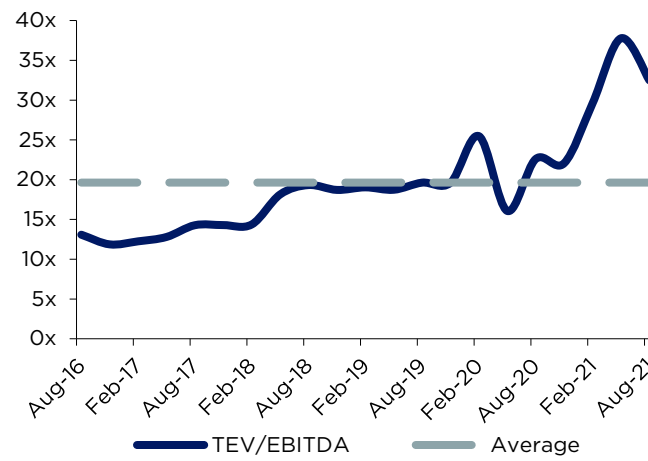
# Public Basket

Perficient

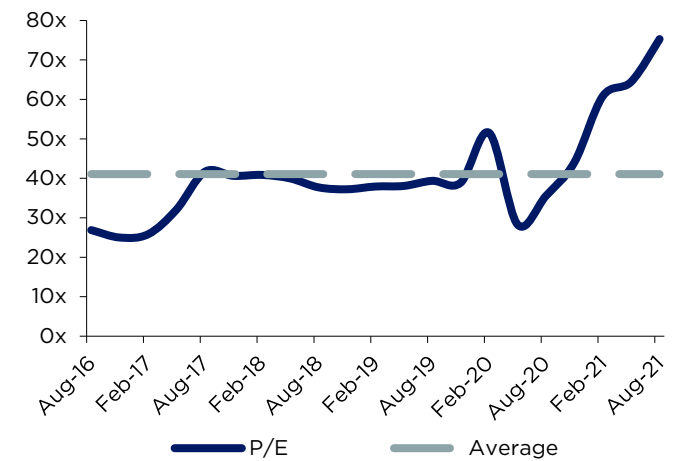
Revenue Multiples - Perficient



EBITDA Multiples - Perficient



P/E Multiples - 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.



## Reply

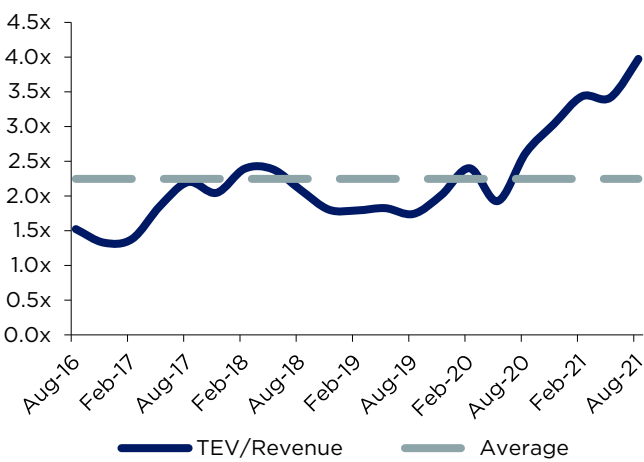
Reply SpA specializes in consulting, digital services, and the integration of processes, applications, and devices.

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.

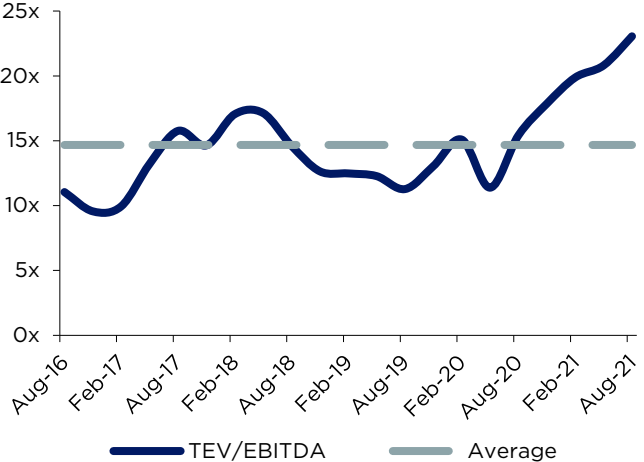
# Public Basket

Reply

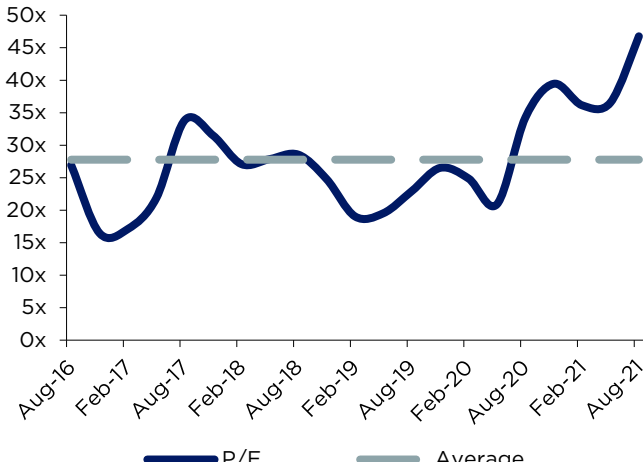
Revenue Multiples - Reply



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.

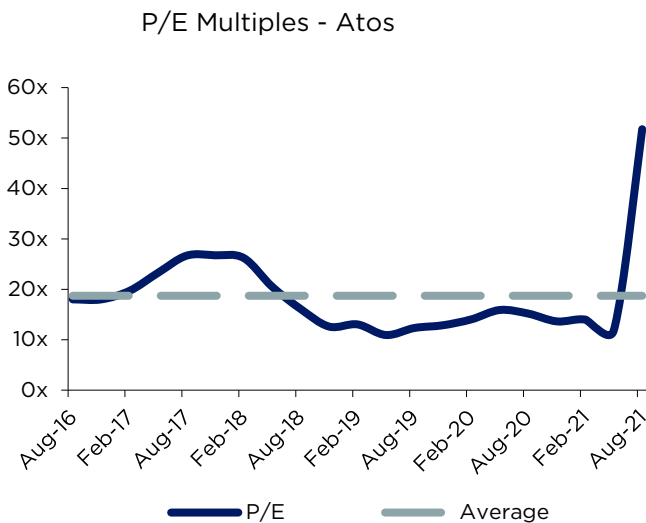
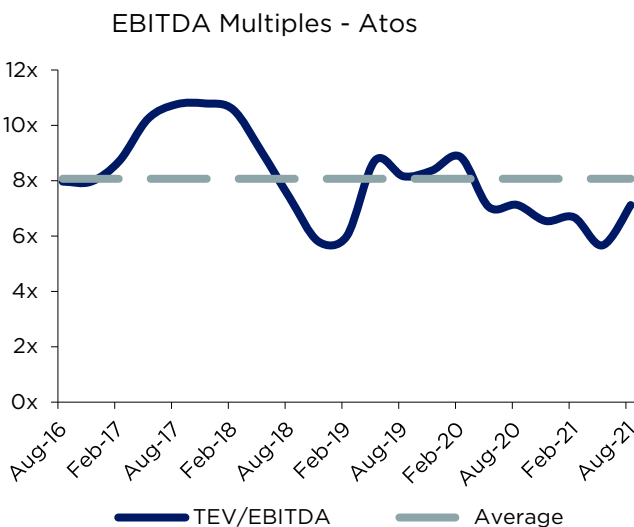
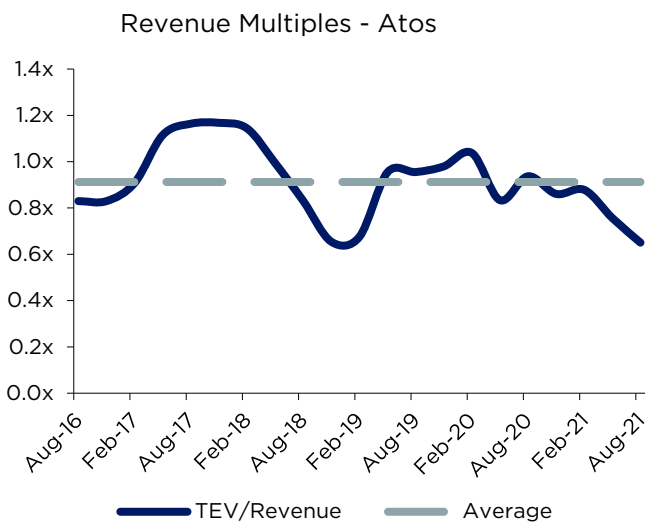
## Atos

Atos SE is a France-based IT services provider.

The company generates over EUR 11 billion in annual revenue (the majority of which is generated in Europe), employs approximately 100,000 staff, and operates in 72 countries. Atos provides managed services, consulting and systems integration, Big Data and security, and Worldline (transactional services) across the manufacturing, retail and transportation, public health, telecom, media and utilities, and financial services markets.

# Public Basket

Atos



Company Name	Date	Deal Synopsis
IDEAL GRP	3/23/20	The company was acquired by Atos (PAR: ATO) for an undisclosed amount on July 27, 2021.
Nimbix	1/6/20	The company reached a definitive agreement to be acquired by Atos (PAR: ATO) for an undisclosed amount on July 27, 2021. The acquisition strengthens Atos's position in HPC cloud enablement, will accelerate Atos' HPCaaS developments and go-to-market plans with Cloud Services Providers as well as increasing and accelerating Atos' HPC footprint in North America and will also help strengthen Atos's HPC propositions in key markets such as Manufacturing, Financial Services & Insurance, Healthcare & Life Sciences in addition to Public Sector & Defense, by simplifying the access to HPC services without heavy up-front CAPEX.

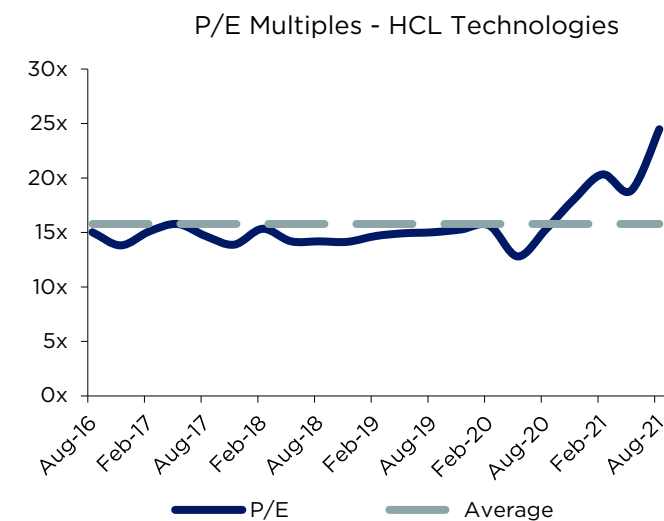
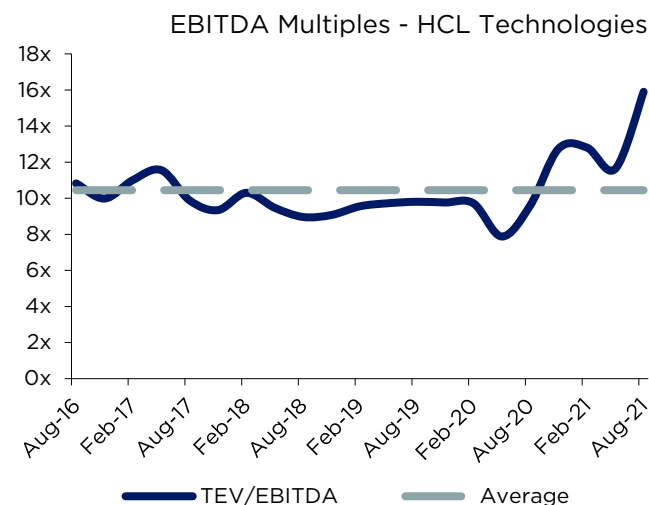
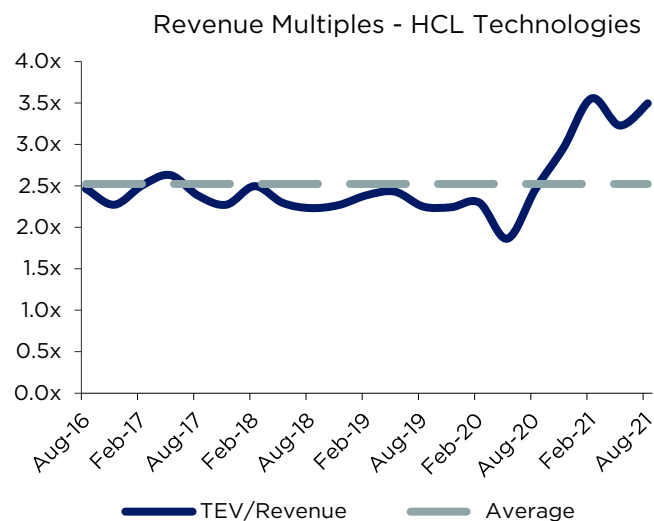
## HCL Technologies

HCL Technologies Ltd provides enterprises with IT solutions in India.

It focuses on offering Digital, Internet of Things Services, Cloud, Automation, Cybersecurity, Infrastructure Management, and Engineering Services to solve business problems for clients. While the company is based in India, it has international clients in a large number of countries. It offers solutions to a variety of industries including Financial Services, Public Services, Consumer Services, Healthcare, and Manufacturing. It operates in three segments Software services, IT Infrastructure services, and Business Process Outsourcing services. The firm emphasizes consultation services for firms, with the goal to offer them digital and design solutions. Most of the firm's revenue comes from Software services segment.

# Public Basket

## HCL Technologies



Company Name	Date	Deal Synopsis
Cisco (Self-Optimizing Network technology)	25-Oct-20	The Self-Optimising Network business of Cisco Systems (NASDAQ: CSCO) was acquired by HCL Technologies (NSE: HCLTECH) for \$50 million on October 25, 2020. The acquisition enables HCL Technologies to meet the growing needs of its customers in the telecommunications industry, which includes tier-one communications service providers globally.
DWS Group	21-Sep-20	The company reached a definitive agreement to be acquired by HCL Technologies (NSE: HCLTECH) for AUD 162 million on September 21, 2020.

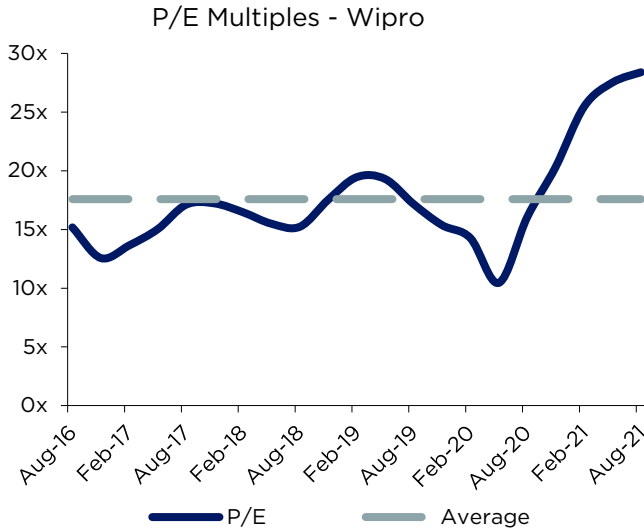
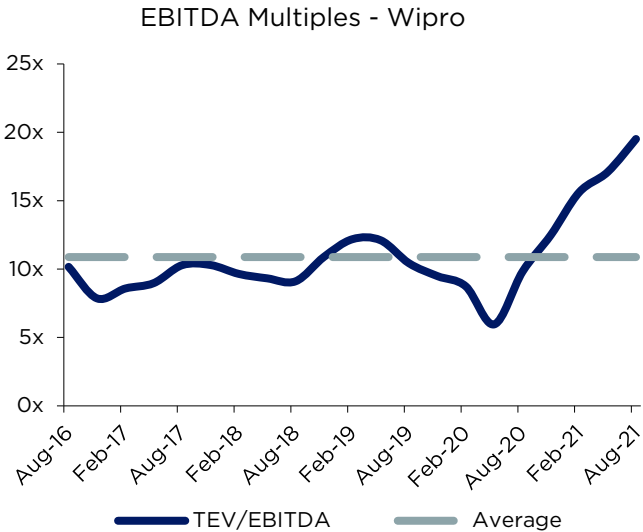
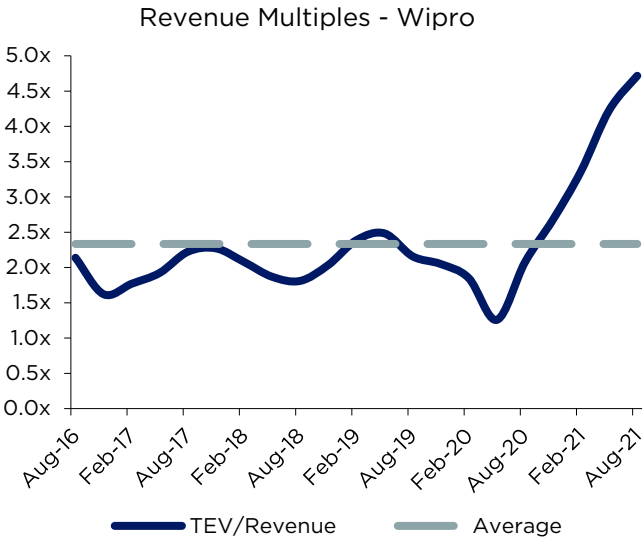
## Wipro

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
Ampion	06-Aug-21	The company, a subsidiary of Pemba Capital Partners, was acquired by Wipro (BOM: 507685) for AUD 117 million on August 6, 2021.
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.



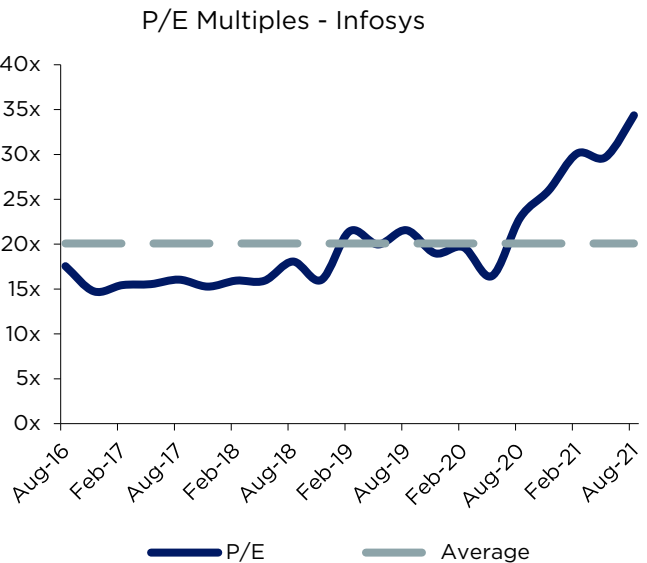
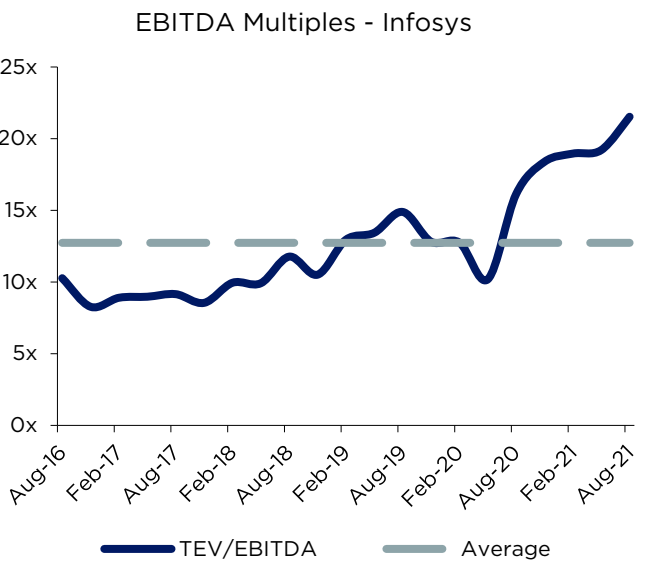
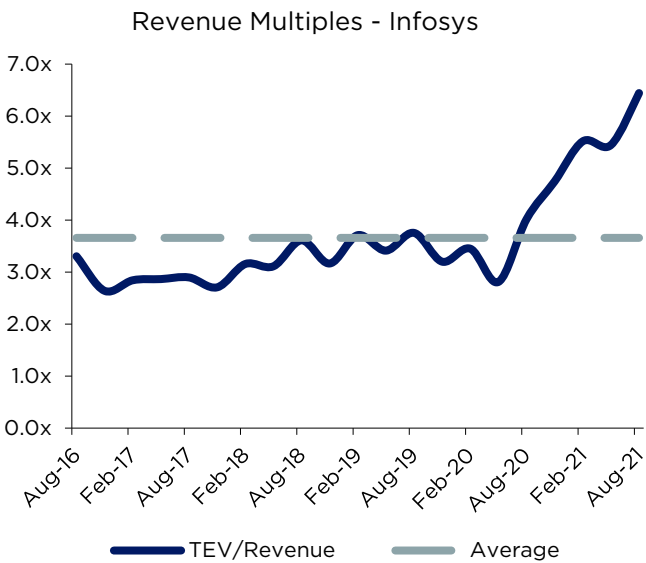
## Infosys

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.

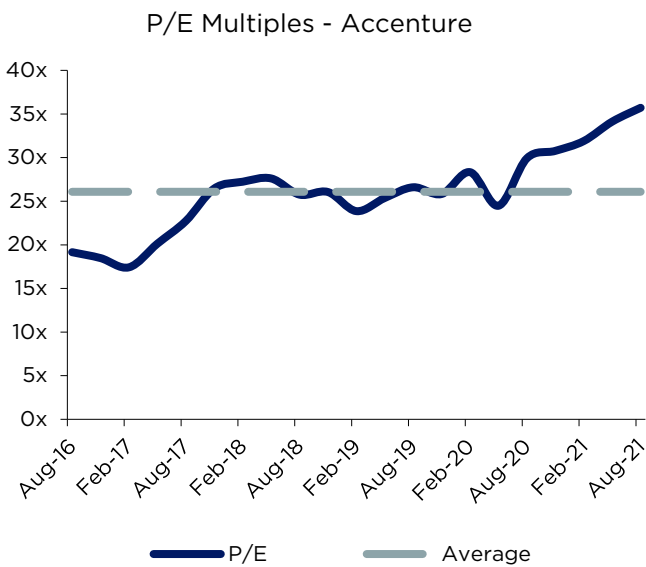
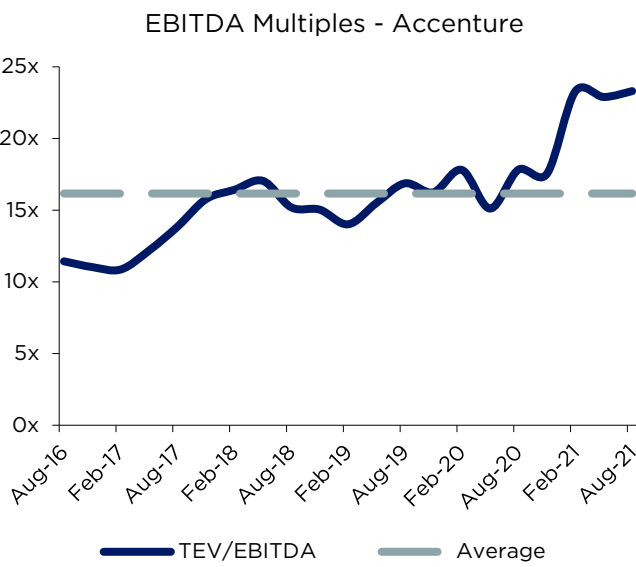
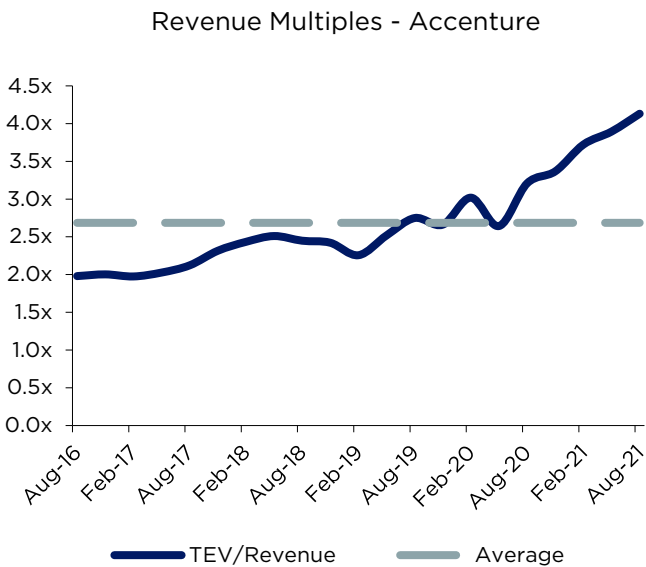
## Accenture

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
Trivadis	05-Aug-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on August 5, 2021. The acquisition will strengthen Accenture's ability to help clients blend data from different sources together in real-time, build agile reporting and leverage analytics and AI to create broadly accessible customer, market and operational insights that deliver meaningful business outcomes.
Blue Horseshoe	04-Aug-21	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on August 4, 2021. The acquisition strengthens Accenture's customer centric supply chain transformation capabilities.

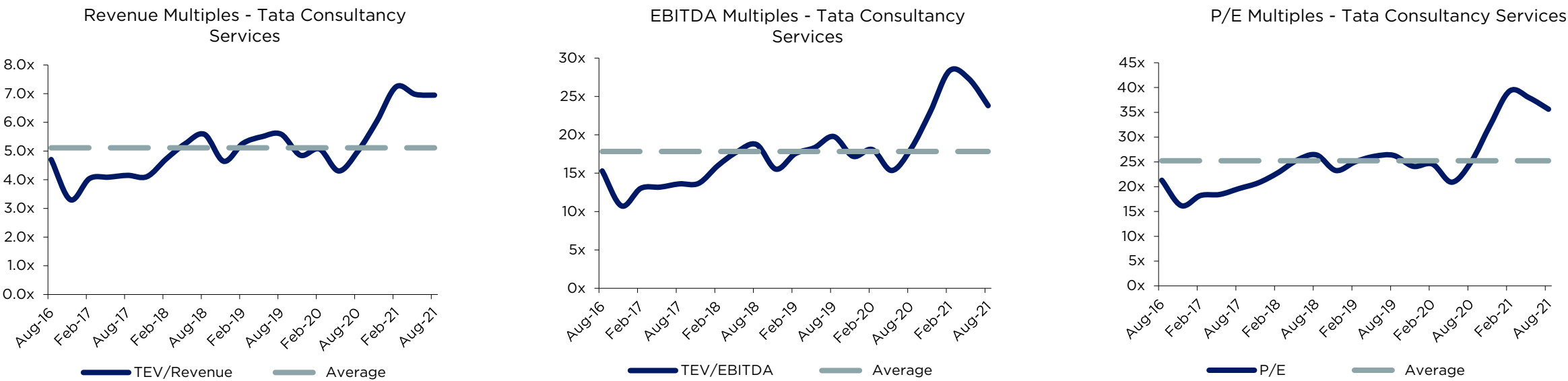
### Tata Consultancy Services

Tata Consultancy Services Ltd 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.

### International Business Machines

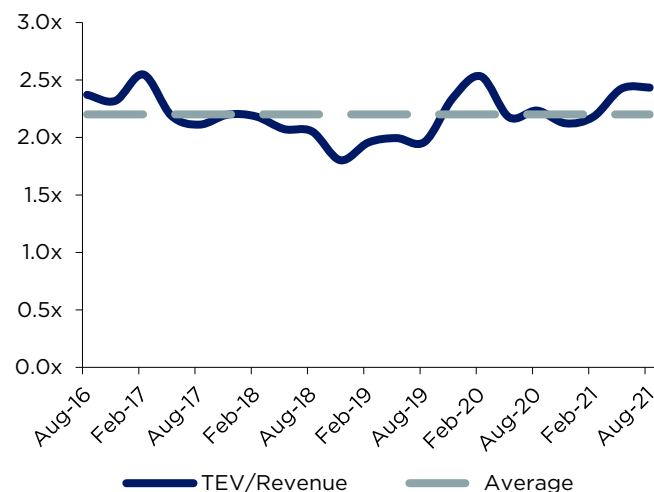
IBM looks to be a part of every aspect of an enterprise's IT needs.

The company primarily sells infrastructure services (37% of revenue), software (29% of revenue), IT services (23% of revenue) and hardware (8% of revenues). IBM operates in 175 countries and employs approximately 350,000 people. The company has a robust roster of 80,000 business partners to service 5,200 clients--which includes 95% of all Fortune 500. While IBM is a B2B company, IBM's outward impact is substantial. For example, IBM manages 90% of all credit card transactions globally and is responsible for 50% of all wireless connections in the world.

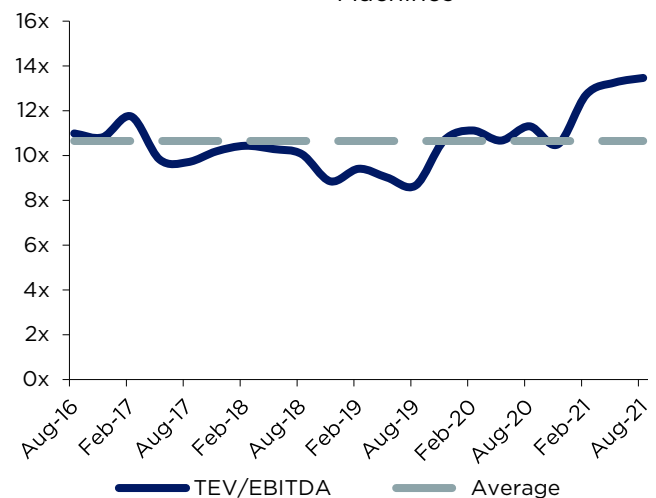
# Public Basket

## International Business Machines

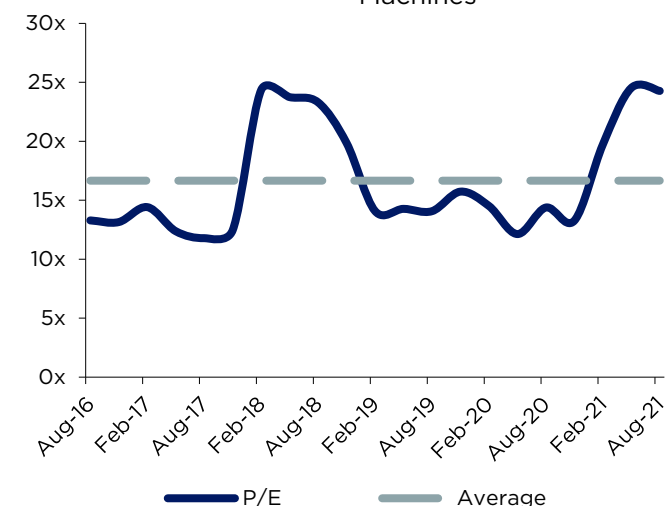
Revenue Multiples - International Business Machines



EBITDA Multiples - International Business Machines



P/E Multiples - International Business Machines



*Company Name*

*Date*

*Deal Synopsis*

Bluetab Solutions

15-Jul-21

The company reached a definitive agreement to be acquired by International Business Machines (NYS: IBM) for USD 75 million on July 15, 2021. The acquisition will help IBM with fuel migration to the cloud and help their clients to realize even more value from their mission-critical data.

Waeg

01-Jul-21

The company was acquired by International Business Machines (NYS: IBM) for an undisclosed amount on July 1, 2021. The acquisition strengthens global International Business Machines' Salesforce talent with consulting expertise and multicloud capabilities across Europe.



# 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.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Simon Baitler, Executive Managing Director	310.829.1635	simon.baitler@7mileadvisors.com
John Cooper, Managing Director	704.973.3996	john@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Horacio Yenaropulos, Managing Director	(+) 54.261.4617300	horacio@7mileadvisors.com
Tim Frye, Senior Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Garth Martin, Vice President	704.973.3997	garth.martin@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Sydney Scadden, Vice President	704.973.3998	sydney@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Ben Bruggeworth, VP, Business Development	704.365.8859	ben.bruggeworth@7mileadvisors.com
Steve Sypek, VP, Business Development	704.414.8736	Steve.sypek@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Manager	704.409.9912	emily@7mileadvisors.com
Alexis Papa, Marketing & Sales Coordinator	704.414.8732	lexi.papa@7mileadvisors.com
Steve Buffington, Senior Associate	704.960.1828	steve@7mileadvisors.com
Ilia Ulianchuk, Senior Associate	704.414.8743	ilia@7mileadvisors.com
Nic Anderle, Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Adam Alderfer, Analyst	704.644.1917	adam@7mileadvisors.com
Tanner Lange, Analyst	704.672.0611	tanner.lange@7mileadvisors.com
Trent McCauley, Analyst	704.644.1916	trent.mccauley@7mileadvisors.com
Kevin Postigo, Analyst	704.912.4903	Kevin.postigo@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com
Conor Smith, Analyst	704.855.2134	conor.smith@7mileadvisors.com
Sawyer Willingham, Analyst	704.285.8171	sawyer.willingham@7mileadvisors.com