

7 Mile Advisors



# Sectorwatch: Supply Chain Tech & Software

September 2021



# Supply Chain Tech & Software

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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.

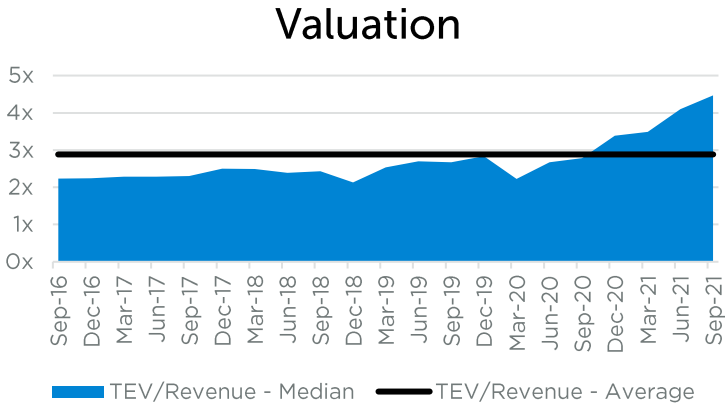
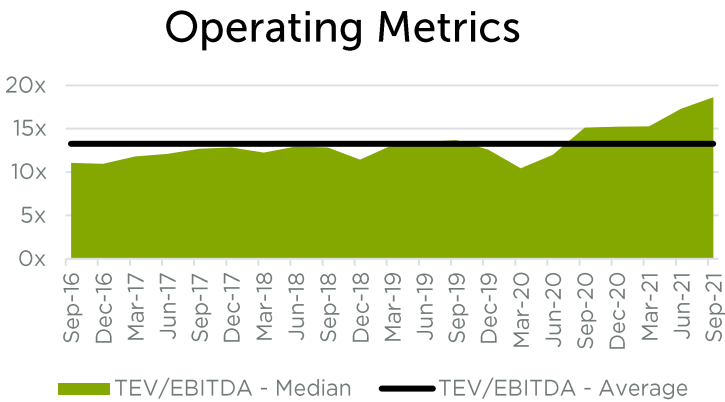
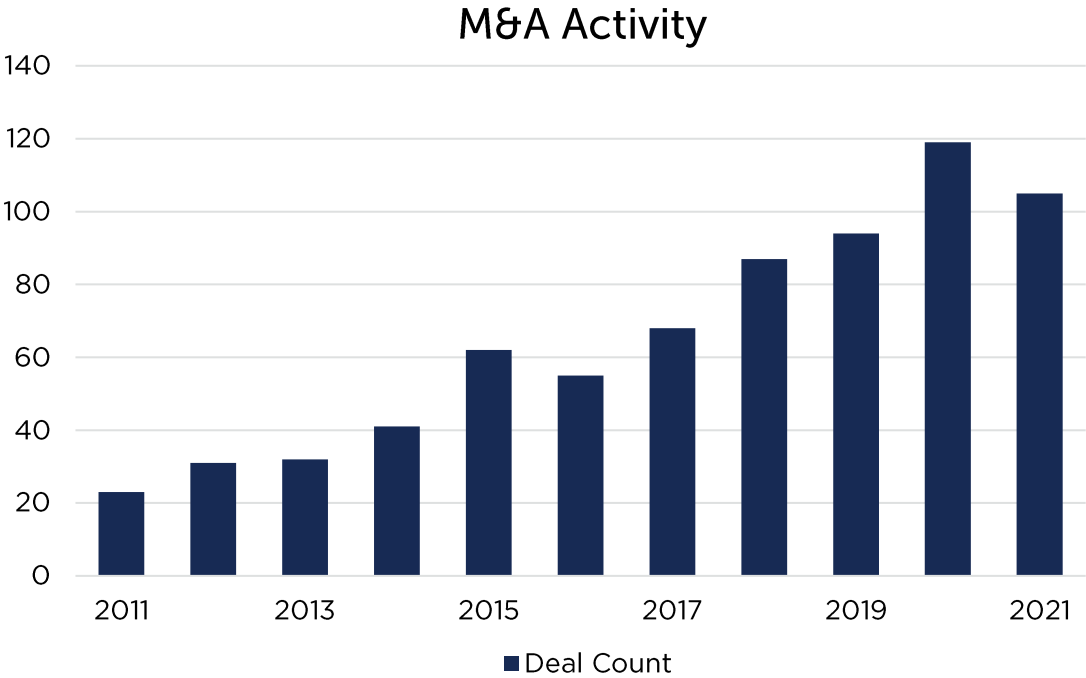
## RECENT DEALS

- The most recently announced deals in the sector

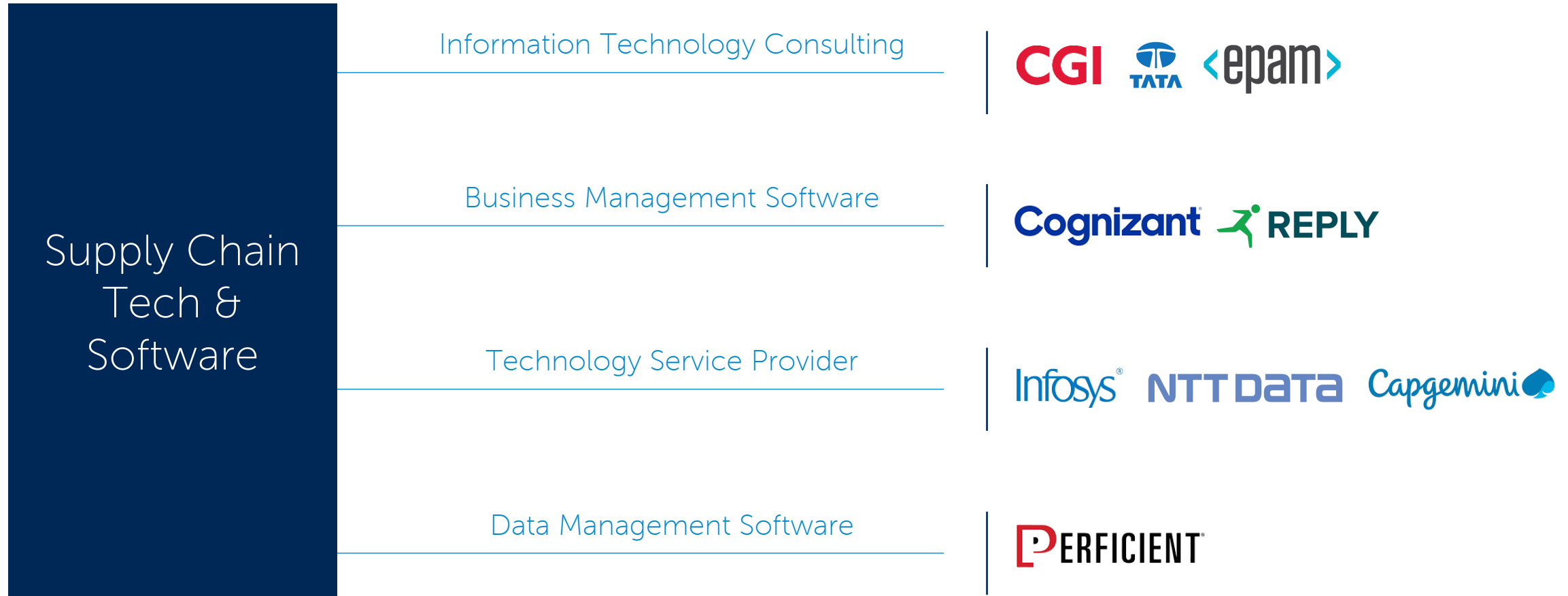
# Dashboard

## REVENUE GROWTH MOMENTUM ↓ -0.5%

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



# Public Basket Overview

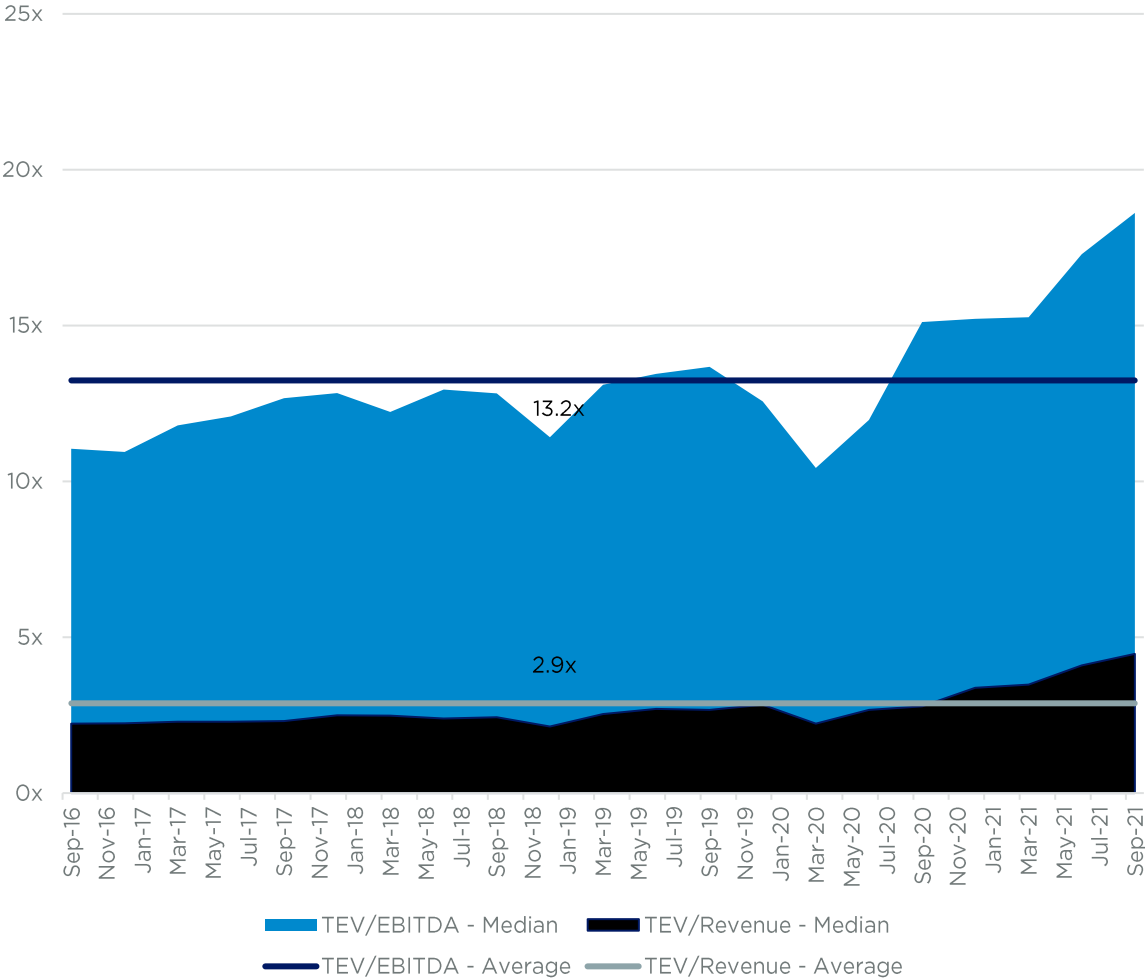


# Public Basket

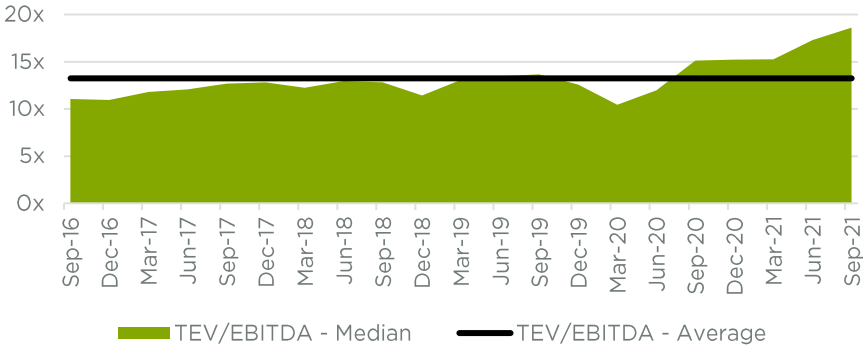
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Oracle	282,005	18,553	40,840	4.1%	80.2%	45.4%	6.9x	15.2x	132,000	309
Accenture	198,776	8,490	47,949	7.6%	32.0%	17.7%	3.9x	20.5x	569,000	84
Tata Consultancy Services	183,837	6,774	23,205	9.0%	47.2%	29.2%	7.9x	27.1x	509,058	46
International Business Machines	176,490	13,454	74,404	-1.4%	48.6%	18.1%	2.4x	13.1x	375,300	198
Infosys	91,540	4,259	14,223	11.4%	34.9%	29.9%	6.4x	21.5x	259,619	55
Wipro	44,264	2,139	8,845	6.6%	31.5%	24.2%	5.0x	20.7x	200,000	44
Capgemini	41,790	2,503	20,239	15.5%	26.3%	12.4%	2.1x	16.7x	289,501	70
Genpact	10,213	710	3,820	4.6%	35.8%	18.6%	2.7x	14.4x	104,000	37
<b>Average</b>	128,614	7,110	29,191	7.2%	42.1%	24.4%	4.7x	18.7x	304,810	105
<b>Median</b>	134,015	5,517	21,722	7.1%	35.3%	21.4%	4.5x	18.6x	274,560	62

share price as of 30Sep21

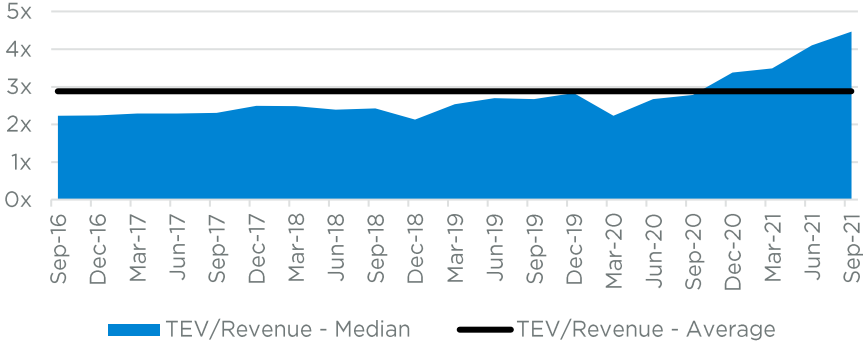
# Public Basket



Public EBITDA Multiples over Time

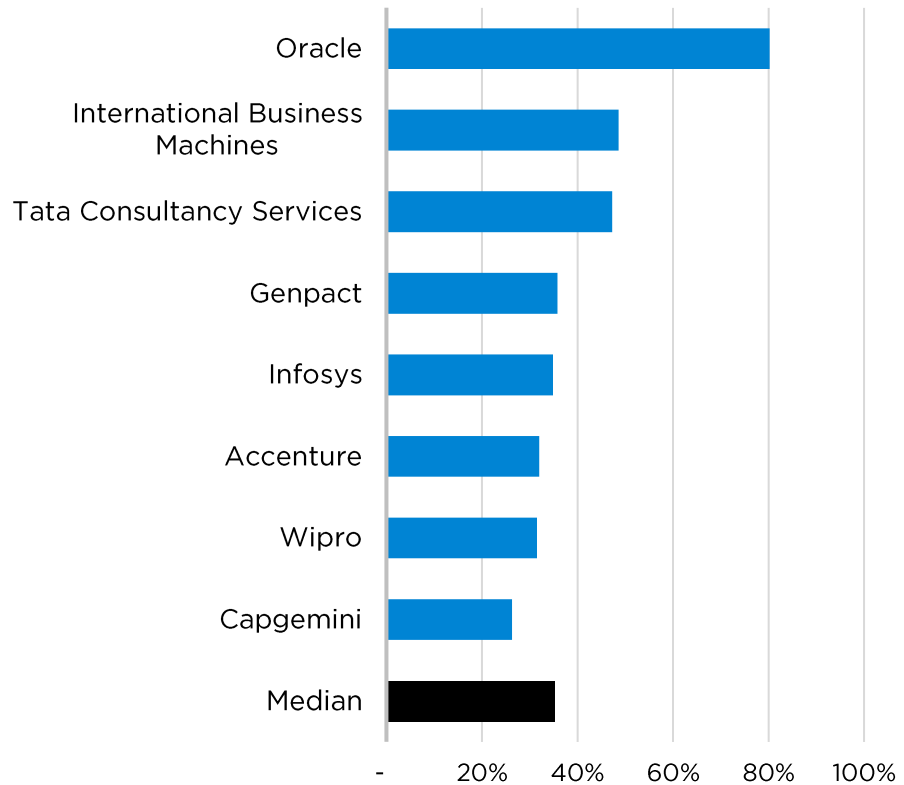


Public Revenue Multiples over Time

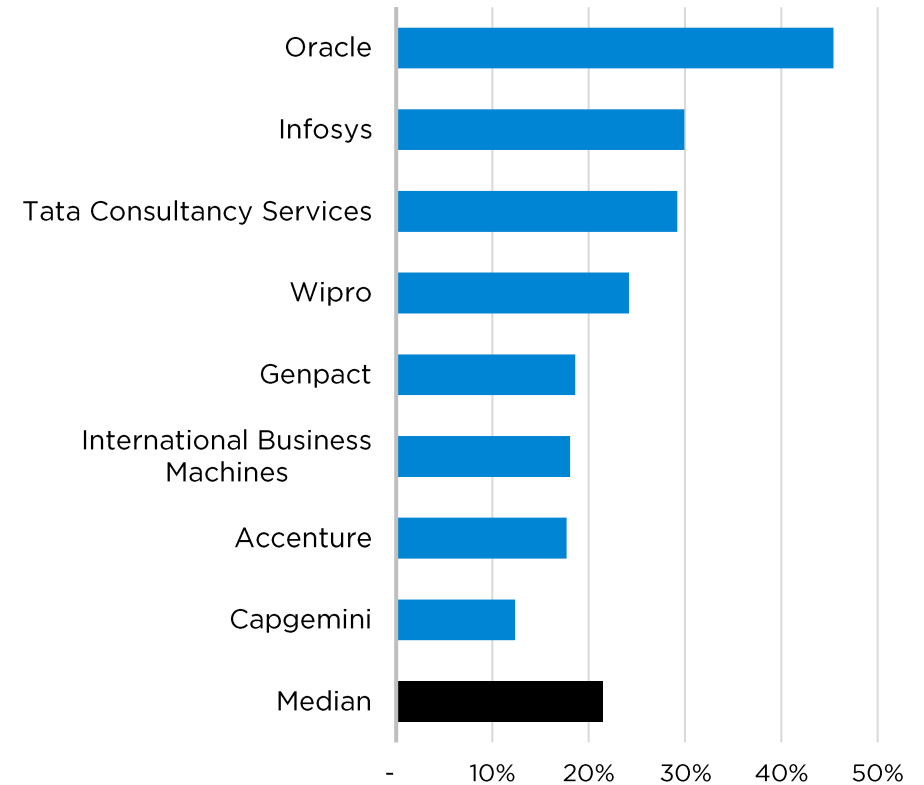


# Operational Metrics

LTM Gross Profit Margin %



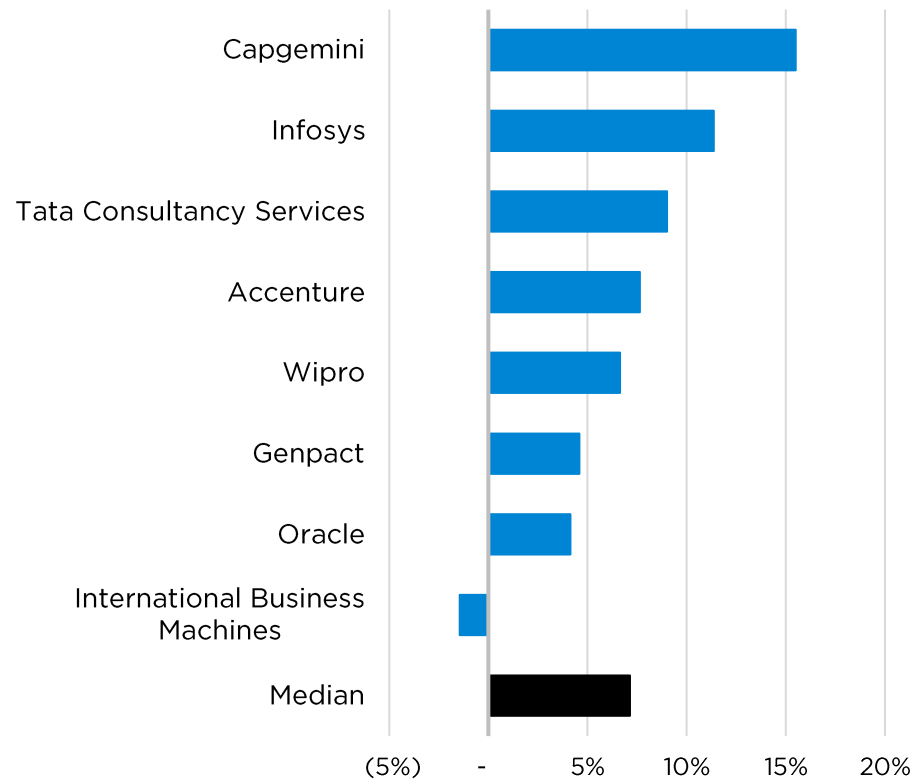
LTM EBITDA %



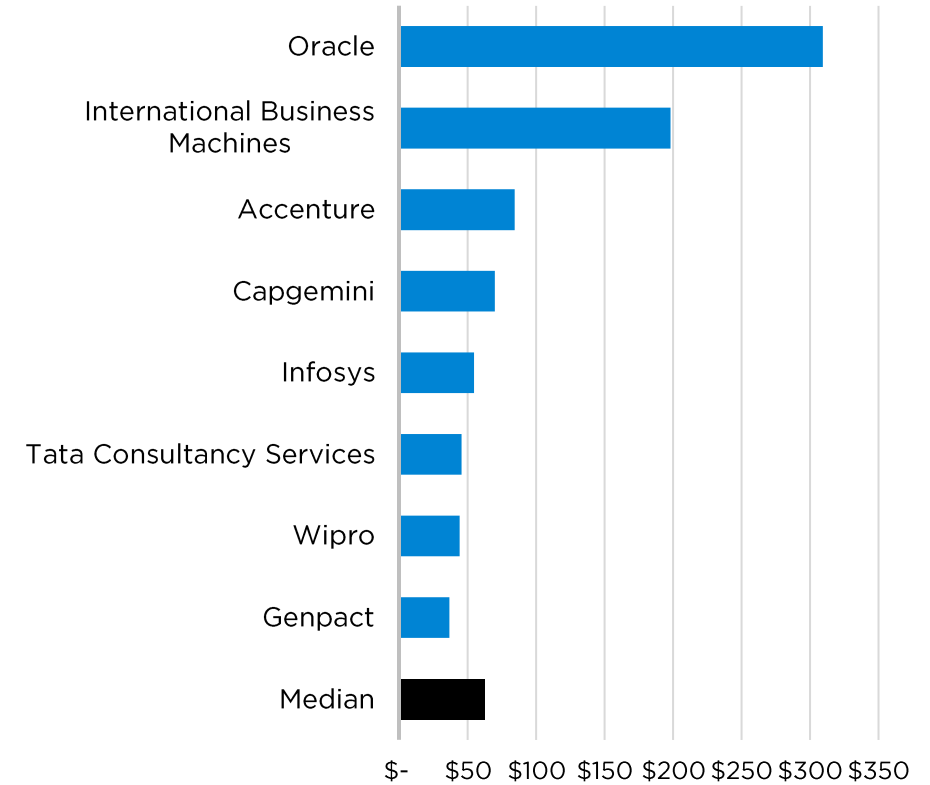


# Operational Metrics

LTM Revenue Growth %

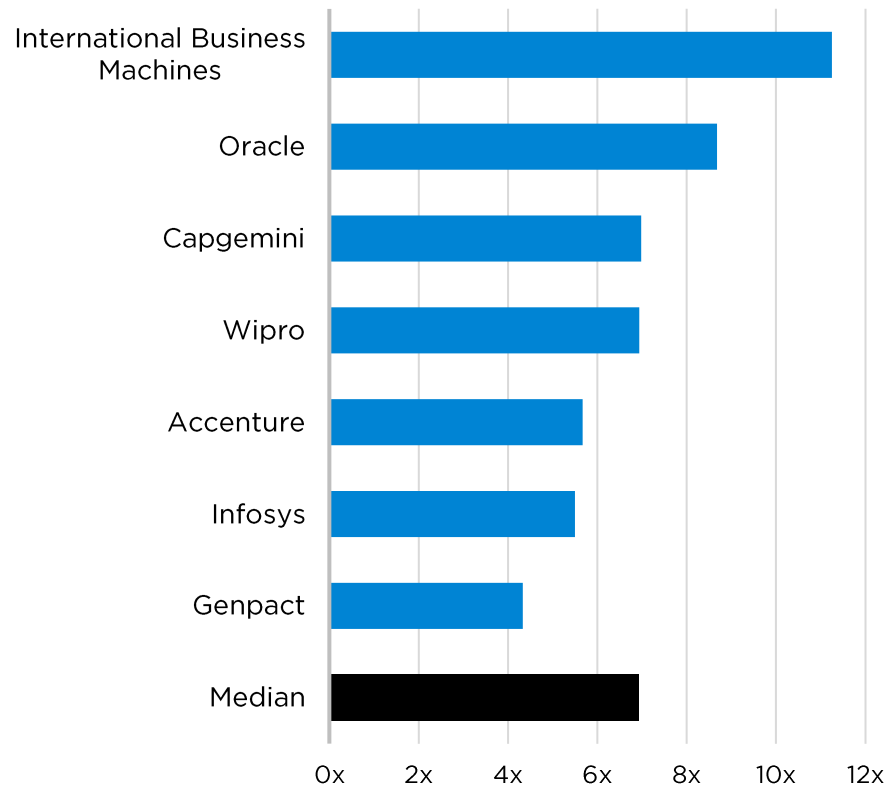


LTM Revenue per Full Time Employee x 000's

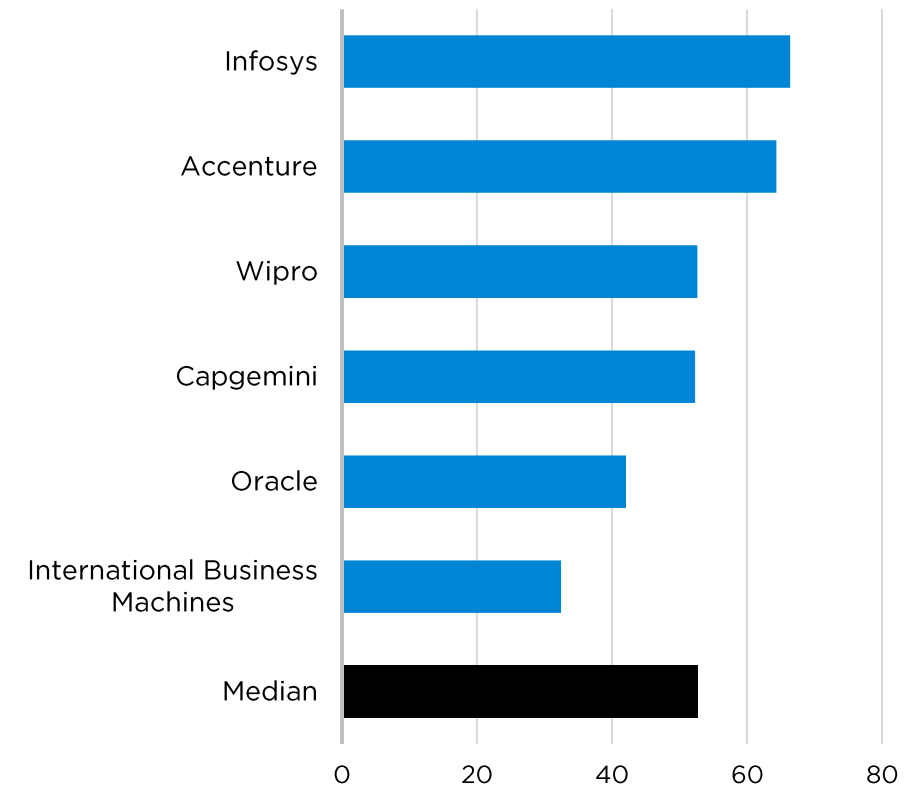


# Operational Metrics

## Accounts Receivable Turnover

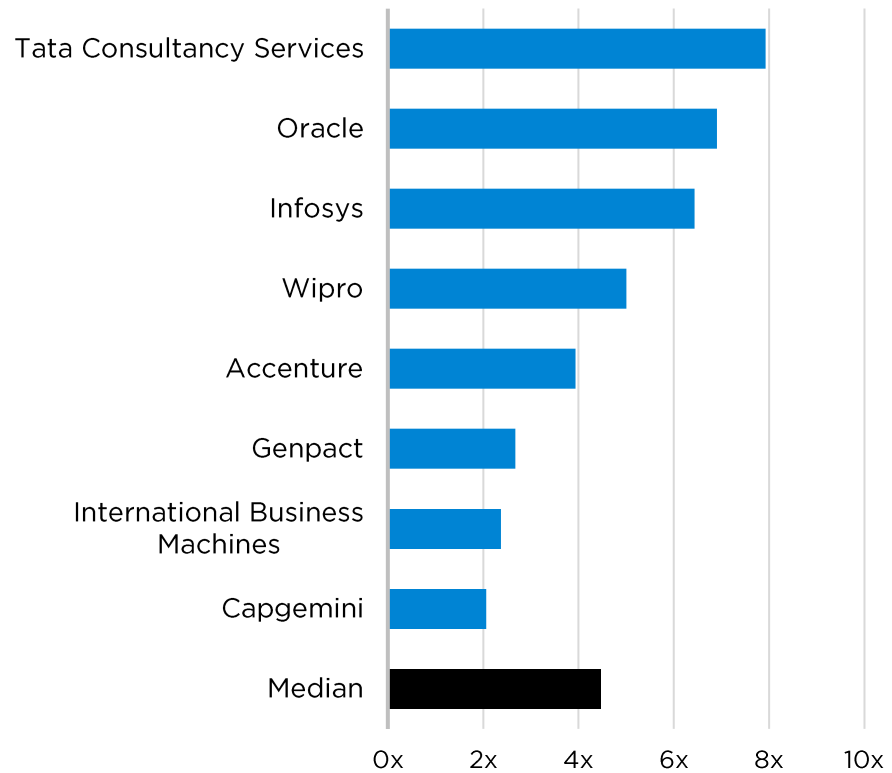


## Average Days Sales Outstanding

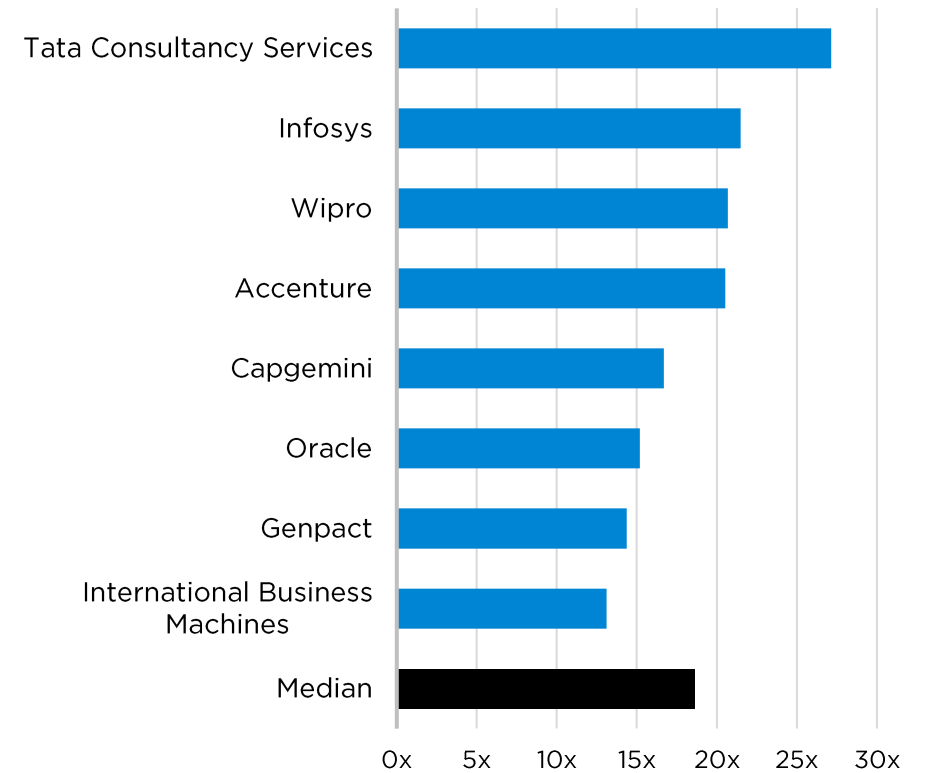


# Valuation

TEV / LTM Revenue

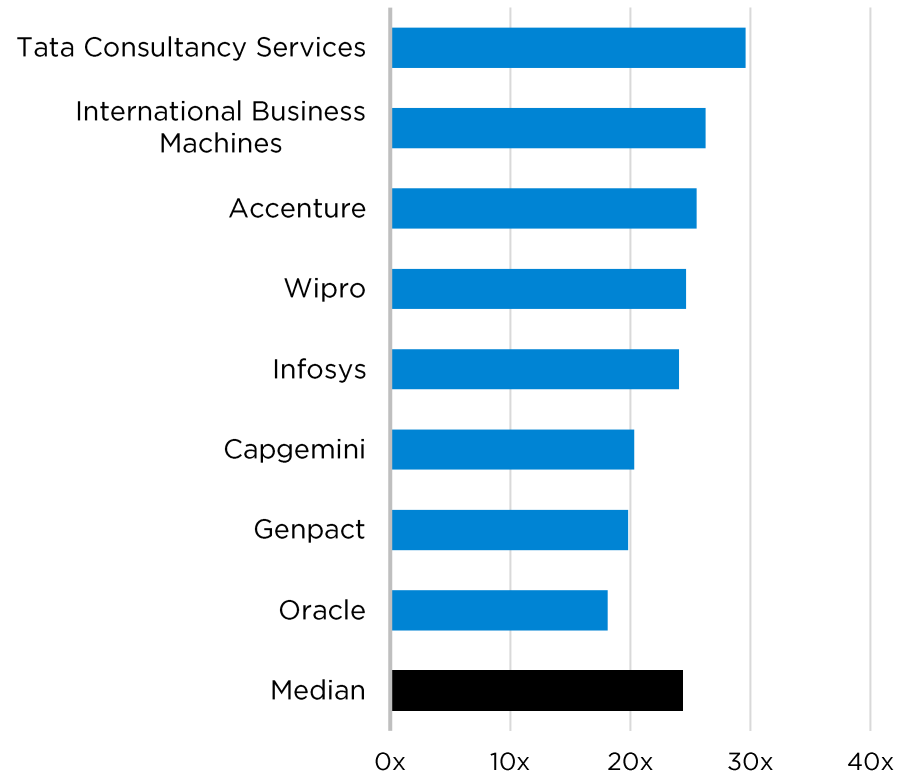


TEV / LTM EBITDA

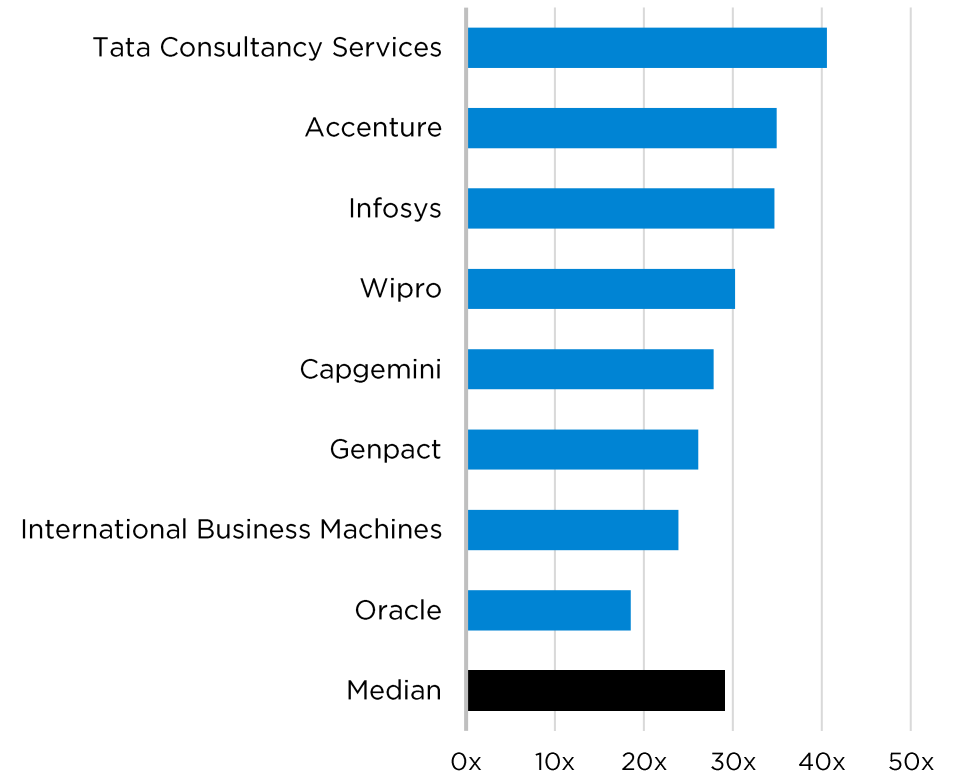


# Valuation

TEV / LTM EBIT

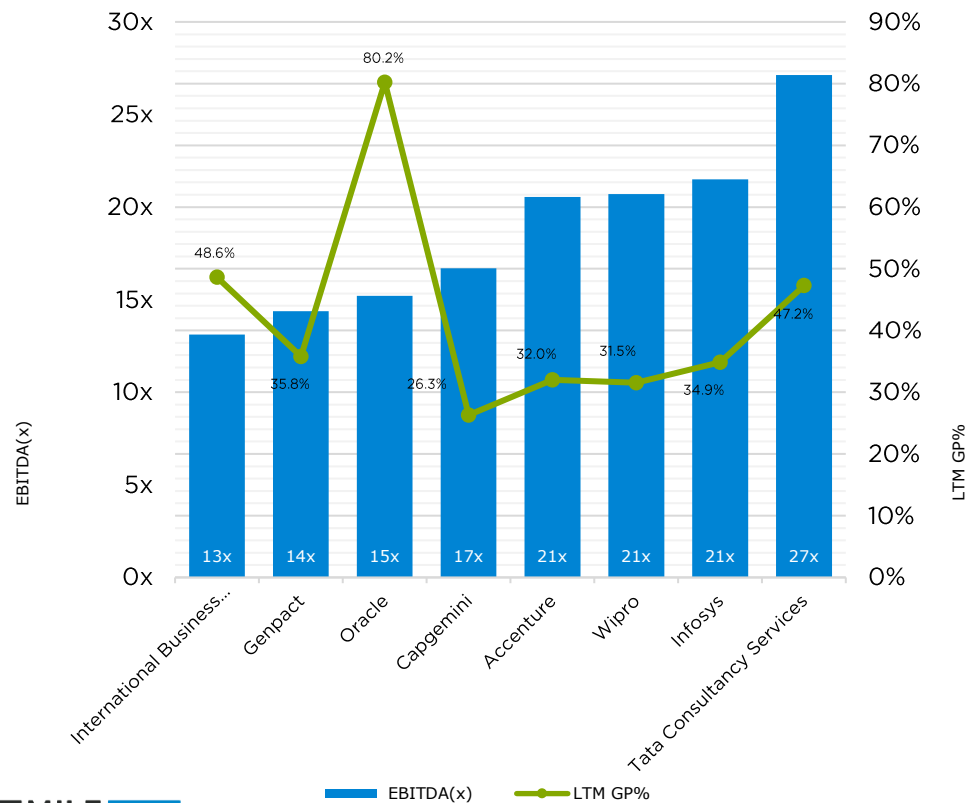


Price / LTM Earnings

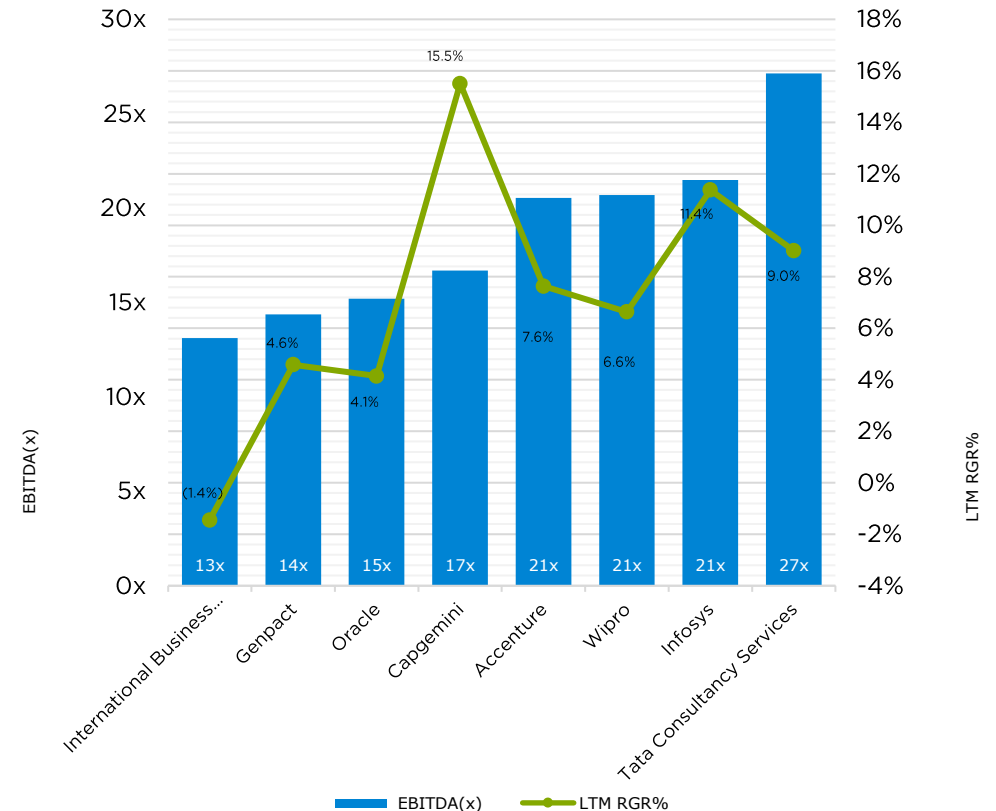


# Valuation

## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
30-Sep-21	Aeyon	Enlightenment Capital	-	-	-	-
30-Sep-21	Sehlke Consulting	Aeyon	-	-	-	-
27-Sep-21	MOST (Logistics)	Nexxiot	-	-	-	-
21-Sep-21	Convey	Project44	255.00	-	-	-
21-Sep-21	Hybrent	Procurement Partners	-	-	-	-
15-Sep-21	HUUB	A.P. Moller-Maersk	-	-	-	-
14-Sep-21	Fulfillment Works	STORD	-	-	-	-
10-Sep-21	Blue Horseshoe	Accenture	-	-	-	-
09-Sep-21	Computrol	Creation Technologies	-	-	-	-
25-Aug-21	MCG Logistics	The Jordan Company	-	-	-	-
19-Aug-21	Tactus Group	Chrysalis Investments	55.35	-	-	-
18-Aug-21	Greencarrier Freight Services	JAS Worldwide	-	-	-	-
16-Aug-21	Seaton Partners	EY	-	-	-	-
12-Aug-21	Beyond Technologies	Caisse de dépôt et placement du Québec	-	-	-	-
01-Aug-21	eCompliance Management	GoodCapital Partners	31.96	-	-	-
19-Jul-21	ENData Claims Management	Baring Private Equity Asia	-	-	-	-
12-Jul-21	Algo (Troy)	Plymouth Growth	-	-	-	-
23-Jun-21	China Comservice Supply Chain	COSCO Shipping	140.44	-	-	-
22-Jun-21	Alfaproject.net	CGT Logistica Sistemi	-	-	-	-
15-Jun-21	ITS Logistics	GHK Capital Partners	-	-	-	-
08-Jun-21	Modum	Roambee	-	-	-	-
02-Jun-21	Skipjack Supply Chain	CI Capital Partners	-	-	-	-
26-May-21	Prime360	48forty Solutions	-	-	-	-
18-May-21	Syncronic	Deloitte	-	-	-	-
12-May-21	Apex Logistics International	Kuehne + Nagel	1500.00	-	0.61	10.66

# Appendix

*Public Basket  
Contact Information*

## Oracle

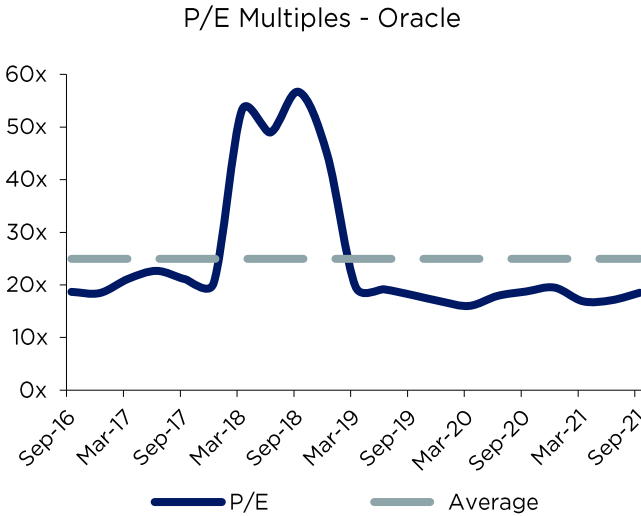
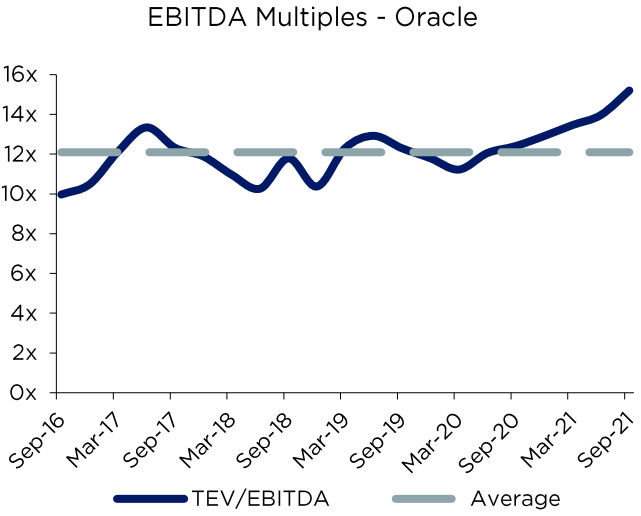
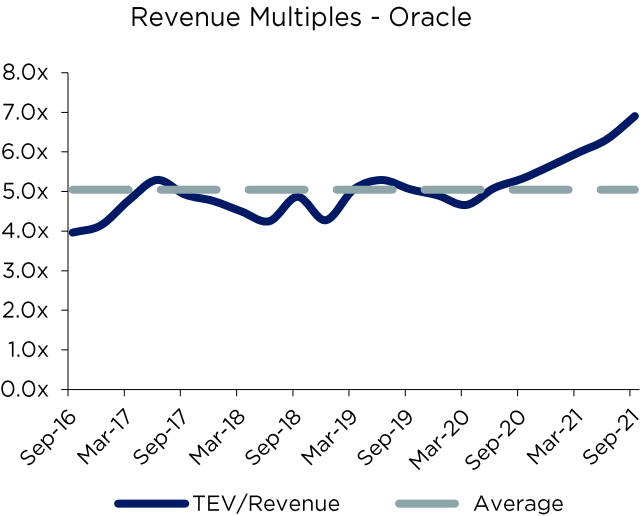
**Oracle provides database technology and enterprise resource planning, or ERP, software to enterprises around the world.**

Founded in 1977, Oracle pioneered the first commercial SQL-based relational database management system. Today, Oracle has 430,000 customers in 175 countries, supported by its base of 136,000 employees.



# Public Basket

Oracle



Company Name	Date	Deal Synopsis
GloriaFood	25-Jun-21	The company was acquired by Oracle (NYS: ORCL) for an undisclosed amount on June 25, 2021. The acquisition will allow the acquirer to expand the ecosystem of HoReCa MICROS Symphony Cloud POS orders with a global ordering and marketing system to enable restaurants of all sizes to go digital and serve customers directly via the web, mobile, and applications.

## Accenture

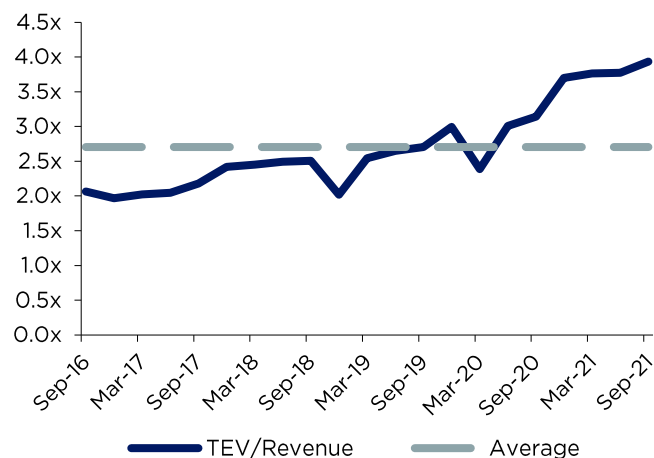
**Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.**

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.

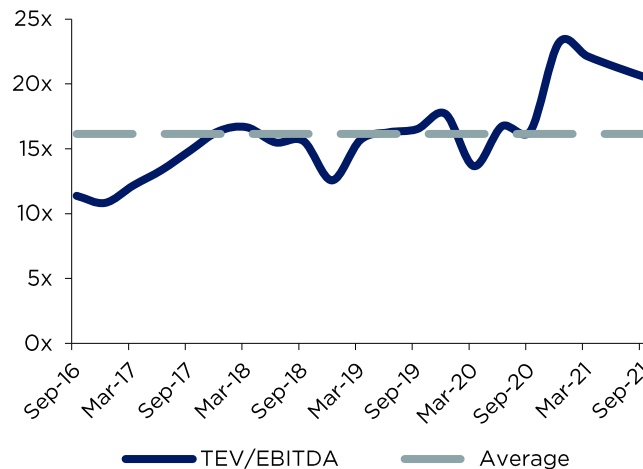
# Public Basket

## Accenture

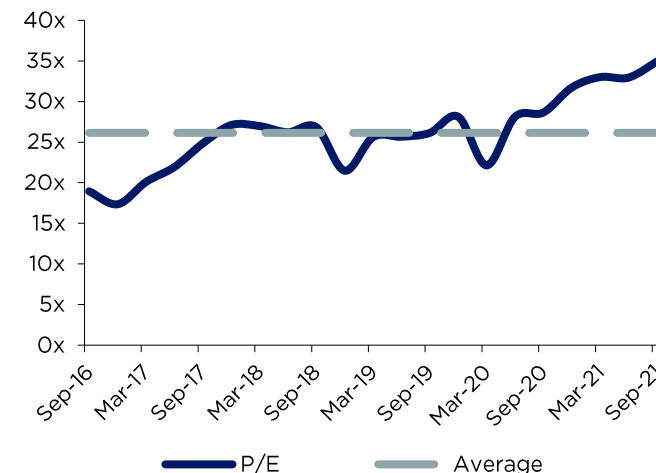
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture

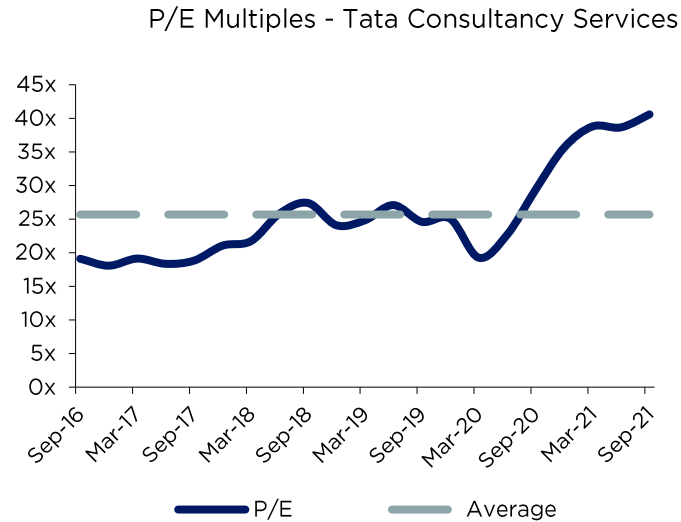
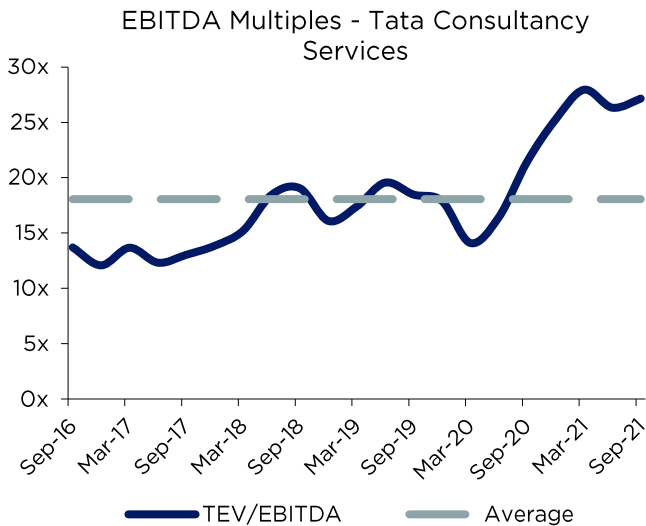
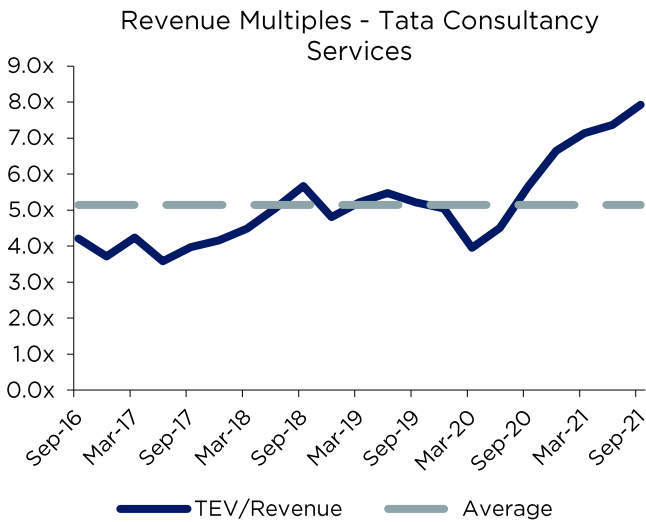


Company Name	Date	Deal Synopsis
Xoomworks	19-Oct-21	The company, a subsidiary of The Financial Times, a subsidiary of Nikkei, was acquired by Accenture (NYS: ACN) for an undisclosed amount on October 19, 2021. The acquisition expands Accenture's capabilities for helping clients accelerate technology-led business and procurement transformation.
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.

### Tata Consultancy Services

**Tata Consultancy 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.



Company Name	Date	Deal Synopsis
Postbank Systems	3/23/20	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.

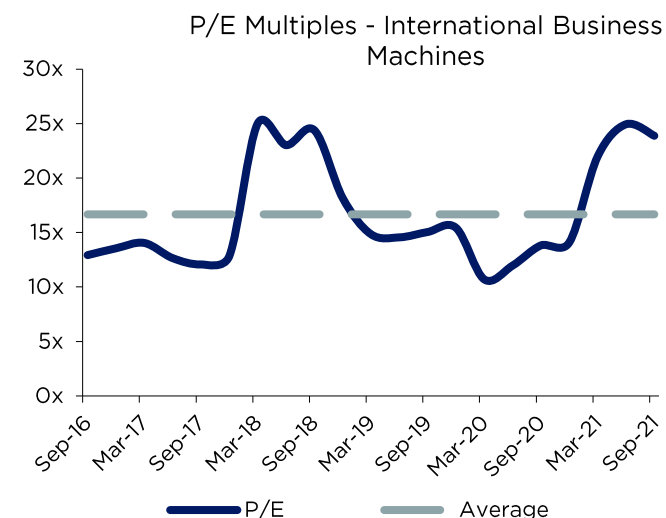
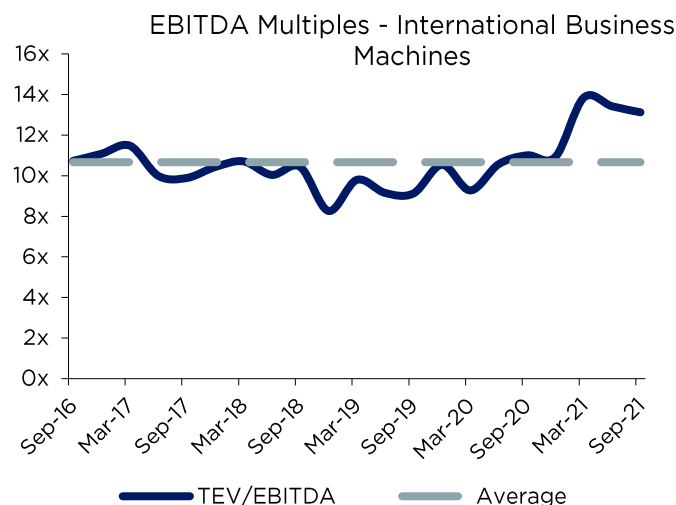
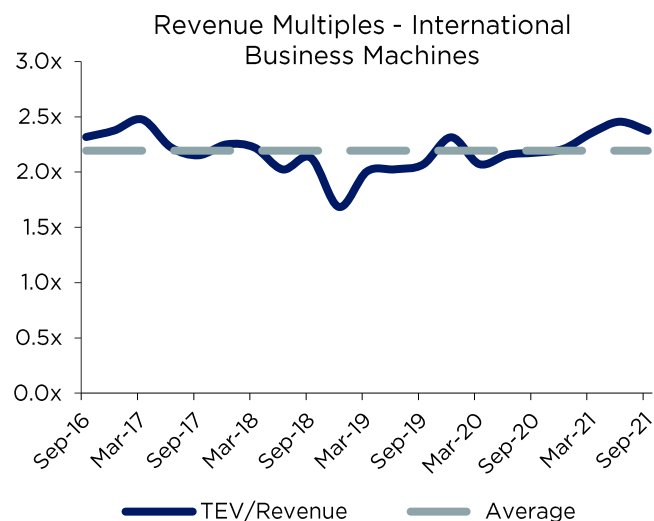
### International Business Machines

## 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



Company Name	Date	Deal Synopsis
Rego Consulting (Adobe Workfront Consulting Unit and Assets)	19-Oct-21	The business unit of Rego Consulting Corporation reached a definitive agreement to be acquired by International Business Machines (NYS: IBM) for an undisclosed amount on October 19, 2021. The transaction enhances International Business Machines's transformation expertise to automate marketing workflows with artificial intelligence.
Boxboat Technologies	29-Jul-21	The company was acquired by IBM (NYSE: IBM) for an undisclosed amount on July 29, 2021. The acquisition extends IBM's container strategy and implementation services portfolio to further advance IBM's hybrid cloud strategy and accelerate Red Hat OpenShift adoption globally.

## Infosys

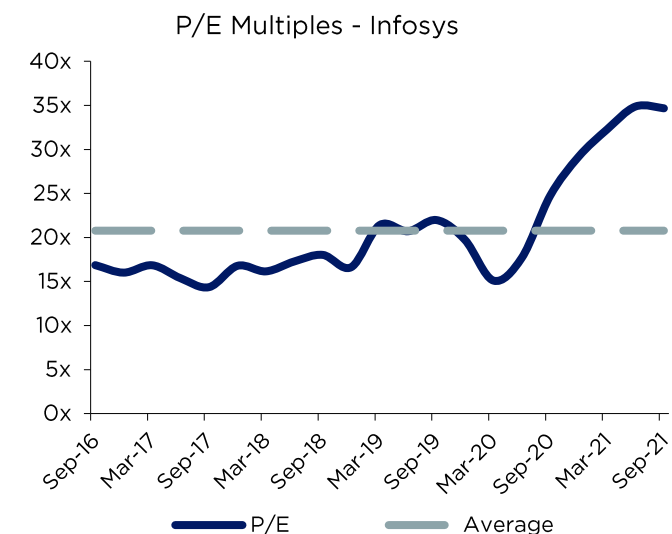
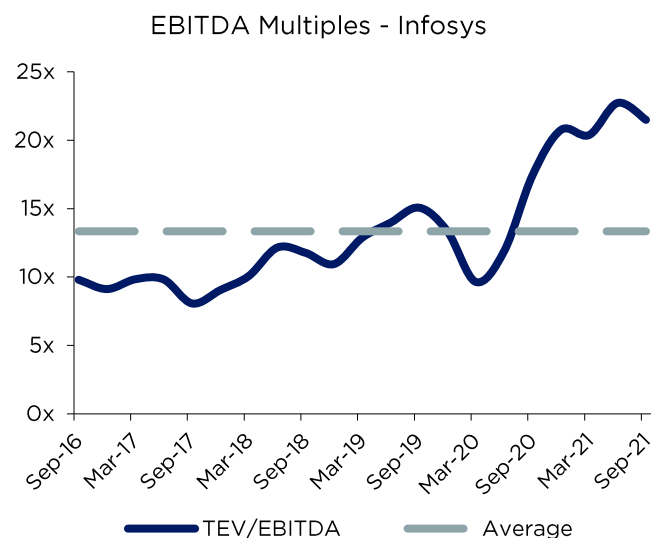
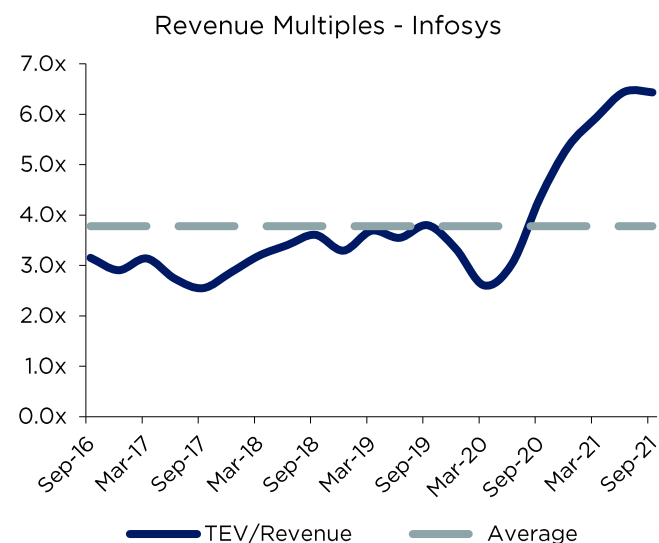
**Infosys is a leading global IT services provider, with nearly 250,000 employees.**

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.

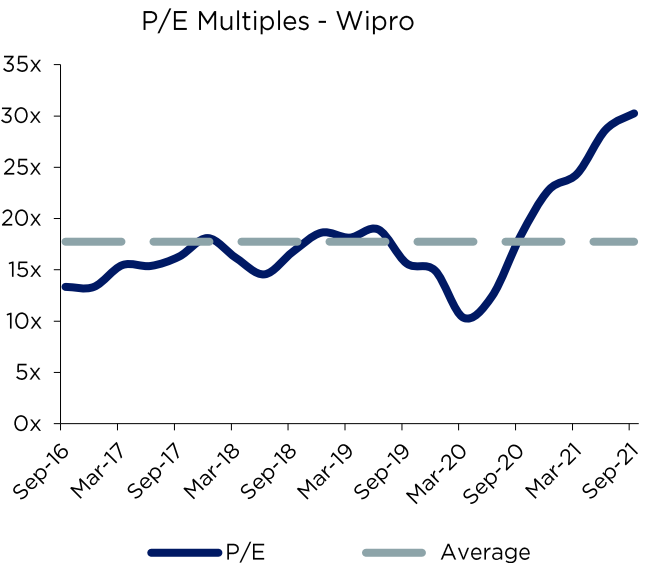
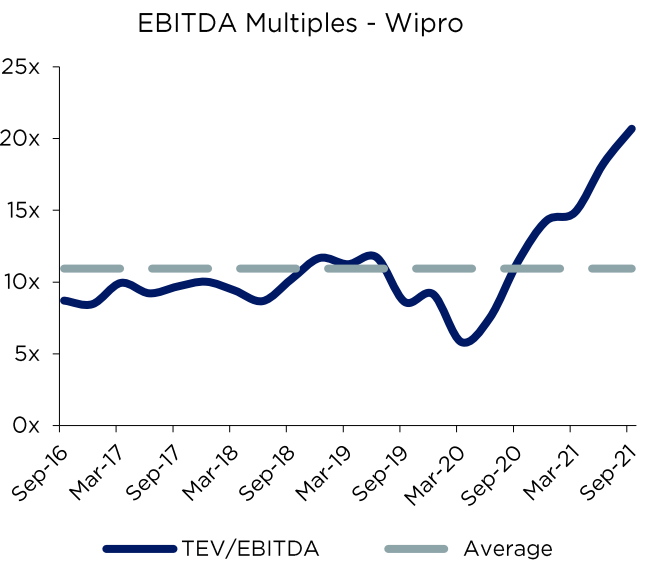
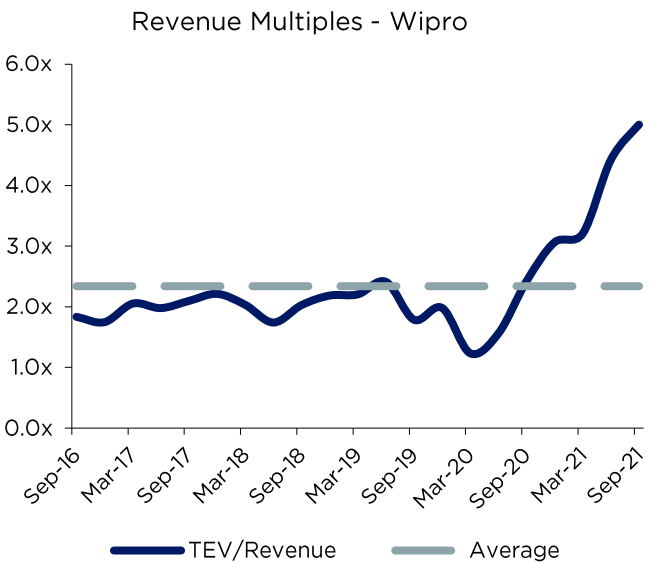
## Wipro

**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
iTrigger	29-May-20	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on May 29, 2020.
PLM Systems	19-May-20	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on May 19, 2020. The acquisition will boost Accenture's capabilities and presence in the market for digital engineering services.

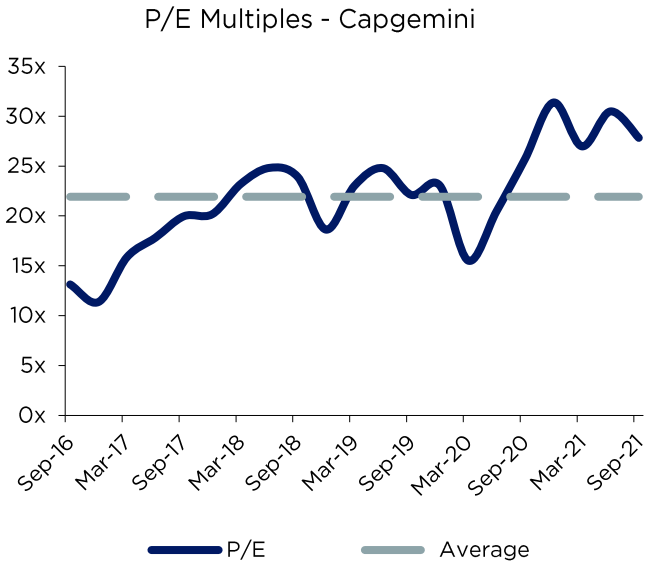
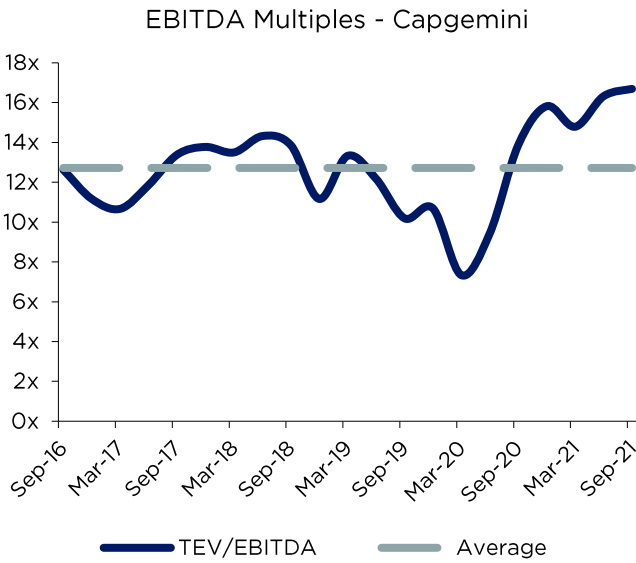
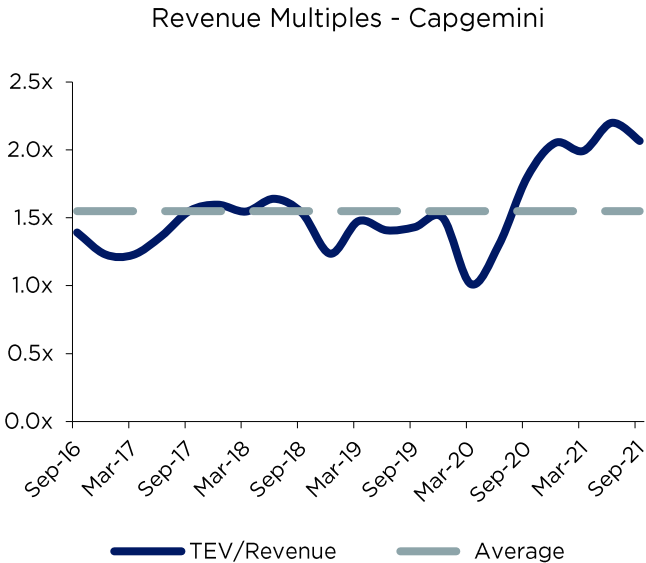
## Capgemini

**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.

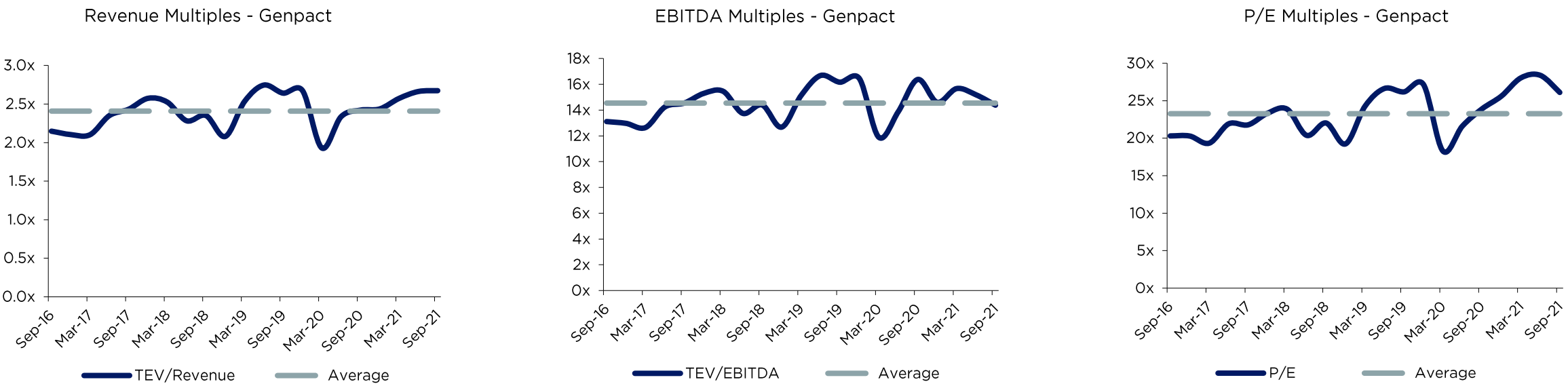
## Genpact

### **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.

# Contact Info

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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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