

7 Mile Advisors



# Sectorwatch: Supply Chain Tech & Software

October 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

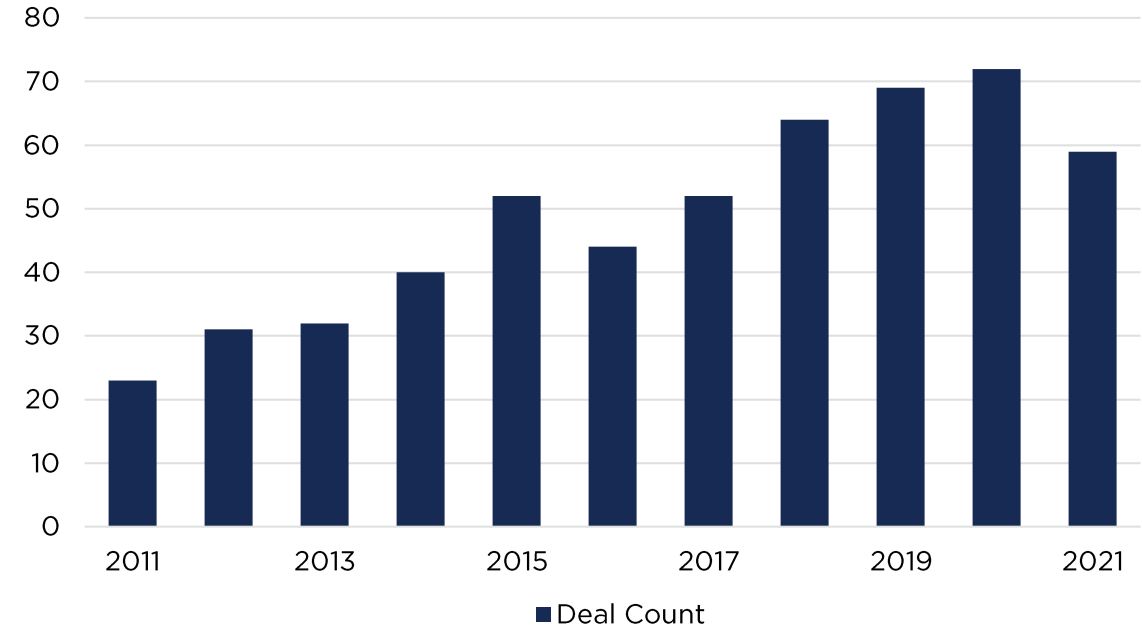
- The most recently announced deals in the sector

# Dashboard

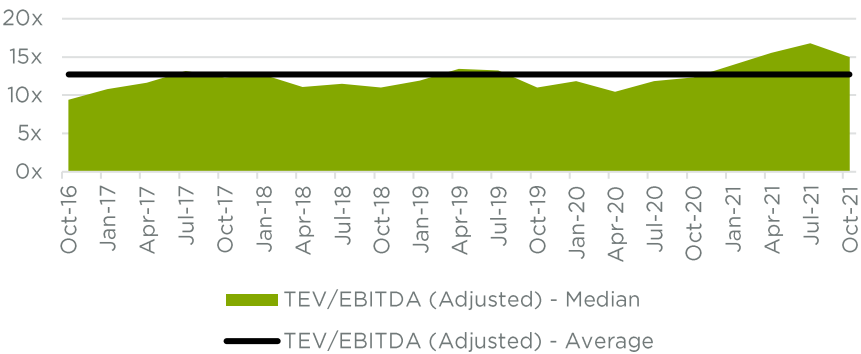
## REVENUE GROWTH MOMENTUM ↑ 4.6%

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

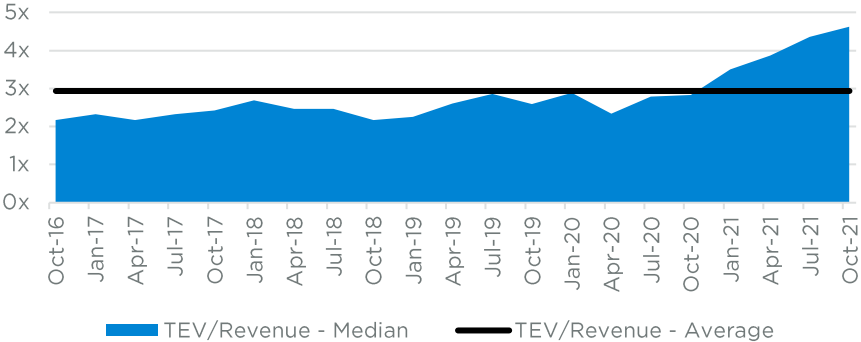
### M&A Activity



### Public EBITDA Multiples over Time



### Public Revenue Multiples over Time



# Public Basket Overview

Supply Chain & Tech Software

United States



India



France



Ireland



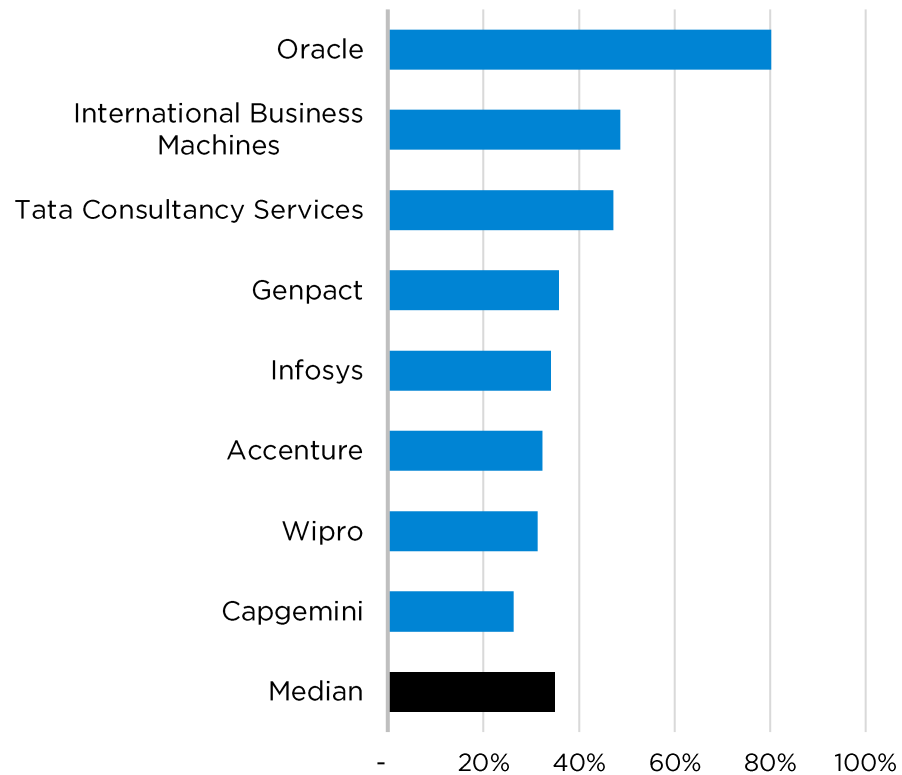
# Public Basket

| 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                          | 311,420 | 20,941         | 40,840      | 4.1%           | 80.2% | 51.3%    | 7.6x        | 14.9x          | 132,000 | 309           |
| Accenture                       | 221,044 | 8,612          | 50,533      | 14.0%          | 32.4% | 17.0%    | 4.4x        | 25.7x          | 569,000 | 89            |
| Tata Consultancy Services       | 166,688 | 7,136          | 24,155      | 12.5%          | 47.2% | 29.5%    | 6.9x        | 23.4x          | 509,058 | 47            |
| International Business Machines | 165,458 | 16,848         | 74,404      | -1.4%          | 48.6% | 22.6%    | 2.2x        | 9.8x           | 375,300 | 198           |
| Infosys                         | 92,999  | 4,355          | 14,909      | 15.8%          | 34.2% | 29.2%    | 6.2x        | 21.4x          | 259,619 | 57            |
| Wipro                           | 46,242  | 2,234          | 9,477       | 14.1%          | 31.4% | 23.6%    | 4.9x        | 20.7x          | 200,000 | 47            |
| Capgemini                       | 43,346  | 2,503          | 20,239      | 15.5%          | 26.3% | 12.4%    | 2.1x        | 17.3x          | 289,501 | 70            |
| Genpact                         | 10,926  | 710            | 3,820       | 4.6%           | 35.8% | 18.6%    | 2.9x        | 15.4x          | 104,000 | 37            |
| <b>Average</b>                  | 132,265 | 7,917          | 29,797      | 9.9%           | 42.0% | 25.5%    | 4.7x        | 18.6x          | 304,810 | 107           |
| <b>Median</b>                   | 129,229 | 5,745          | 22,197      | 13.2%          | 35.0% | 23.1%    | 4.6x        | 19.0x          | 274,560 | 64            |

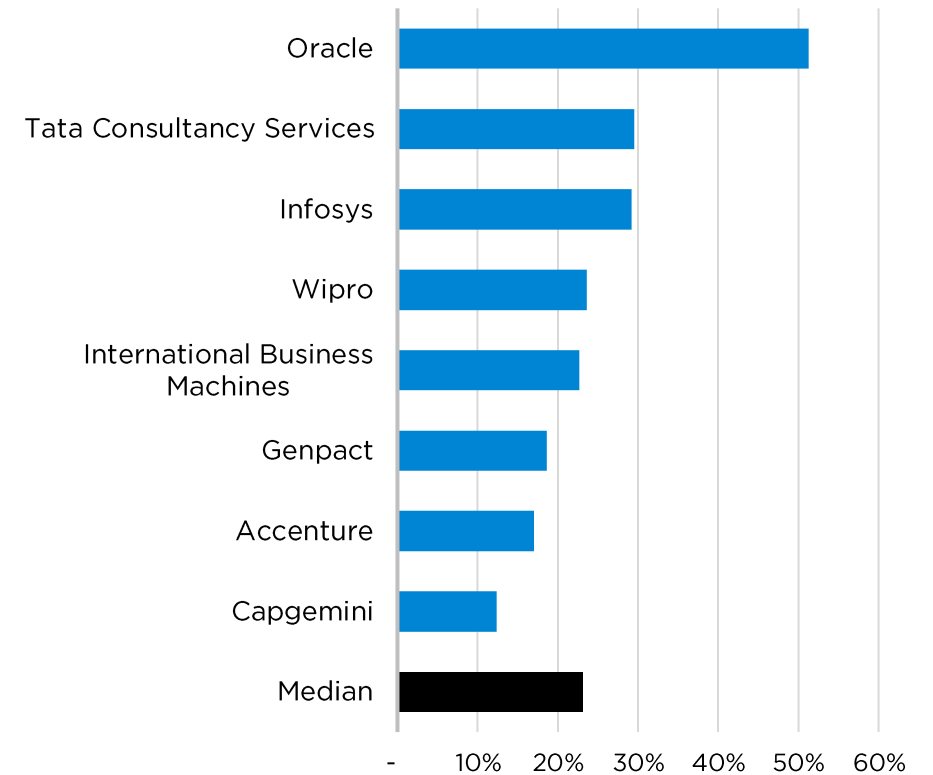
share price as of 26Oct21

# Operational Metrics

LTM Gross Profit Margin %

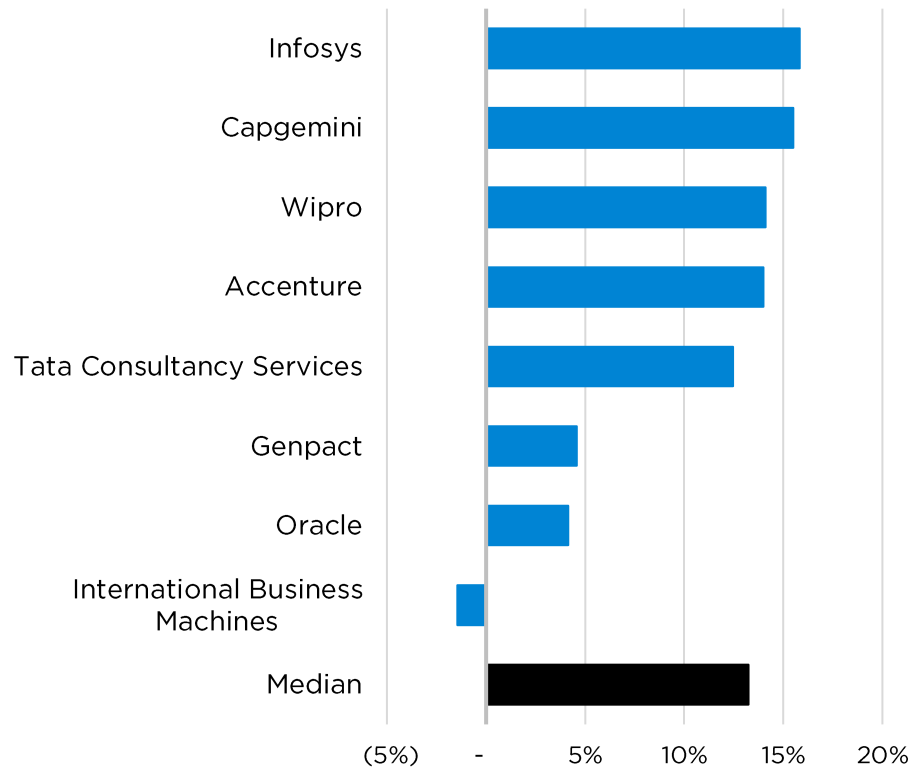


LTM EBITDA %

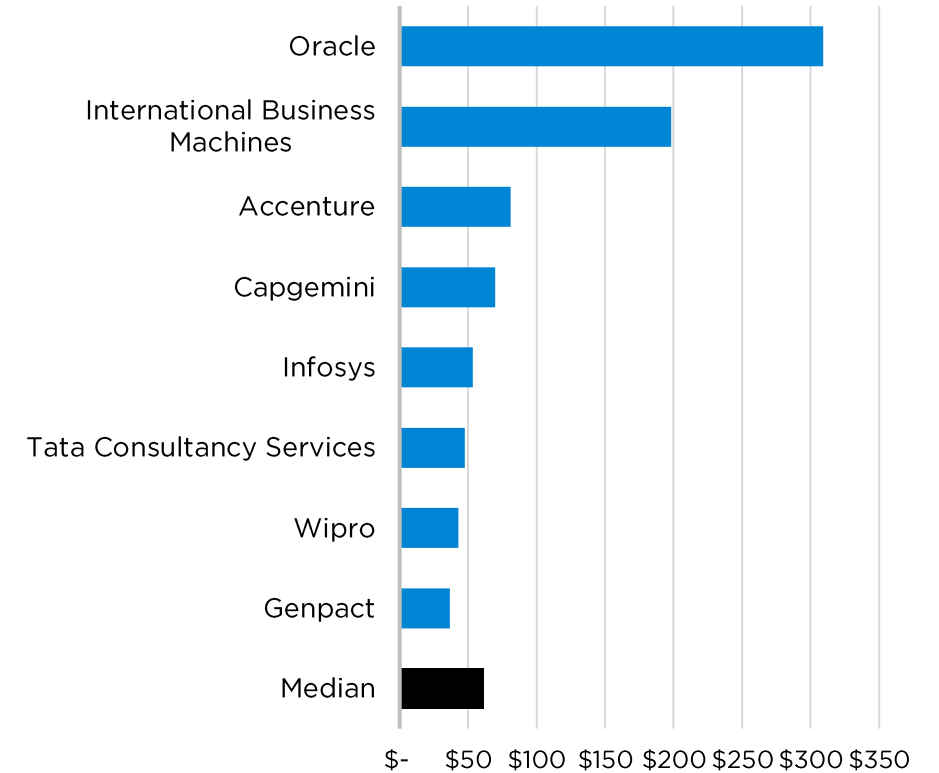


# Operational Metrics

LTM Revenue Growth %



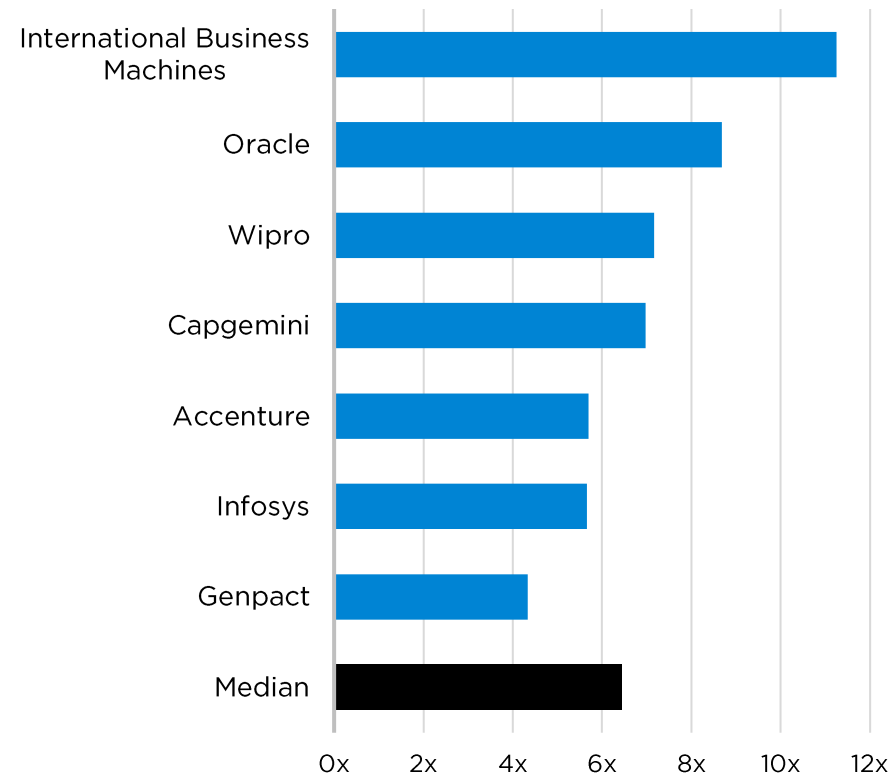
LTM Revenue per Full Time Employee x 000's



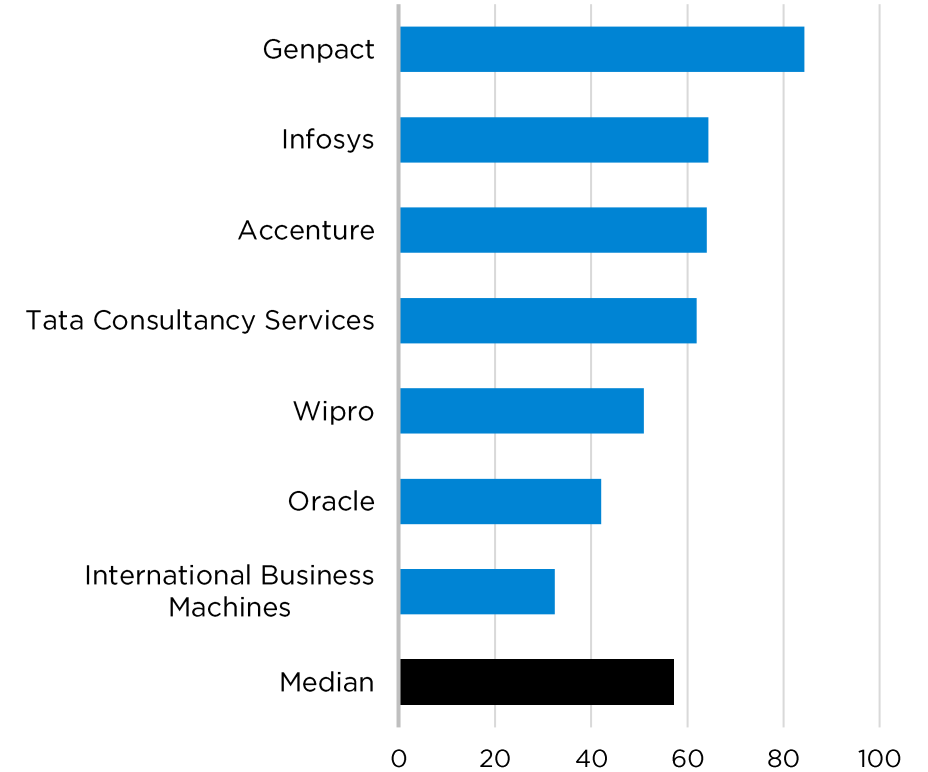


# Operational Metrics

## Accounts Receivable Turnover

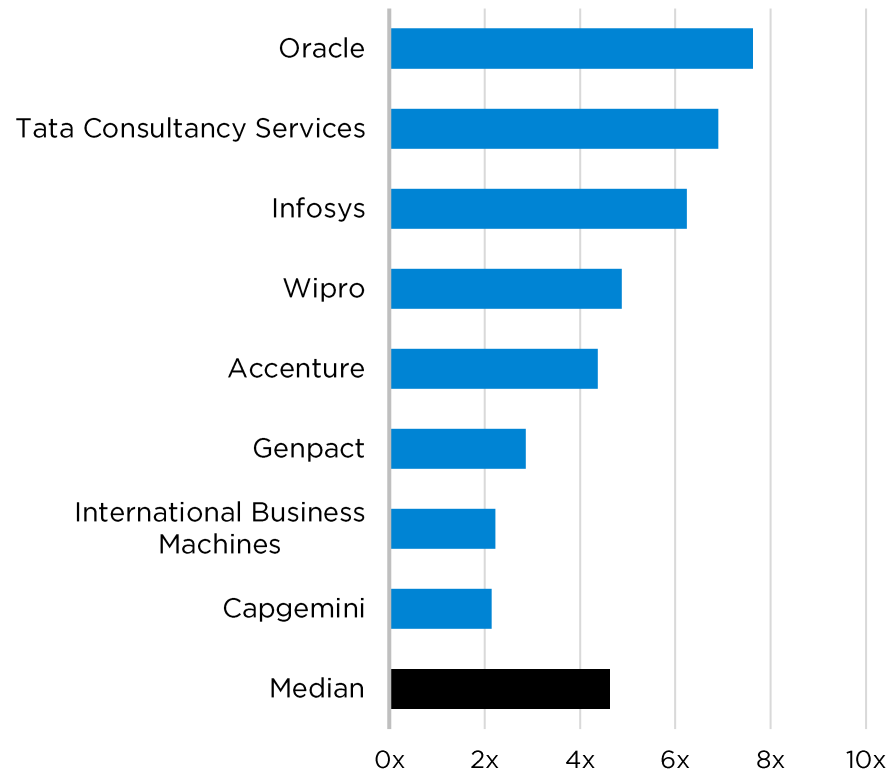


## Average Days Sales Outstanding

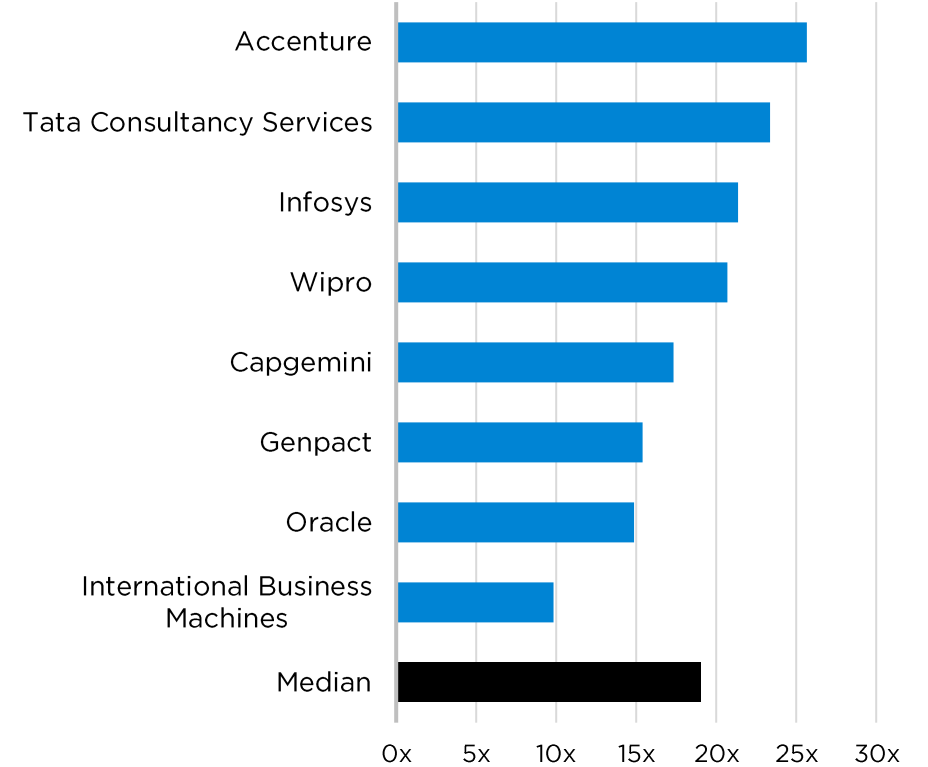


# Valuation

TEV / LTM Revenue

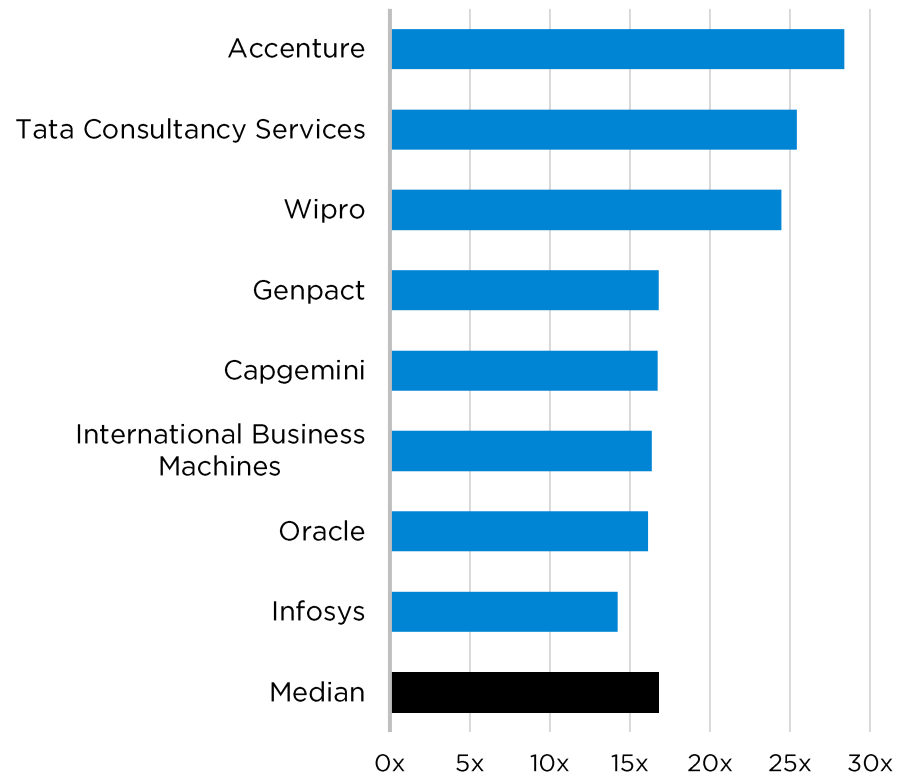


TEV / LTM EBITDA

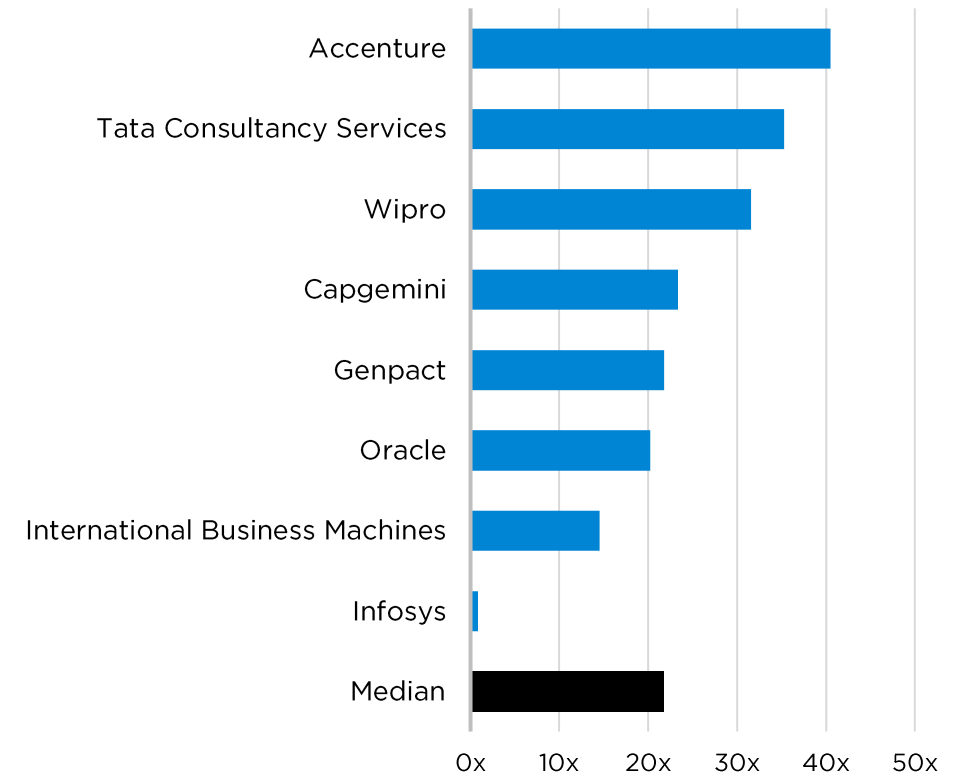


# Valuation

TEV / LTM EBIT

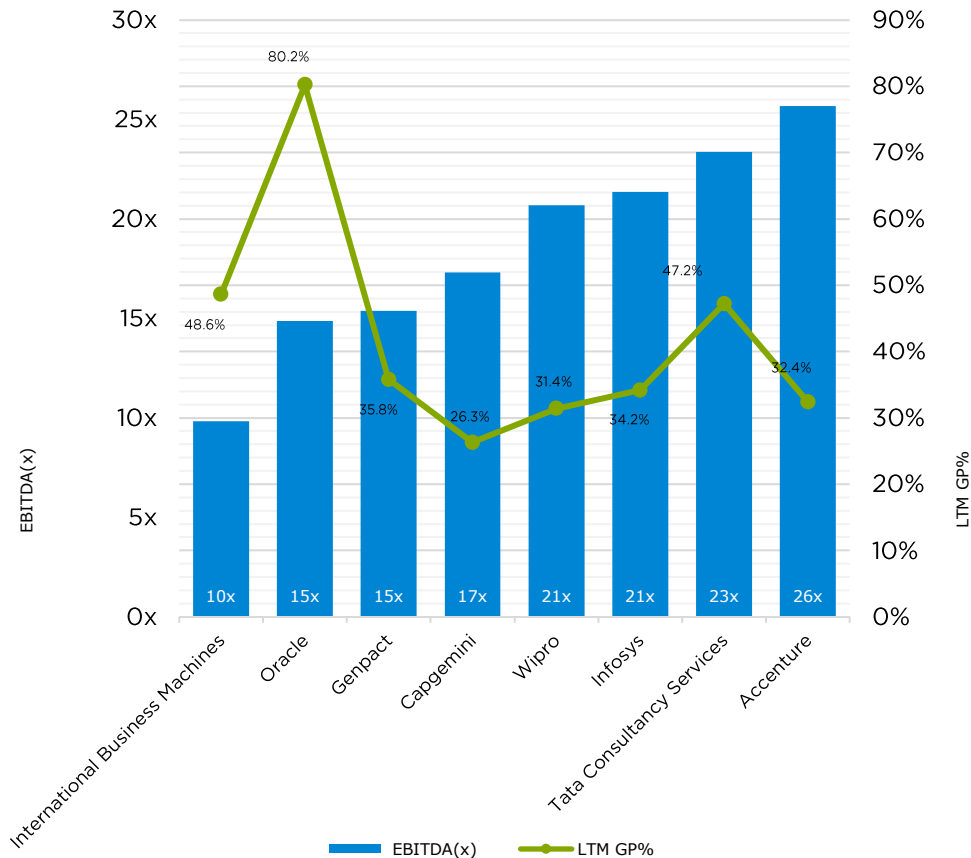


Price / LTM Earnings

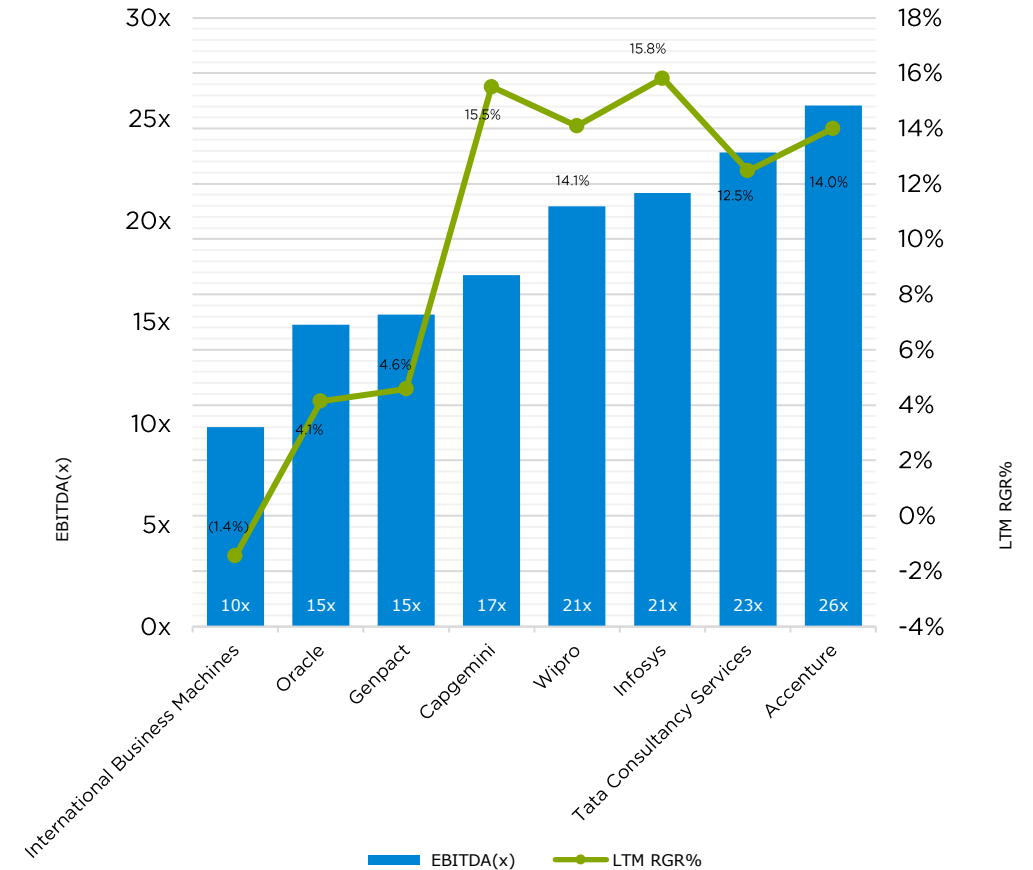


# Valuation

## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions

| Date      | Target                       | Buyer / Investor                    | Total Transaction Value | Target Revenue | TEV / Revenue | EBITDA |
|-----------|------------------------------|-------------------------------------|-------------------------|----------------|---------------|--------|
| 15-Oct-21 | Enjoy Technology (NAS: ENJY) | Marquee Raine Acquisition           | 454.00                  | 109.00         | 4x            | -      |
| 12-Oct-21 | Treum                        | ConsenSys                           | -                       | -              | -             | -      |
| 6-Oct-21  | Bond                         | Mubadala Investment Company         | -                       | -              | -             | -      |
| 21-Sep-21 | Convey                       | Project44                           | 255.00                  | -              | -             | -      |
| 20-Sep-21 | 3Gtms                        | Hercules Capital                    | 15.00                   | -              | -             | -      |
| 16-Sep-21 | Appetize                     | SpotOn                              | 415.00                  | -              | -             | -      |
| 24-Aug-21 | Xos Trucks (NAS: XOS)        | NextGen Acquisition                 | -                       | -              | -             | -      |
| 19-Aug-21 | SupplyFrame                  | Siemens (ETR: SIE)                  | 700.00                  | 70.00          | 10x           | -      |
| 18-Aug-21 | Omni-ID                      | Assa Abloy (STO: ASSA B)            | -                       | -              | -             | -      |
| 13-Aug-21 | Spire (NYS: SPIR)            | NavSight Holdings                   | 20.00                   | -              | -             | -      |
| 13-Aug-21 | U.S. Shipping                | American Industrial Partners        | -                       | -              | -             | -      |
| 10-Aug-21 | Fetch Robotics               | Zebra Technologies (NAS: ZBRA)      | 290.00                  | 10.00          | -             | -      |
| 5-Aug-21  | Exenta                       | Aptean                              | -                       | -              | -             | -      |
| 27-Jul-21 | GlobalTranz Enterprises      | CVC Capital Partners                | 1,550.00                | 1,900.00       | -             | -      |
| 27-Jul-21 | Sauceda Industries           | Cart.com                            | -                       | -              | -             | -      |
| 22-Jul-21 | Berkshire Grey (NAS: BGRY)   | Revolution Acceleration Acquisition | 293.96                  | -              | -             | -      |
| 16-Jul-21 | Diamond S Management         | International Seaways (NYS: INSW)   | 416.00                  | 473.91         | -             | 92.62  |
| 13-Jul-21 | Contact World (CNQ: TKR)     | Tracker Ventures                    | 15.00                   | -              | -             | -      |
| 7-Jul-21  | Ingram Micro                 | Platinum Equity                     | 7,200.00                | -              | -             | -      |
| 2-Jul-21  | NuOrder                      | Lightspeed POS (TSE: LSPD)          | 425.00                  | 20.00          | 21x           | -      |

# Appendix

*Public Basket  
Contact Information*



## Oracle

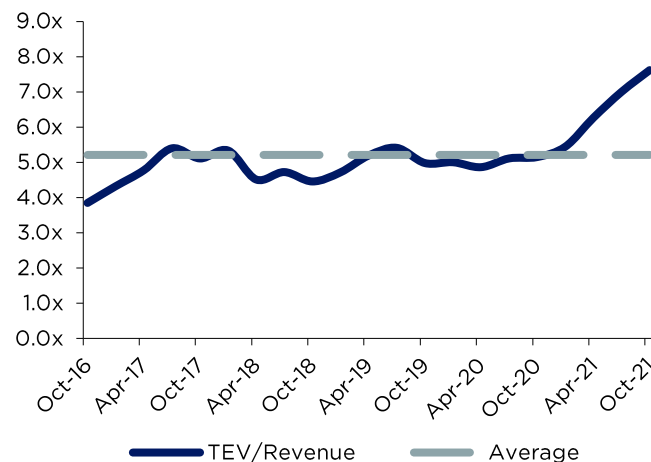
**Oracle provides database technology and enterprise resource planning, or ERP, software to enterprises around the world.**

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.

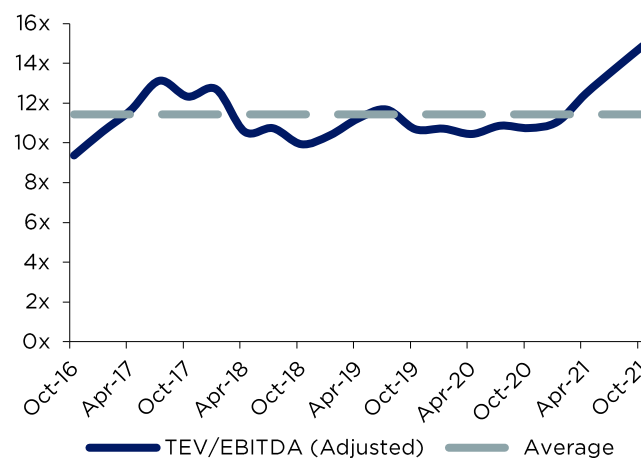
# Public Basket

Oracle

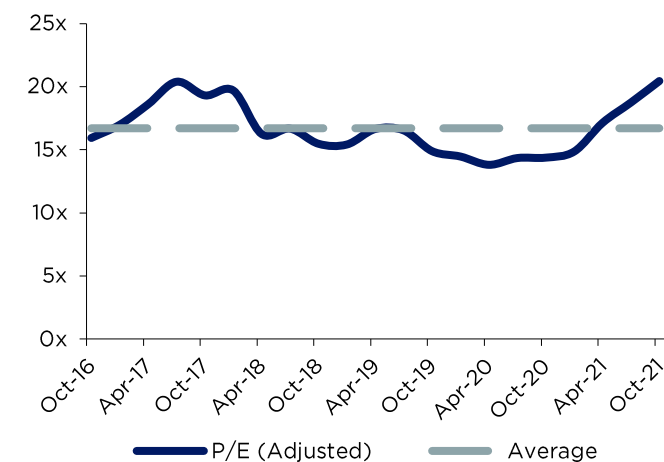
Revenue Multiples - Oracle



EBITDA Multiples - Oracle



P/E Multiples - 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. |
| FarApp       | 06-Apr-21 | The company was acquired by Oracle (NYS: ORCL) for an undisclosed amount on April 6, 2021. The acquisition enable Oracle a more seamless and unified experience for NetSuite customers. The FarApp team will join the Oracle NetSuite Global Business Unit organization.   |



## Accenture

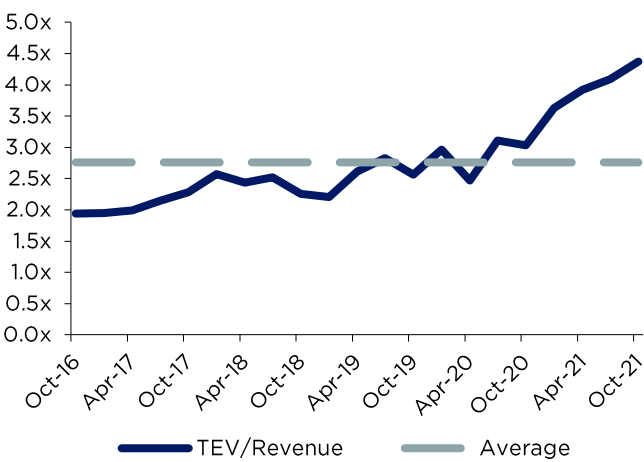
**Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.**

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.

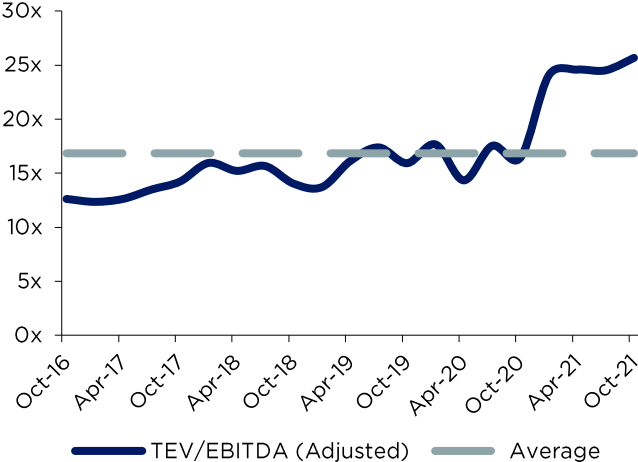
# Public Basket

Accenture

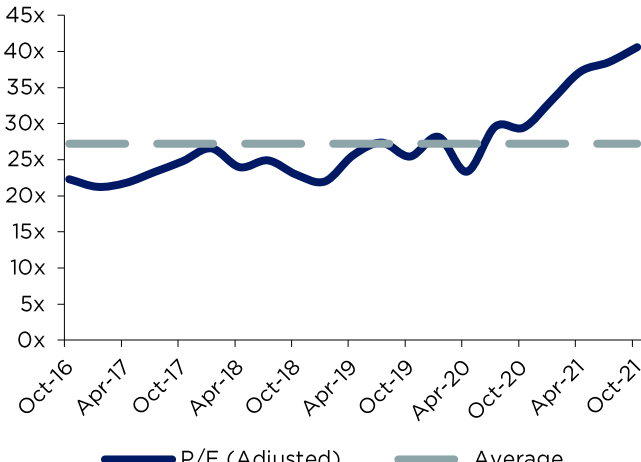
Revenue Multiples - Accenture



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.  |

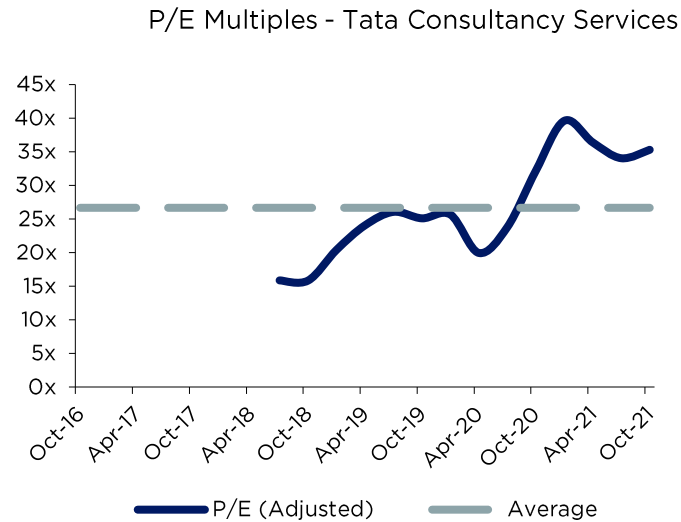
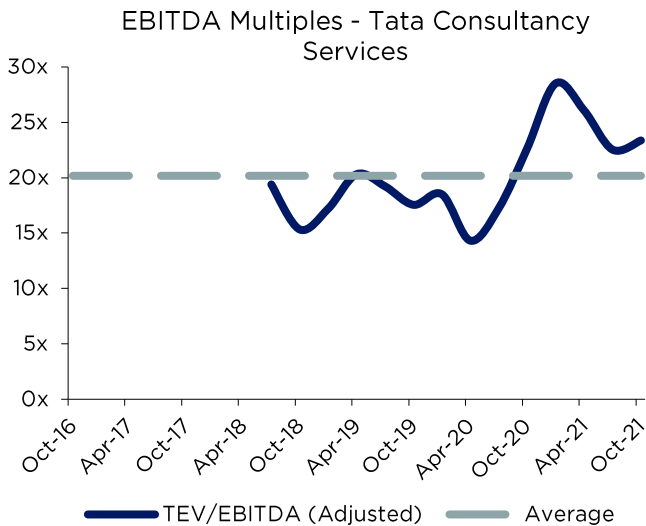
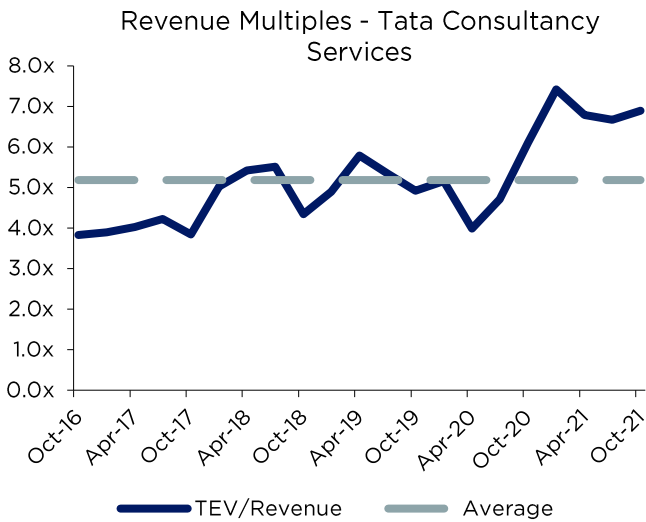
### Tata Consultancy Services

**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.

# Public Basket

## Tata Consultancy Services



| 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.  |
| Pramerica Systems | 1/6/20  | 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. |

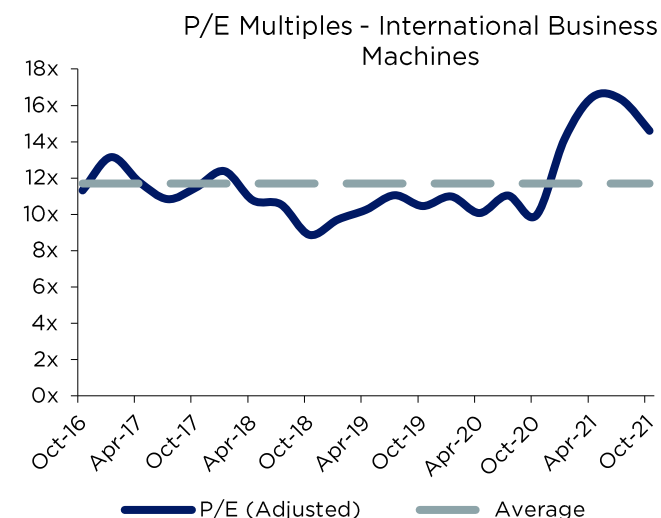
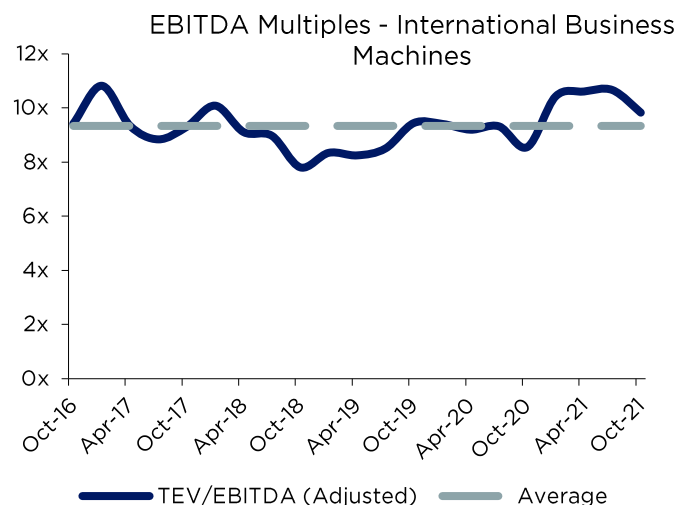
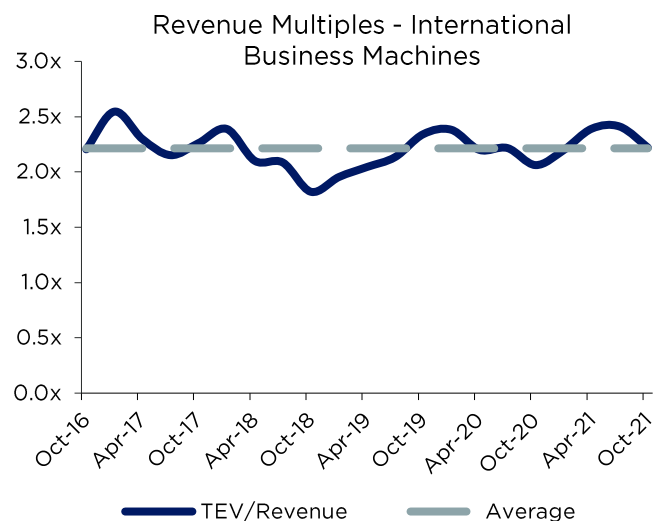
### International Business Machines

**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.   |

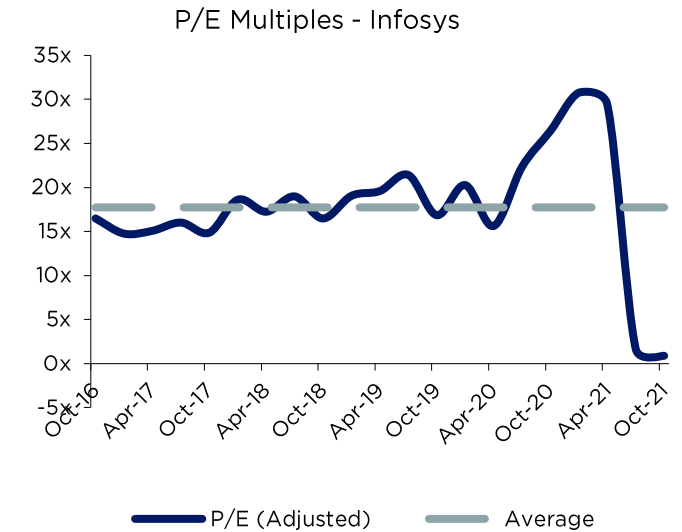
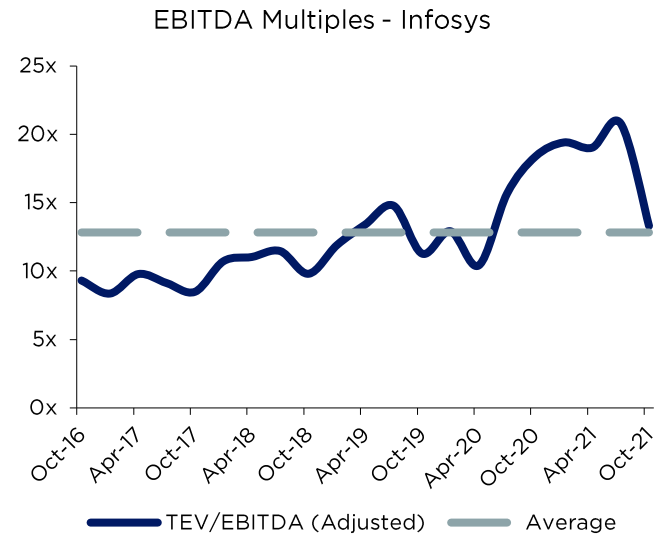
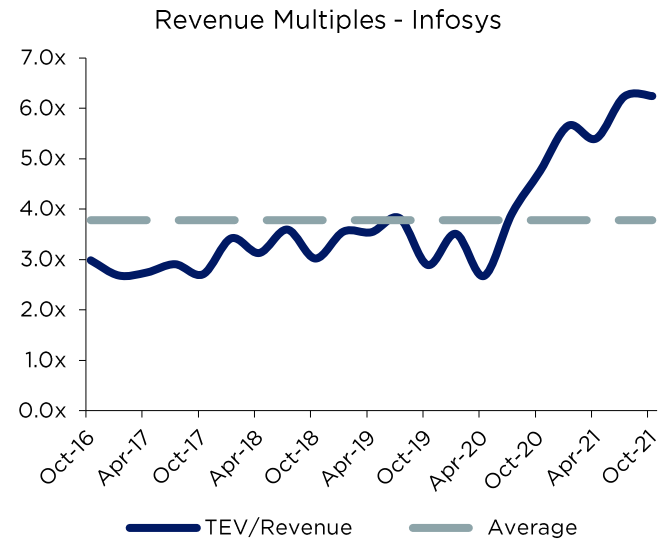
## Infosys

**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.   |



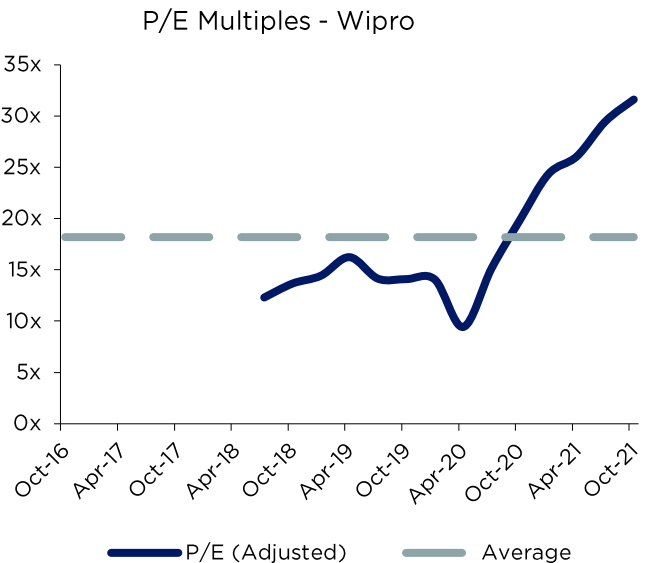
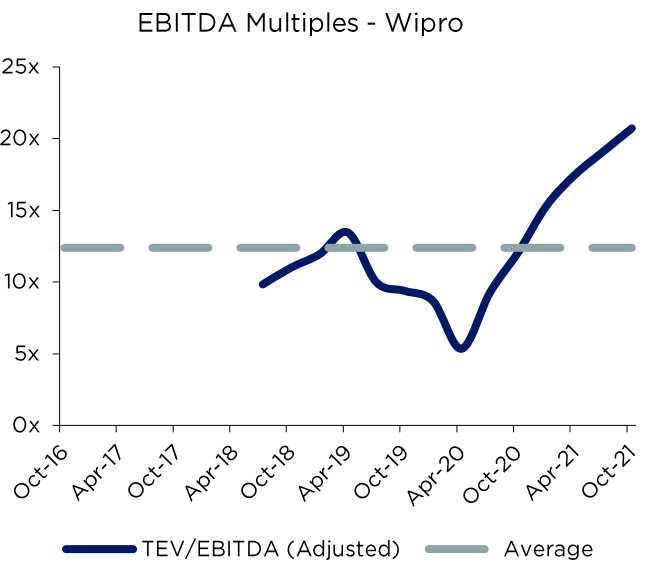
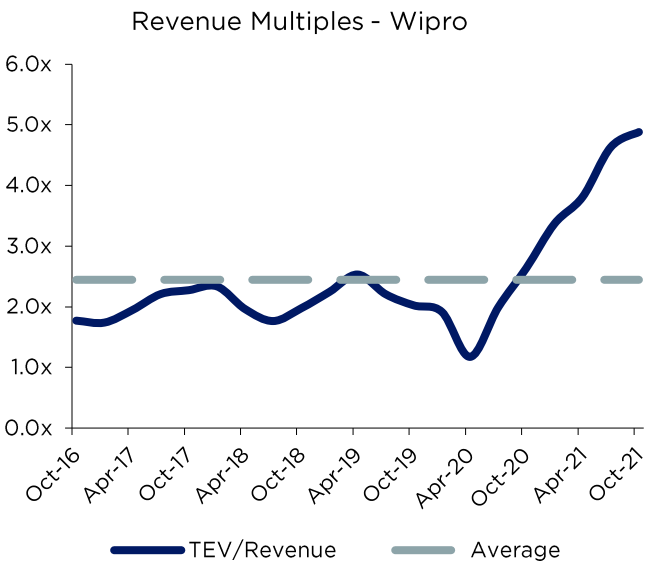
## Wipro

**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  |
|--------------|-----------|--|
| 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    | 21-Jun-21 | The company raised \$6 million of pre-series A venture funding in a deal led by DNX Ventures on June 21, 2021, putting the company's pre-money valuation at \$17 million. Wipro and Chiratae Ventures India Advisors also participated in the round. The funds will be used to expand its product suite, grow its teams across all functions, and further expand on its goal to democratize SRE adoption for organizations of all sizes. |

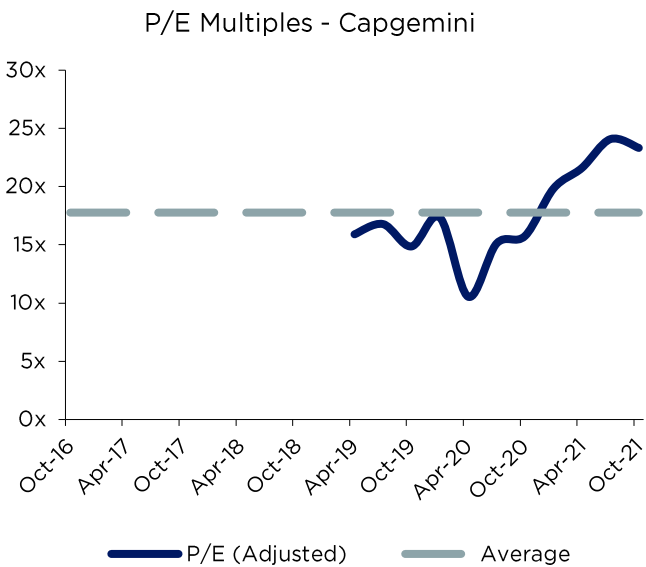
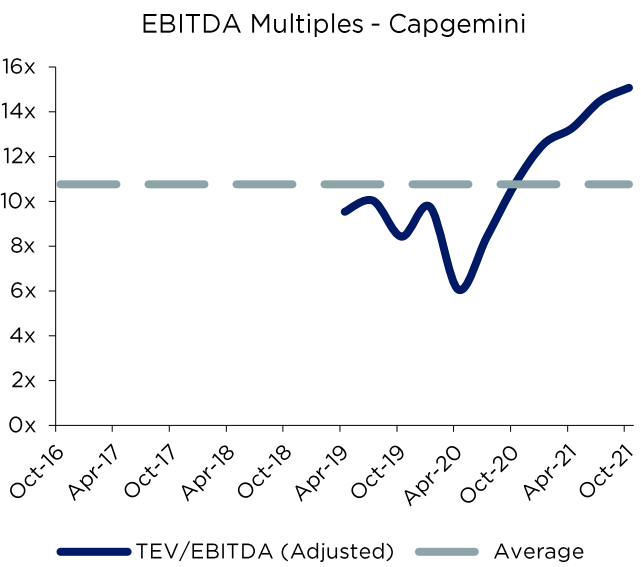
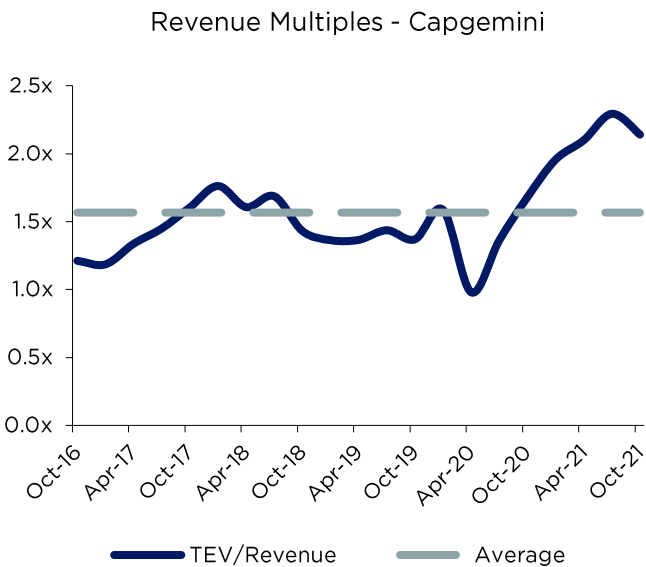
## Capgemini

**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.   |

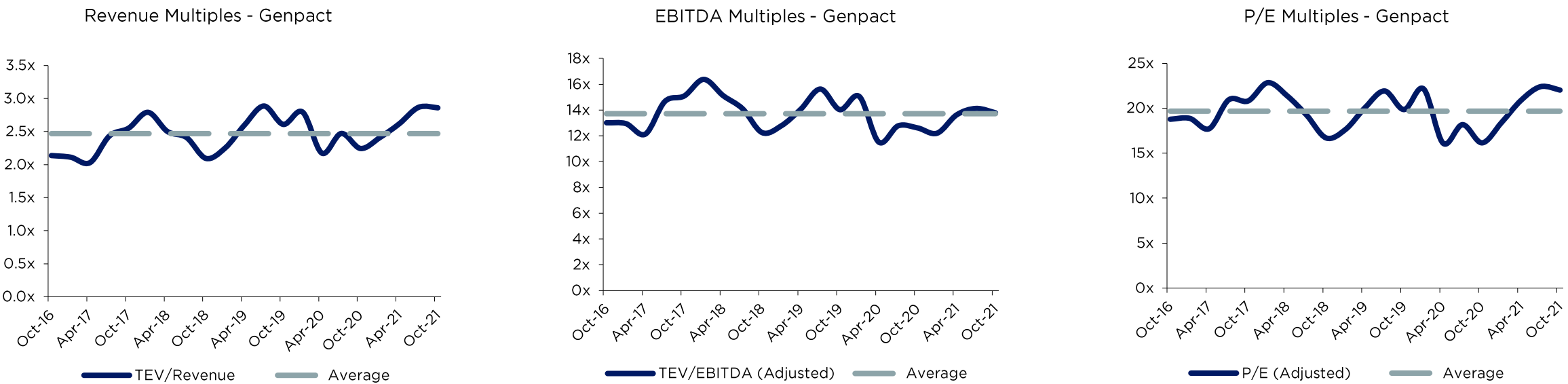
## Genpact

**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. |

# 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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