

Market Update Cloud Services

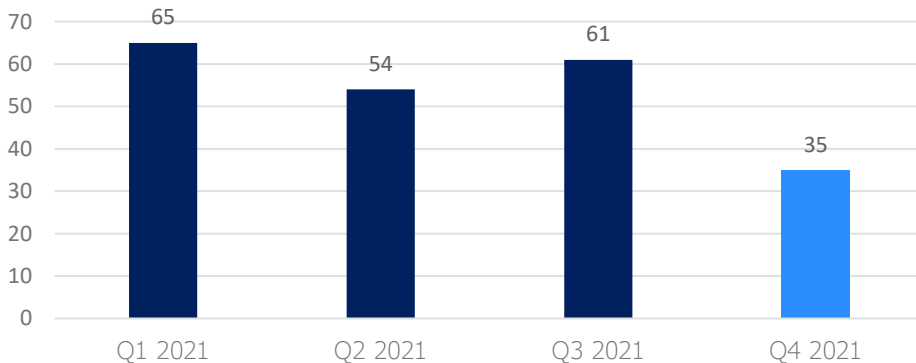
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A new COVID-19 variant has continued to drive the momentum behind digital transformation that has been prevailing for years. As businesses head into the new year with the assumption that both new and old challenges will persist, Frank Ohlhorst, an Acceleration Economy Analyst focusing on IT Strategy and Security, has predicted [eight technologies that will drive growth](#).

A few of the technologies Frank outlines are 5G communications, machine learning (ML), and artificial intelligence (AI). With the implementation of 5G, many users are seeing increased bandwidth and improved performance, both imperative in supporting a workforce that might not return to the office. Additionally, ML and AI are forecasted to continue having a major impact on business operations in 2022, as more vendors begin offering SaaS platforms that can be used to build ML and AI models without the need to invest in expensive hardware or engineers.

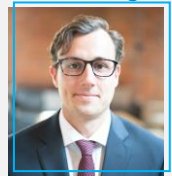
7 Mile’s focus in this market update is on the cloud services space in the context of M&A activity. After much M&A activity in the first three quarters of 2021, deal activity declined in the fourth quarter.

of M&A Deals in Cloud Services



7MA has completed numerous M&A transactions for companies in the cloud services 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.

Sector Coverage Team



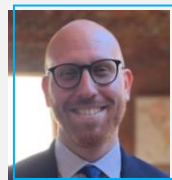
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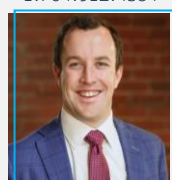
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Sector Snapshot

Brillio Technologies Acquires Cedrus Digital



Cedrus Digital, a US-based digital transformation and cloud consulting firm, has been acquired by Brillio, a leader in digital technology consulting and services. This acquisition significantly strengthens Brillio’s product and platform engineering, data analytics engineering, cloud security and digital infrastructure capabilities, increasing Brillio’s near-shore presence and proximity to their strategic relationships in North America.

Leveraging Cedrus’ U.S. and Asia-based experts across cloud-native engineering, cloud security, cloud infrastructure ops, conversational AI, machine learning, cognitive automation, intellectual property, and an AWS Advanced Consulting partnership, Brillio will enhance its end-to-end digital transformation solutions across regulated industry groups.

Date: Dec 24, 2021
Deal Type: LBO
Target HQ: USA
Deal EV: Undisclosed

RSTOR, Inc. Acquired by PacketFabric



RSTOR, Inc., a cloud storage provider for modern IT, has been acquired by PacketFabric, a leading provider of carrier-class, on-demand connectivity for the enterprise cloud core. By integrating RSTOR’s storage infrastructure and data mobility technology at the edge of PacketFabric’s carrier-class Network-as-a-Service platform, PacketFabric will be able to help companies build an a more agile and higher performance cloud data core.

PacketFabric’s Network-as-a-Service platform orchestrates on-demand connectivity across co-location facilities, cloud providers, and private network interconnection across the globe, and the combination of the two companies will unlock more data mobility services and create a compelling offering for enterprises, and for global channel and technology partners.

Date: Oct 4, 2021
Deal Type: Acquisition
Target HQ: USA
Deal EV: Undisclosed

What is Driving the Activity in the Space?



Case Study

Brillio Acquires Cedrus Digital

- Cedrus Digital is a rapidly growing digital transformation firm focused on providing cloud-native, cloud security, and cognitive RPA services to F500 clients operating in highly regulated industry groups including Healthcare, Financial Services, and Automotive.
- The business attracted significant strategic interest due to strong AWS and Azure capabilities, 70% YoY revenue growth, strong margins, onshore talent, and case studies with clients like CVS Health, Fidelity, and Mercedes Benz.
- Leveraging Cedrus' U.S. and Asia-based experts across cloud-native engineering, cloud security, cloud infrastructure ops, conversational AI, machine learning, cognitive automation, intellectual property, and an AWS Advanced Consulting partnership, Brillio will enhance its end-to-end digital transformation solutions across regulated industry groups – Healthcare, Financial Services, and Automotive. Cedrus also brings deep partnerships with RedHat (Apex level), Netskope, Okta, and Confluent to Brillio.

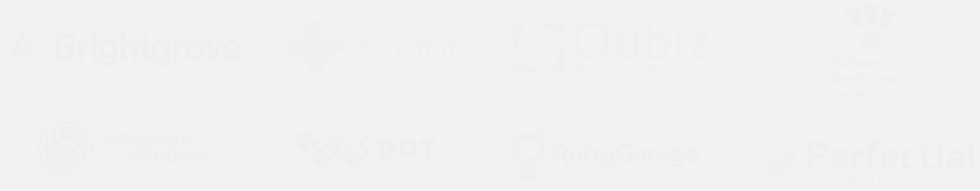


"From the beginning of the process to the very end, 7 Mile proved their knowledge of the digital transformation ecosystem and what drives value within it. The team was organized and skillful in their approach and ultimately found the perfect partner to capitalize on the solutions Cedrus offers."
Nicolas Jabbour, CEO of Cedrus Digital

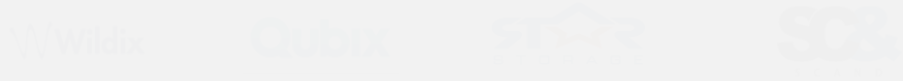
Sector Snapshot

Annual Revenue, USD

5-25M



25-50M



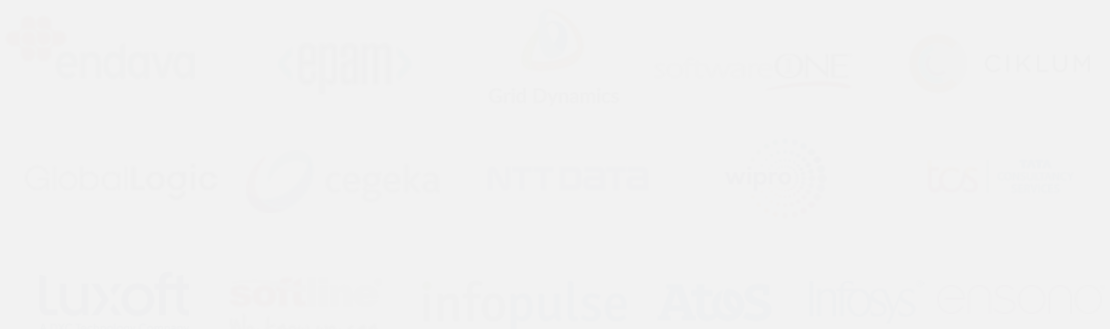
50-100M



Please reach out to 7MA team to get access to the full list.



>100M

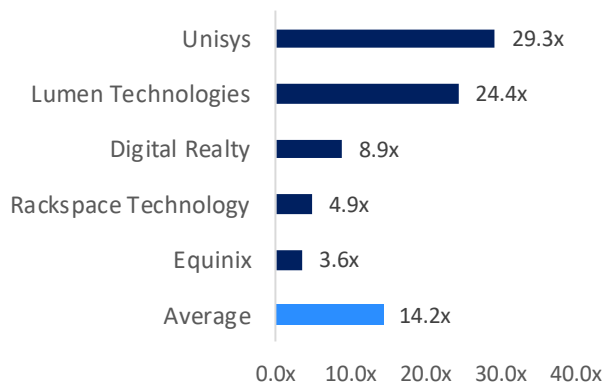


Sector Snapshot

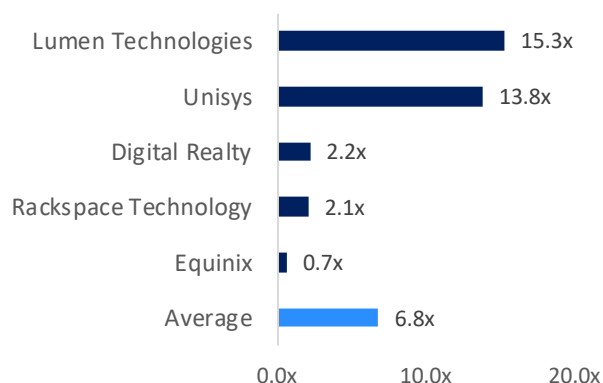
Publicly-traded Cloud Services Companies – Q4 2021

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	1,391	387	2,092	-9%	28%	19%	0.7x	3.6x	17,200	8
Digital Realty	6,603	741	2,948	11%	32%	25%	2.2x	8.9x	7,200	92
Rackspace Technology	42,365	8,636	19,965	-3%	57%	43%	2.1x	4.9x	37,000	114
Lumen Technologies	66,973	2,744	4,379	22%	60%	63%	15.3x	24.4x	2,878	2,327
Unisys	89,843	3,068	6,493	8%	48%	47%	13.8x	29.3x	8,785	1,023
Average	41,435	3,115	7,176	6%	45%	39%	6.8x	14.2x	14,613	713
Median	42,365	2,744	4,379	8%	48%	43%	2.2x	8.9x	8,785	114

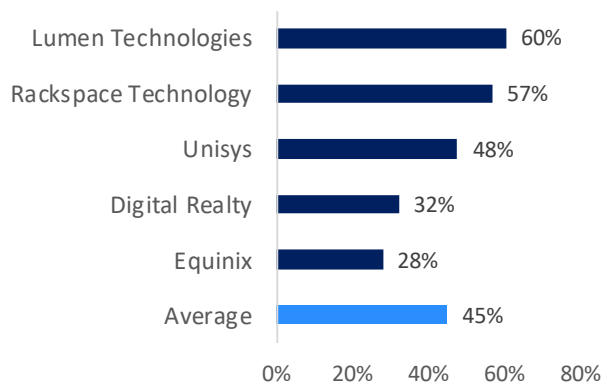
TEV / EBITDA X



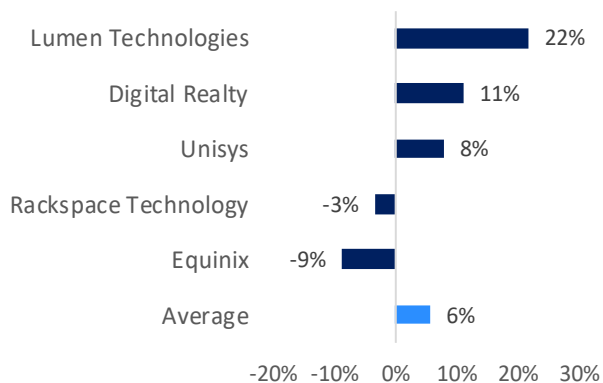
TEV / Rev X



Gross Margin %



Rev Growth YoY



Sector Snapshot

Q4 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
December 30, 2021	 CORESITe	 AMERICAN TOWER	<ul style="list-style-type: none"> CoreSite Realty, a data center rental and server company focused on retail co-location – or leasing smaller spaces to tenants per data center and be less concentrated than wholesale data center providers – was acquired by American Tower. With the transaction, American Tower will be well-positioned to address evolving customer needs through an enhanced value proposition for network and cloud providers, service integrators, and enterprise customers.
December 16, 2021	 BYTEWAVE DIGITAL	 SADA systems	<ul style="list-style-type: none"> SADA Systems has acquired ByteWave Digital, a provider of cloud-native digital systems intended to help businesses of all sizes unlock the power of the cloud. ByteWave develops applications for both web and mobile platforms and offers data warehousing, data migration, machine learning, visualization and enterprise support services, helping its customers to adopt, build, migrate and run enterprise business software on GCP, and the acquisition helps SADA expand its APAC business.
December 8, 2021	 Cloudreach	 Atos	<ul style="list-style-type: none"> Cloudreach, a provider of cloud computing and consultancy services based in London that specializes in loud application development, cloud migration, management and data analytics, helping enterprises win competitive advantage through successful cloud transformation, has been acquired by Atos. With the acquisition, Atos grows its position as the multi-cloud powerhouse, especially strengthening our global leadership position delivering AWS solutions.
December 2, 2021	 green cloud DEFENSE	 11:11 SYSTEMS	<ul style="list-style-type: none"> Green Cloud Defense is a provider of cloud services designed to offer value-add turnkey infrastructure support and help companies with cloud backup, cloud infrastructure, and disaster recovery management to stay protected from monumental loss of business-critical resources and client data. With the acquisition, 11:11 Systems significantly grows its independent channel-only cloud IaaS offerings.
November 30, 2021	 DevOpsGroup	 amdocs	<ul style="list-style-type: none"> DevOpsGroup, one of Wales' leading technology companies and an AWS advanced consulting partner as well as a Microsoft Azure gold partner, has been acquired by US software and services provider Amdocs. The deal provides Business Growth Fund, an original growth capital investor in DevOpsGroup, a profitable exit and the ability to still maintain a minority stake in the business.
October 27, 2021	 Circle.	 arrow	<ul style="list-style-type: none"> Circle IT is a provider of information technology consulting services specialized in cloud enablement, and offers managed support, Microsoft cloud services, cyber security, data center and networking, and other services. Arrow Business Communications has acquired Circle IT to enhance its own cloud, Microsoft, and networking capabilities.
October 6, 2021	 3RP	 Centrilogic	<ul style="list-style-type: none"> Centrilogic has acquired 3RP, a provider of managed services for Oracle Cloud Infrastructure, Oracle applications and database, business application and advisory services, and more. The acquisition allows Centrilogic, previously only a supporter of Microsoft Azure and Amazon Web Services, to enter the Oracle Cloud market.

About 7 Mile Advisors

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.



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Notable 7 Mile Transactions

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brillio

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a portfolio company of HADLEY

a portfolio company of BainCapital

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Daxos

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softwareONE

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Deloitte.

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PRAGMATIC WORKS

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TRINITY HUNT PARTNERS

