

7 Mile Advisors



Sectorwatch: Digital Transformation

September 2021



Digital Transformation

- 4 [Sector Dashboard](#)
- 5 [Public Basket Overview](#)
- 6 [Public Basket Performance](#)
- 8 [Operational Metrics](#)
- 11 [Valuation Comparison](#)
- 14 [Recent Deals](#)
- 15 [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.

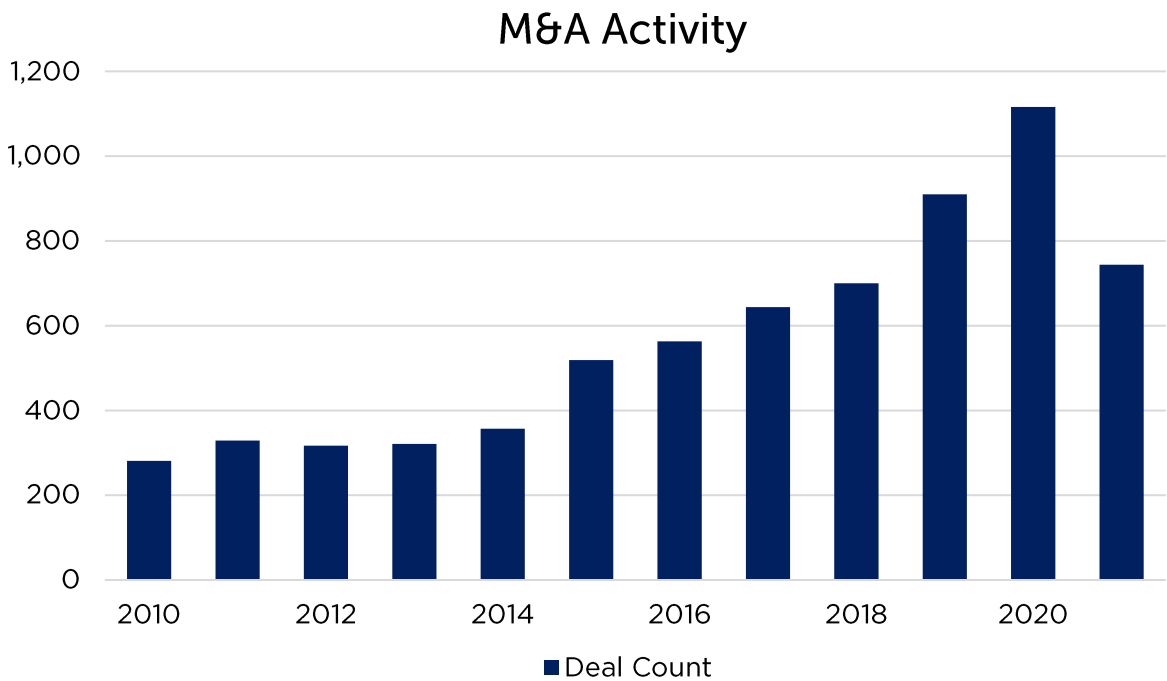
RECENT DEALS

- The most recently announced deals in the sector

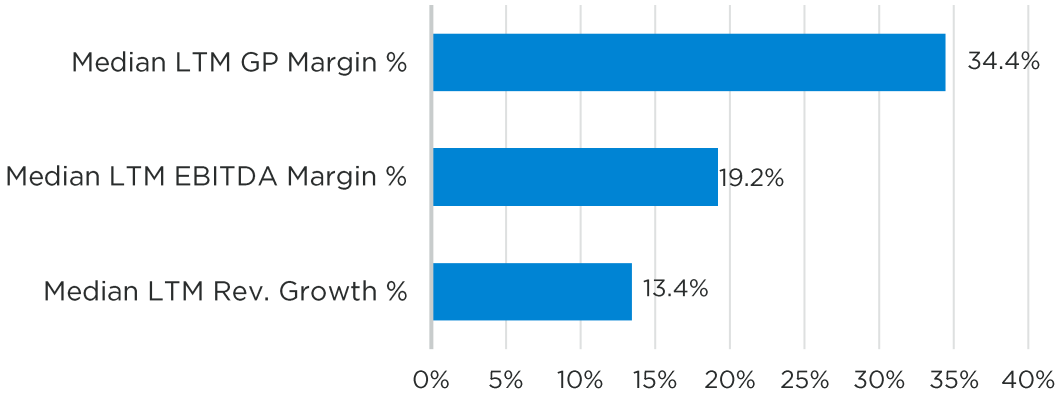
Dashboard

REVENUE GROWTH MOMENTUM ↑ 4.1%

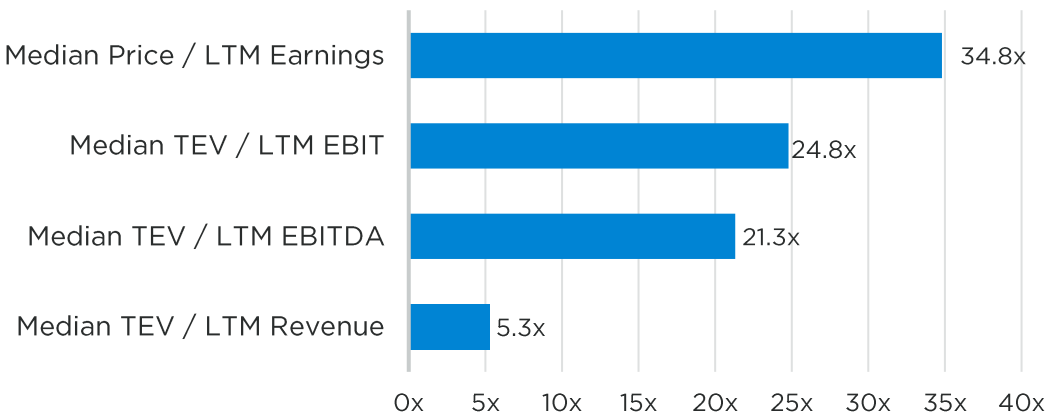
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



Operating Metrics



Valuation



Public Basket Overview



Europe



United States



South America



Asia

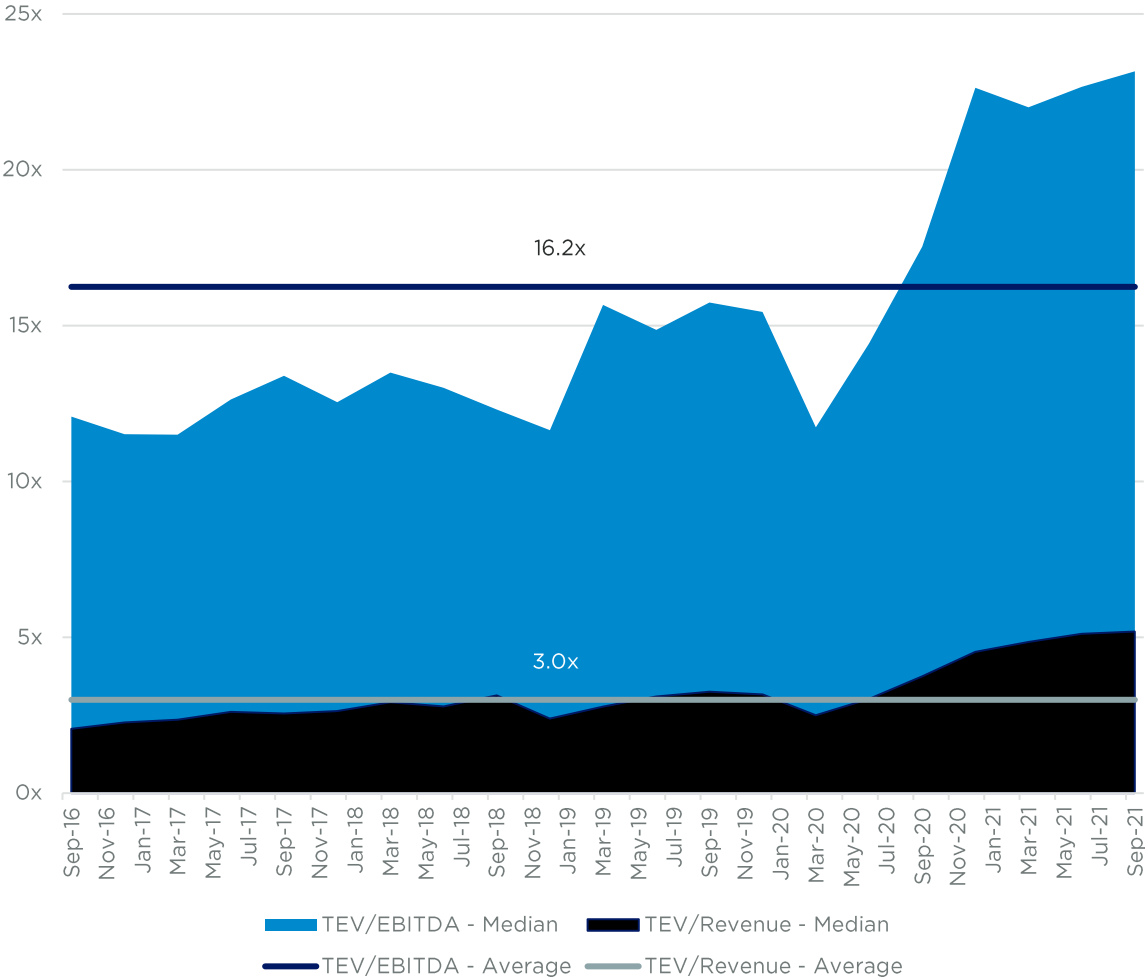


Public Basket

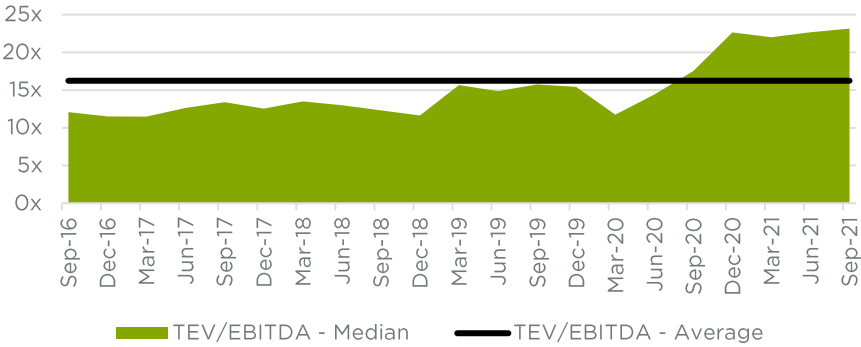
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava	8,328	125	600	27.2%	34.5%	20.9%	13.9x	66.4x	8,883	68
Globant	11,254	207	1,015	39.1%	37.9%	20.4%	11.1x	54.4x	19,400	52
WPP	19,840	2,848	16,878	0.8%	17.3%	16.9%	1.2x	7.0x	102,822	164
EPAM Systems	31,253	671	3,038	21.3%	34.4%	22.1%	10.3x	46.6x	41,168	74
Capgemini	41,790	2,875	20,239	15.5%	26.3%	14.2%	2.1x	14.5x	289,501	70
Cognizant Technology Solutions	39,062	3,128	17,413	3.9%	37.2%	18.0%	2.2x	12.5x	301,200	58
Infosys	91,540	4,296	14,223	11.4%	34.9%	30.2%	6.4x	21.3x	259,619	55
Accenture	198,776	8,007	47,949	7.6%	32.0%	16.7%	4.1x	24.8x	569,000	84
Average	55,230	2,770	15,169	15.9%	31.8%	19.9%	6.4x	30.9x	198,949	78
Median	35,158	2,862	15,550	13.4%	34.4%	19.2%	5.3x	23.1x	181,221	69

share price as of 30Sep21

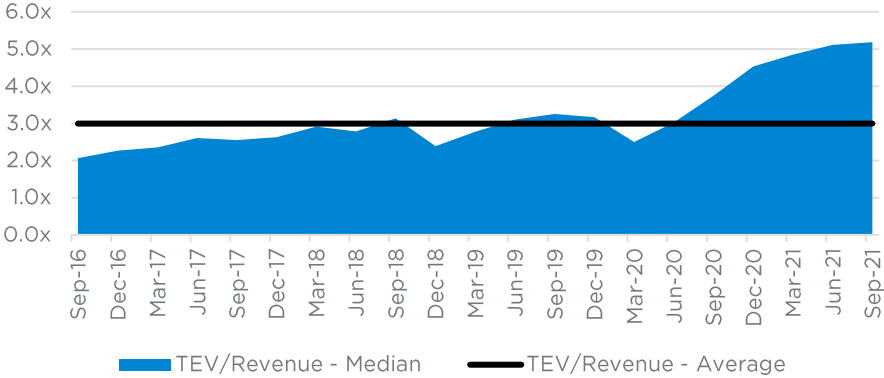
Public Basket



Public EBITDA Multiples over Time

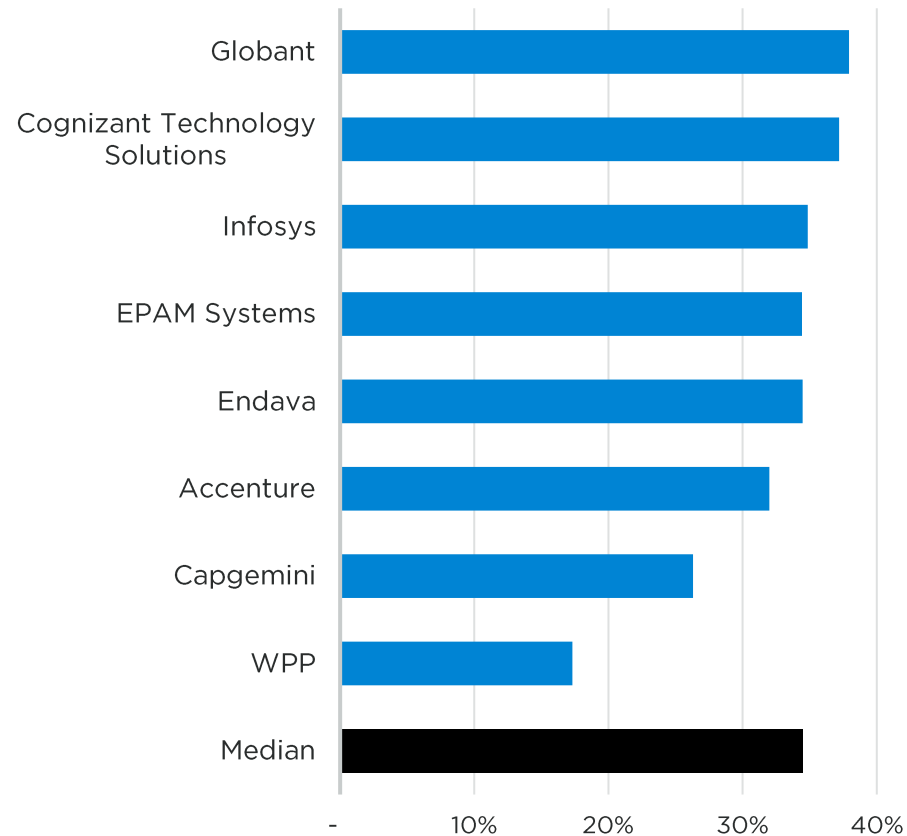


Public Revenue Multiples over Time

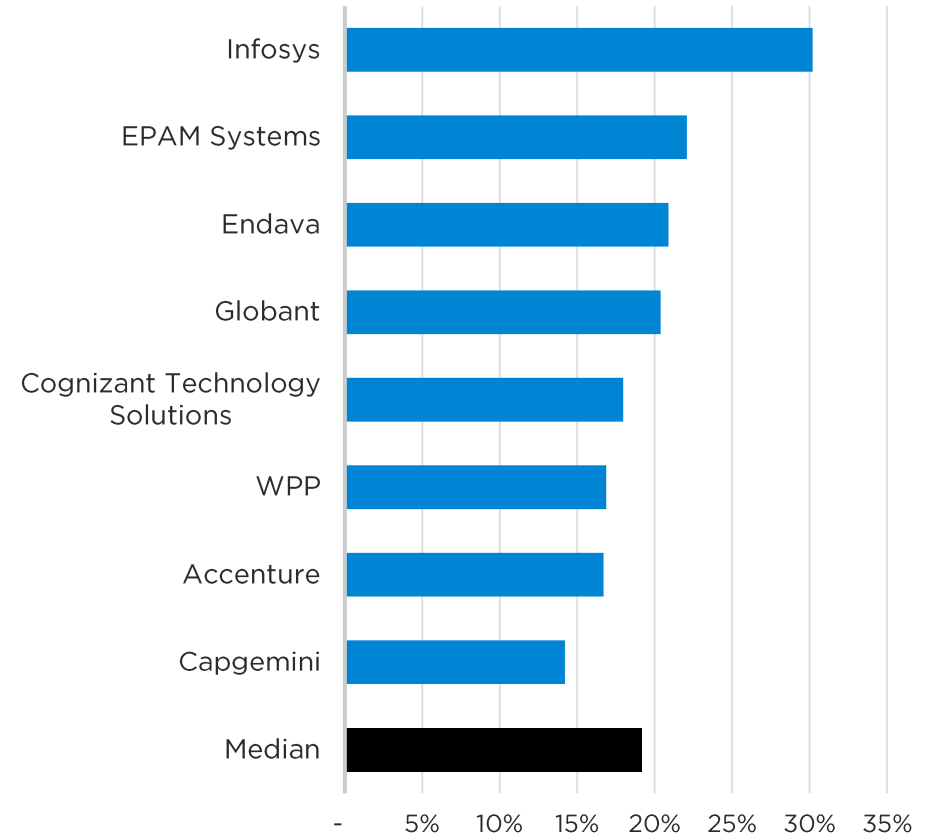


Operational Metrics

LTM Gross Profit Margin %

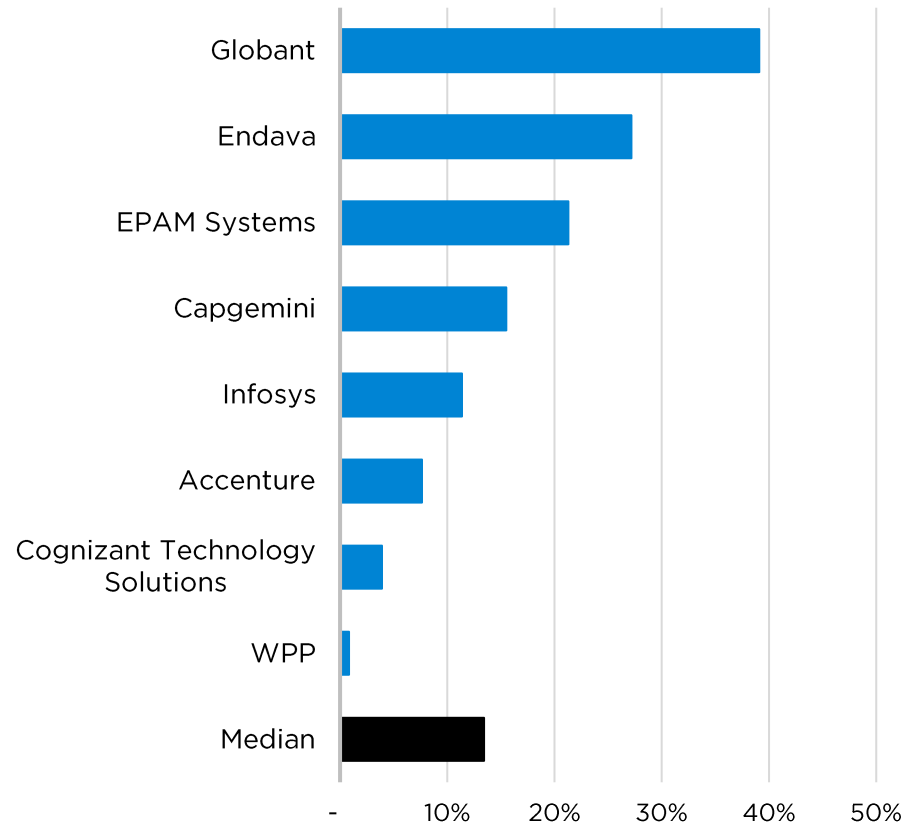


LTM EBITDA %

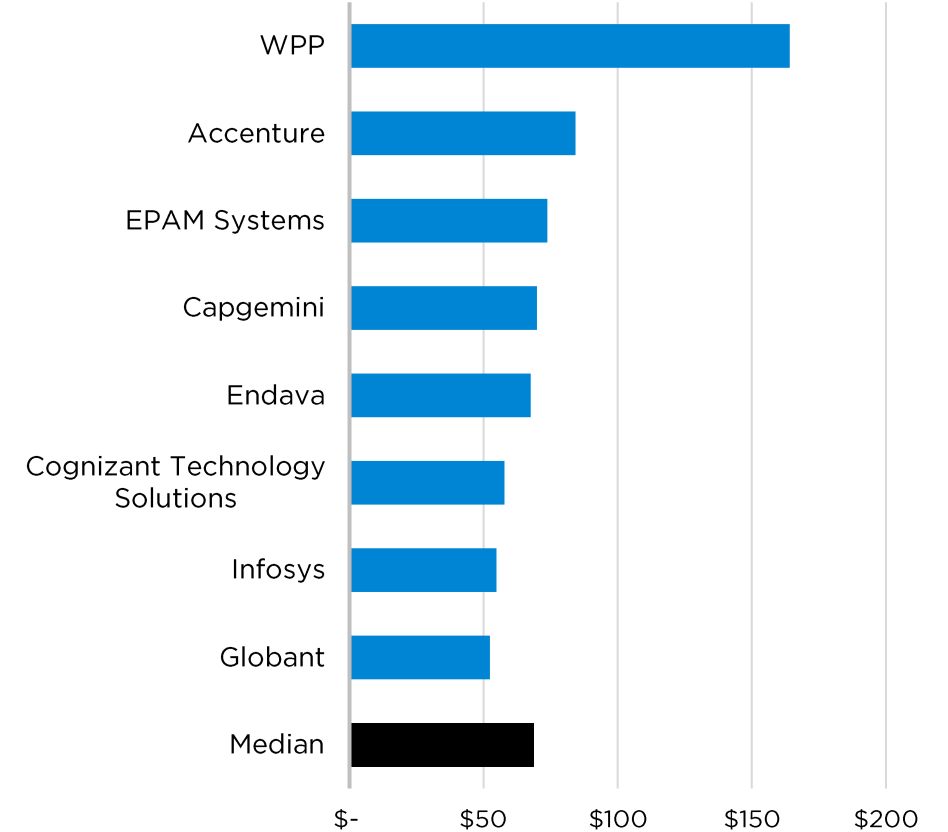


Operational Metrics

LTM Revenue Growth %

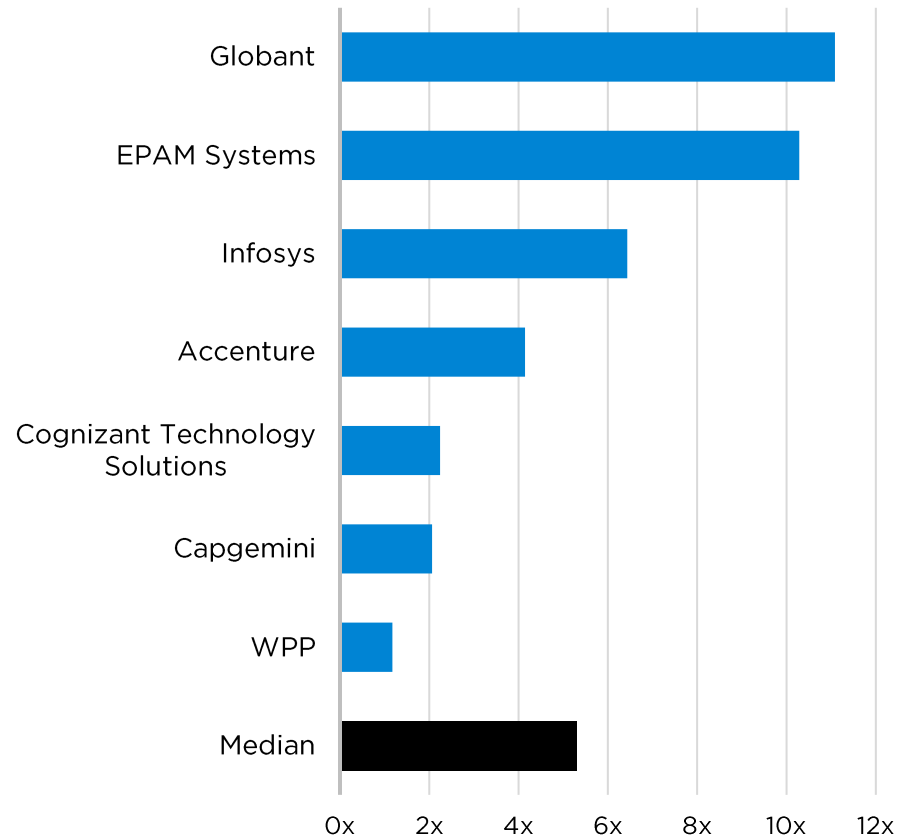


LTM Revenue per Full Time Employee x 000's

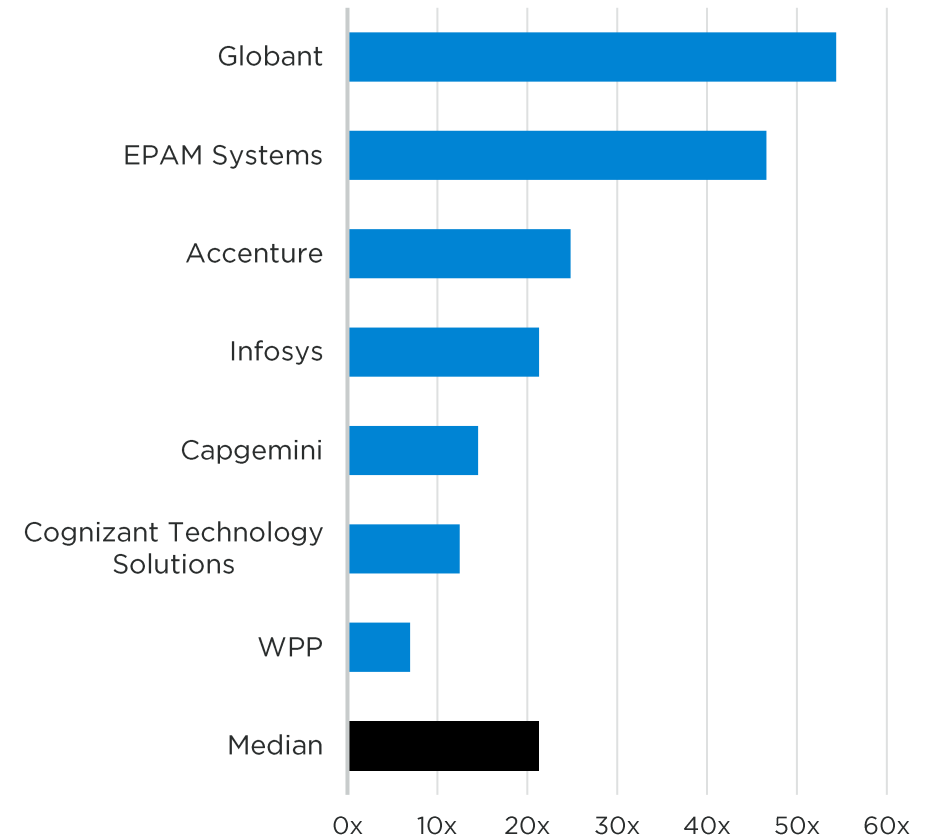


Valuation

TEV / LTM Revenue

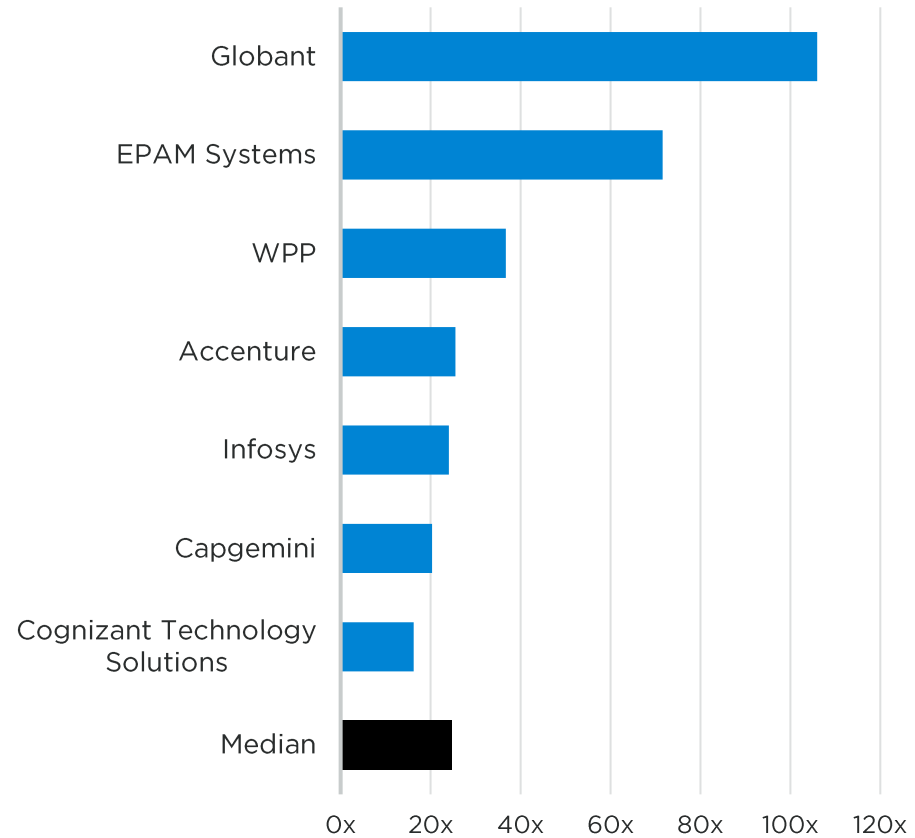


TEV / LTM EBITDA

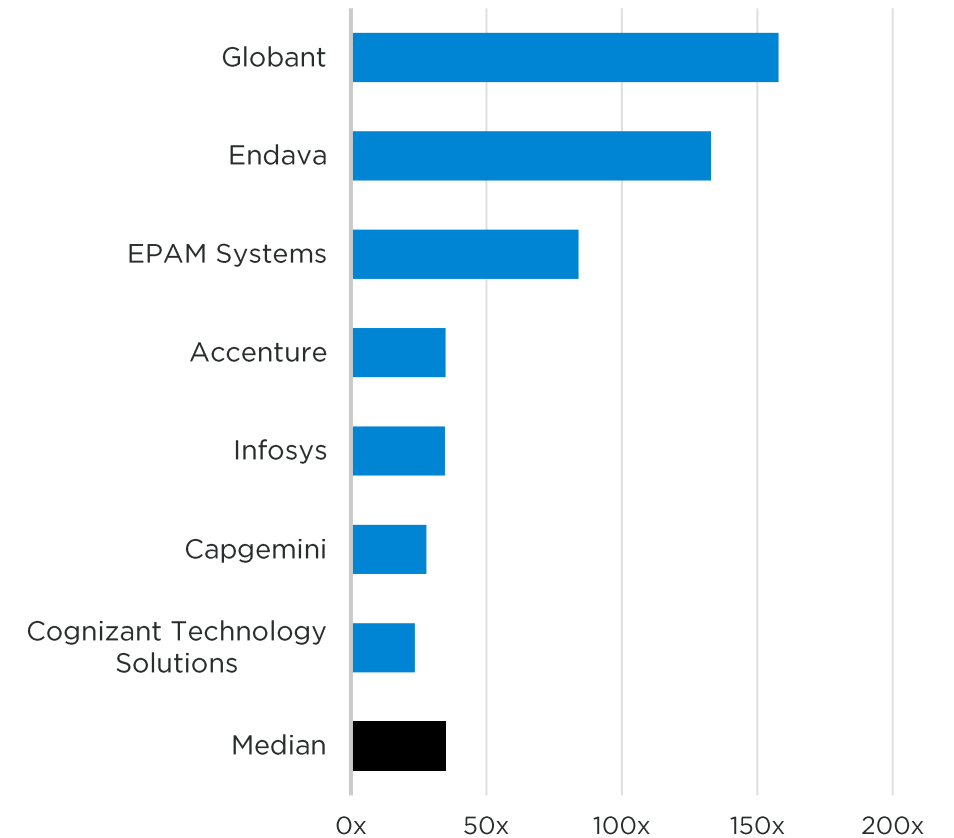


Valuation

TEV / LTM EBIT

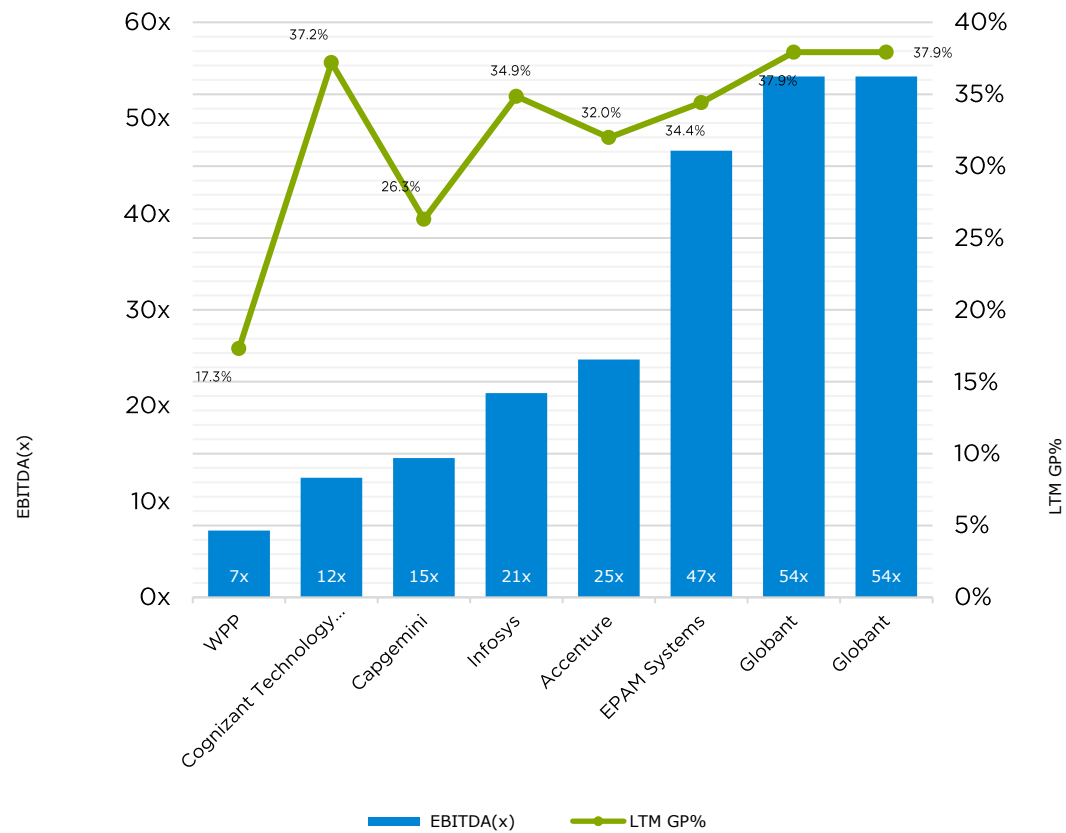


Price / LTM Earnings

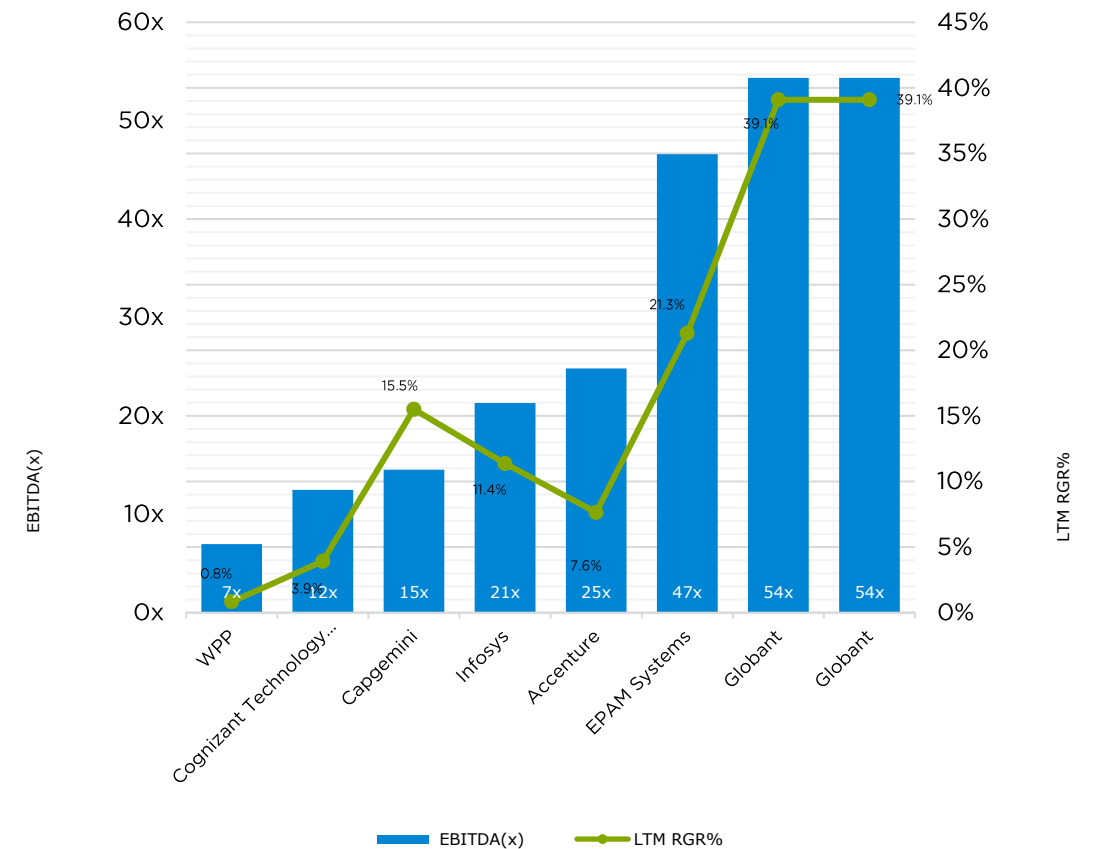


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
28-Sep-21	Logic Point	The Silicon Partners	-	-	-	-
17-Sep-21	Zemoga	S4 Capital	-	-	-	-
08-Sep-21	PSC Group	Netrix Systems	-	-	-	-
10-Aug-21	Robosoft Technologies	TechnoPro	-	-	4.30	10.75
09-Aug-21	Turnkey Business Software	#VALUE!	-	-	-	-
06-Aug-21	Ampion	Wipro	-	-	-	-
05-Aug-21	Tahoe Partners	Improving Enterprises	-	-	-	-
02-Aug-21	Bounteous	New Mountain Capital	-	-	-	-
01-Aug-21	Piksel Industry Solutions	Redcentric	-	-	-	-
29-Jul-21	Boxboat Technologies	International Business Machines	-	-	-	-
15-Jul-21	Bluetab Solutions	International Business Machines	-	-	-	-
01-Jul-21	Waeg	International Business Machines	-	-	-	-
21-Jun-21	Soluceo DGPF	HEXANET	-	-	-	-
19-May-21	D4Care	Kepax	-	-	-	-
18-May-21	Risk Focus	Ness Technologies	-	-	-	-
11-May-21	Omegapoint	FSN Capital	-	-	-	-
10-May-21	I.T. Responsive	New Charter Technologies	-	-	-	-
30-Apr-21	ArganoUV	Argano	-	-	-	-
30-Apr-21	EDM Group	Restore (UK)	-	-	-	-
05-Apr-21	GAVB Consulting	O Boticário	-	-	-	-
11-Mar-21	Alphonse (Rueil-Malmaison)	Umanis	-	-	-	-
10-Mar-21	Imaginea	Accenture	-	-	-	-
03-Feb-21	Oakwood Creative Digital Agency	Norvestor	-	-	-	-
01-Feb-21	Magenic Technologies	Cognizant Technology Solutions	-	-	-	-
01-Jan-21	enowa	ConVista	-	-	-	-

Appendix

*Public Basket
Contact Information*



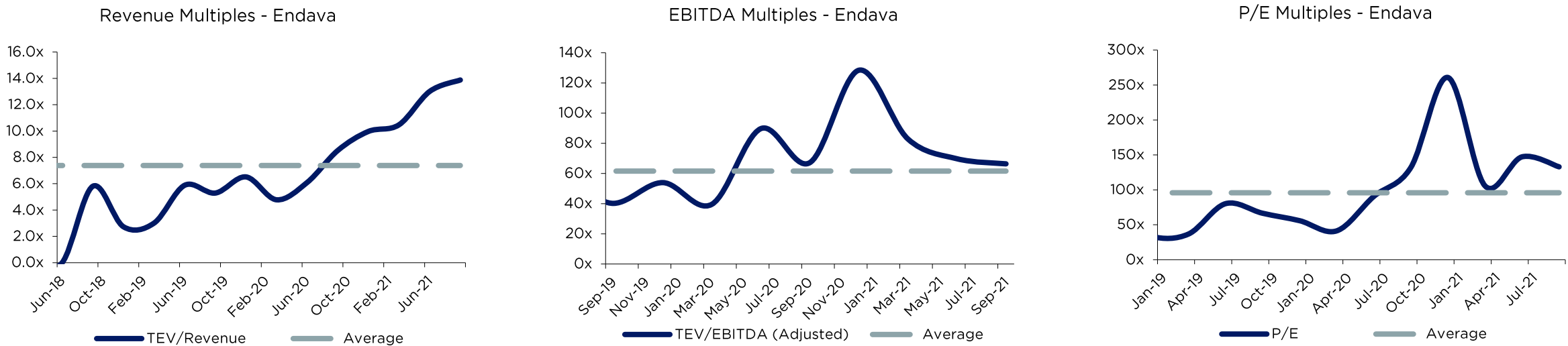
Endava

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.

Public Basket

Endava



Company Name	Date	Deal Synopsis
Level	31-Mar-21	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for GBP 46.23 million on March 31, 2021. The consideration consists of GBP 2.9 million.
Five (Croatia)	04-Mar-21	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

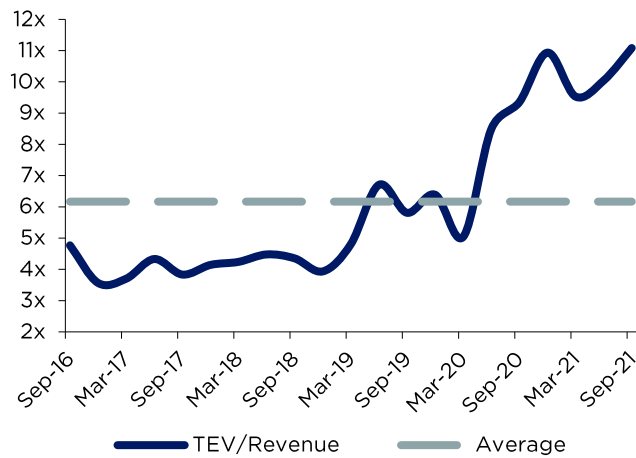
Globant SA is a software technology developer based in Luxemburg.

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.

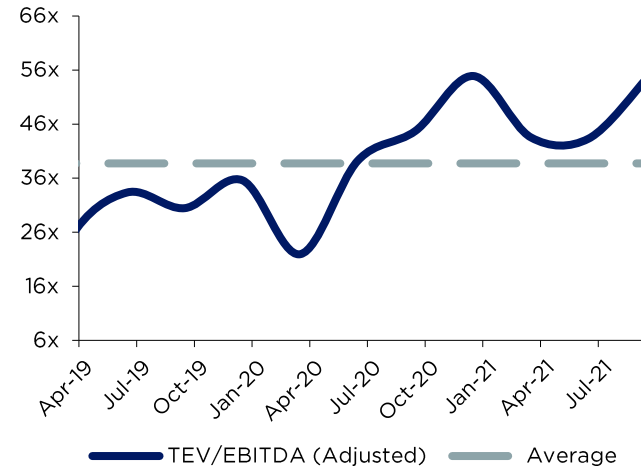
Public Basket

Globant

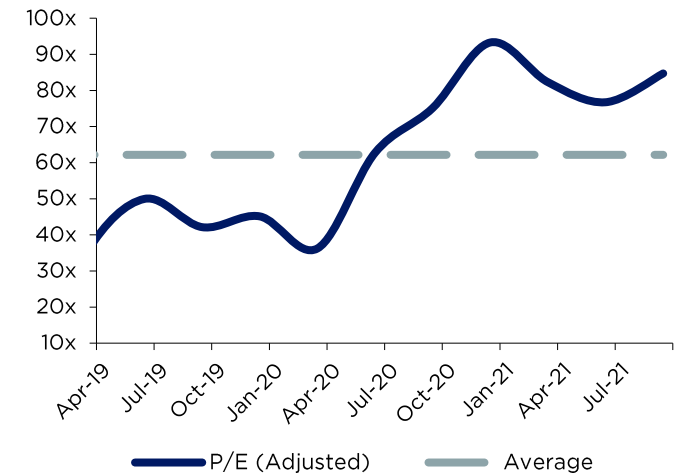
Revenue Multiples - Globant



EBITDA Multiples - Globant



P/E Multiples - Globant



Company Name	Date	Deal Synopsis
Atix Labs	05-Oct-21	The company was acquired by Globant (NYS: GLOB) for an undisclosed amount on October 5, 2021.
VU Security	12-Jul-21	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.

WPP

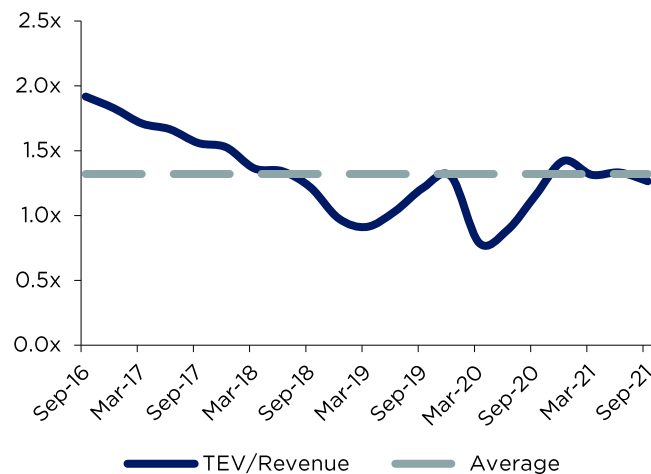
Headquartered in the U.K., WPP is the world's largest ad holding company, based on annual revenues.

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.

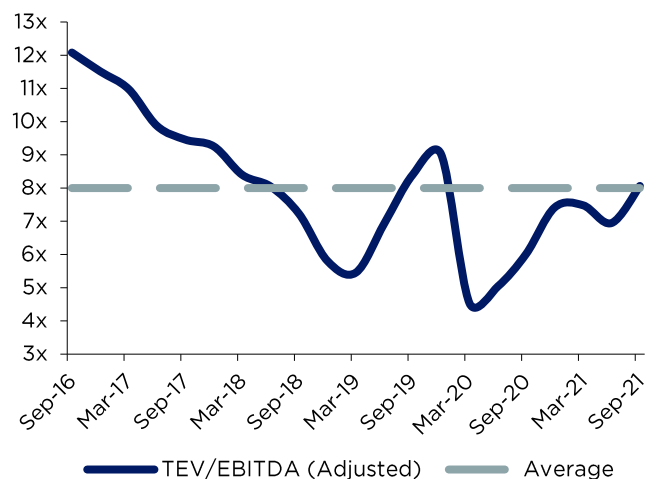
Public Basket

WPP

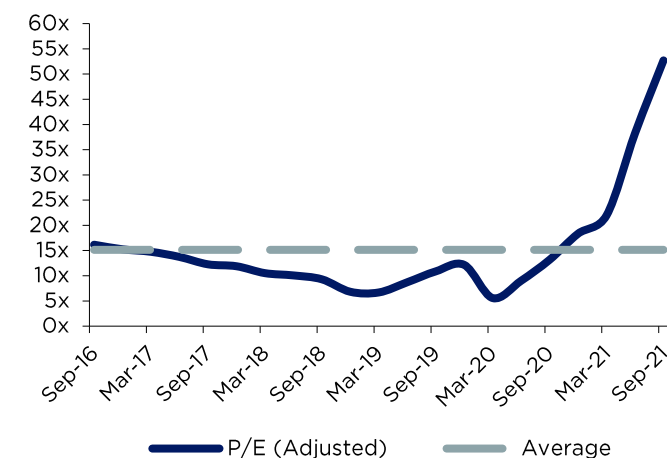
Revenue Multiples - WPP



EBITDA Multiples - WPP



P/E Multiples - WPP



Company Name	Date	Deal Synopsis
Satalia	23-Aug-21	The company was acquired by WPP (LON: WPP) for an undisclosed amount on August 23, 2021.
WPP AUNZ	18-May-21	Undisclosed investors sold a 38.5% stake in the company to WPP (LON: WPP) for AUD 230 million on May 18, 2021. The acquisition is in line with WPP's global strategy of simplifying its structure and now WPP owns a 100% ownership and control of its Australian and New Zealand operations.

EPAM Systems

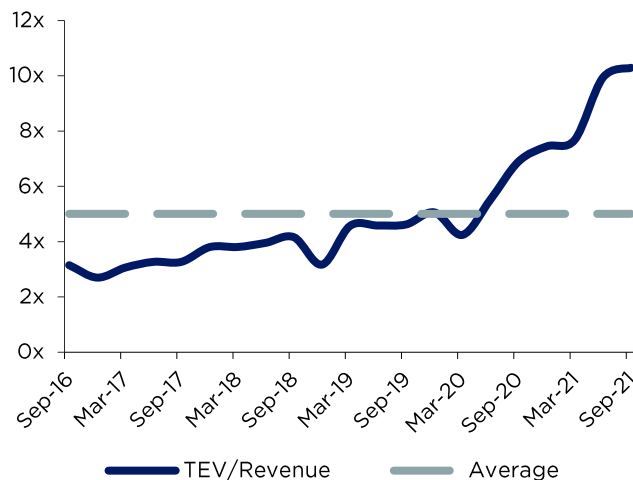
EPAM Systems Inc provides software product development and digital platform engineering services to clients located around the world.

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

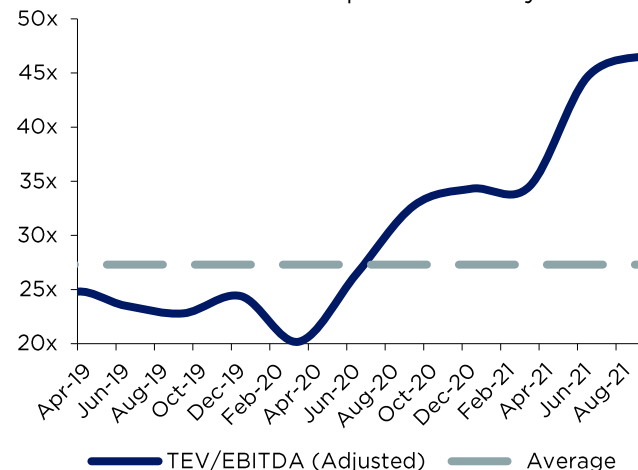
Public Basket

EPAM Systems

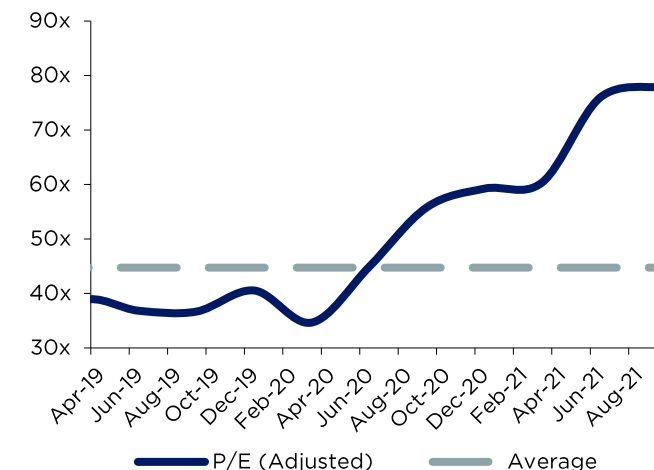
Revenue Multiples - EPAM Systems



EBITDA Multiples - EPAM Systems



P/E Multiples - EPAM Systems



Company Name

Date

Deal Synopsis

Emakina Group

14-Aug-21

The company reached a definitive agreement to be acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on August 14, 2021.

CORE SE

27-Jul-21

The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on July 27, 2021. The acquisition strengthens EPAM's position as a consultancy leader in the DACH region and also expands its ability to support customers as a strategic consultant in Berlin, Frankfurt, Zurich, London and Dubai.

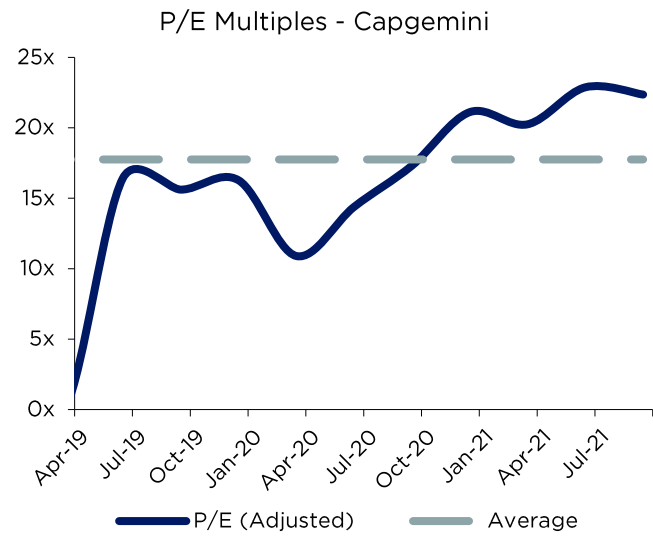
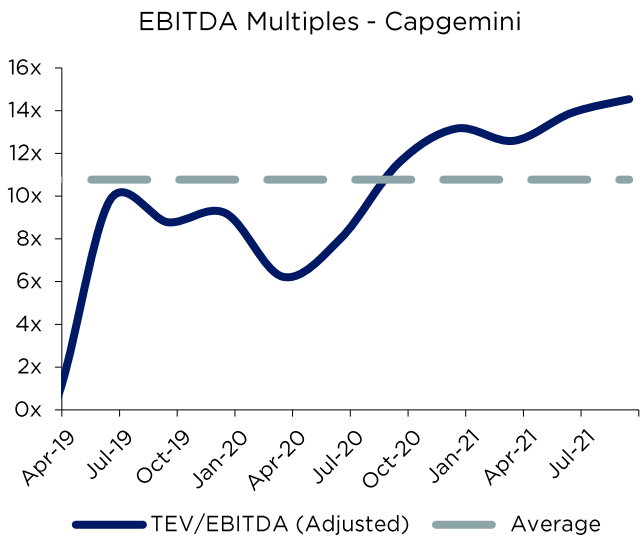
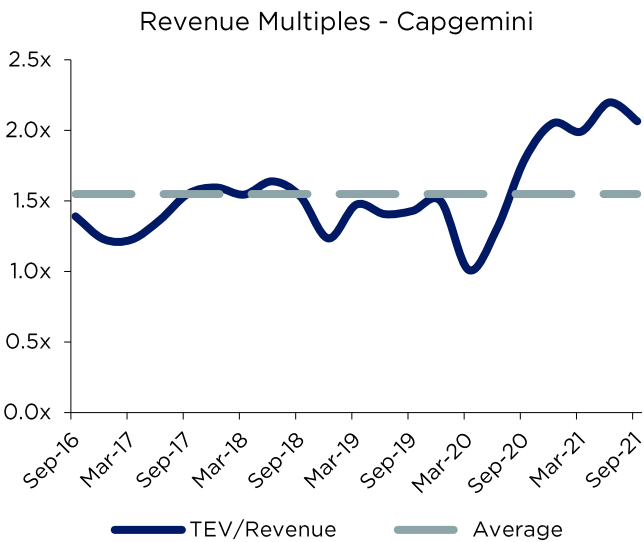
Capgemini

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
VariQ	14-Sep-21	The company reached a definitive agreement to be acquired by Capgemini (PAR: CAP) for an undisclosed amount on September 14, 2021. This acquisition would allow Capgemini to increase its capabilities in software development, cybersecurity, and cloud services to support federal agencies.
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.

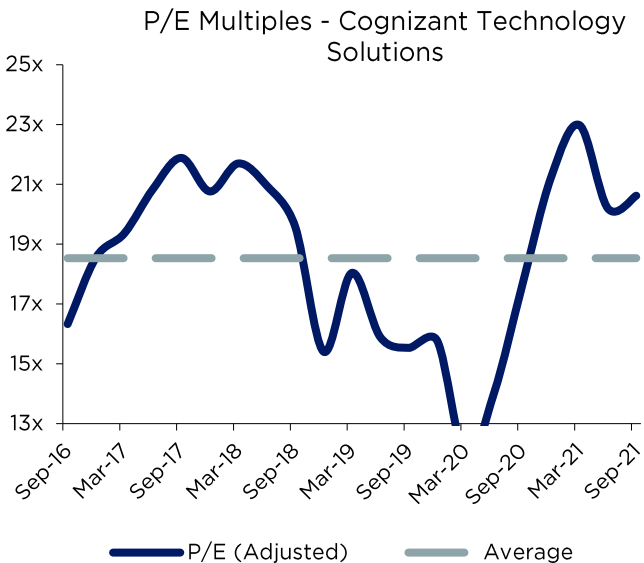
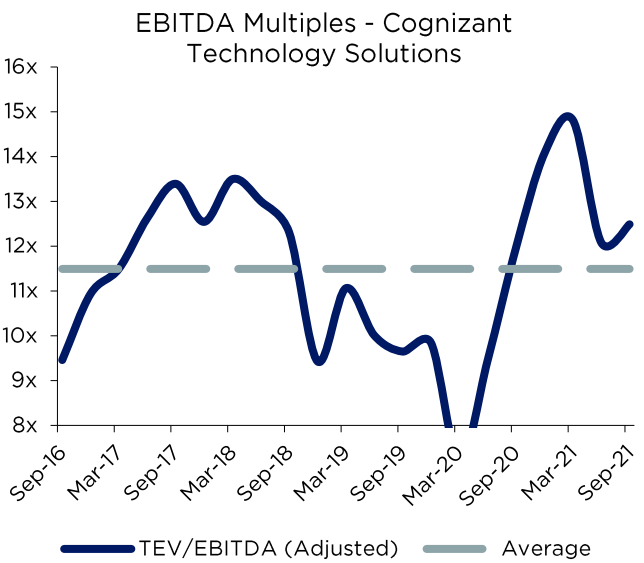
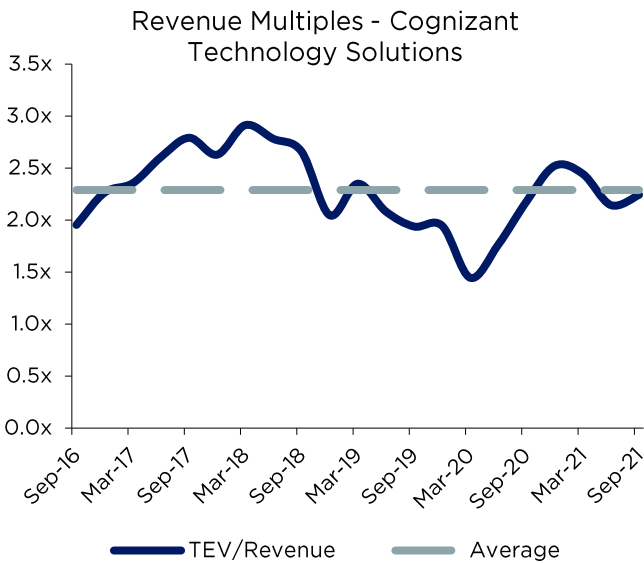
Cognizant Technology Solutions

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.

Infosys

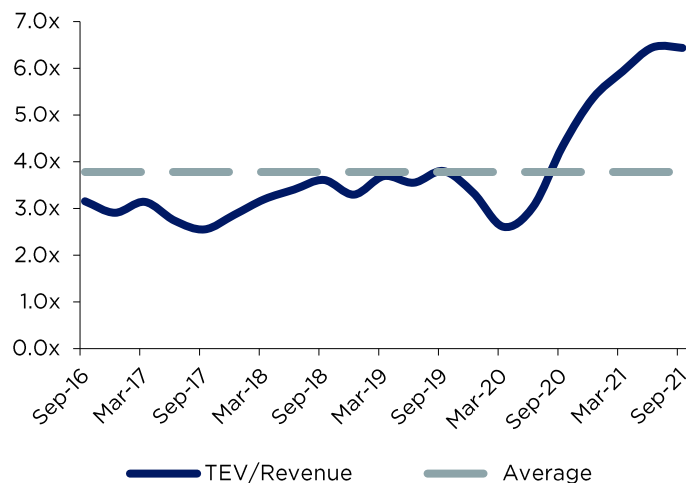
**Infosys is a leading global IT services provider,
with nearly 250,000 employees.**

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).

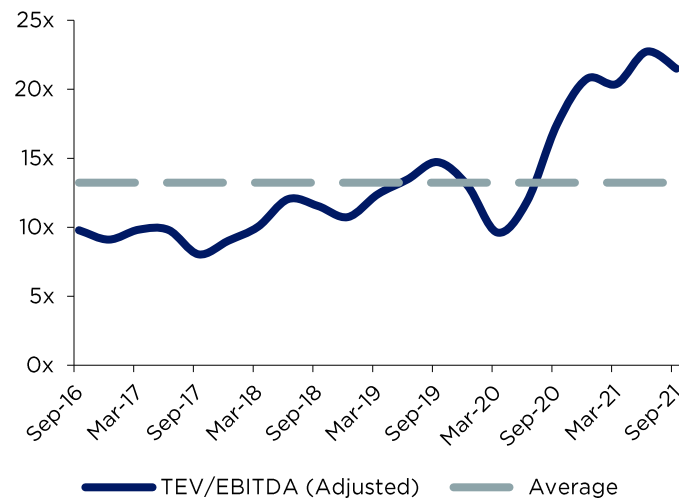
Public Basket

Infosys

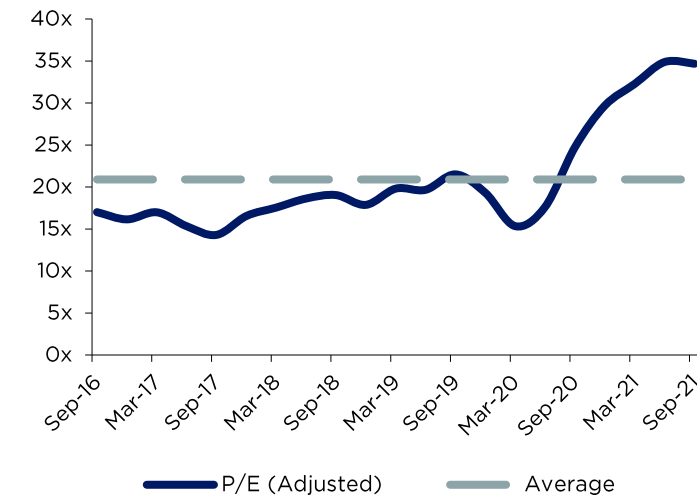
Revenue Multiples - Infosys



EBITDA Multiples - Infosys



P/E Multiples - 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.

Accenture

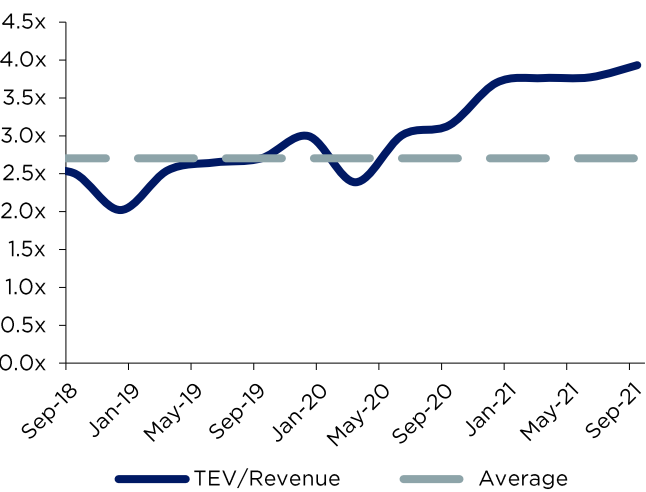
Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.

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.

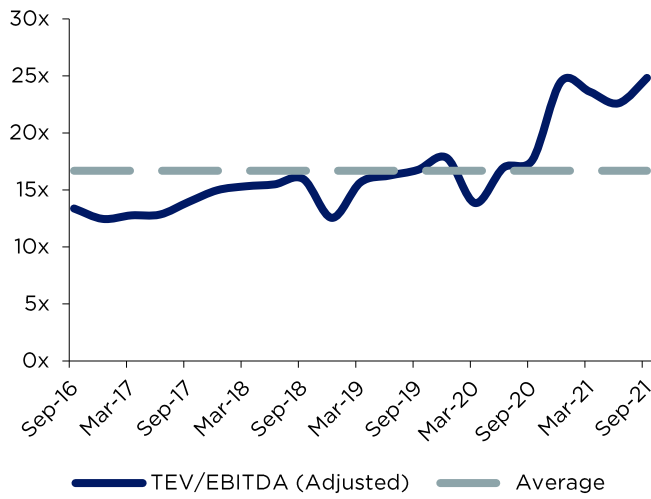
Public Basket

Accenture

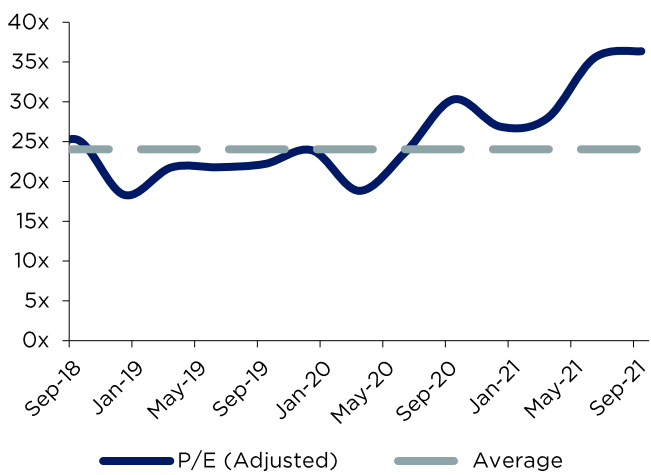
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name	Date	Deal Synopsis
Benext	13-Oct-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on October 13, 2021. The acquisition expands Accenture's cloud capabilities in Europe and globally.
BRIDGEi2i Analytics Solutions	12-Oct-21	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on October 12, 2021.

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.

John Cooper, Partner	704.973.3996	john@7mileadvisors.com
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
Mark Landry, Partner	561.972.0609	mark@7mileadvisors.com
Simon Baitler, Executive Managing Director	310.829.1635	simon.baitler@7mileadvisors.com
Tim Frye, Managing Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Managing Director	704.899.5149	kristina@7mileadvisors.com
Horacio Yenaropulos, Managing Director	(+) 54.261.4617300	horacio@7mileadvisors.com
Steve Buffington, Vice President	704.960.1828	steve@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
Ilia Ulianchuk, Vice President	704.414.8743	ilia@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
Nic Anderko, Analyst, Business Development	704.398.3991	nic.anderko@7mileadvisors.com
Kevin Postigo, Associate	704.912.4903	Kevin.postigo@7mileadvisors.com
Conor Smith, Associate	704.855.2134	conor.smith@7mileadvisors.com
Nic Anderle, Senior Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Adam Alderfer, Analyst	704.644.1917	adam@7mileadvisors.com
Lucas Cerbelli, Analyst	704.336.0118	lucas@7mileadvisors.com
Tanner Lange, Analyst	704.672.0611	tanner.lange@7mileadvisors.com
Trent McCauley, Analyst	704.644.1916	trent.mccauley@7mileadvisors.com
Tyler Ratterree, Analyst	864.561.0785	tyler@7mileadvisors.com