

# Market Update Cloud Services

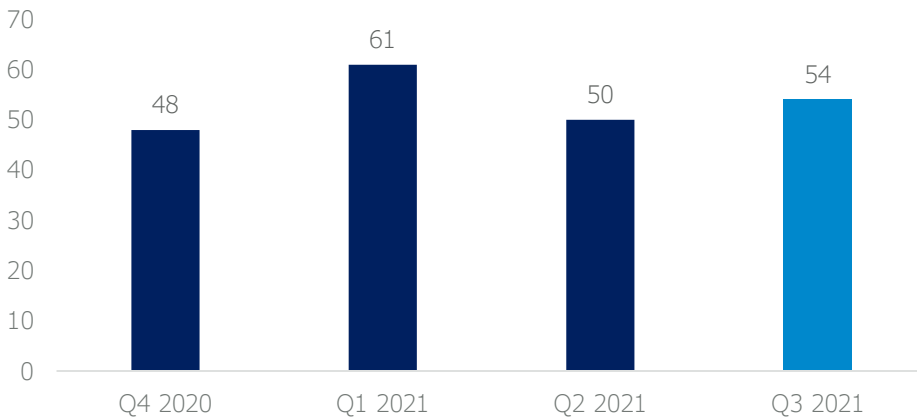
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COVID-19 remains a catalyst driving digital transformation, especially accelerating the pace at which companies migrate their business operations to the cloud. By 2024, [according to McKinsey](#), “most enterprises aspire to have \$8 out of every \$10 for IT hosting go toward the cloud, including private cloud, infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS).”

The drive towards cloud adoption has the potential to [unlock \\$1 trillion in business value](#). With so much at stake, companies are keen to find the right partners to navigate their migration activities. IT Service companies with a track record of experience and expertise in the Amazon, Microsoft, and Google ecosystems are highly valued in the current market landscape.

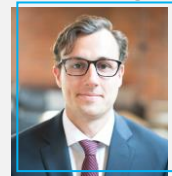
Our focus in this market update is to focus on the cloud services space in the context of M&A activity. After a decrease in activity in the second quarter of 2021, M&A activity rose slightly in the third quarter.

# of M&A Deals in Cloud Services

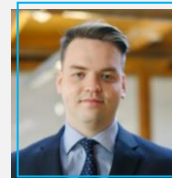


7MA has completed numerous M&A transactions for companies in the cloud space and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Garth Martin, Iliia Ulianchuk, Kevin Postigo, Chris McConnell, or Tyler Ratterree if you would like to learn more about Cloud Services.

## Sector Coverage Team



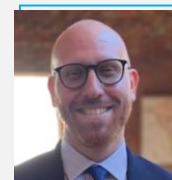
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## Idera, Inc Acquires BitTitan, specialist in G Suite and Microsoft 365



Developer of cloud and data migration software designed to empower IT service professionals to successfully deploy and manage cloud technologies through automation. The company's platform offers mailbox, document and public-folder migrations between a wide range of sources and destinations as well as centralizes and automates IT tasks, helping IT service professionals to streamline daily operations and eliminate redundancies.

**Date:** Oct 27, 2021  
**Deal Type:** LBO  
**Target HQ:** USA  
**Deal EV:** Undisclosed



The company was acquired by Idera, via its financial sponsors HGGC, Partners Group and TA Associates Management, through an LBO on October 27, 2021 for an undisclosed sum.

## Nomura Research Institute acquires Core BT



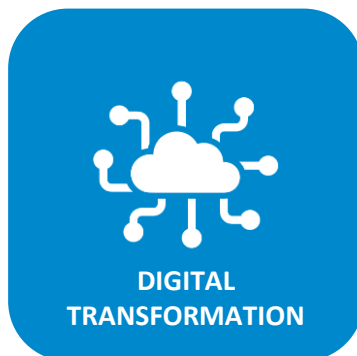
Last quarter, Core BTS, an IT and managed services provider, acquiring Aptera Software, a Fort Wayne, Indiana-based software development company, specializing in Microsoft solutions. Demonstrating how fast the market is moving, Nomura Research Institute, one of Japan's one of Japan's leading research and consulting firms has signed an agreement to acquire 100% of the shares of Core BTS parent company Convergence Technologies, Inc.

**Date:** Nov 10, 2021  
**Deal Type:** Acquisition  
**Target HQ:** USA  
**Deal EV:** \$458m

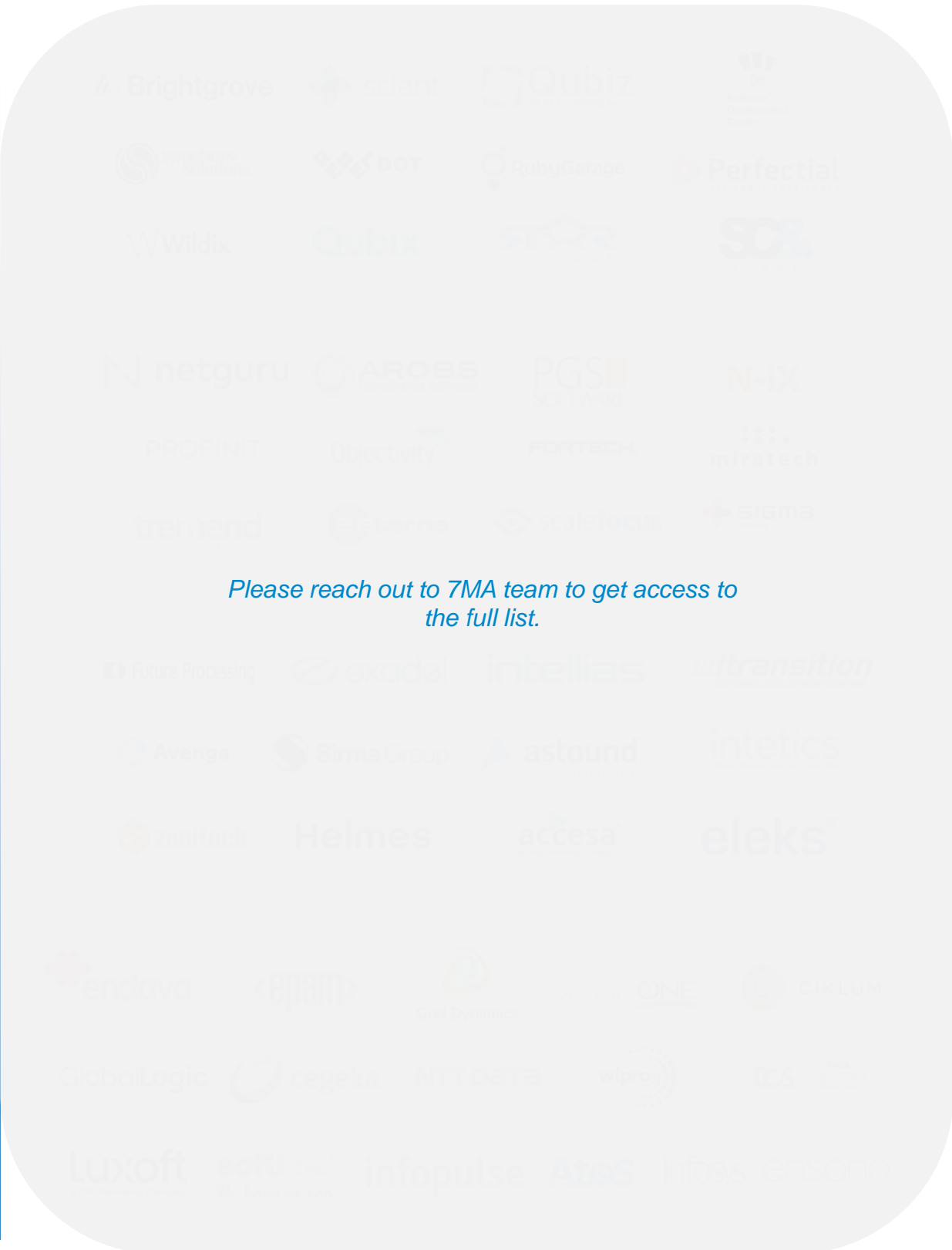
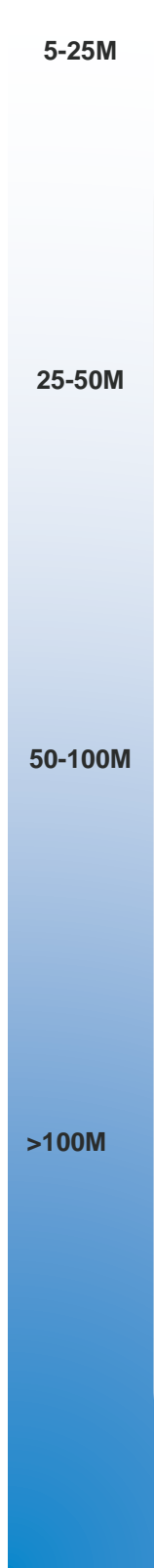


Core BTS was first acquired in 2018 in a transaction by Tailwind Capital and supported with debt financing through Stellus Capital Management.

### What is Driving the Activity in the Space?



## Annual Revenue, USD

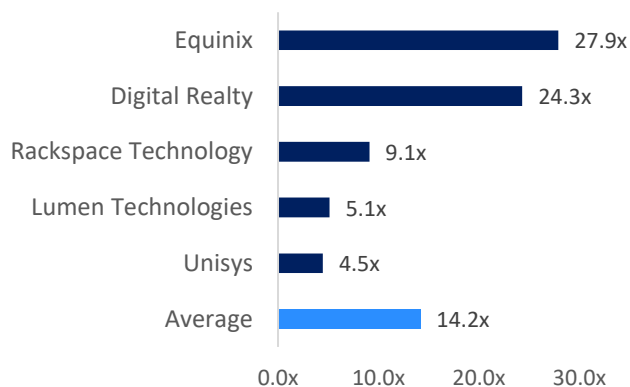


*Please reach out to TMA team to get access to the full list.*

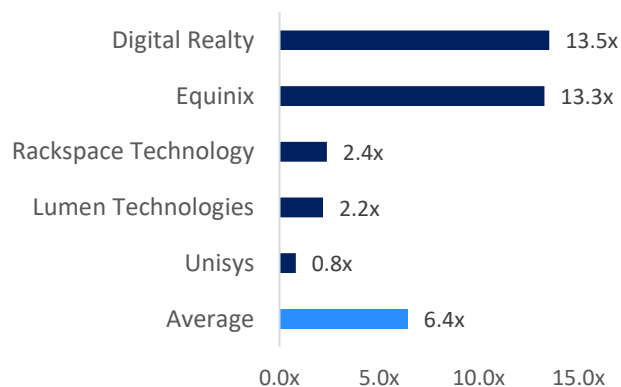
## Publicly-traded Cloud Services Companies – Q3 2021

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
Equinix	84,285	3,019	6,338	8%	48%	48%	13.3x	27.9x	8,785	959
Digital Realty	57,817	2,377	4,271	22%	61%	56%	13.5x	24.3x	2,878	2,009
Rackspace Technology	6,824	749	2,868	11%	34%	26%	2.4x	9.1x	7,200	95
Lumen Technologies	44,317	8,639	20,245	-3%	57%	43%	2.2x	5.1x	37,000	120
Unisys	1,727	387	2,099	-9%	27%	18%	0.8x	4.5x	17,200	10
Average	38,994	3,034	7,164	6%	45%	38%	6.4x	14.2x	14,613	639
Median	44,317	2,377	4,271	8%	48%	43%	2.4x	9.1x	8,785	120

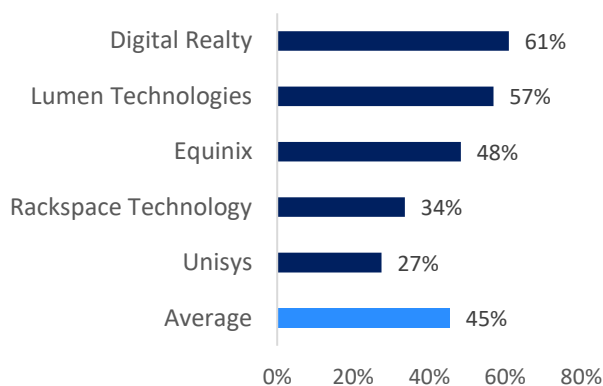
### TEV / EBITDA X



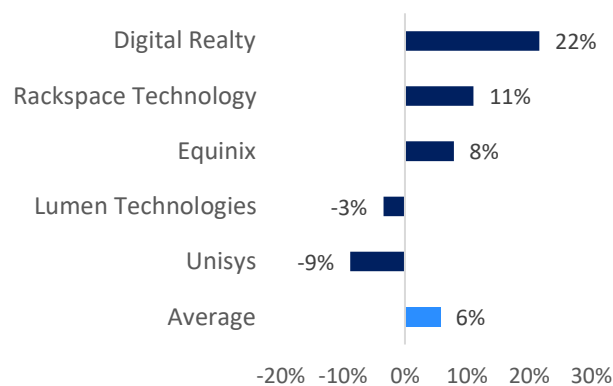
### TEV / Rev X













### Gross Margin %



### Rev Growth YoY



## Q3 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
October 1, 2021			<ul style="list-style-type: none"> <li>Fivetran completed the acquisition of HVR Software, a leading provider of real-time cloud data integration technology. HVR's technology helps users seamlessly migrate high volumes of data from on-premise or hybrid cloud environment and consolidate it from tens to hundreds of databases to Google Cloud. The acquisition will allow Fivetran to provide breakthrough database replication performance along with enterprise-grade security to address the massive market for modernizing analytics for operational data associated with ERP systems, Oracle databases, and more</li> </ul>
September 10, 2021			<ul style="list-style-type: none"> <li>SoftwareONE announced the acquisition of UK-based HeleCloud, a cloud-native AWS Premier Consulting Partner. With the acquisition, SoftwareONE expands and strengthens its AWS capabilities in the EMEA region by adding a team of highly skilled AWS experts with significant project delivery and managed service capabilities.</li> </ul>
September 2, 2021			<ul style="list-style-type: none"> <li>Accenture completed the acquisition of Wabion, a Google Cloud services firm headquartered in Esslingen, Germany and Olten, Switzerland. Founded in 2004, Wabion offers a full spectrum of consulting and implementation services for Google Cloud Platform and Google Workspace solution, including integration, development, licensing, and training.</li> </ul>
September 2, 2021			<ul style="list-style-type: none"> <li>Thoma Bravo completed the acquisition of Talend, a leader in data integration and data integrity, for \$2.4 billion. Talend is the only platform that seamlessly combines an extensive range of data integration and governance capabilities to actively manage the health of corporate information</li> </ul>
July 5, 2021			<ul style="list-style-type: none"> <li>Capgemini has announced the acquisition of one of the leading SAP services specialist firm Acclimation. Acclimation has built a strong reputation for capabilities in the technical and functional areas of SAP and will significantly strengthen Capgemini's capabilities in the region.</li> </ul>

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](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions

**centare** <sup>7MA</sup>  
a portfolio company of **HADLEY**

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**RURAL SOURCING**  
a portfolio company of **BainCapital** DOUBLE IMPACT

**esc** eSource Capital <sup>7MA</sup>

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**daxos**

**INTELLIGENCE PARTNER** <sup>7MA</sup>  
THE CLOUD CONSULTING COMPANY

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**softwareONE**

**groundswell** <sup>7MA</sup>

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**Deloitte.**

**GRYPHON INVESTORS** | **3Cloud** <sup>7MA</sup>

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**PRAGMATIC WORKS**

**ZILKER TECHNOLOGY** <sup>7MA</sup>

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**EY**

**keste** <sup>7MA</sup>

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**TRINITY HUNT**  
PARTNERS

Microsoft Business Unit of **SADA systems** <sup>7MA</sup>

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**core**  
BTS INC

