

7 Mile Advisors



Sectorwatch: IT Consulting

August 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

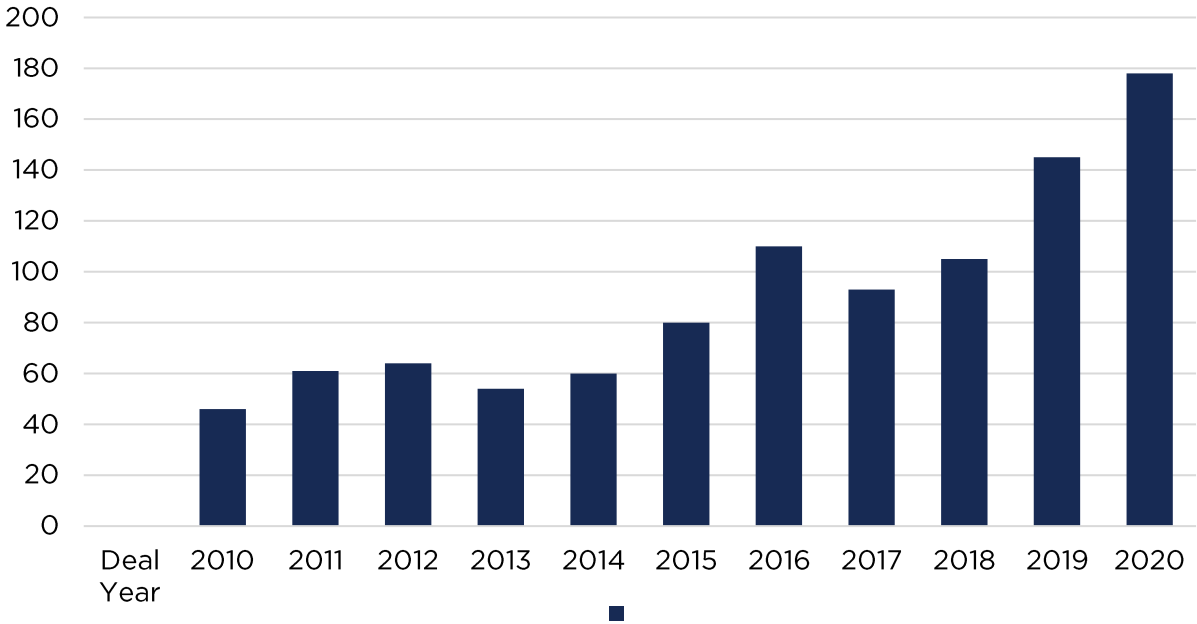
- The most recently announced deals in the sector

Dashboard

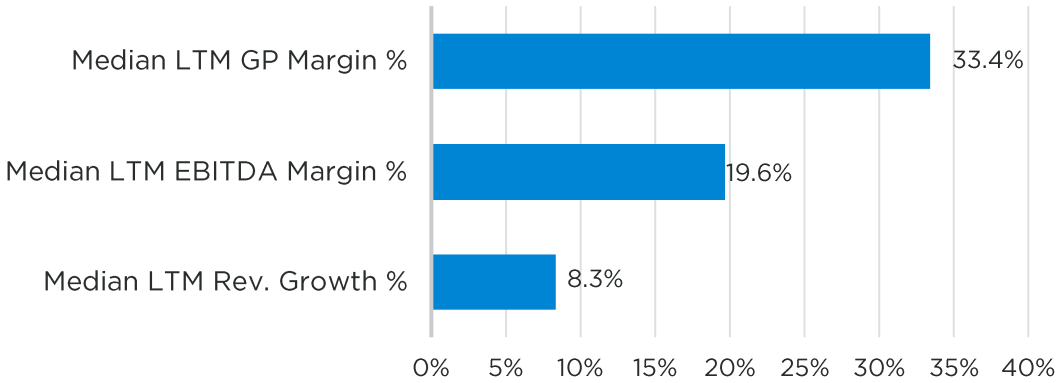
REVENUE GROWTH MOMENTUM ↓ -1.0%

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

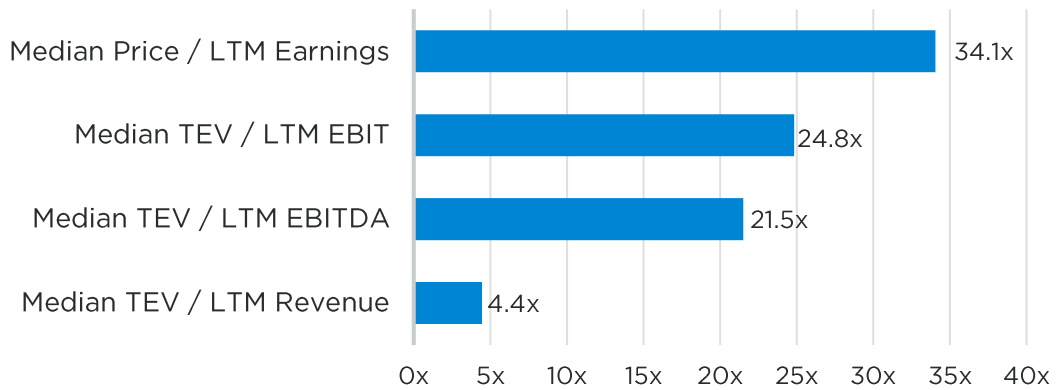
M&A Activity



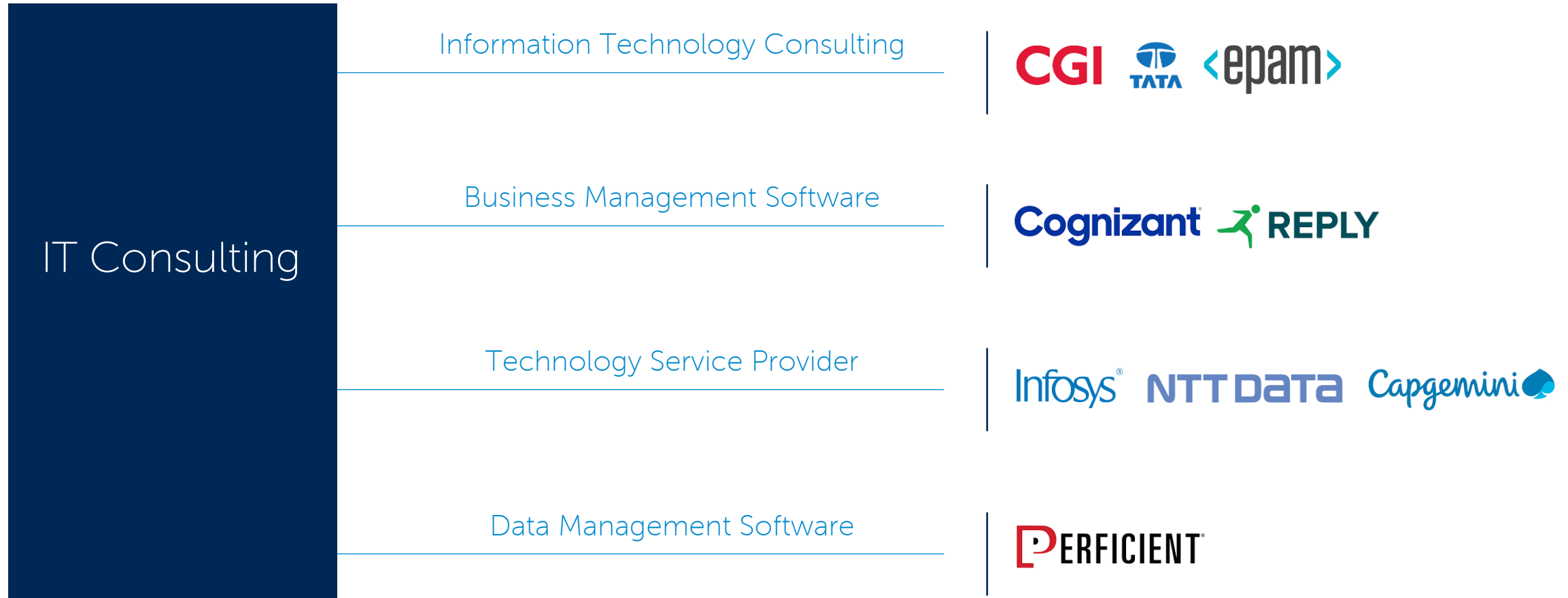
Operating Metrics



Valuation



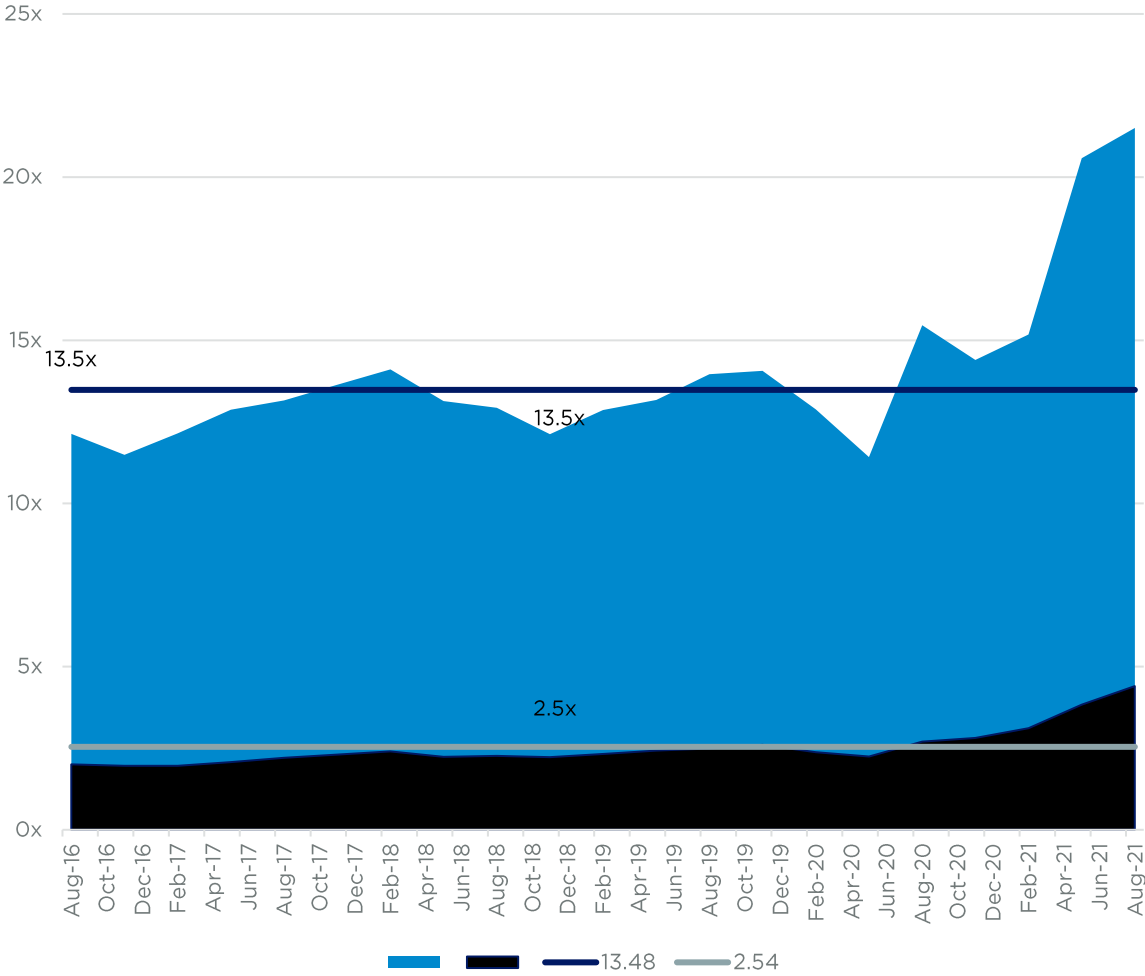
Public Basket Overview



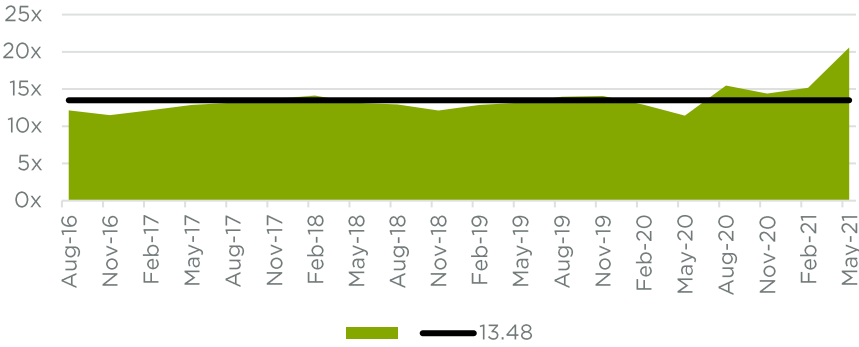
Public Basket

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	206,839	8,007	47,949	7.6%	32.0%	16.7%	4.3x	25.8x	569,000	84
Tata Consultancy Services	181,495	6,869	23,205	9.0%	47.2%	29.6%	7.8x	26.4x	509,058	46
Infosys	94,934	4,259	14,223	11.4%	34.9%	29.9%	6.7x	22.3x	259,619	55
Cognizant Technology Solutions	40,662	3,128	17,413	3.9%	37.2%	18.0%	2.3x	13.0x	301,200	58
Capgemini	44,444	2,875	20,239	15.5%	26.3%	14.2%	2.2x	15.5x	289,501	70
Persistent Systems	3,162	114	600	18.8%	41.0%	19.1%	5.3x	27.6x	10,632	56
Genpact	11,048	793	3,820	4.6%	35.8%	20.7%	2.9x	13.9x	104,000	37
CGI Group	23,631	1,896	9,382	-1.3%	23.2%	20.2%	2.5x	12.5x	78,000	120
Wipro	44,392	2,142	8,845	6.6%	31.5%	24.2%	5.0x	20.7x	200,000	44
Reply	7,314	278	1,630	9.6%	16.8%	17.1%	4.5x	26.3x	9,648	169
Perficient	3,961	149	674	15.8%	38.3%	22.2%	5.9x	26.5x	4,277	158
Average	60,171	2,774	13,453	9.2%	33.1%	21.1%	4.5x	21.0x	212,267	81
Median	40,662	2,142	9,382	9.0%	34.9%	20.2%	4.5x	22.3x	200,000	58

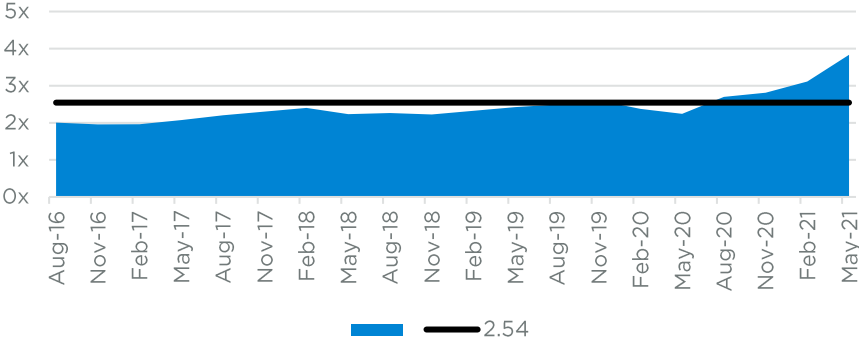
Public Basket



Public EBITDA Multiples over Time

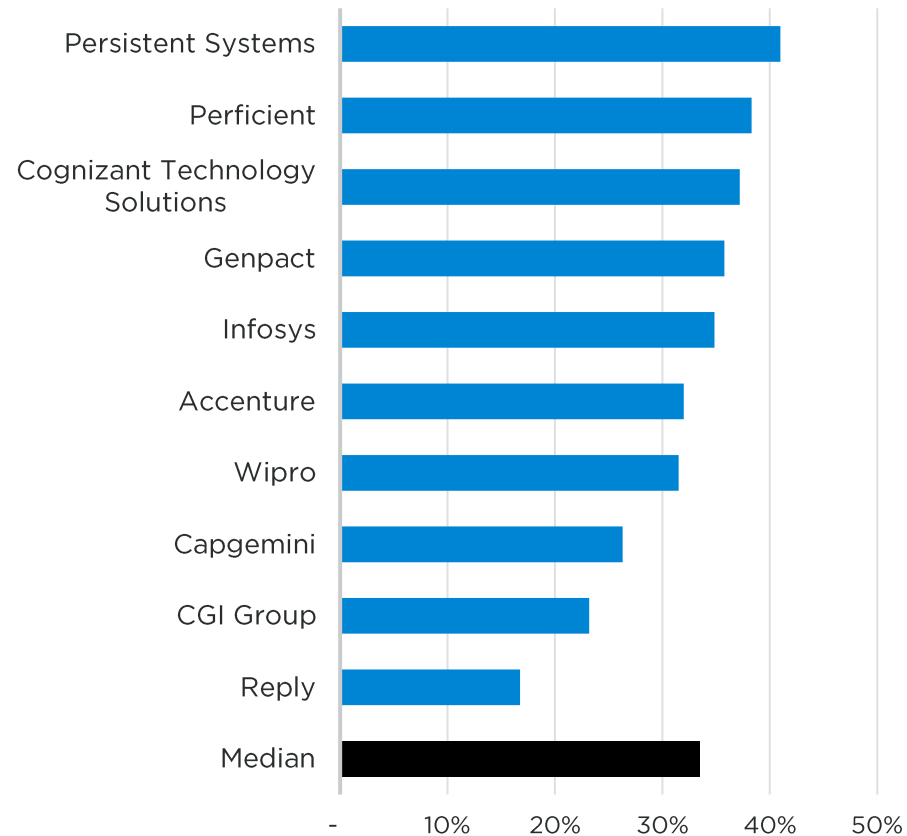


Public Revenue Multiples over Time

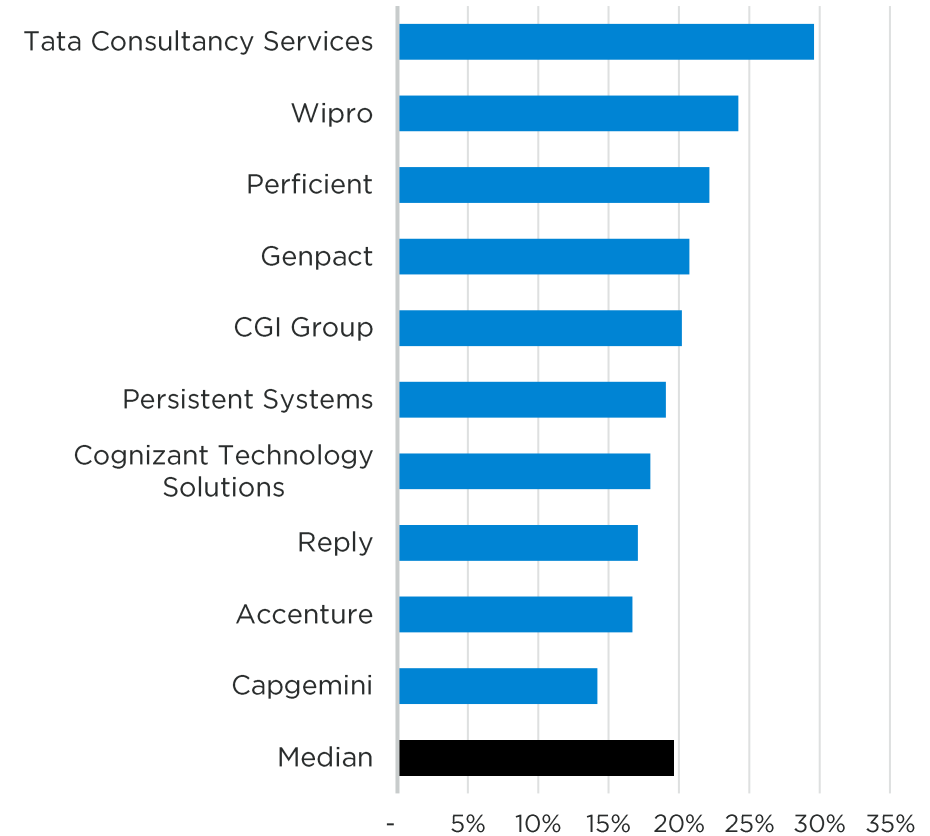


Operational Metrics

LTM Gross Profit Margin %

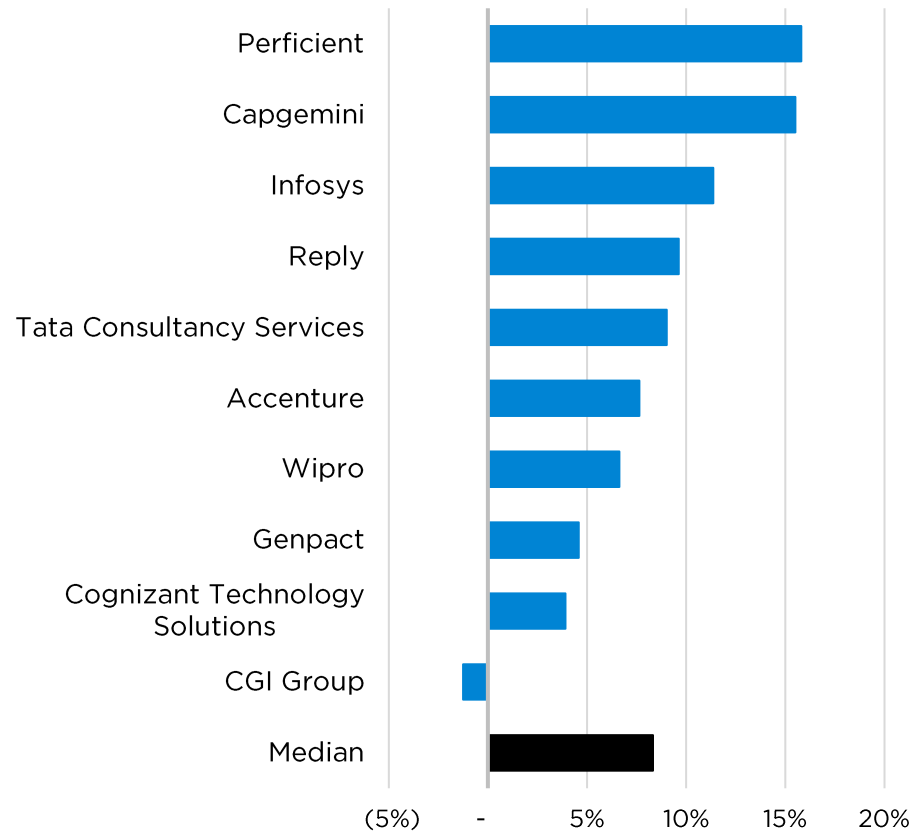


LTM EBITDA %

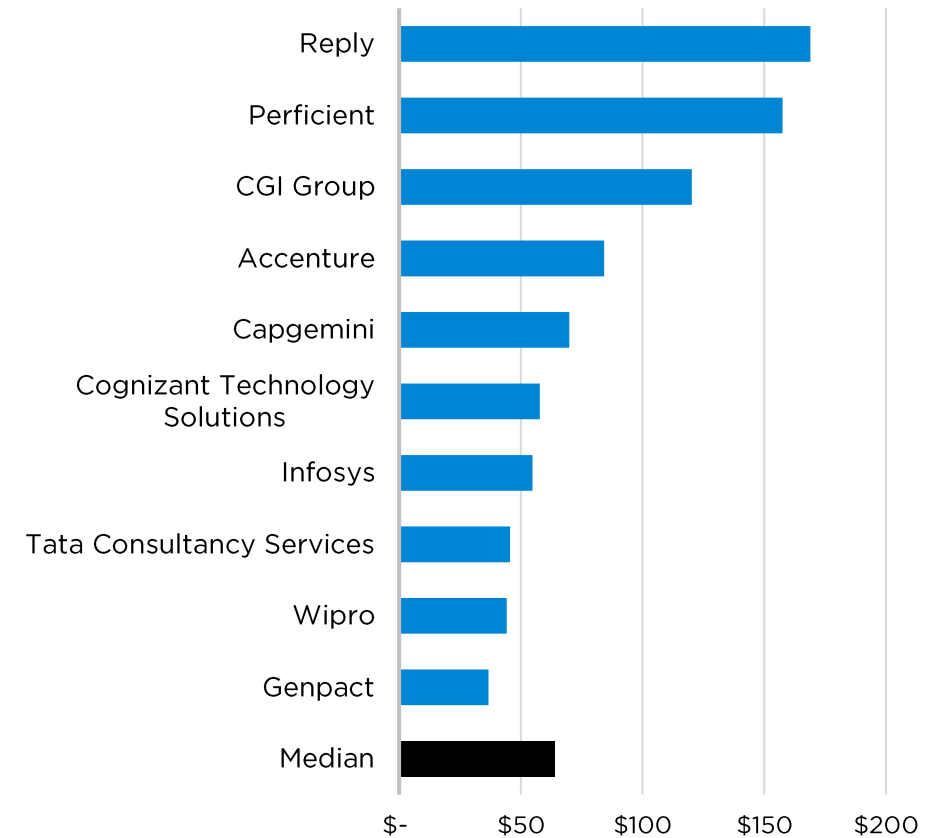


Operational Metrics

LTM Revenue Growth %

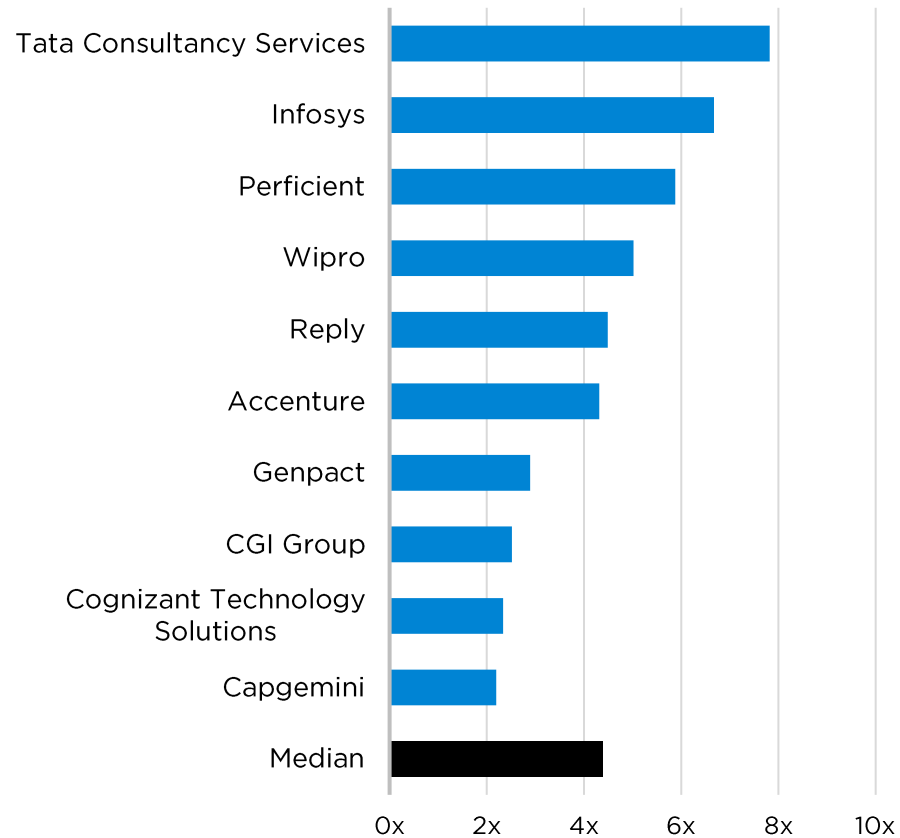


LTM Revenue per Full Time Employee x 000's

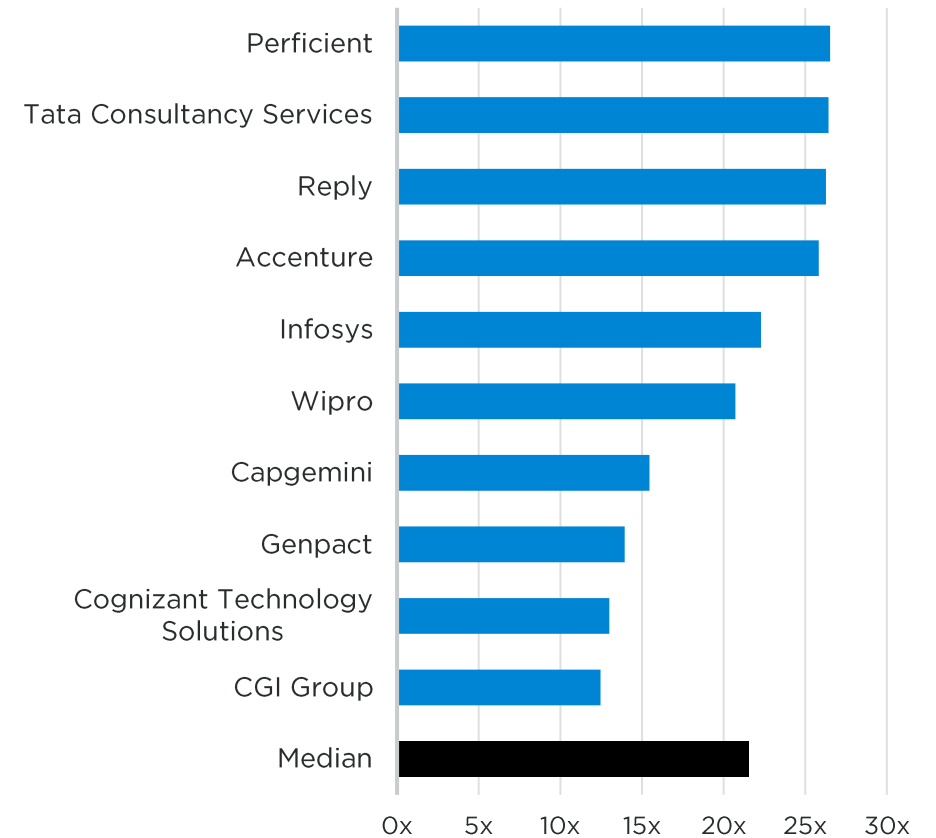


Valuation

TEV / LTM Revenue

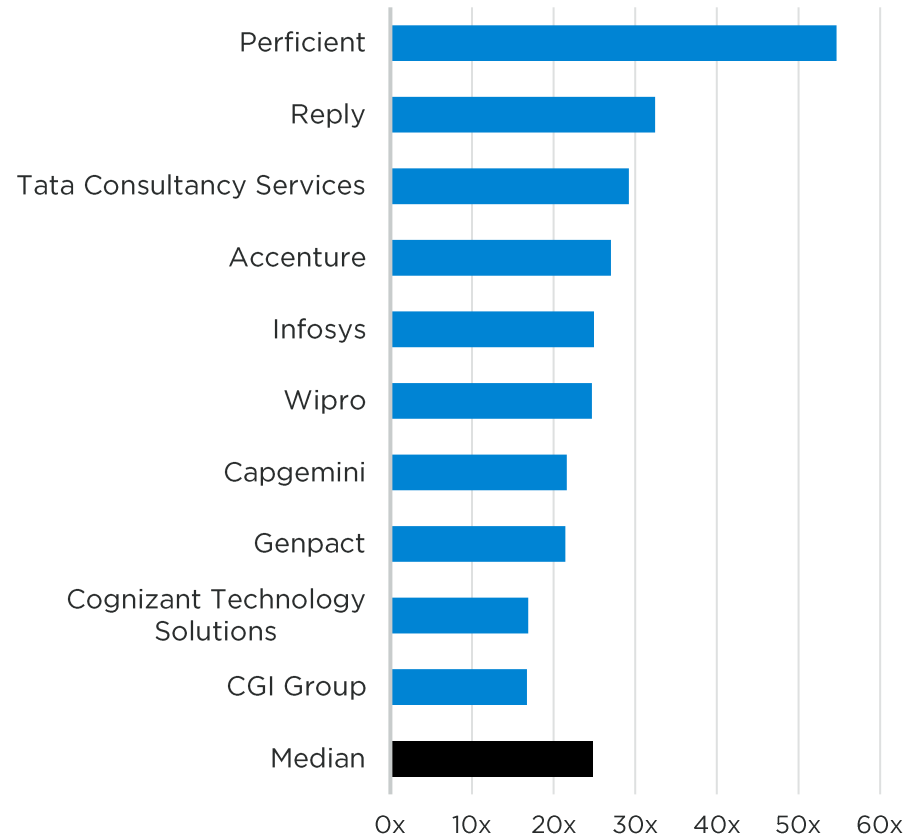


TEV / LTM EBITDA

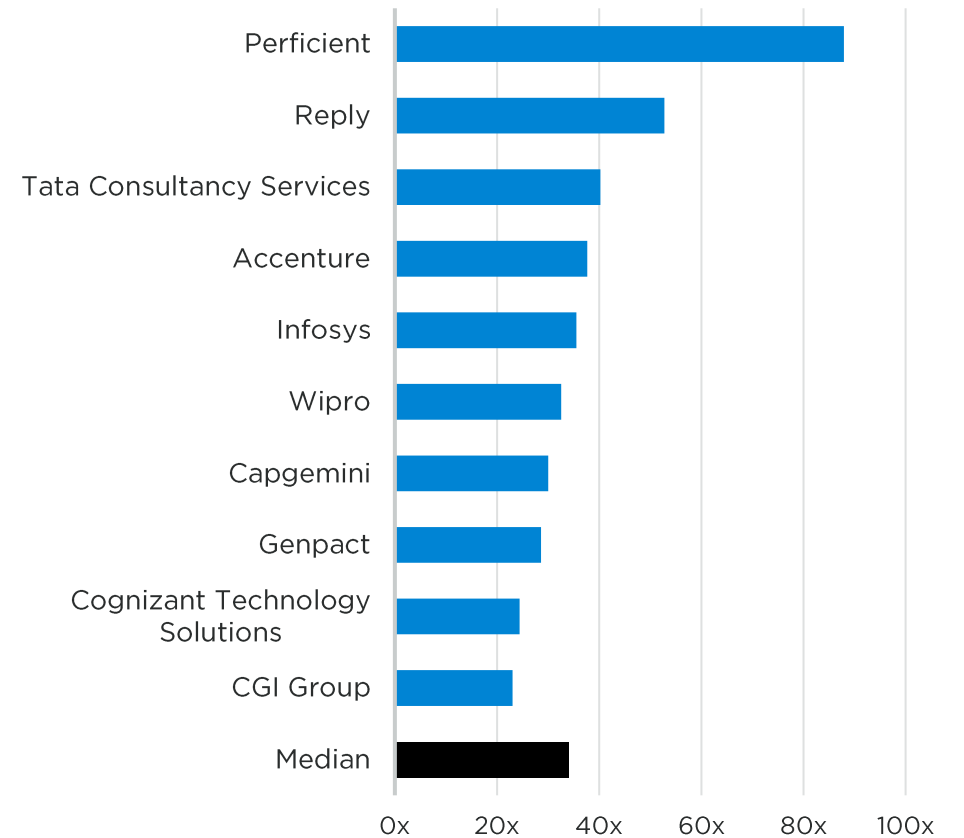


Valuation

TEV / LTM EBIT

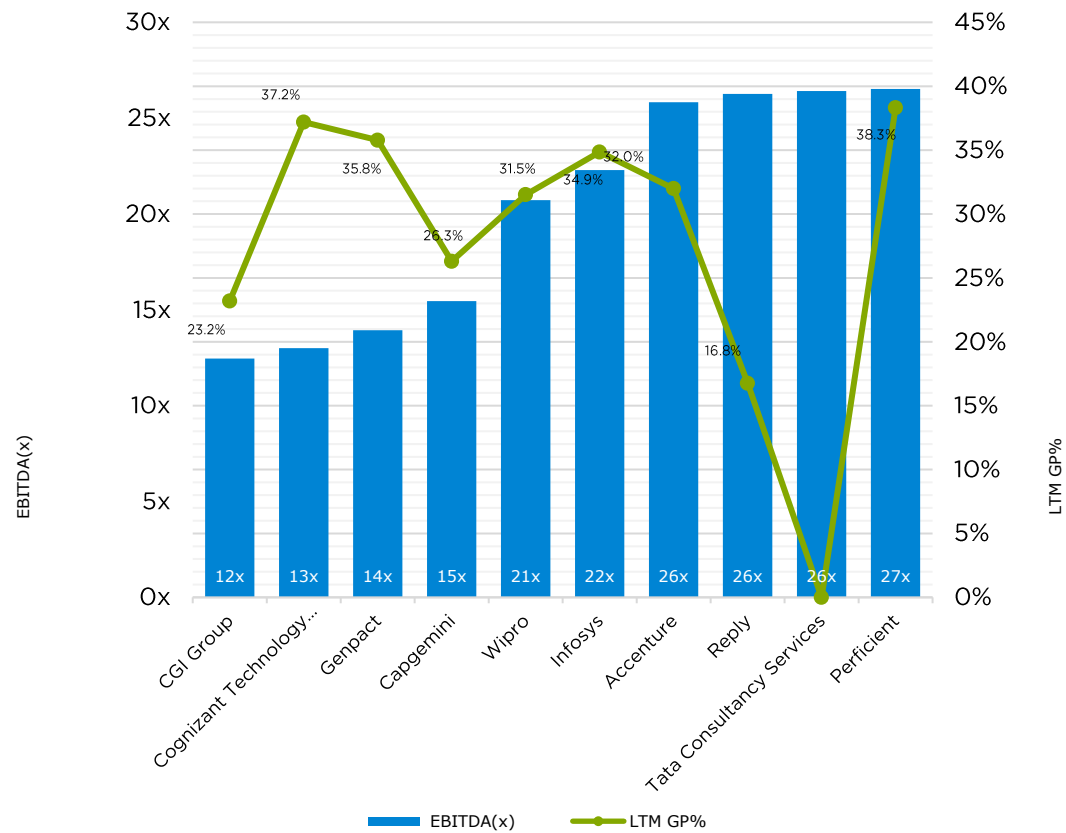


Price / LTM Earnings

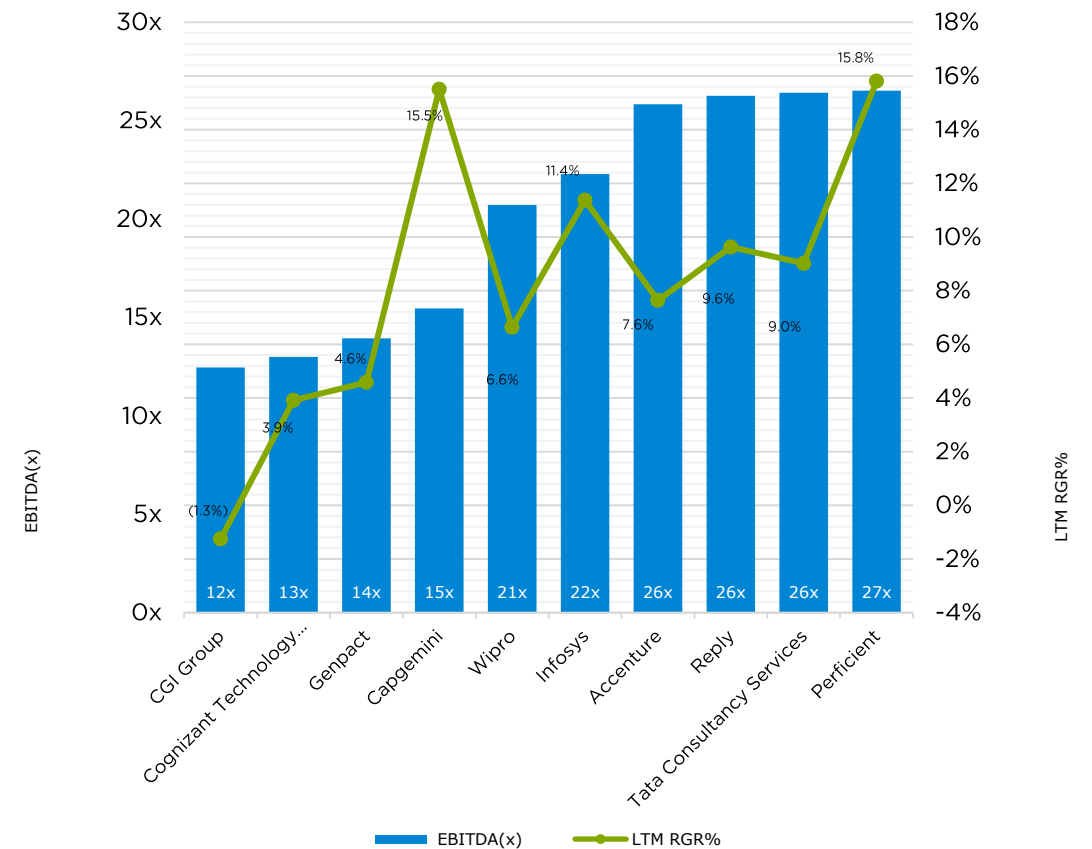


Valuation

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
01-Sep-21	Cloudeon	Devoteam	-	-	-	-
01-Sep-21	Dobler Consulting	Spinnaker Support	-	-	-	-
01-Sep-21	GID	Aviti	-	-	-	-
31-Aug-21	advicon	HiQ International	-	-	-	-
31-Aug-21	Candoris Technologies	Computer Design & Integration	-	-	-	-
31-Aug-21	Cipher Integrations	DSM Technology Consultants	-	-	-	-
31-Aug-21	CN Group (Czech Republic)	Ciklum	-	-	-	-
31-Aug-21	LogicForce Consulting	BV Investment Partners	-	-	-	-
19-Aug-21	Cloud for Good	Achieve Partners	-	-	-	-
18-Aug-21	Avante IT	Crosspoint Pty.Ltd	-	-	-	-
12-Aug-21	Presidium Network Operations Consultants	LinkPoint IT Solutions	-	-	-	-
11-Aug-21	SyCom Technologies	Huron Capital	-	-	-	-
10-Aug-21	Mphasis	Government of Singapore Investment Corporation (GIC)	2800.00	-	-	-
09-Aug-21	ITPrepared	Bittnet Systems	0.67	-	-	-
09-Aug-21	Turnkey Business Software	Kick IT (IT services business)	-	-	-	-
05-Aug-21	Cellular Solutions (Business Systems Division)	Smith Cooper System Partners	-	-	-	-
05-Aug-21	Rednet (Germany)	Converge Technology Solutions	-	-	-	-
05-Aug-21	Reverse Paradigm	mLogica	-	-	-	-
05-Aug-21	Trivadis	Accenture	-	-	-	-
03-Aug-21	MAIT	3i Group	70.96	-	-	-
02-Aug-21	LEXTA	Accenture	-	-	-	-
01-Aug-21	ProData Consult	Axcel Management	723.74	-	-	-
30-Jul-21	Ethica Consulting	Accenture	-	-	-	-
27-Jul-21	CORE SE	EPAM Systems	-	-	-	-

Appendix

*Public Basket
Contact Information*



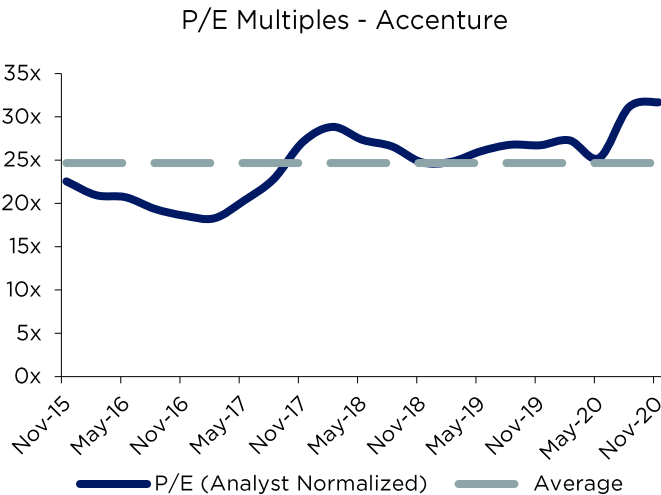
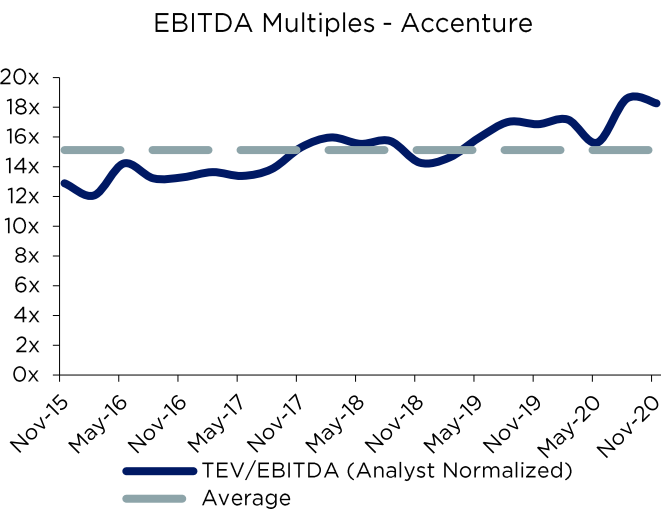
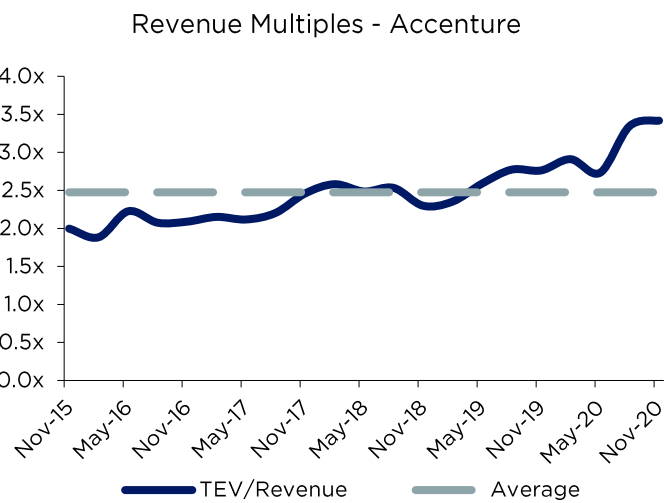
Accenture

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
Novetta	19-Aug-21	The company was acquired by Accenture (NYS: ACN) for \$1 billion on August 19, 2021. The acquisition will provide the highly specialized, mission solutions that clients turn to for expertise in the converging domains of analytics, intelligence expertise, cloud engineering and cyber.
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.

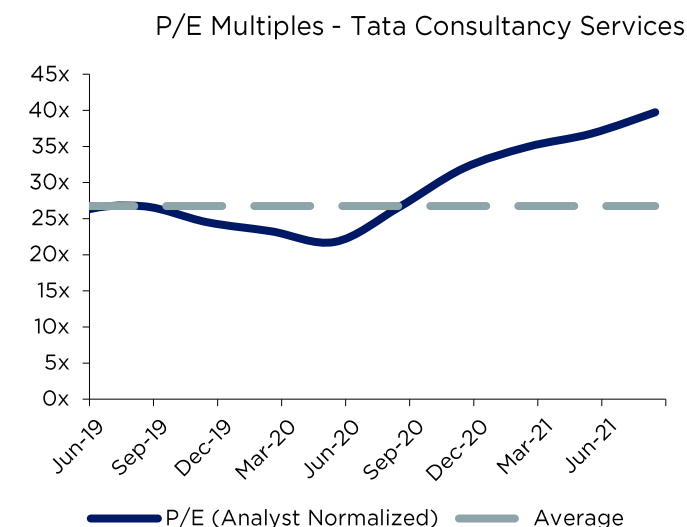
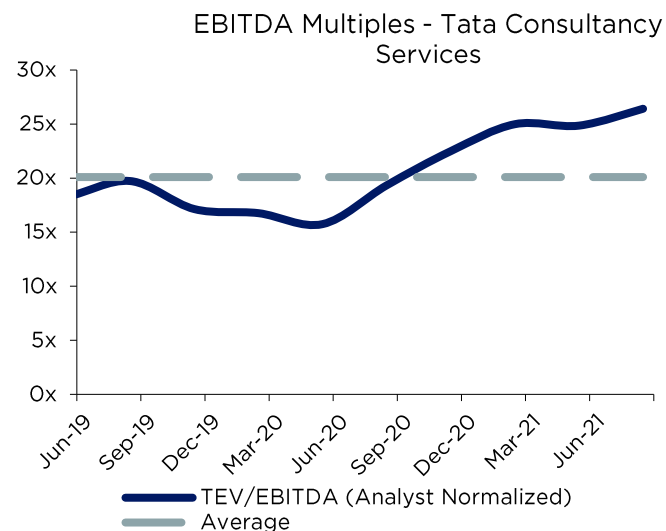
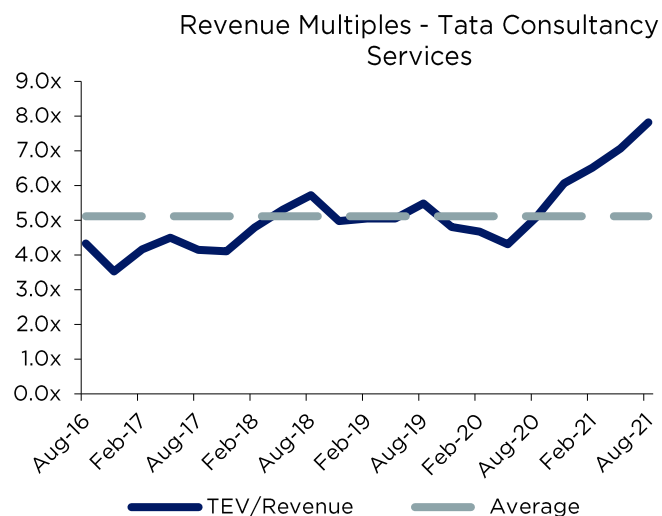
Tata Consultancy Services

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.

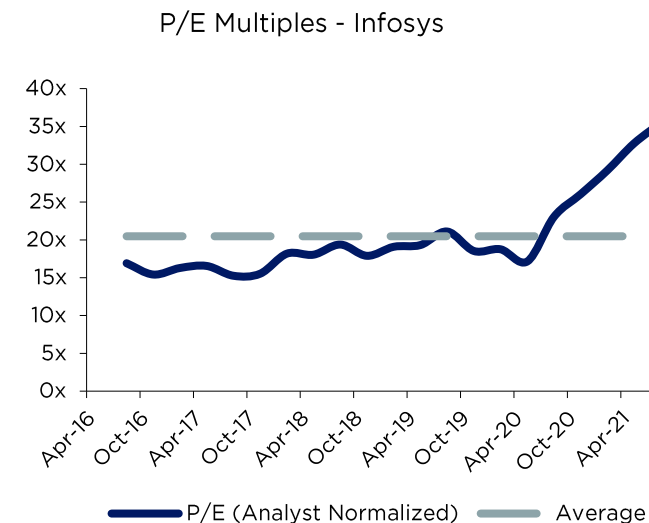
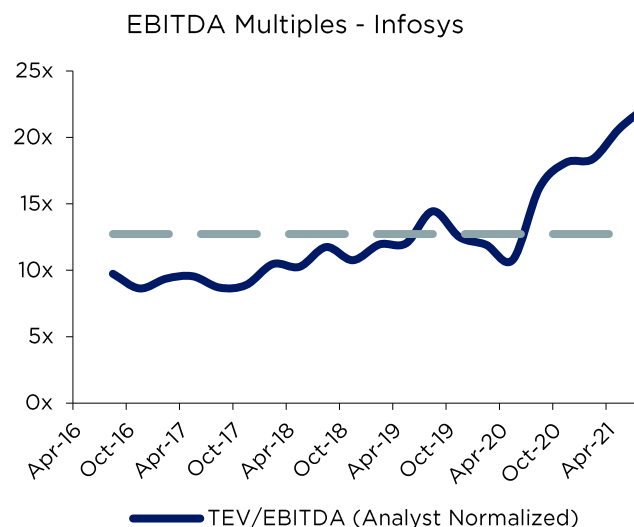
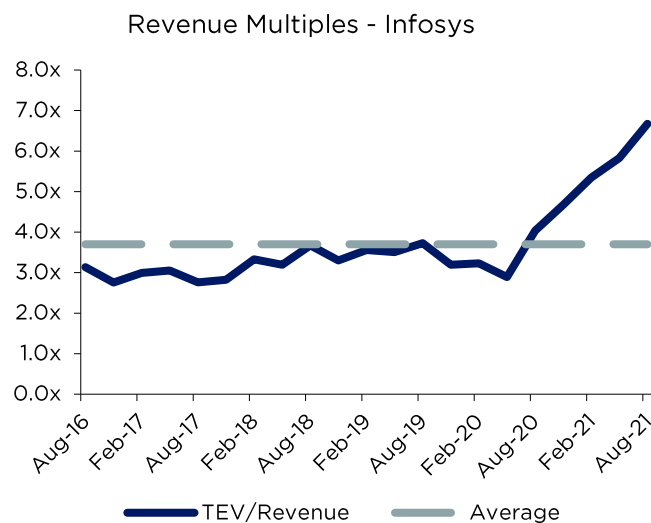
Infosys

**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
TidalScale	16-Aug-21	The company is reportedly in the process of raising \$450,000 funding from Infosys on August 16, 2021. It plans to close the round by the second quarter of FY2022. The funds will be used to be utilized for R&D, business development, and working capital needs.
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.

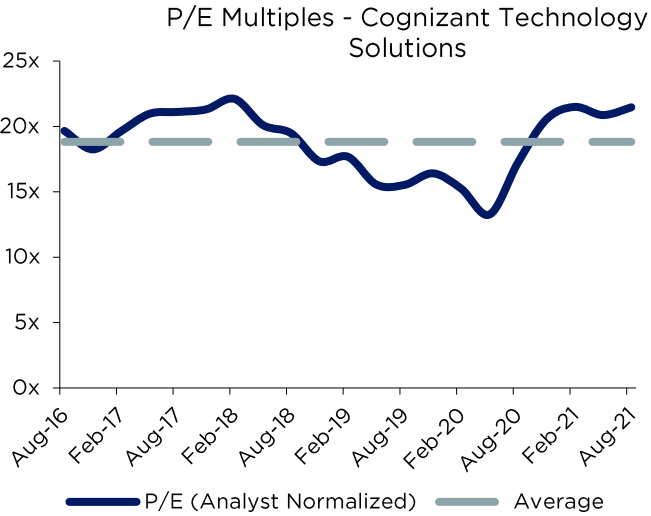
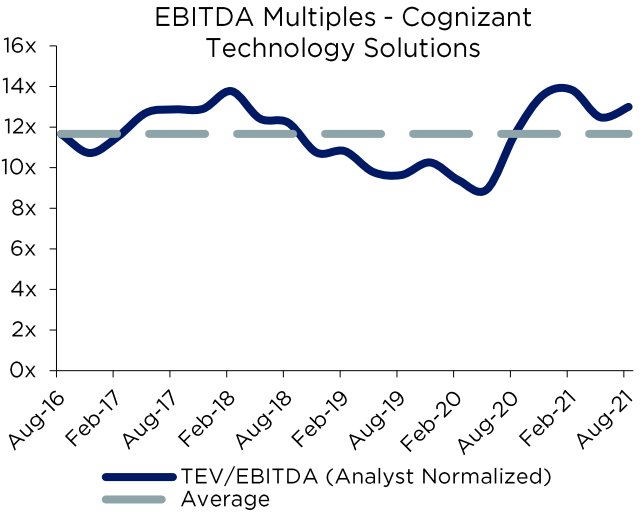
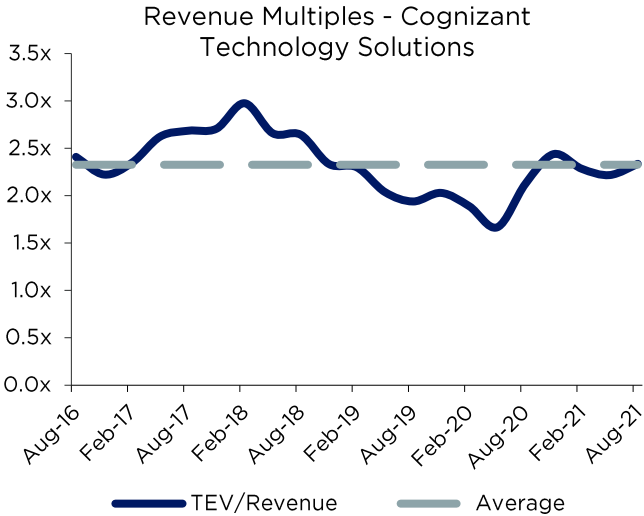
Cognizant Technology Solutions

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
Hunter Technical Resources	17-Aug-21	The company was acquired by Cognizant (Nasdaq: CTSH) for an undisclosed amount on August 17, 2021. The acquisition will enhance cognizant's access to IT talent across areas such as full stack development, data science, and machine learning.
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.

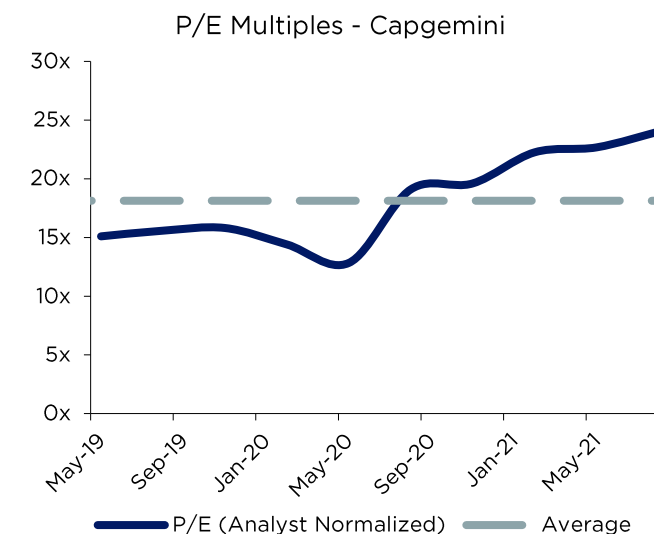
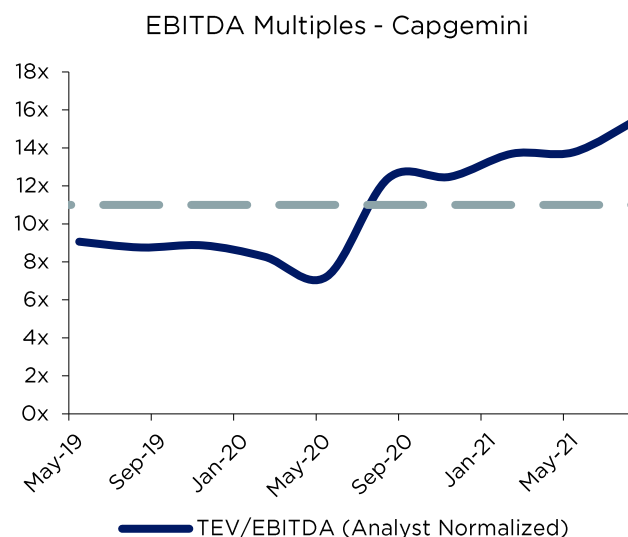
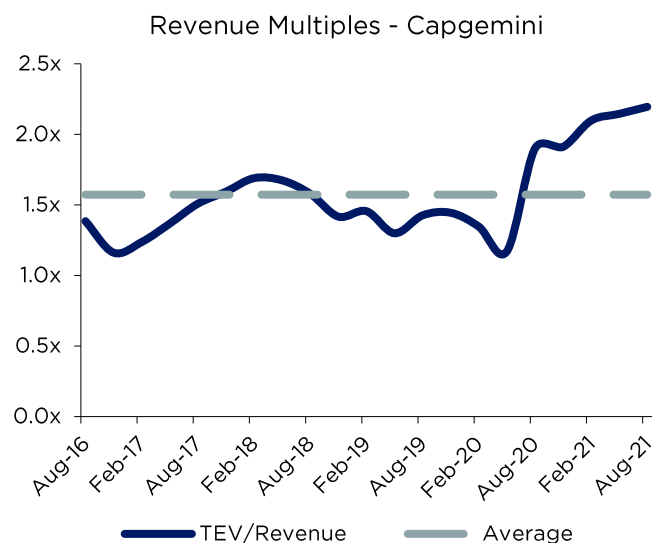
Capgemini

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
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 Vekor and accelerate the construction of the VIC (Verkor Innovation Center).

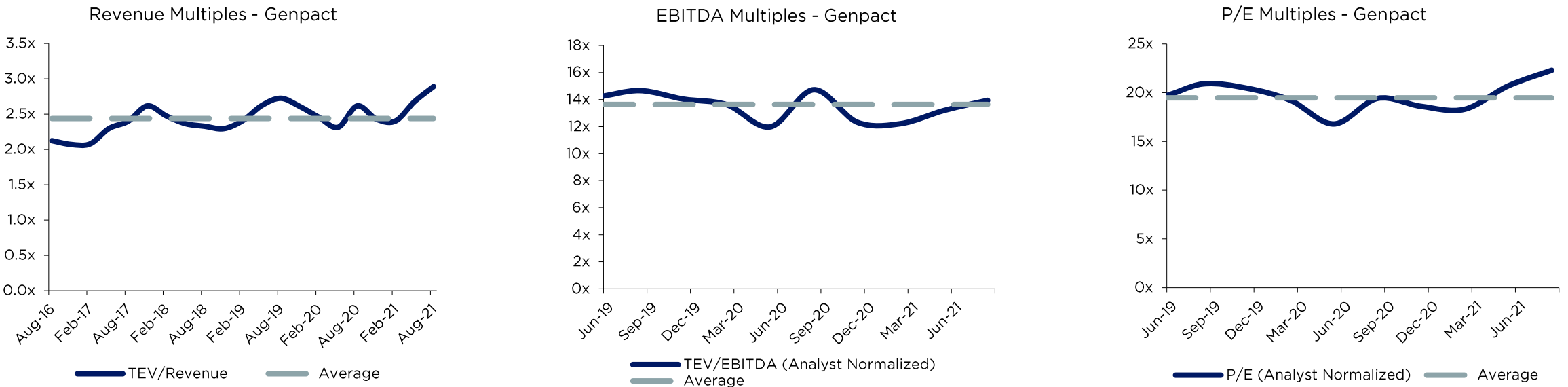
Genpact

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.

Public Basket

CGI Group

CGI Group

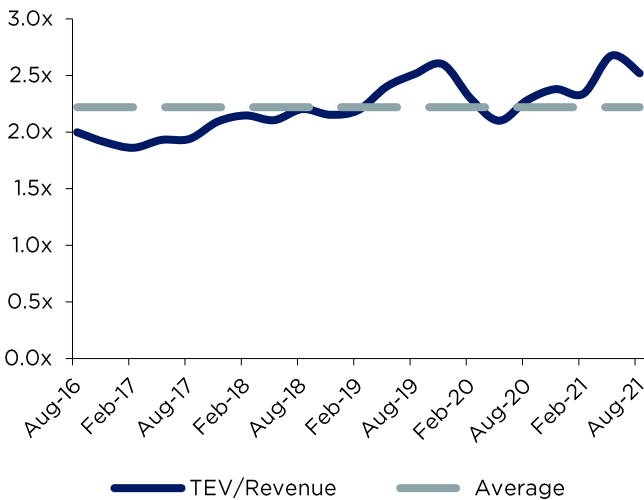
CGI Inc.

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.

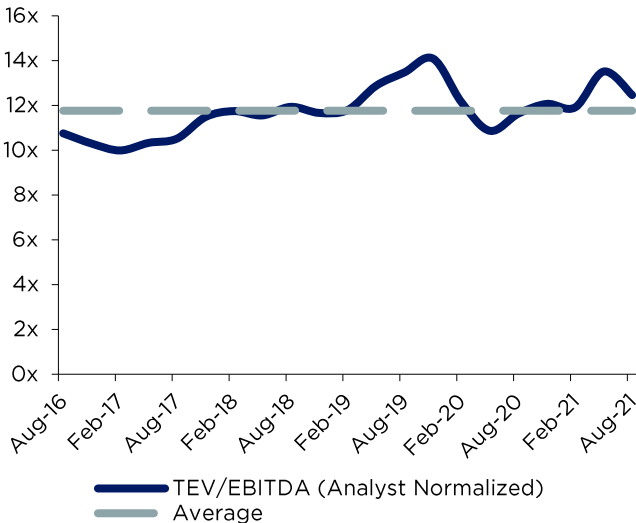
Public Basket

CGI Group

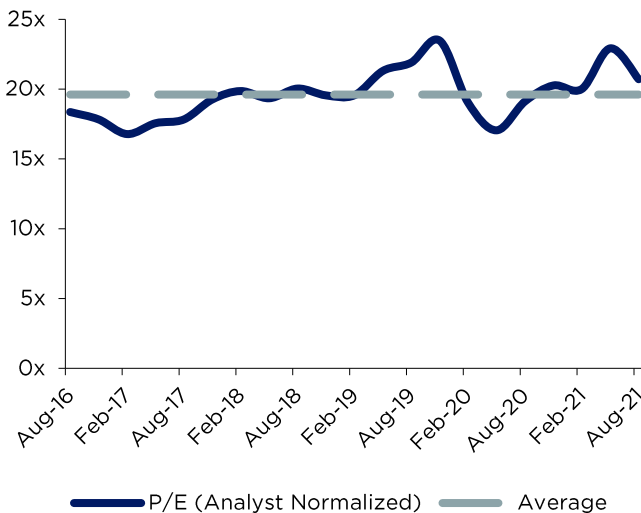
Revenue Multiples - CGI Group



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.

Wipro

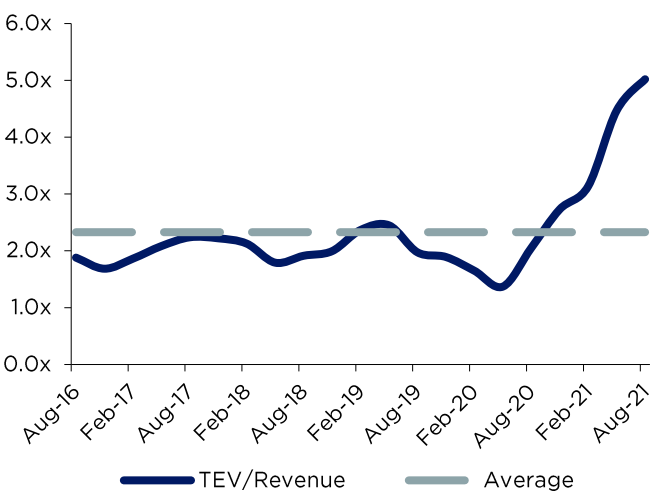
Wipro is a leading global IT services provider, with 175,000 employees.

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.

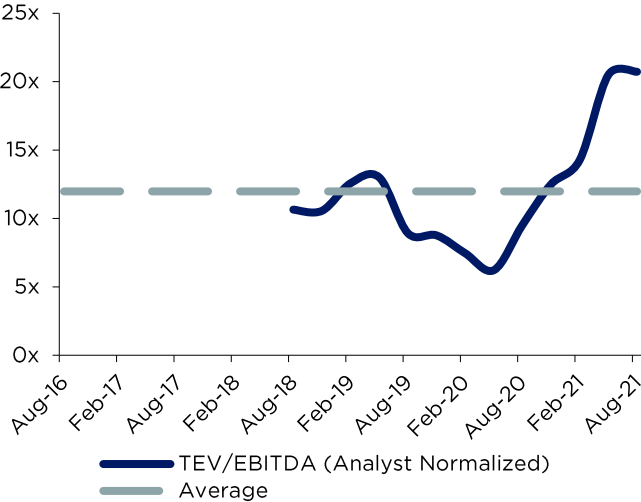
Public Basket

Wipro

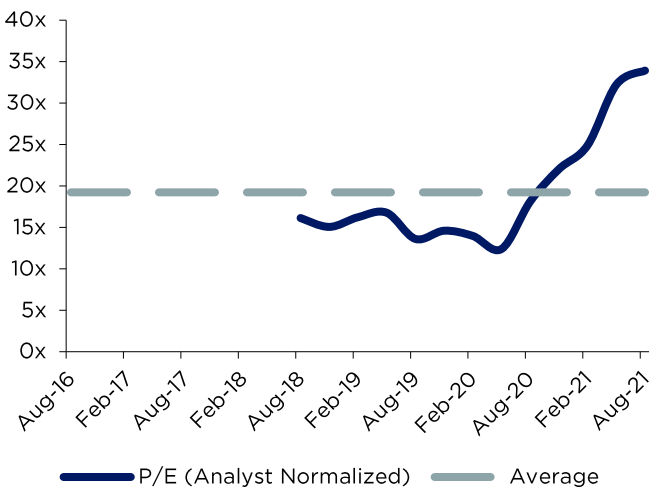
Revenue Multiples - Wipro



EBITDA Multiples - Wipro



P/E Multiples - 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.

Reply

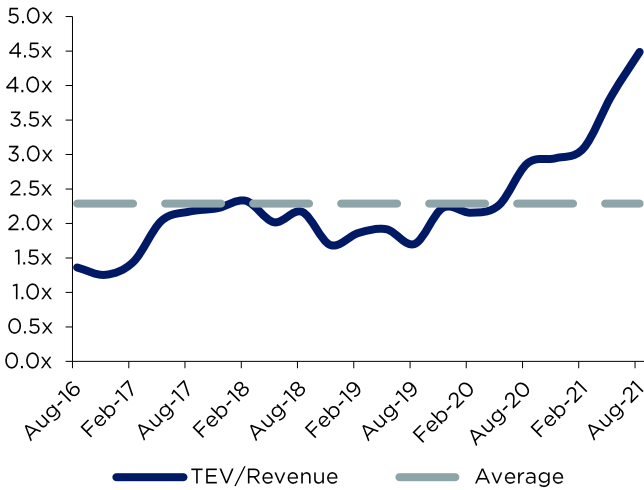
Reply SpA specialises in consulting, digital services, and the integration of processes, applications, and devices.

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.

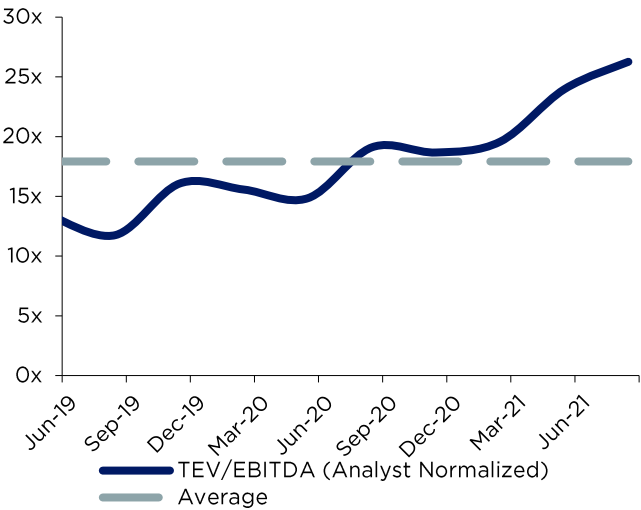
Public Basket

Reply

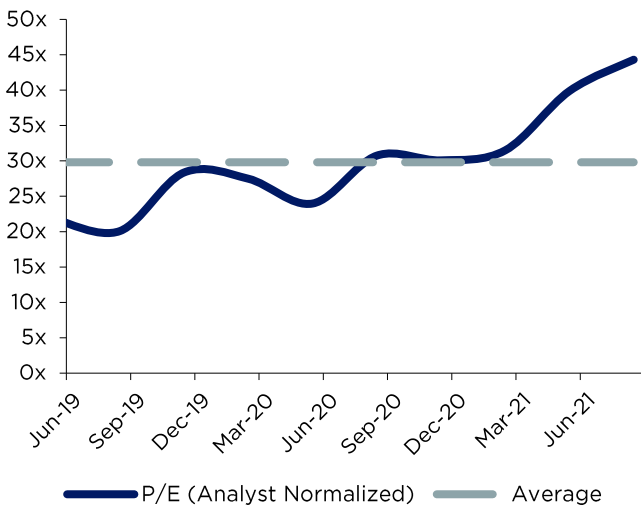
Revenue Multiples - Reply



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.

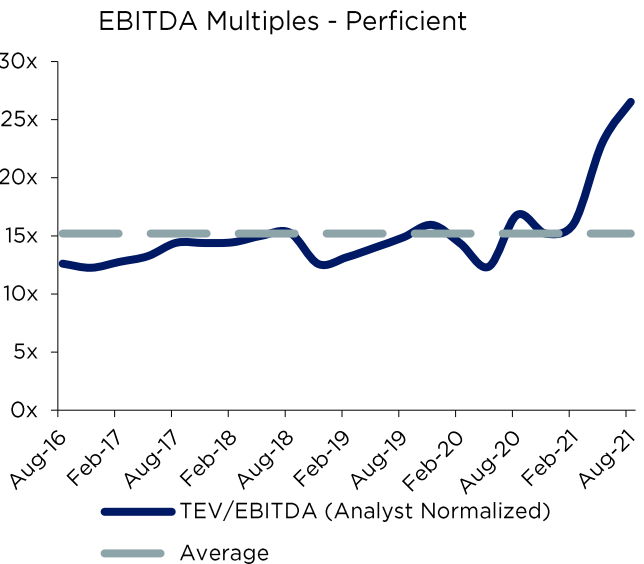
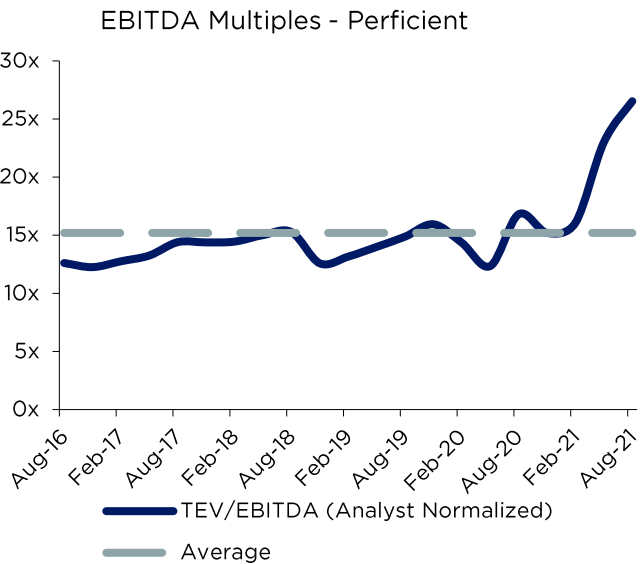
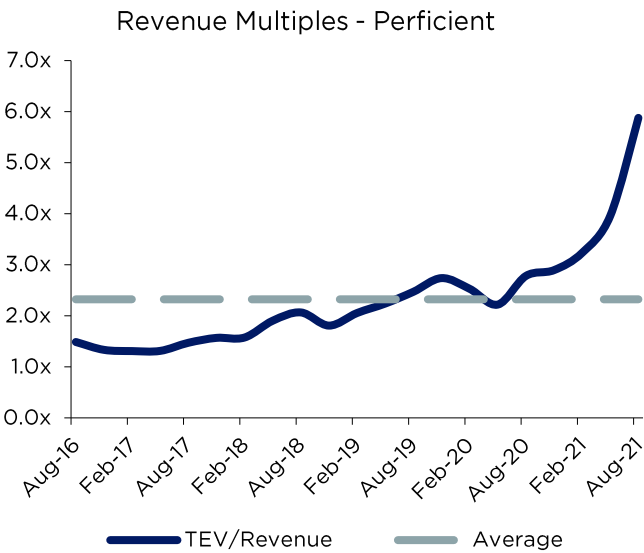
Perficient

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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