

Market Update

IT Services & Software

in Latin America

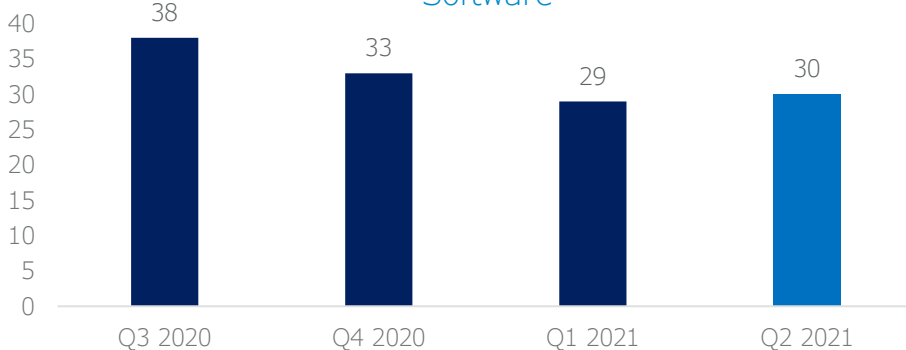
- 1 Market Overview
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We have witnessed digital transformation pick up across the globe as the world continues to adjust to the increase in online engagement, work, and communication. The LATAM Region is no exception in this regard. An increased need for software development and other IT services across the world continues to drive the demand for Latin America’s nearshore services and talent pool resources.

The investment opportunity in LATAM is driven by the rising rates of digital penetration. The adoption of internet and mobile usage is increasing rapidly, and yet, marks only the beginning of digitalization in the region. Although tech penetration in LATAM is lower compared to other developed nations, it is growing faster, opening the door for innovation and growth. According to Atlantico’s report, [Latin America Digital Transformation Report](#), Latin America’s tech market capitalization has been accelerating at an average YoY rate of 65% of GDP since 2003. In the United States, the tech market cap has increased at a rate of 11% while in China, at a 40% rate of GDP.

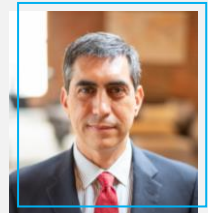
The second quarter recorded 30 deals, a slight increase from the first quarter of 2021. Deal volumes and valuations remain high as both strategic and financial buyers are confident in the IT & Software Services in the region.

of M&A Deals in Latin America - IT Services & Software



7MA has completed important M&A transactions for companies with outsourced operations and / or delivery centers in Latin America and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Horacio Yenaropulos, Garth Martin, or Kevin Postigo if you would like to learn more about the IT & Software Services landscape in Latin America.

Sector Coverage Team



Horacio Yenaropulos, *Managing Director*
 horacio@7mileadvisors.com
 +54.261.4617300



Garth Martin, *Vice President*
 garth.martin@7mileadvisors.com
 1.704.973.3997



Kevin Postigo, *Analyst*
 kevin@7mileadvisors.com
 1.704.912.4903

Design & Ideation Boutique Modernist Studio Acquired by Gorilla Logic



Modernist Studio, a high-quality design and ideation boutique in Austin, Texas, that helps clients envision and design valuable products and services, has been acquired by Gorilla Logic, a world-class software development services provider backed by the private equity firm Sverica Capital Management. 7 Mile Advisors acted as the exclusive sellside advisor to Modernist Studio throughout the transaction. Gorilla Logic is the first premier nearshore provider of custom software development services for mobile, web, and enterprise applications. The company outsources business and software development to Latin America, with centers in Costa Rica and Colombia.

Date: August 4, 2021
Deal Type: LBO
Target HQ: Austin, TX

Zigatta Acquired Provider of Software Development Pixan Apps



Pixan Apps, a provider of software development services based in Zapopan, Mexico, was acquired by Zigatta for an undisclosed amount. Pixan Apps provide a range of services such as app development, web development, fast app prototyping and IoT development. They make all projects and operations based on agile methodologies which enables their clients to improve technology integration and have a stronger online presence. Some key industries they serve include e-commerce, retail, and other service industries. The acquisition will allow Zigatta to expand their footprint internationally.

Date: June 14, 2021
Deal Type: M&A
Target HQ: Mexico

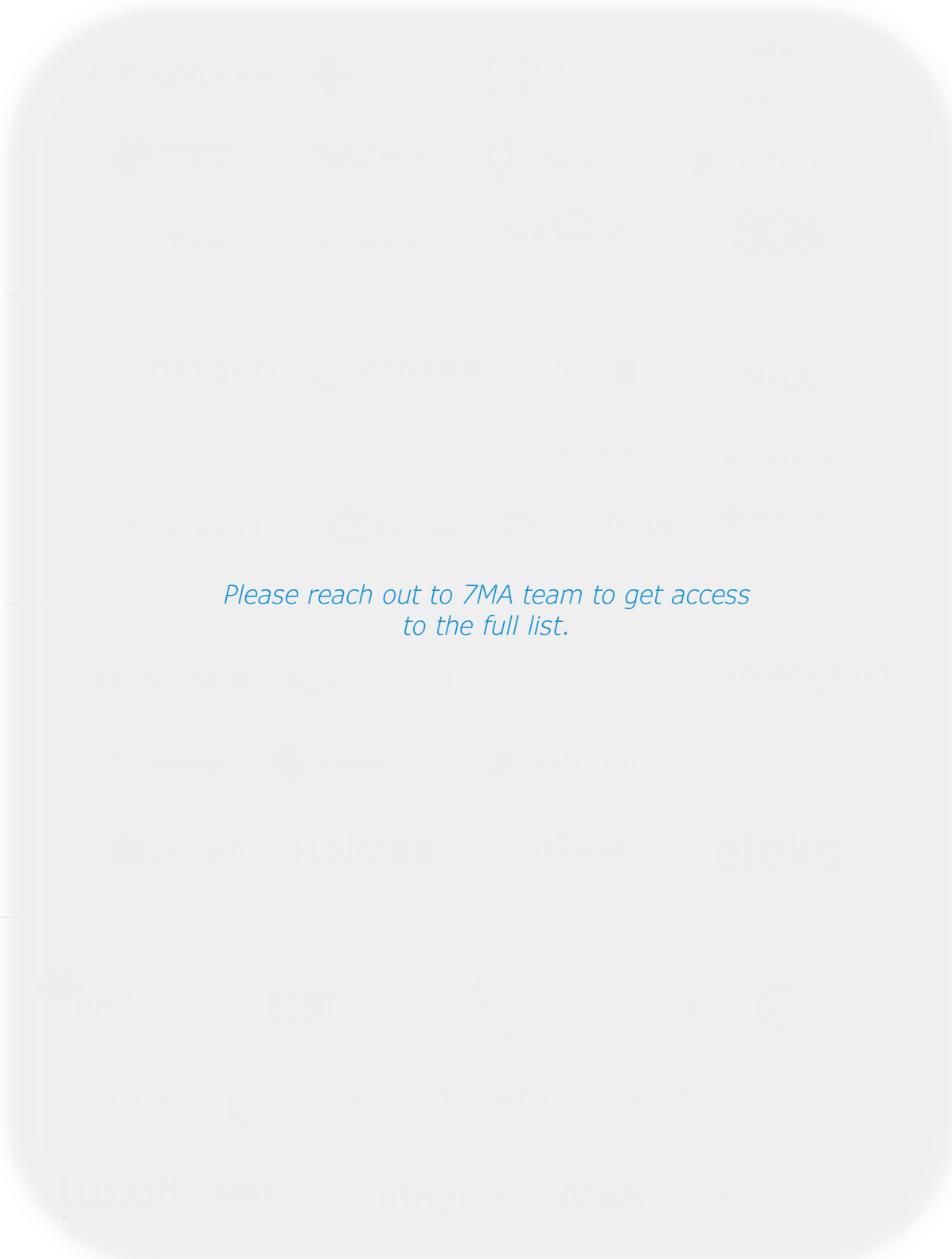
Most Active M&A Subsectors in Q2 2021 in Latin America

Software
Development

IT Consulting &
Outsourcing

Media &
Information
Services

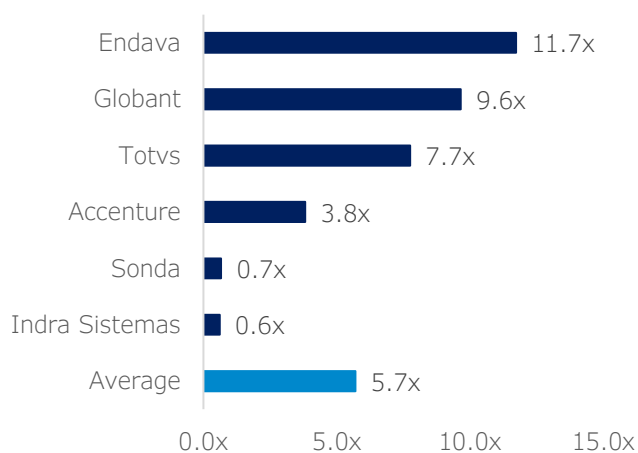
Headcount



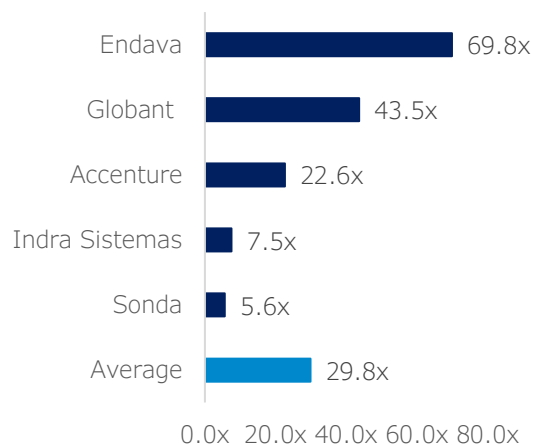
Publicly-traded IT Services & Software Companies – Latin America – Q2 2021

Companies	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# of FTEs	Rev / FTE \$k
Sonda	675	121	994	-11%	17%	12%	0.7x	5.6x	13,563	73
Indra Sistemas	2,229	299	3,565	-4%	38%	8%	0.6x	7.5x	48,979	73
Totvs	4,168		502	17%	71%		8.3x		10,000	50
Endava	6,845	98	526	20%	34%	19%	13.0x	69.8x	7,139	74
Globant	8,927	205	893	27%	38%	23%	10.0x	43.5x	17,267	52
Accenture	180,922	8,007	47,949	8%	32%	17%	3.8x	22.6x	569,000	84
Average	33,961	1,746	9,071	9%	38%	16%	6.1x	29.8x	110,991	68
Median	5,506	205	943	12%	36%	17%	6.0x	22.6x	15,415	73

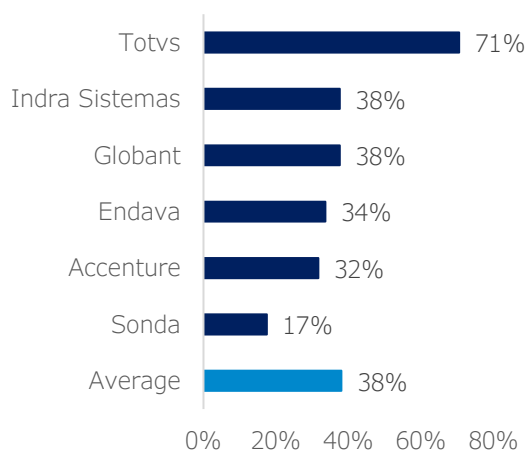
TEV / Rev X



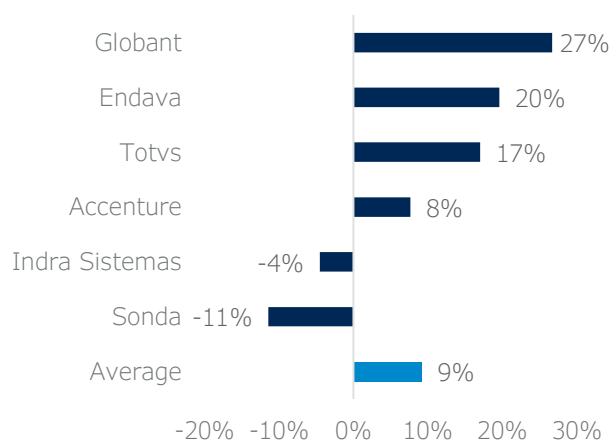
TEV / EBITDA X







Gross Margin %



Rev Growth YoY



Q2 2021 - Recent M&A Market Transactions in the LATAM Region

Date	Target	Buyer / Investor	Target Description
June-30, 2021			<ul style="list-style-type: none"> Praxio, a Brazil based developer of transport management systems, was acquired for an undisclosed amount by NSTech. This merger was made possible by an investment in NSTech from SK Tarpon of BRL 500m or approximately \$99.4m USD. Praxio's transport management software is intended to offer solutions for road transport.
June-29, 2021			<ul style="list-style-type: none"> Stupendo, an Ecuador-based provider of electronic invoicing, was acquired by Sovos through their financial sponsor, HG Capital, for an undisclosed amount. Stupendo provides e-invoicing of credit notes, electronic contract documentation, digital electronic policy, and electronic forms solutions.
June-15, 2021			<ul style="list-style-type: none"> Werise, a provider of salesforce marketing, sales, and cloud services based out of Brazil, was acquired for an undisclosed amount by OSF Digital via their financial sponsor Delta-v Capital. The company specializes in salesforce marketing solutions, and develops and implements solutions with automation, intelligent processes, and optimized routines in a completely outsourced model.
June-2, 2021			<ul style="list-style-type: none"> Redpagos, a developer of payment and cash collection software based out of Montevideo, Uruguay, was acquired by Prosegur Compania de Seguridad for an undisclosed amount. Redpagos' software allows consumers to deposit and withdraw money, pay bills, manage payments, and helps the user with effective payment solutions.
May-9, 2021			<ul style="list-style-type: none"> Nubila is a developer of business intelligence and analytics software with expertise in big data, artificial intelligence, machine learning, and data analysis. The company provides solutions in the areas of engineering, administration, economics, and finance, enabling clients to optimize workflows, automate processes, accelerate decision making, and reduce costs.
April-30, 2021			<ul style="list-style-type: none"> DTI Digital, a Brazil based provider of digital innovation and software engineering, was acquired by WPP for an undisclosed amount. DTI's digital solutions help clients become more efficient, digitalized, and fully connected to their customers. DTI has over 600 engineers which allows them to provide extraordinarily strong and agile solutions for their clients.

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. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



508 W. 5th Street,
Suites 140 & 225
Charlotte, NC 28202



+1 (704) 899-5960



www.7mileadvisors.com

Notable 7 Mile Transactions

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modernist studio.

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esc eSource Capital

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propelics

anexinet
empowering what's next

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BELATRIX

Globant

