

7 Mile Advisors



# Sectorwatch: Digital Transformation

January 2022



# Digital Transformation

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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

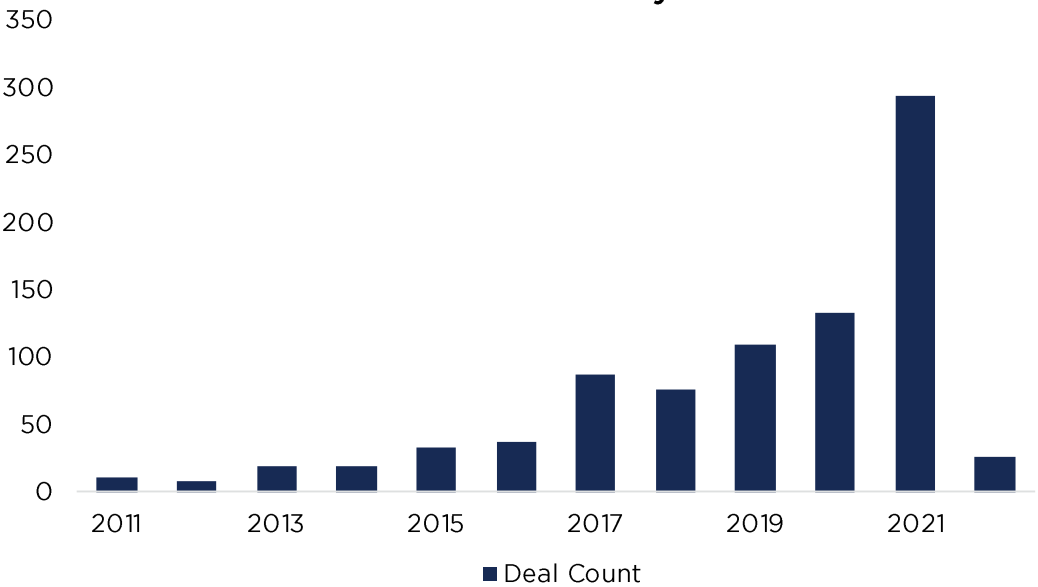
- The most recently announced deals in the sector

# Dashboard

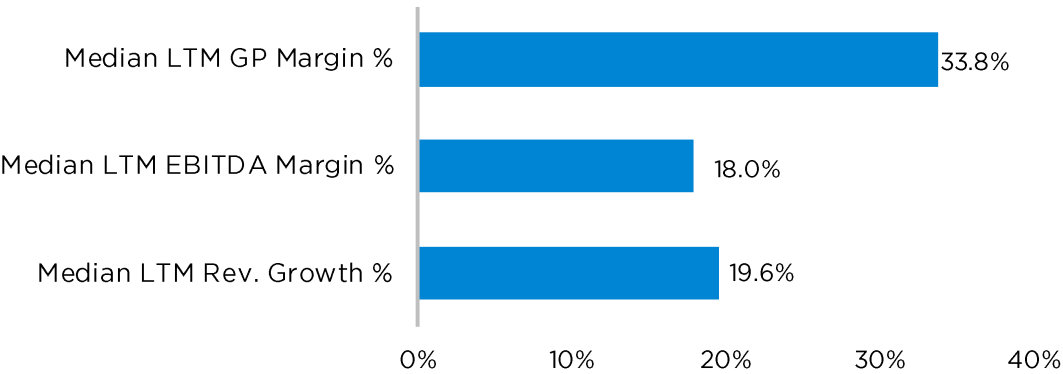
## REVENUE GROWTH MOMENTUM ↑9.2%

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

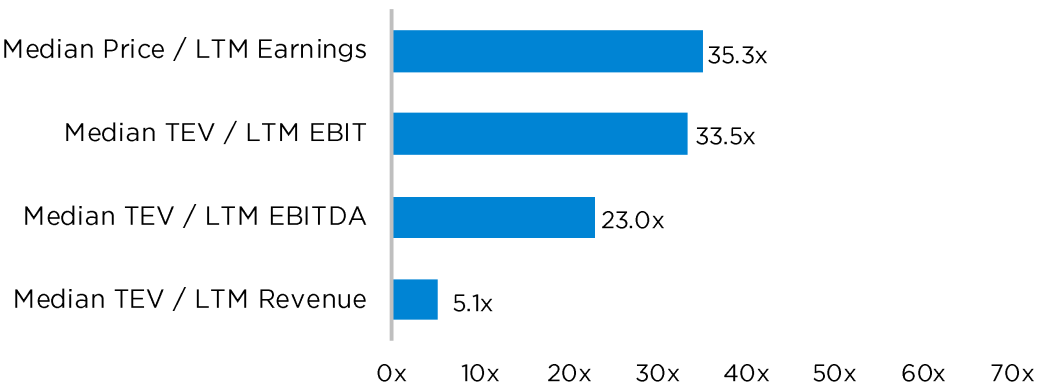
### M&A Activity



## Operating Metrics



## Valuation



# Public Basket Overview



Europe



United States



South America



Asia

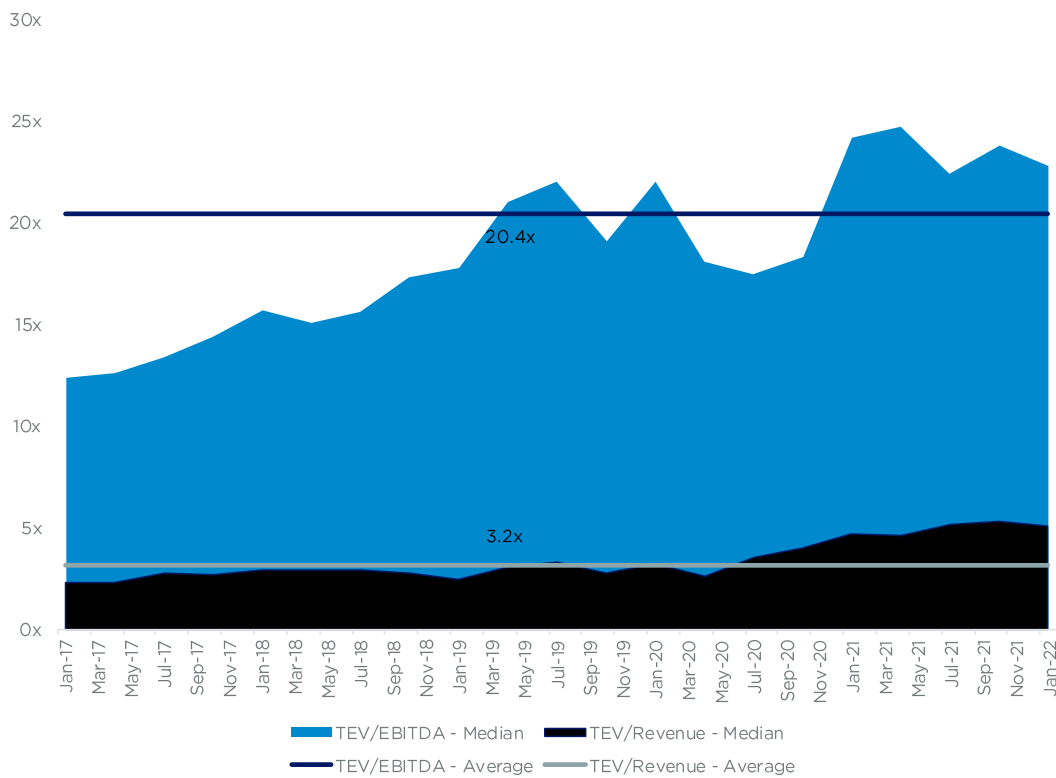


# Public Basket

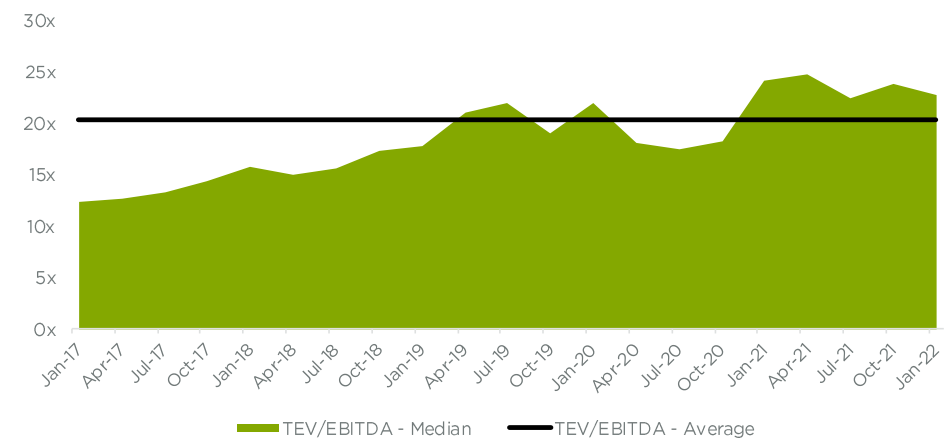
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava	6,963	157	682	37.1%	34.8%	23.0%	10.2x	44.5x	9,616	71
Globant	8,915	207	1,150	50.2%	38.2%	18.0%	7.8x	43.1x	21,849	53
WPP	19,840	2,848	16,878	0.8%	17.3%	16.9%	1.2x	7.0x	102,822	164
EPAM Systems	25,317	737	3,374	31.4%	34.1%	21.8%	7.5x	34.4x	41,168	82
Cognizant Technology Solutions	43,523	3,209	17,914	6.9%	37.3%	17.9%	2.4x	13.6x	318,400	56
Capgemini	46,122	2,875	20,239	15.5%	26.3%	14.2%	2.3x	16.0x	289,501	70
Infosys	98,515	4,283	15,644	19.0%	33.5%	27.4%	6.3x	23.0x	279,617	56
Accenture	210,708	8,913	53,736	20.1%	32.3%	16.6%	3.9x	23.6x	674,000	80
<b>Average</b>	57,488	2,904	16,202	22.6%	31.7%	19.5%	5.2x	25.6x	217,122	79
<b>Median</b>	34,420	2,862	16,261	19.6%	33.8%	18.0%	5.1x	23.3x	191,220	70

share price as of 24Jan22

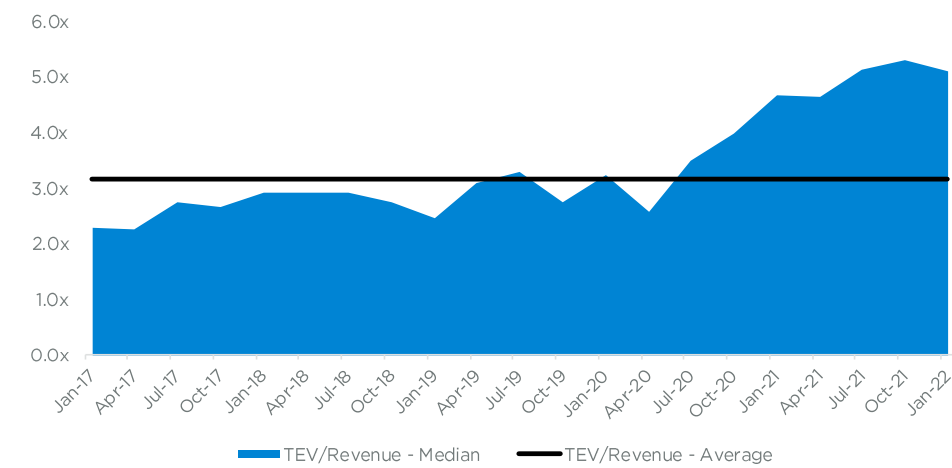
# Public Basket



## Public EBITDA Multiples over Time

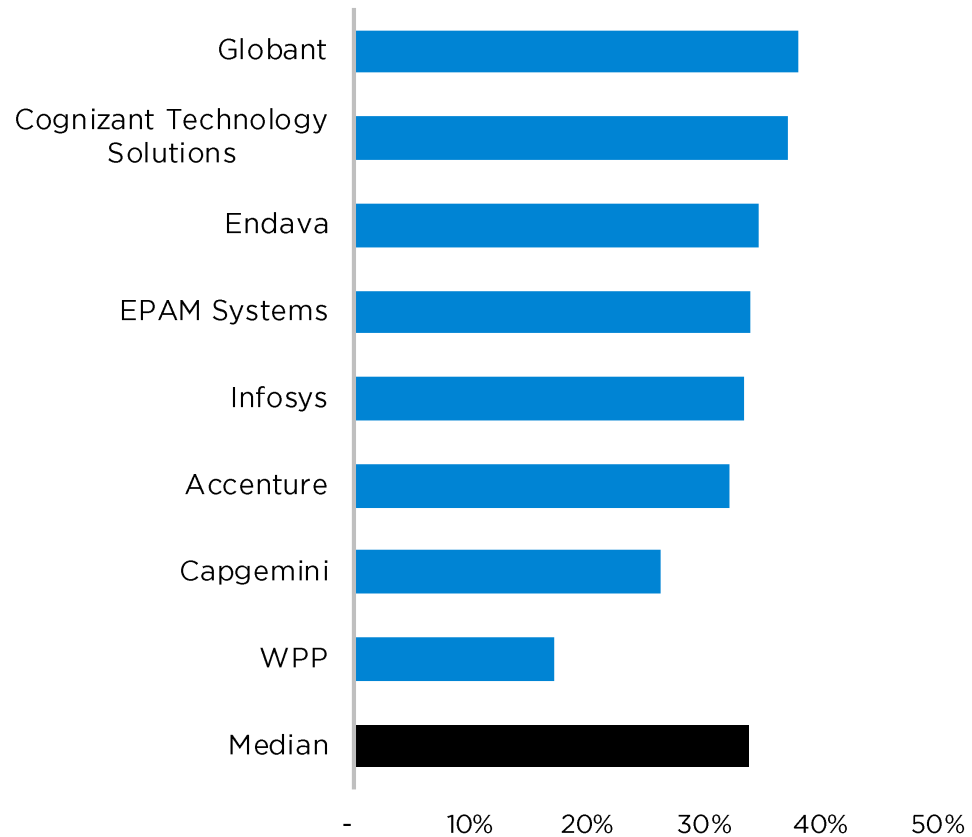


## Public Revenue Multiples over Time

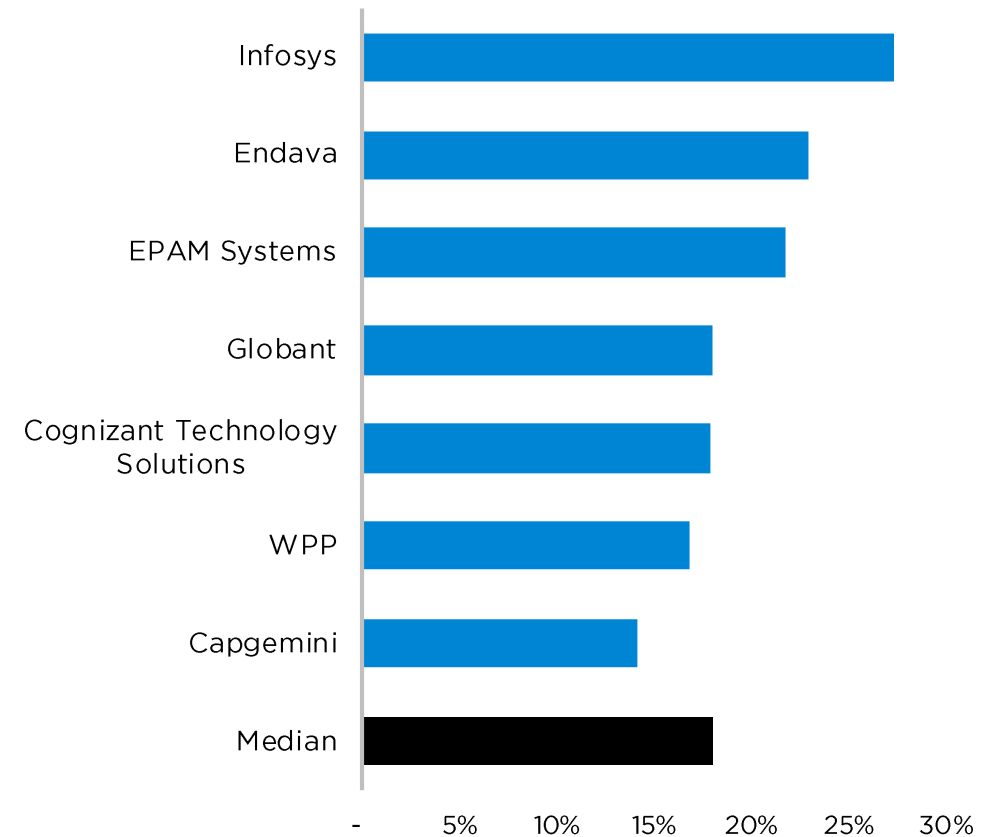


# Operational Metrics

LTM Gross Profit Margin %



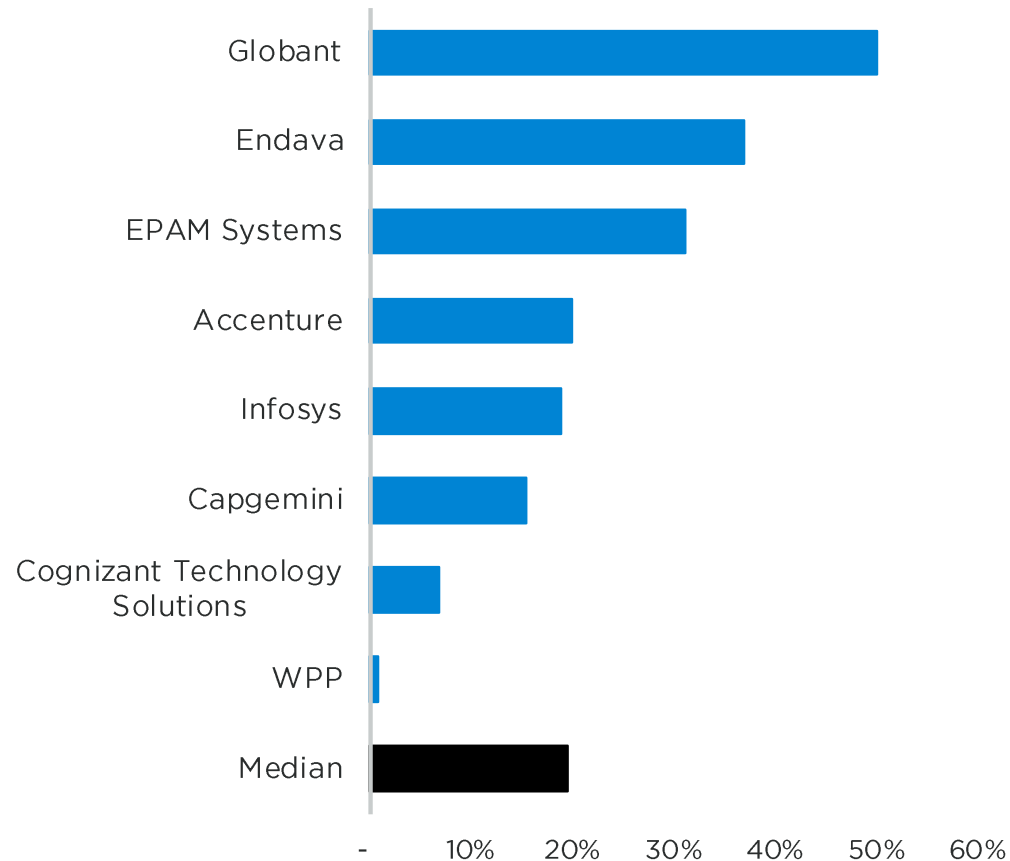
LTM EBITDA %



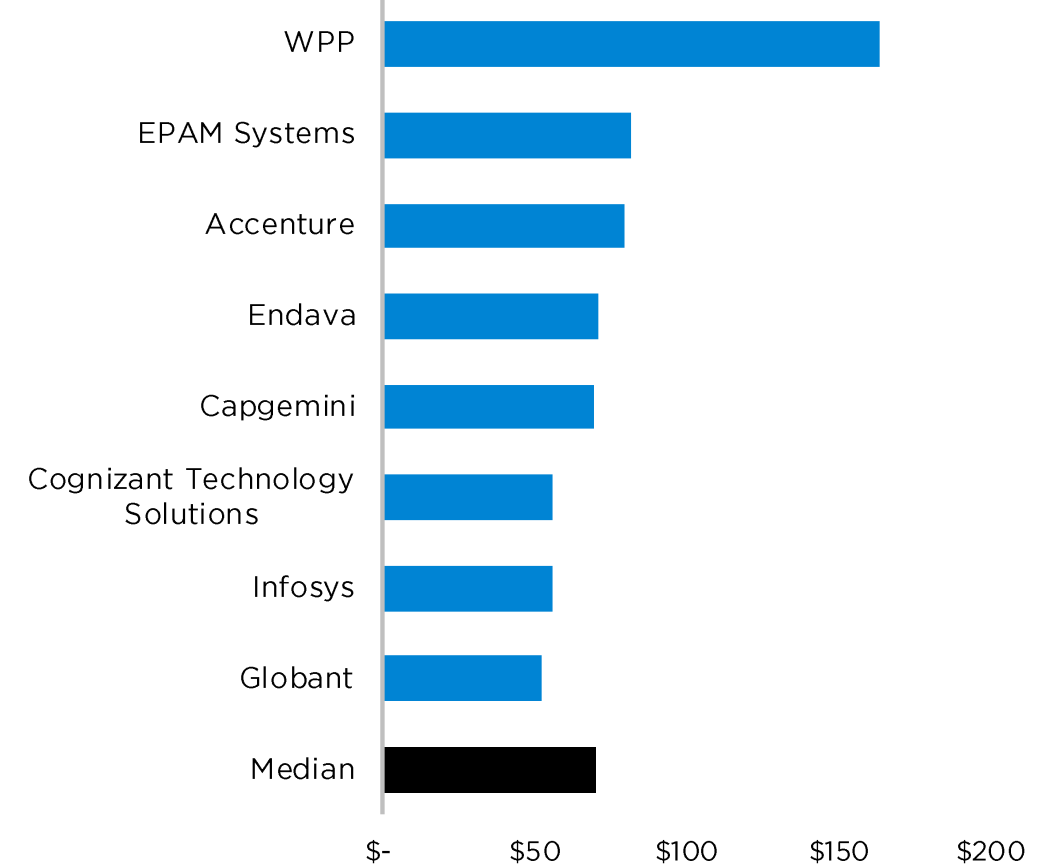


# Operational Metrics

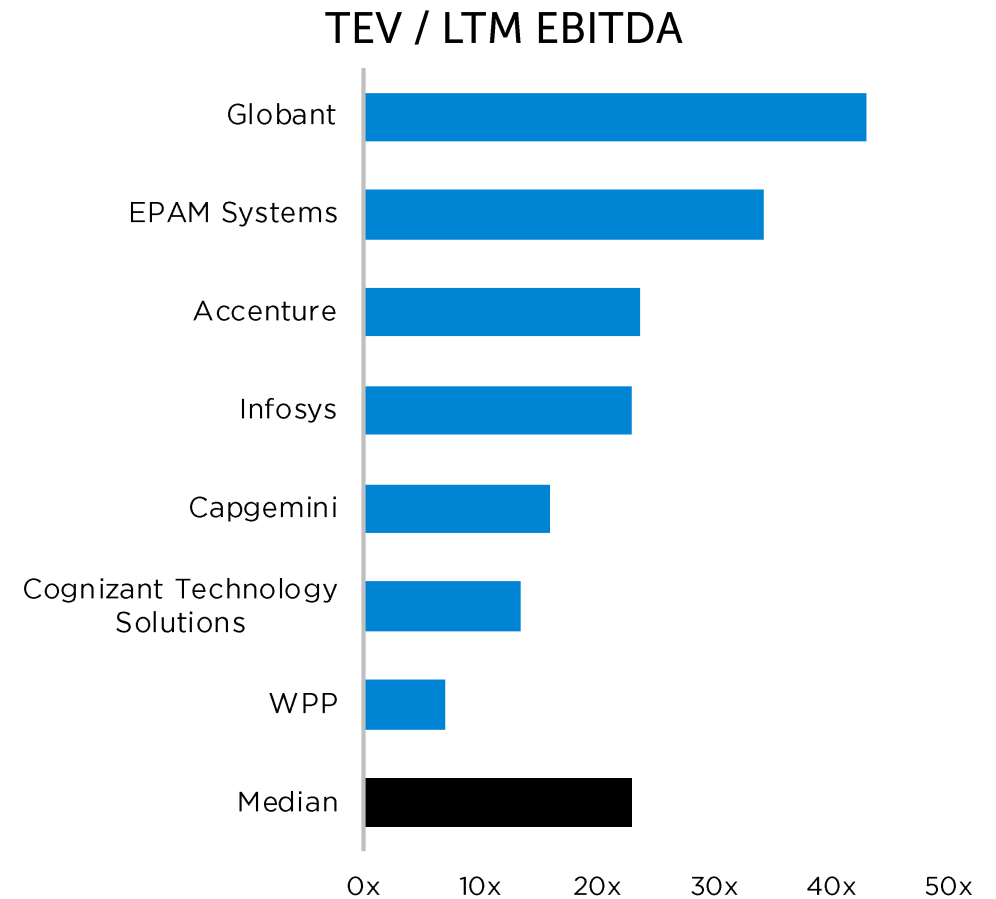
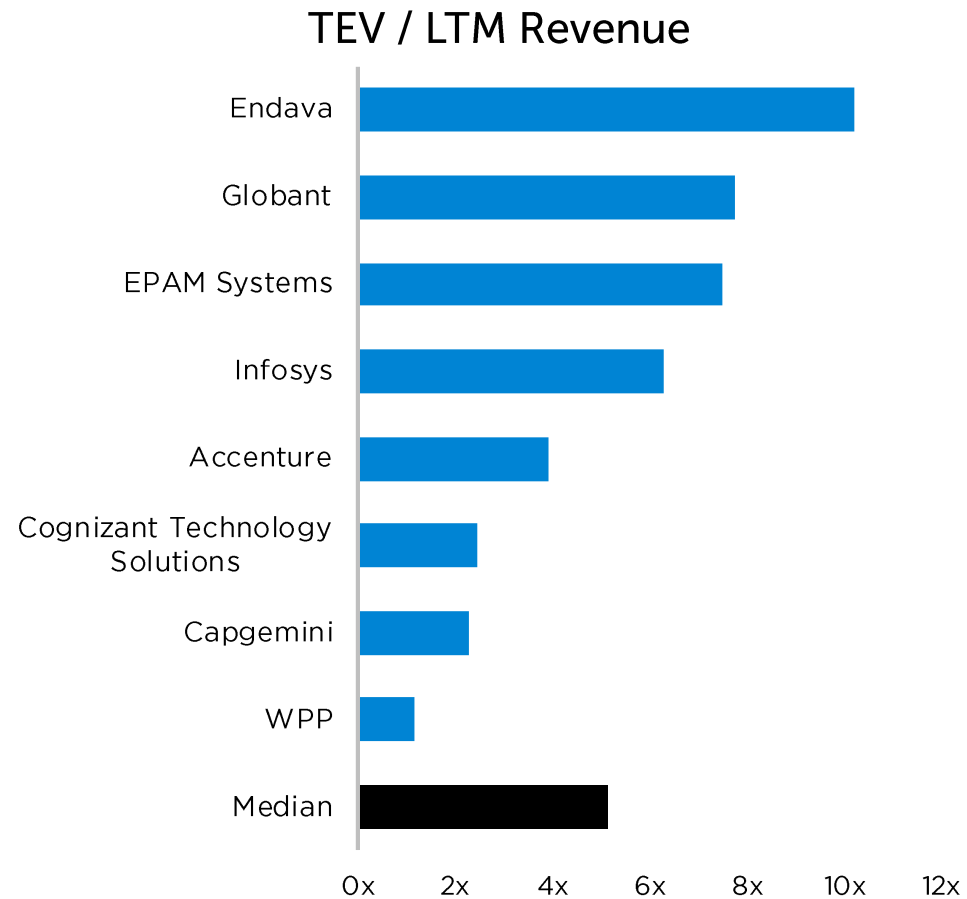
LTM Revenue Growth %



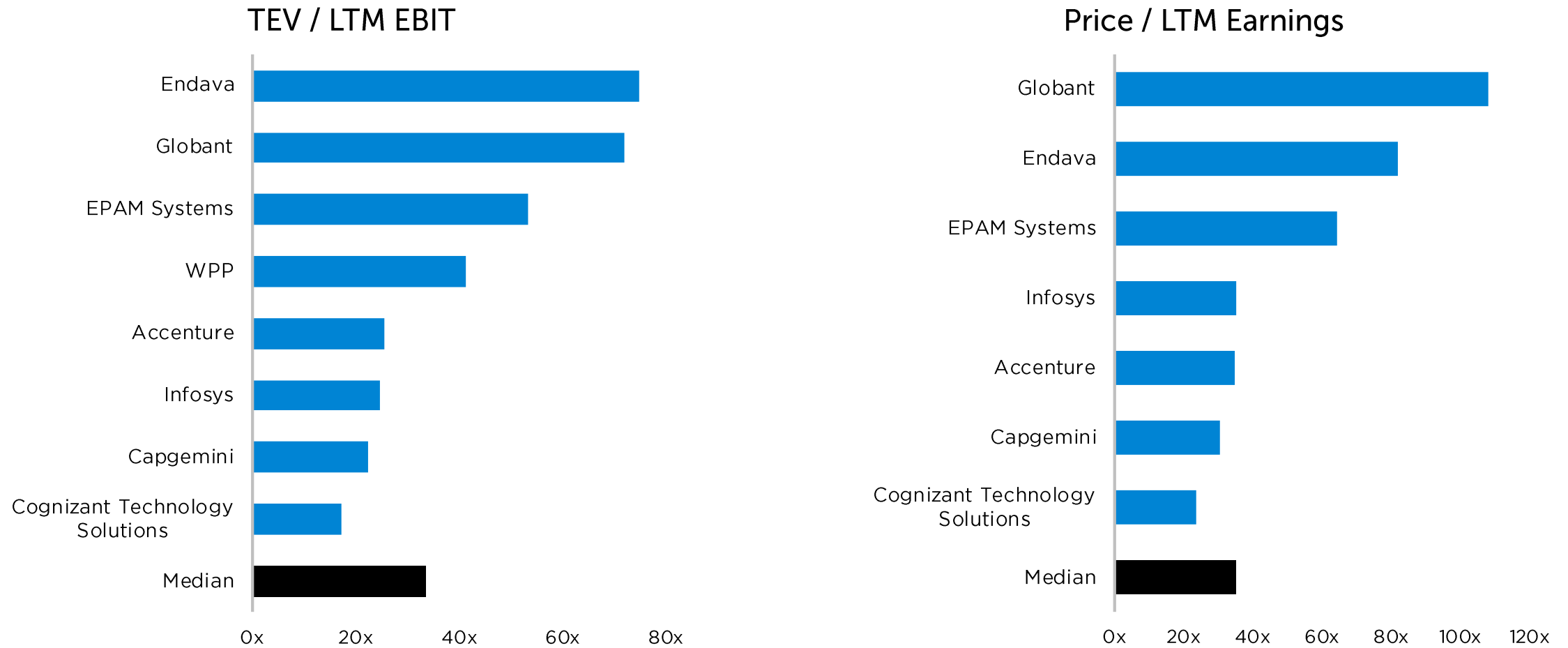
LTM Revenue per Full Time Employee x 000's



# Valuation

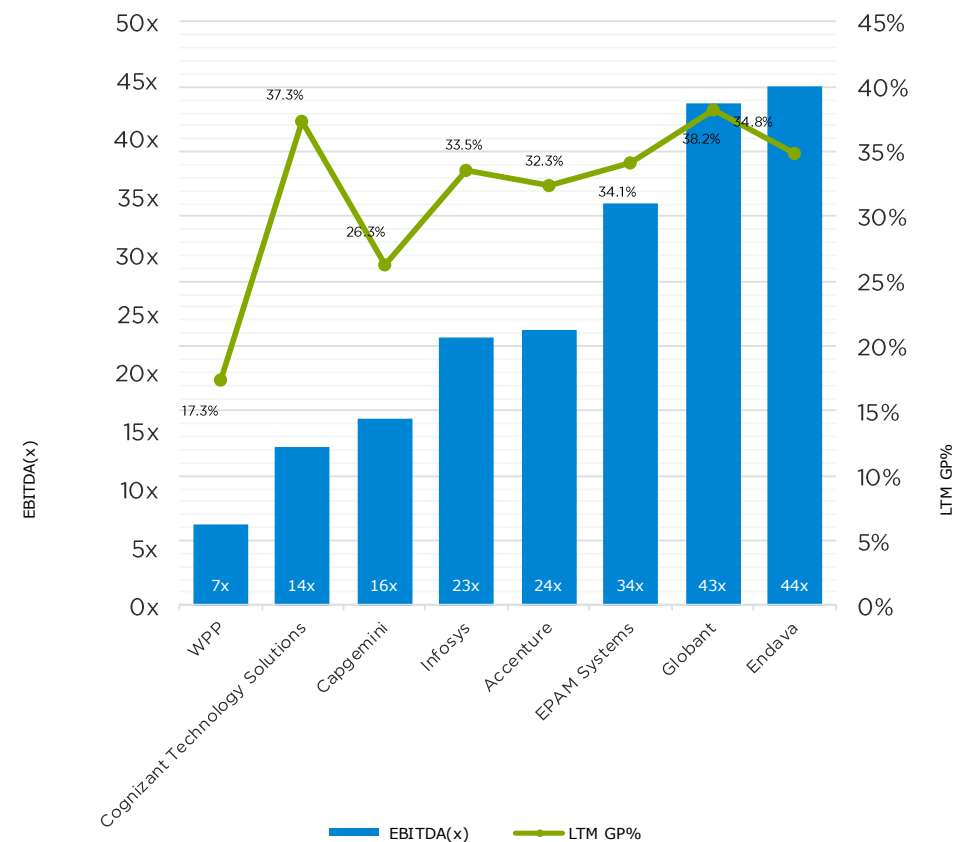


# Valuation

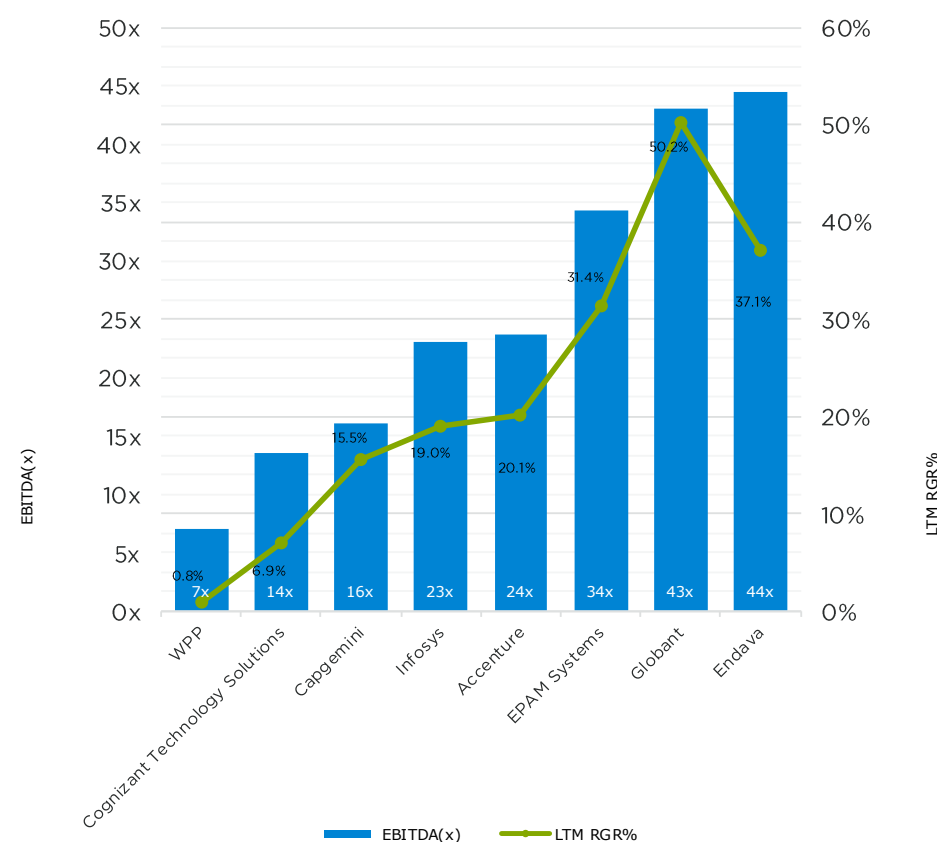


# Valuation

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
21-Jan-22	UKCloud	BGF	-	-	-	-
19-Jan-22	CloudSnap	Paylocity	-	-	-	-
18-Jan-22	Clearpath Solutions Group	Computer Design & Integration	-	-	-	-
18-Jan-22	Com Tec Co IT	Tech Mahindra	351.70	-	-	-
18-Jan-22	Datarati	Delta-v Capital	-	-	-	-
17-Jan-22	Silverlink Software	Alcidion Group	44.04	-	-	-
17-Jan-22	Total Cloud IT	Intelitechs	-	-	-	-
14-Jan-22	SD&C Solutions Development & Somo	Auctus Capital Partners	-	-	-	-
14-Jan-22	ICSynergy International	CI&T	79.10	-	-	-
13-Jan-22	Seliom	iC Consult	-	-	-	-
13-Jan-22	ActionPoint	GovOS	-	-	-	-
12-Jan-22	Hannah Grey Ventures	Viatel	-	-	-	-
12-Jan-22	Management Science & Innovation	Stagwell	-	-	-	-
12-Jan-22	Neal Analytics	Center Element Capital	-	-	-	-
11-Jan-22	Wind River Systems	Apax Partners	-	-	-	-
11-Jan-22	Enowa	Aptiv	4300.00	-	-	-
10-Jan-22	Pamafe - Informática	Reply	-	-	-	-
10-Jan-22	ALFUN	Ricoh Europe	-	-	-	-
06-Jan-22	Hmh Advertising Pub Relations	Devoteam	-	-	-	-
06-Jan-22	Uditis	Broadhead	-	-	-	-
06-Jan-22	COBIS	dbi services (Delémont)	-	-	-	-
05-Jan-22	Direct ICT	Topaz (Uruguay)	-	-	-	-
05-Jan-22	O'Shares Investments	Exite ICT	-	-	-	-
04-Jan-22	NST Systems	SS&C Technologies	-	-	-	-
03-Jan-22		Charles IT	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



## Endava

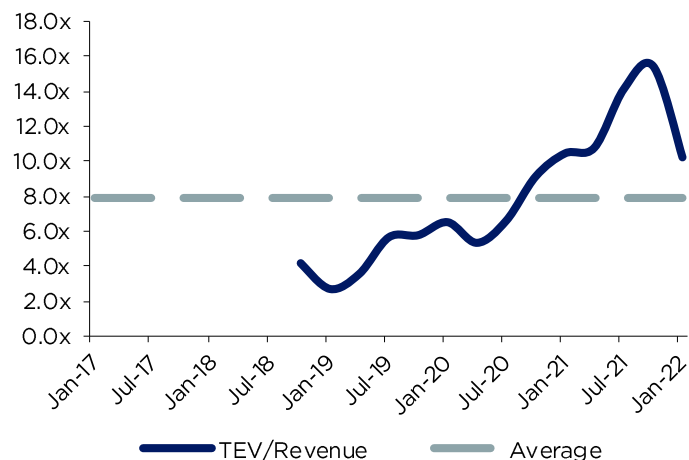
# Endava PLC provides technology solutions.

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.

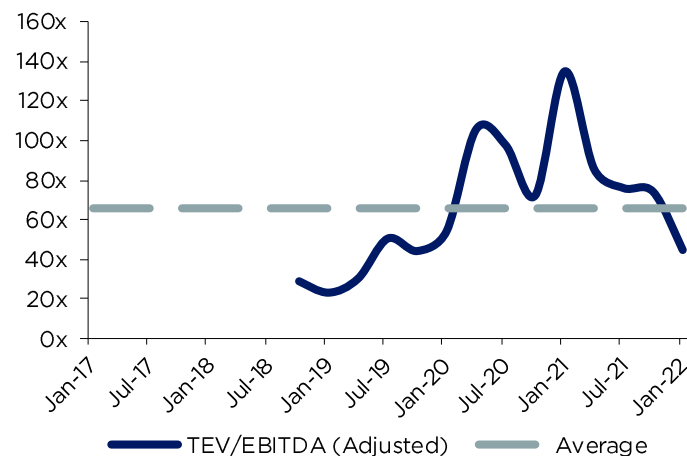
# Public Basket

Endava

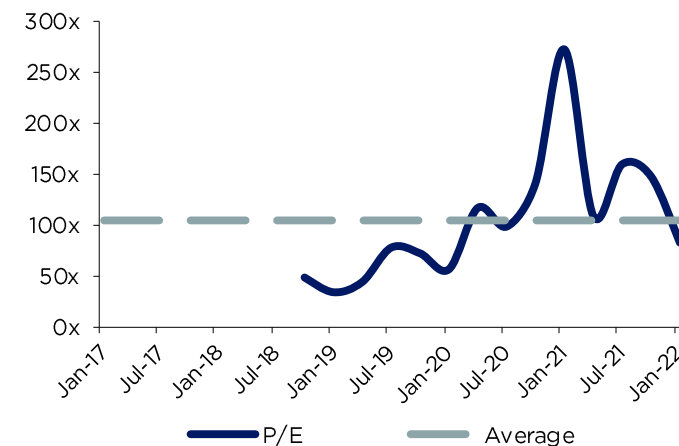
Revenue Multiples - Endava



EBITDA Multiples - Endava



P/E Multiples - 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 was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for GBP 24.92 million 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.



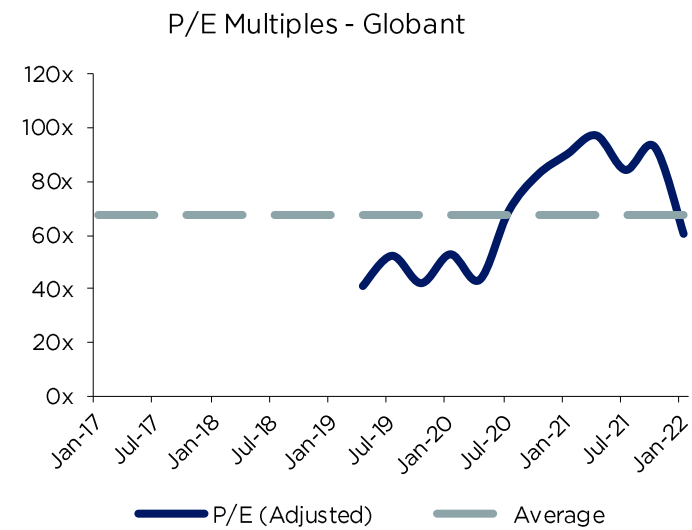
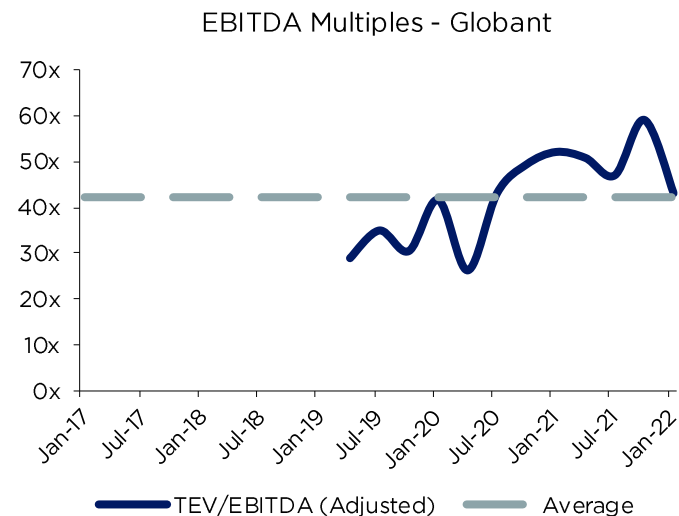
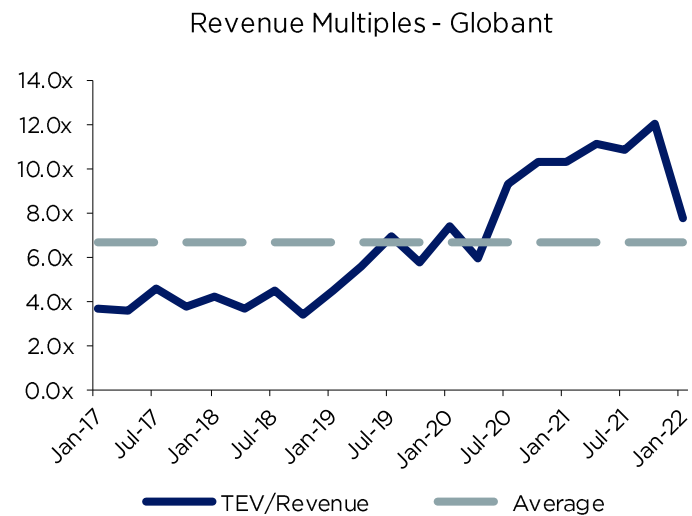
## Globant

# 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



Company Name	Date	Deal Synopsis
Navint Partners	15-Nov-21	The company reached a definitive agreement to be acquired by Globant (NYS: GLOB) for an undisclosed amount on November 15, 2021. As a part of this transaction, Boathouse Capital will sell its stake in the company.
Atix Labs	05-Oct-21	The company was acquired by Globant (NYS: GLOB) for an undisclosed amount on October 5, 2021.

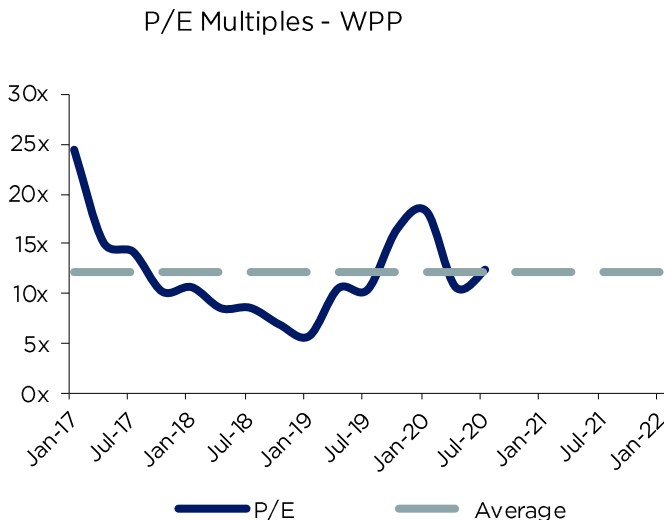
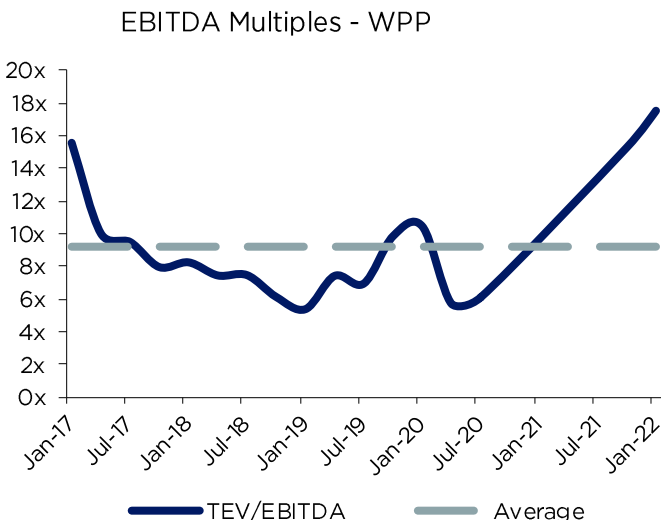
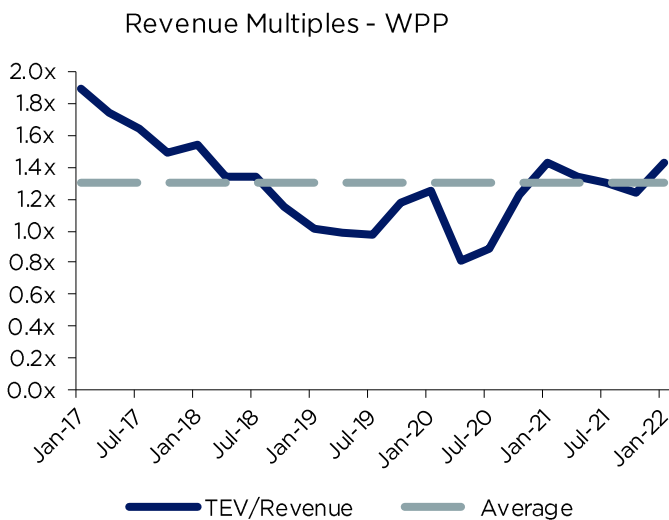
WPP

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



Company Name	Date	Deal Synopsis
Made Thought	06-Dec-21	The company was acquired by WPP (LON: WPP) for an undisclosed amount on December 6, 2021. The acquisition will enable each studio to maintain creative independence while facilitating collaboration to deliver connected, cross-platform work, harnessing the specialist talent from across all design disciplines.
Cloud Commerce Pro	30-Nov-21	The company was acquired by WPP (LON: WPP) for an undisclosed amount on November 30, 2021. This acquisition reflects WPP's ongoing investment into strengthening its commerce offer for clients and is aligned with WPP's accelerated growth strategy and focused M&A approach, building on existing capabilities in the areas of experience, commerce and technology.

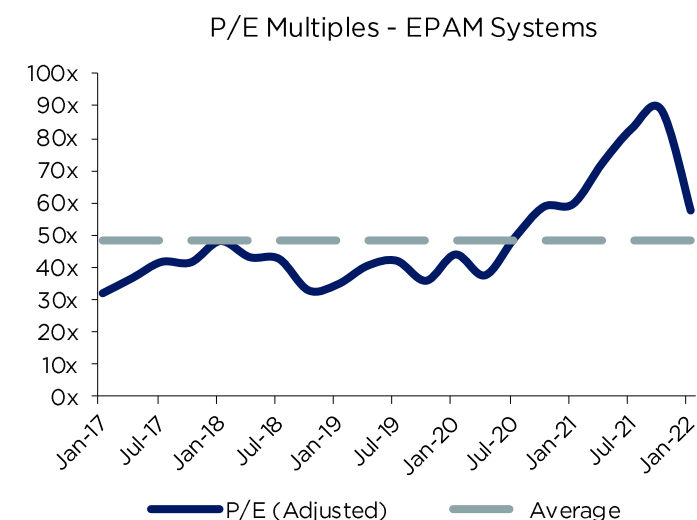
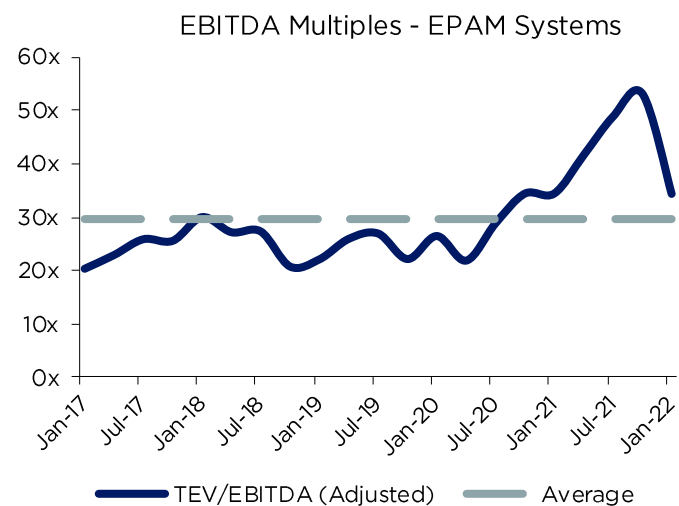
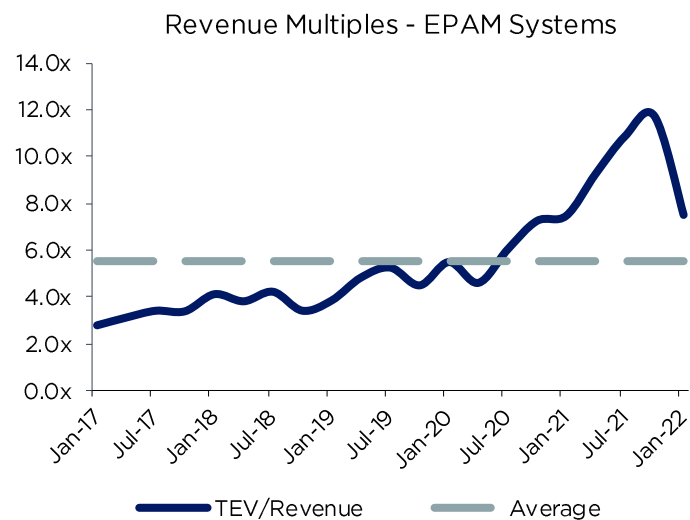
### EPAM Systems

**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 clients.

# Public Basket

## EPAM Systems



Company Name	Date	Deal Synopsis
Optiva Media	14-Dec-21	The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on December 14, 2021. The acquisition enables EPAM Systems to enhance its valuable end-to-end delivery capability.
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.

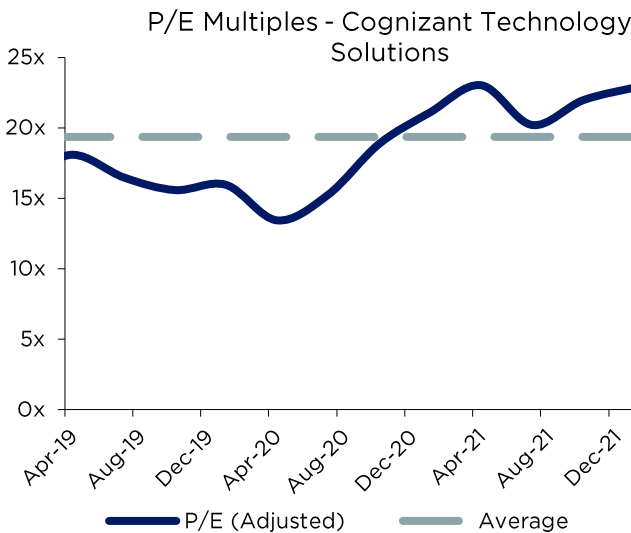
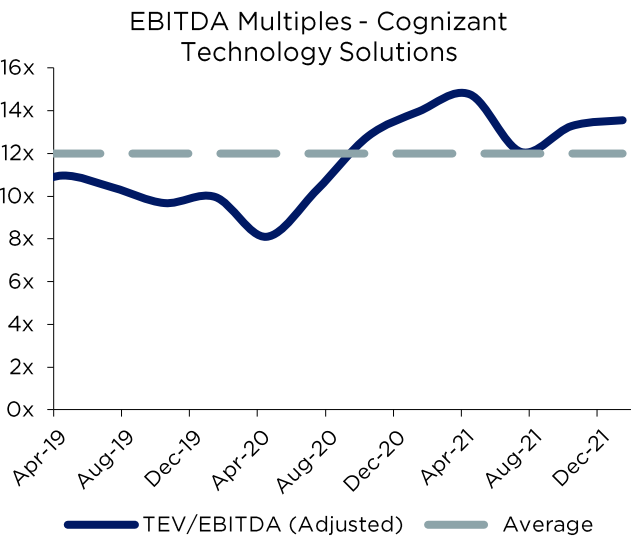
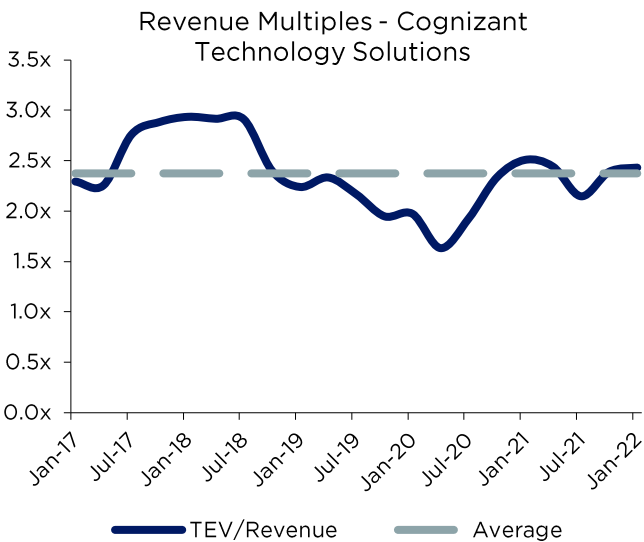
### Cognizant Technology Solutions

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	30-Jul-21	The company was acquired by Cognizant Technology Solutions (NAS: CTSH) for an undisclosed amount on July 30, 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.



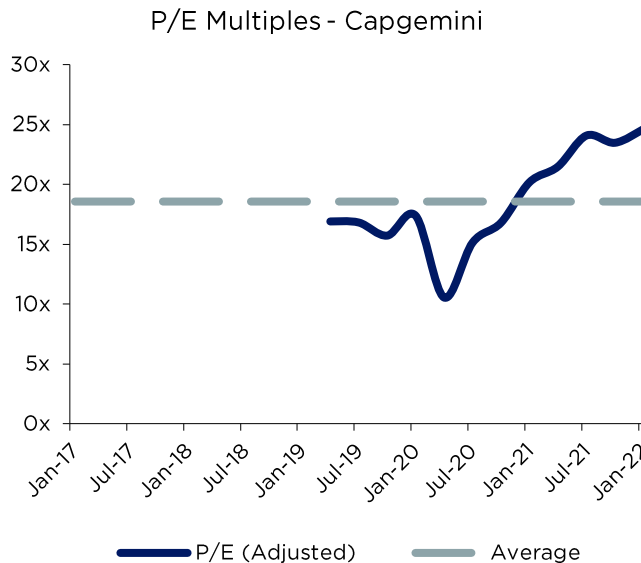
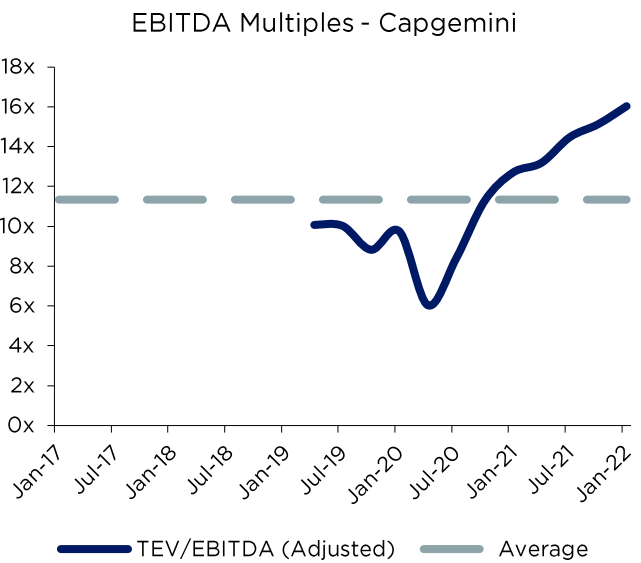
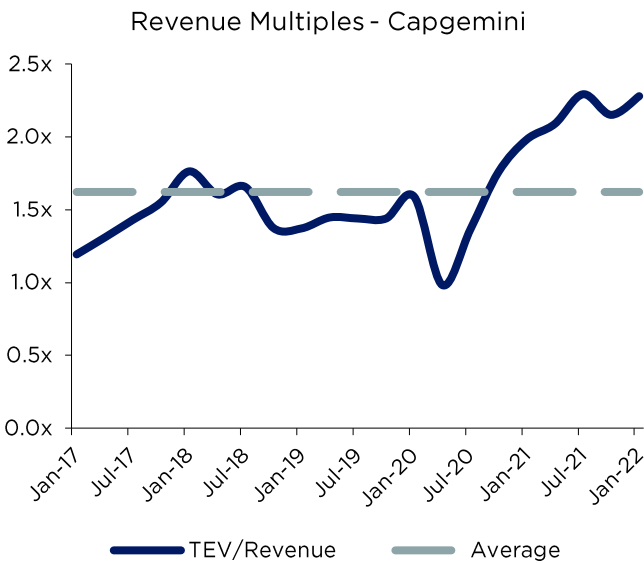
## Capgemini

**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	01-Dec-21	The company was acquired by Capgemini (PAR: CAP) for an undisclosed amount on December 1, 2021. The acquisition allows Capgemini to increase its capabilities in software development, cybersecurity, and cloud services to support federal agencies.
Possible Future	25-Nov-21	The company was acquired by Capgemini (PAR: CAP) for an undisclosed amount on November 25, 2021. The acquisition will give the company the ability to improve its access to the market, to go and work on all the sectors on which they had not had the opportunity to focus and which, need to be rethought.

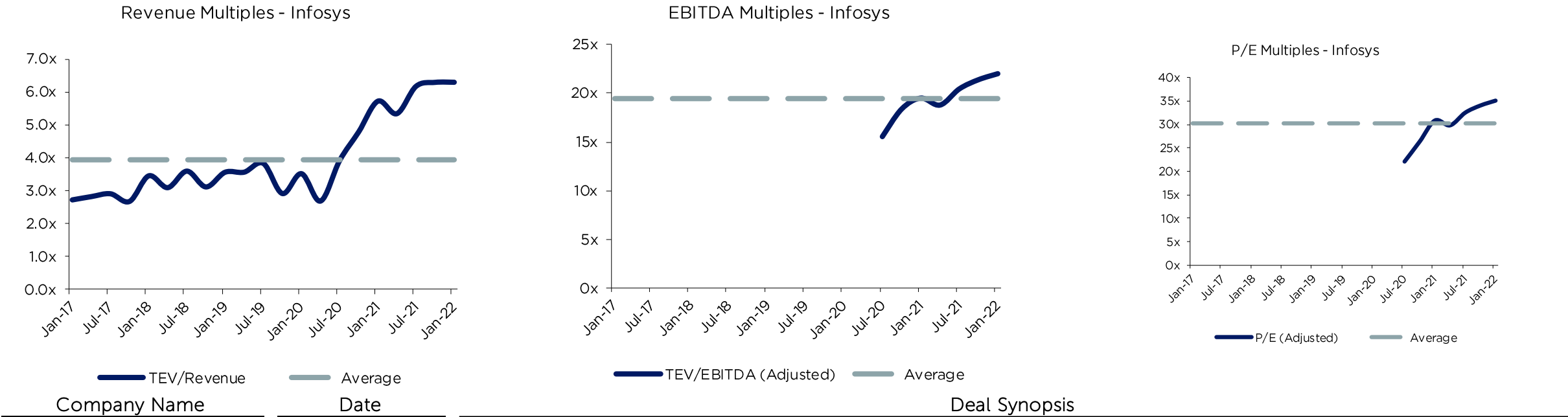
## Infosys

**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



TidalScale	16-Aug-21	The company raised an estimated additional \$24.86 million of Series B venture funding from Infosys and other undisclosed investors on August 16, 2021, putting the company's pre-money valuation at \$57.9 million. 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

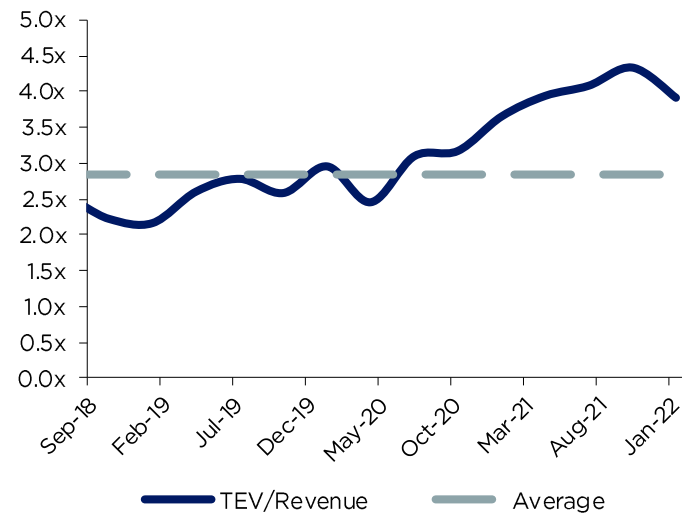
**Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.**

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.

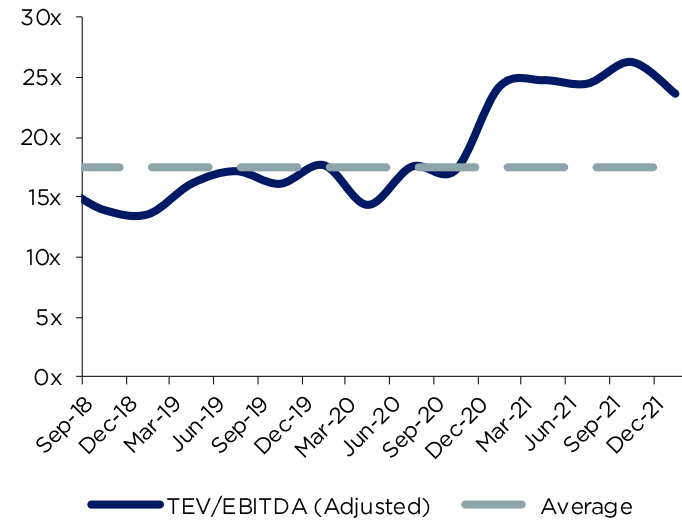
# Public Basket

Accenture

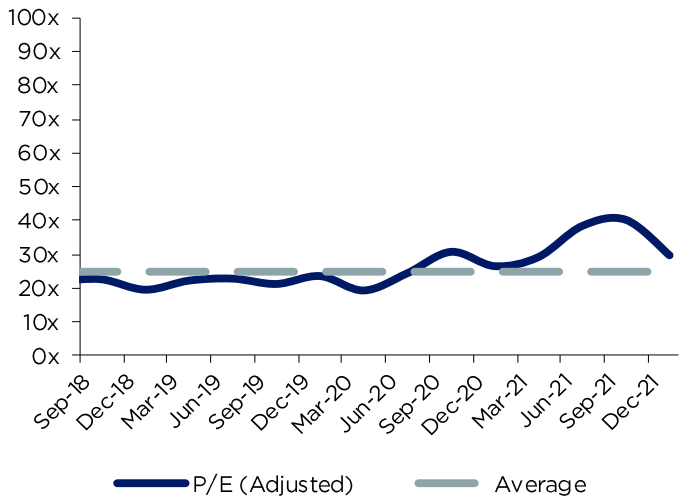
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name	Date	Deal Synopsis
tambourine (Japan)	22-Dec-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on December 22, 2021.
Zestgroup	16-Dec-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on December 16, 2021. This acquisition enhance Accenture's ability to build more trusted, circular and net-zero value chains while driving social and economic benefits for all stakeholders.

# 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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