

7 Mile Advisors



Sectorwatch:

IT Consulting

January 2022



IT Consulting

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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

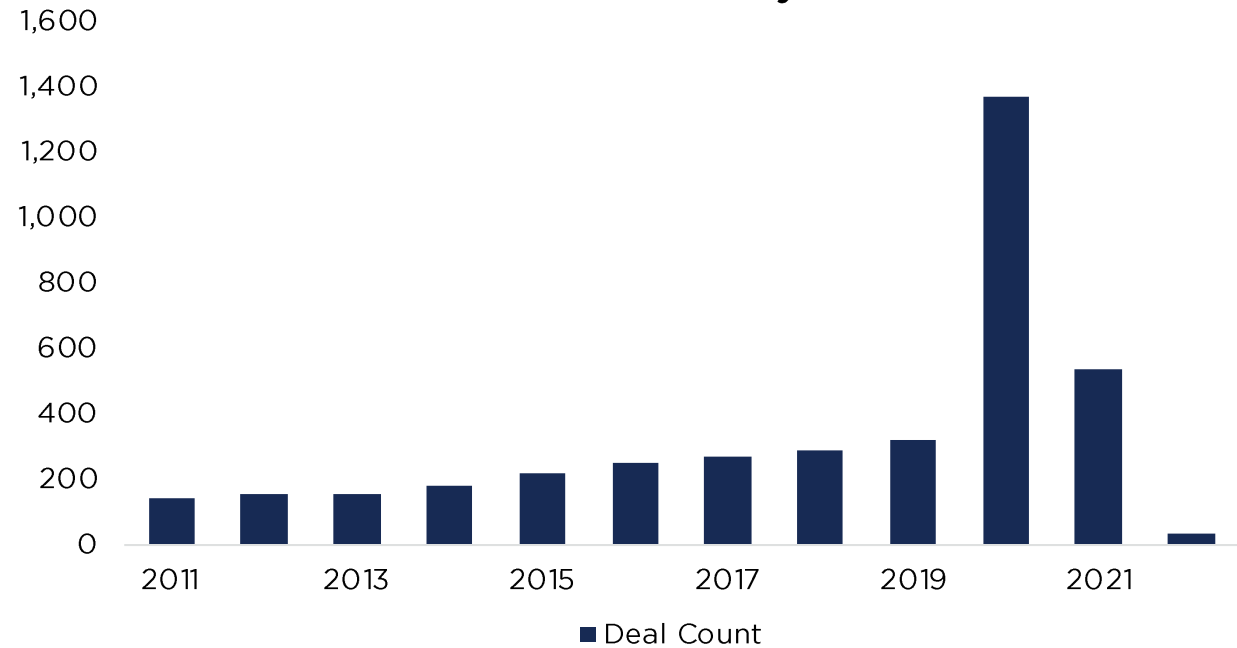
- The most recently announced deals in the sector

Dashboard

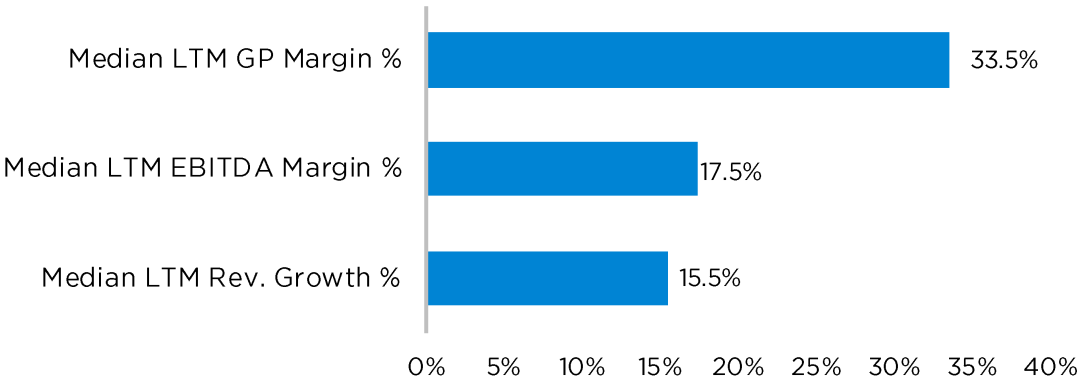
REVENUE GROWTH MOMENTUM ↑5.4%

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

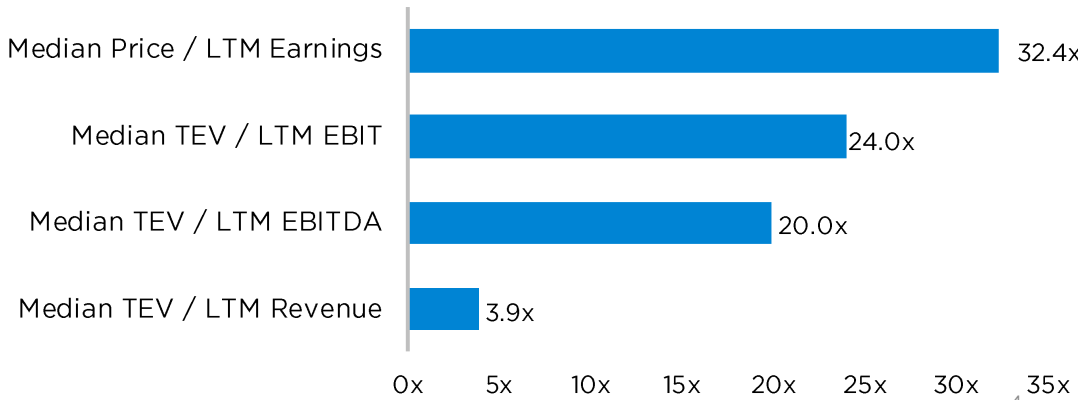
M&A Activity



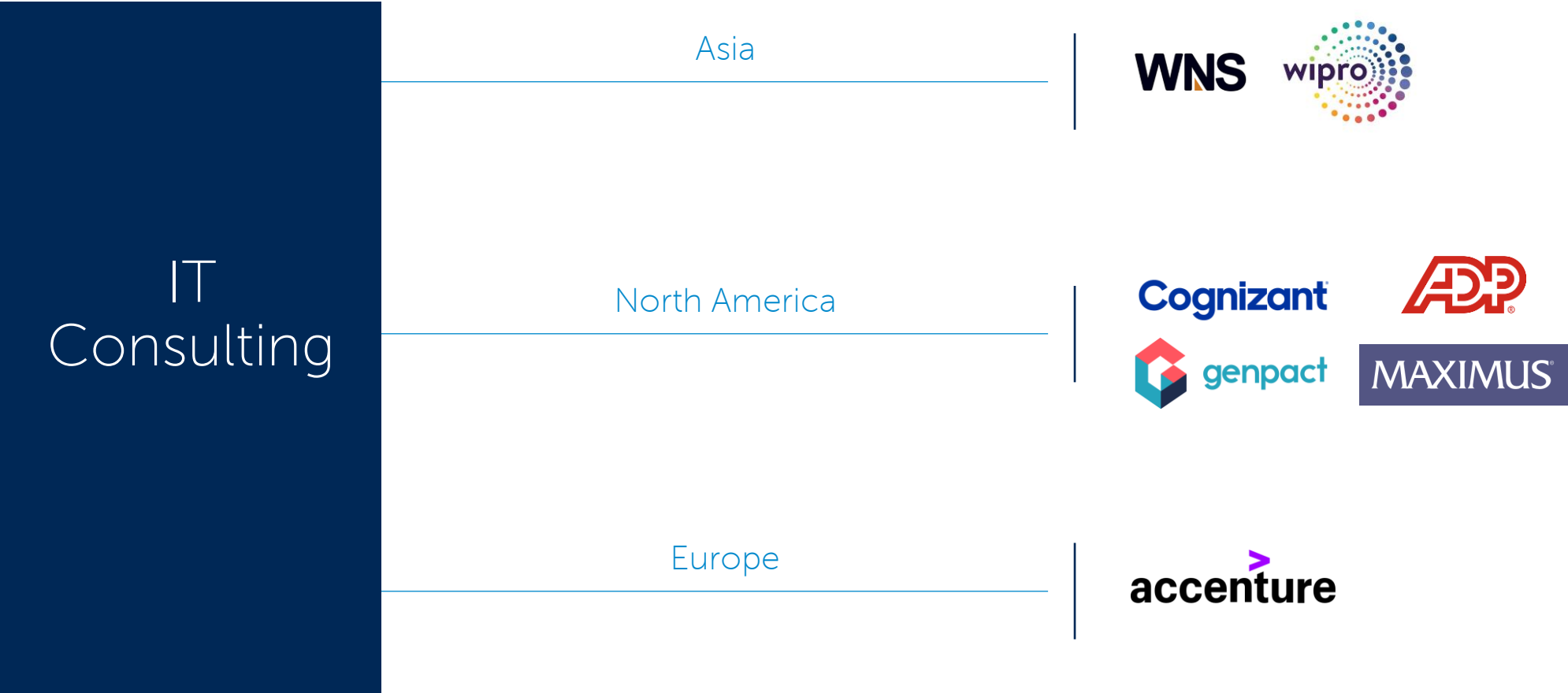
Operating Metrics



Valuation



Public Basket Overview

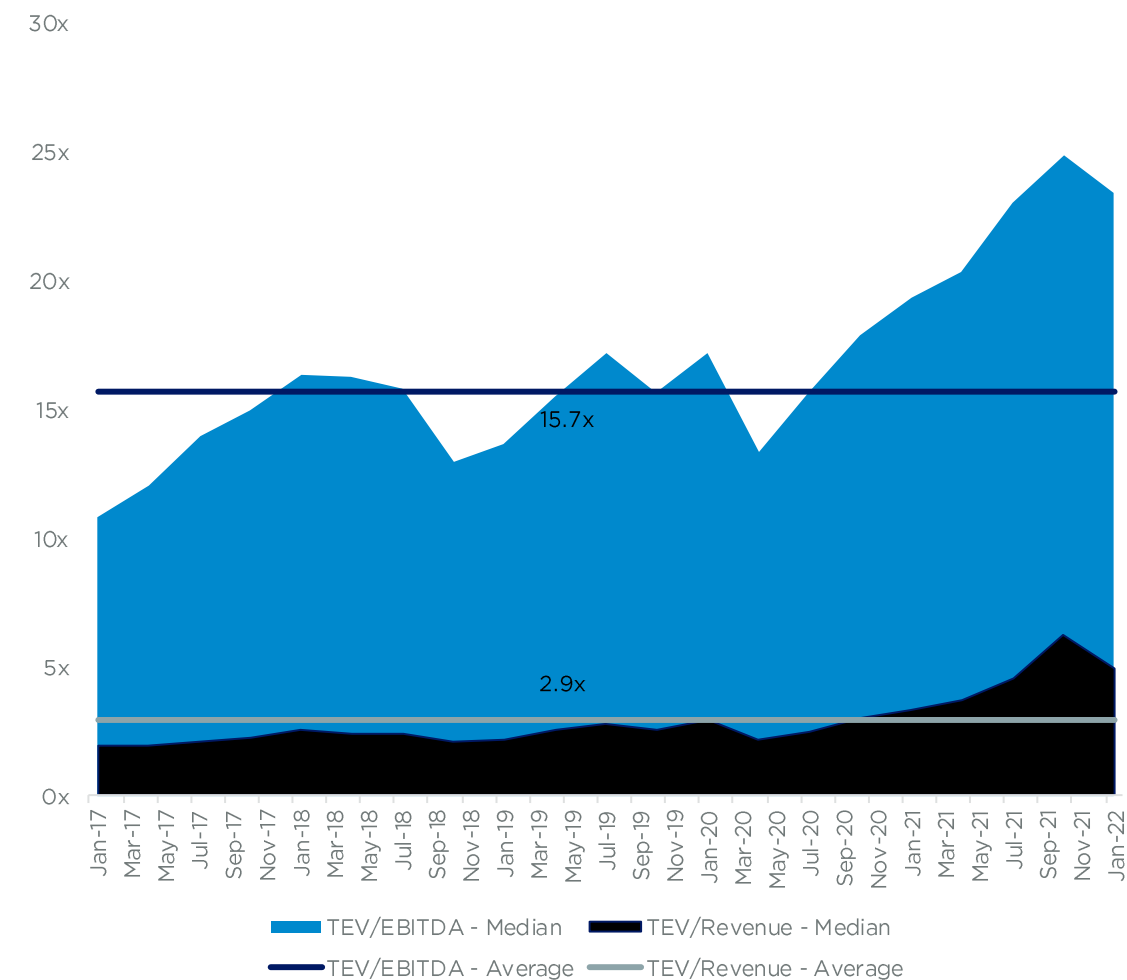


Public Basket

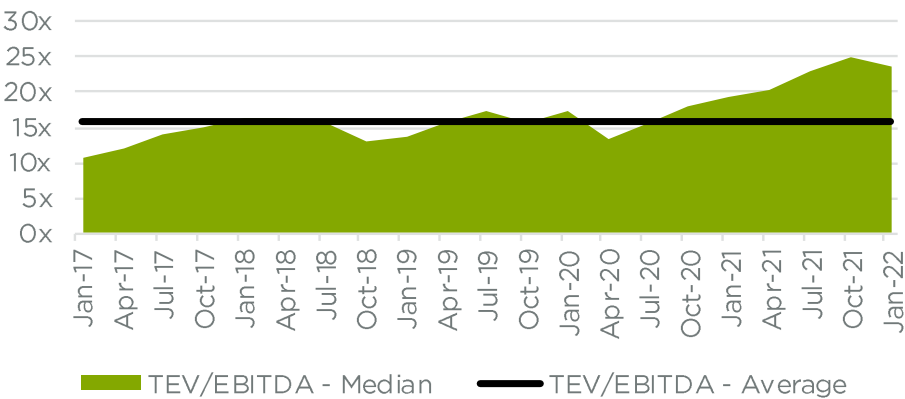
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Perficient	3,507	120	709	19.2%	38.3%	16.9%	4.9x	29.3x	6,000	118
Persistent Systems	4,020	123	701	29.6%	40.0%	17.5%	5.7x	32.7x	10,632	66
Reply	5,976	299	1,714	15.0%	17.3%	17.5%	3.5x	20.0x	9,880	174
Genpact	10,442	689	3,901	5.4%	35.9%	17.7%	2.7x	15.2x	105,400	37
CGI Group	22,370	1,875	9,586	-0.3%	22.4%	19.6%	2.3x	11.9x	80,000	120
Wipro	39,438	2,250	10,073	21.3%	30.5%	22.3%	3.9x	17.5x	220,000	46
Cognizant Technology Solutions	43,964	3,108	17,914	6.9%	37.3%	17.3%	2.5x	14.1x	318,400	56
Capgemini	43,794	2,503	20,239	15.5%	26.3%	12.4%	2.2x	17.5x	289,501	70
Infosys	95,795	4,256	15,644	19.0%	33.5%	27.2%	6.1x	21.5x	279,617	56
Tata Consultancy Services	180,952	6,921	25,003	15.2%	47.1%	27.7%	7.2x	25.5x	509,058	49
Accenture	212,839	9,064	53,736	20.1%	32.3%	16.9%	4.0x	23.5x	674,000	80
Average	60,282	2,837	14,475	15.2%	32.8%	19.4%	4.1x	20.8x	227,499	79
Median	39,438	2,250	10,073	15.5%	33.5%	17.5%	3.9x	20.0x	220,000	66

share price as of 25Jan22

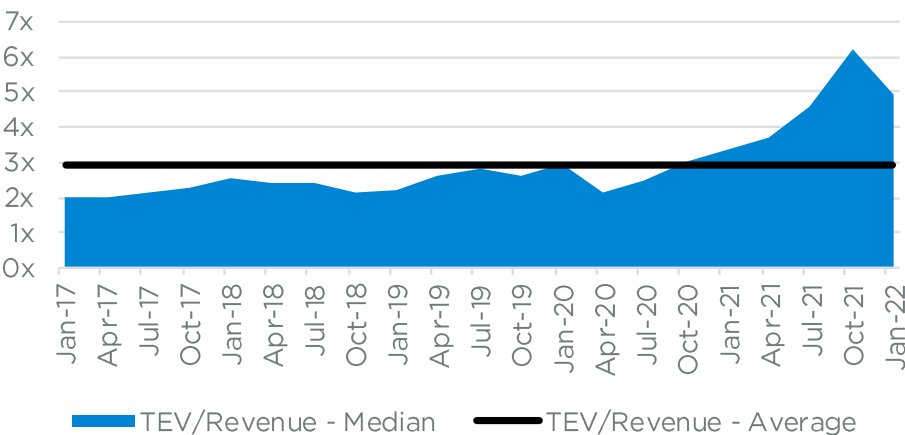
Public Basket



Public EBITDA Multiples over Time

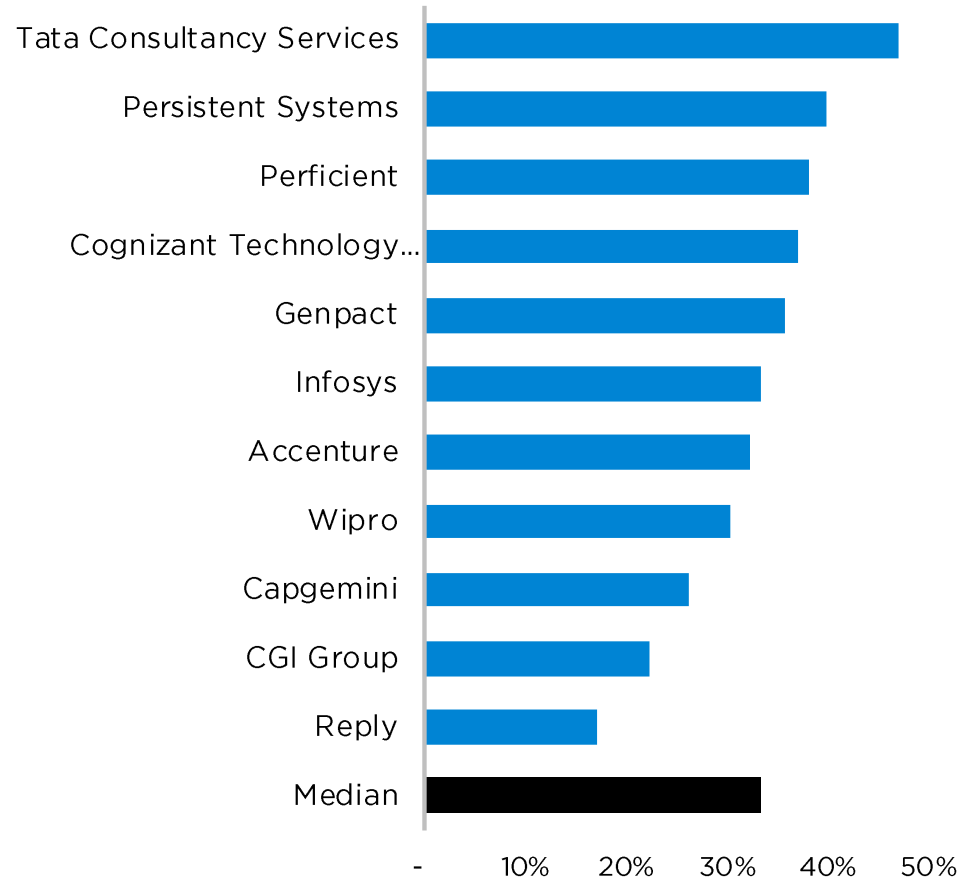


Public Revenue Multiples over Time

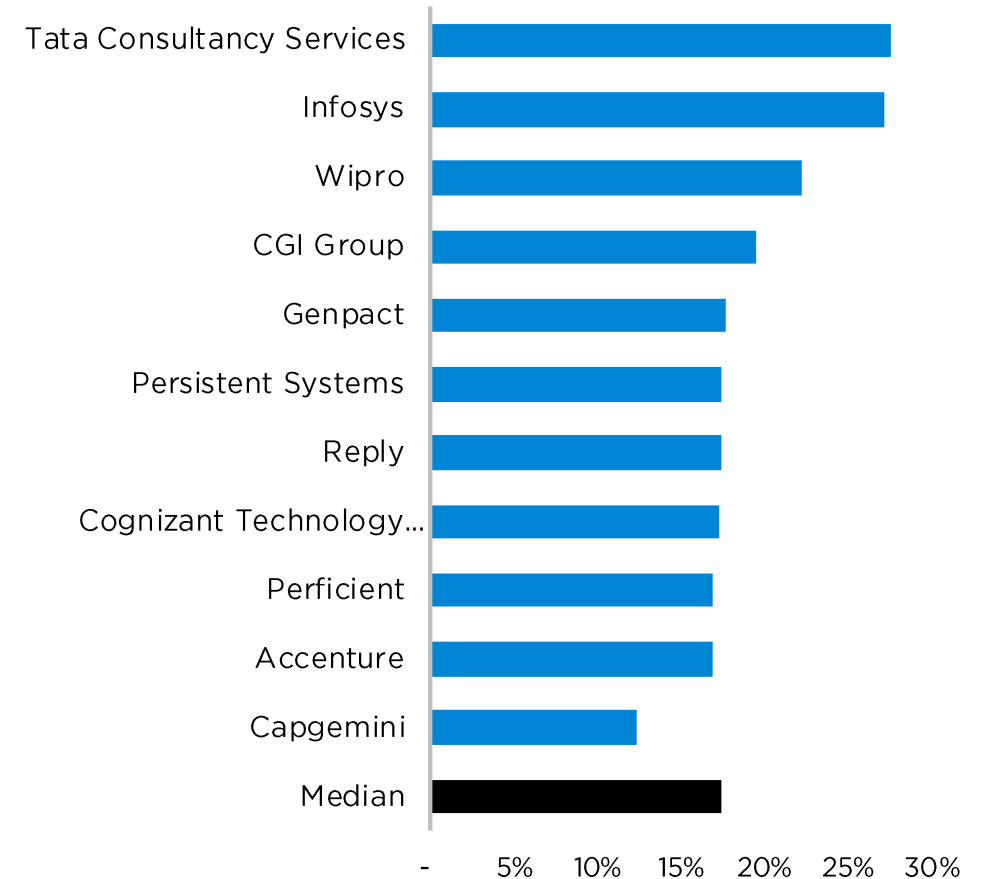


Operational Metrics

LTM Gross Profit Margin %

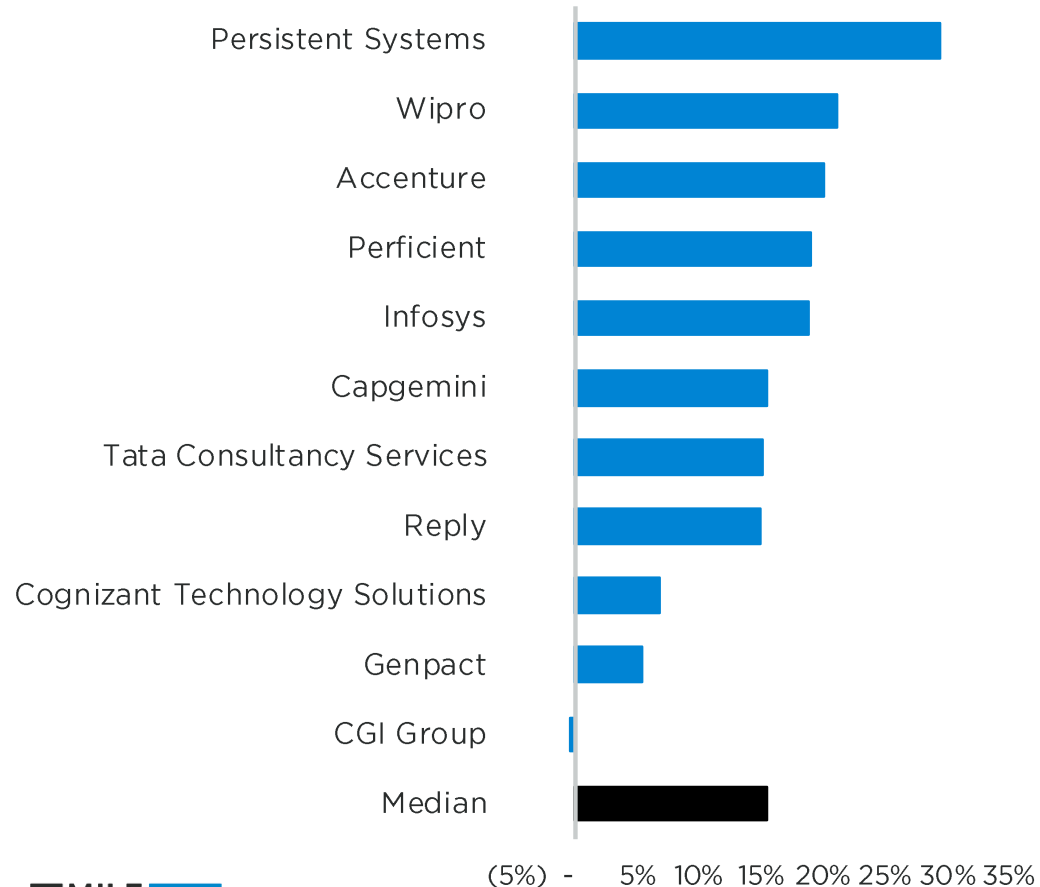


LTM EBITDA %

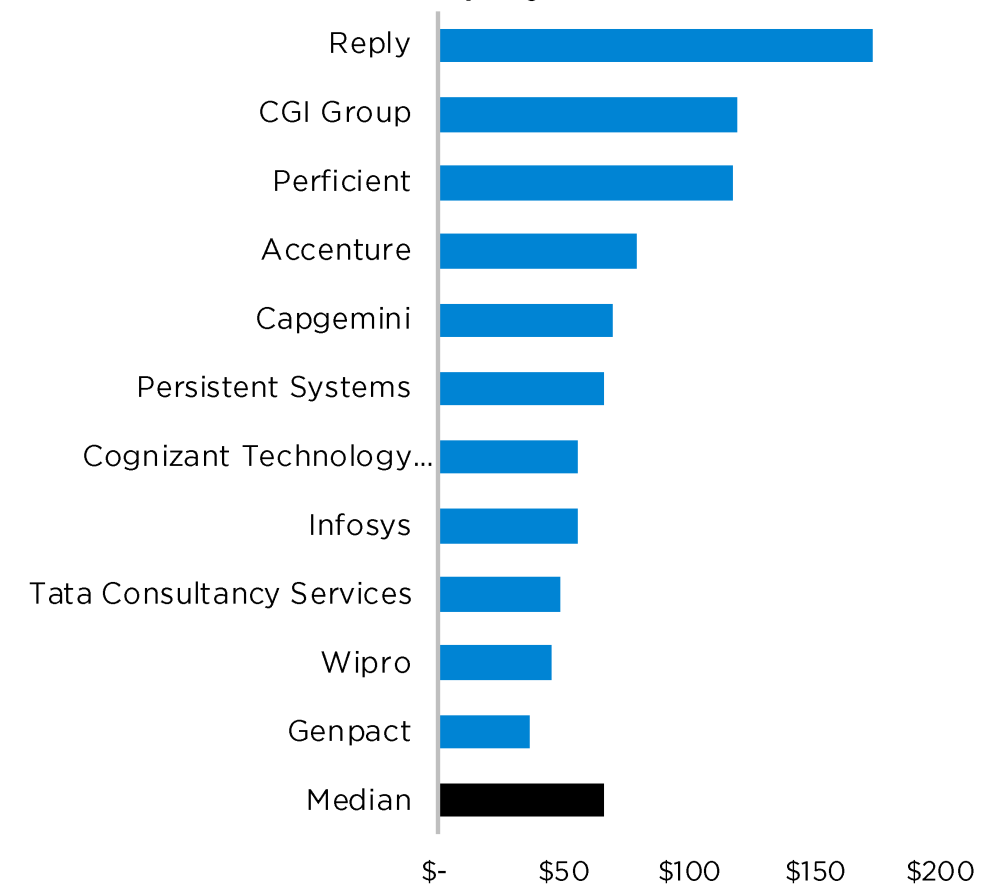


Operational Metrics

LTM Revenue Growth %

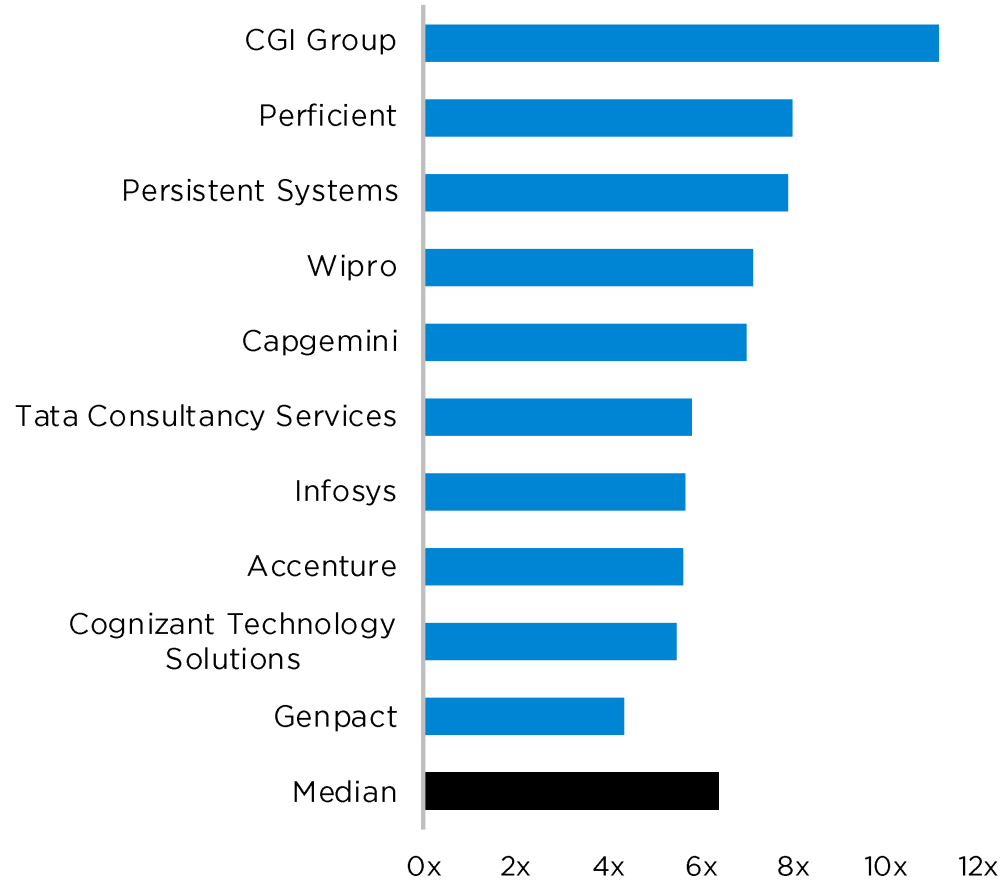


LTM Revenue per Full Time Employee x 000's

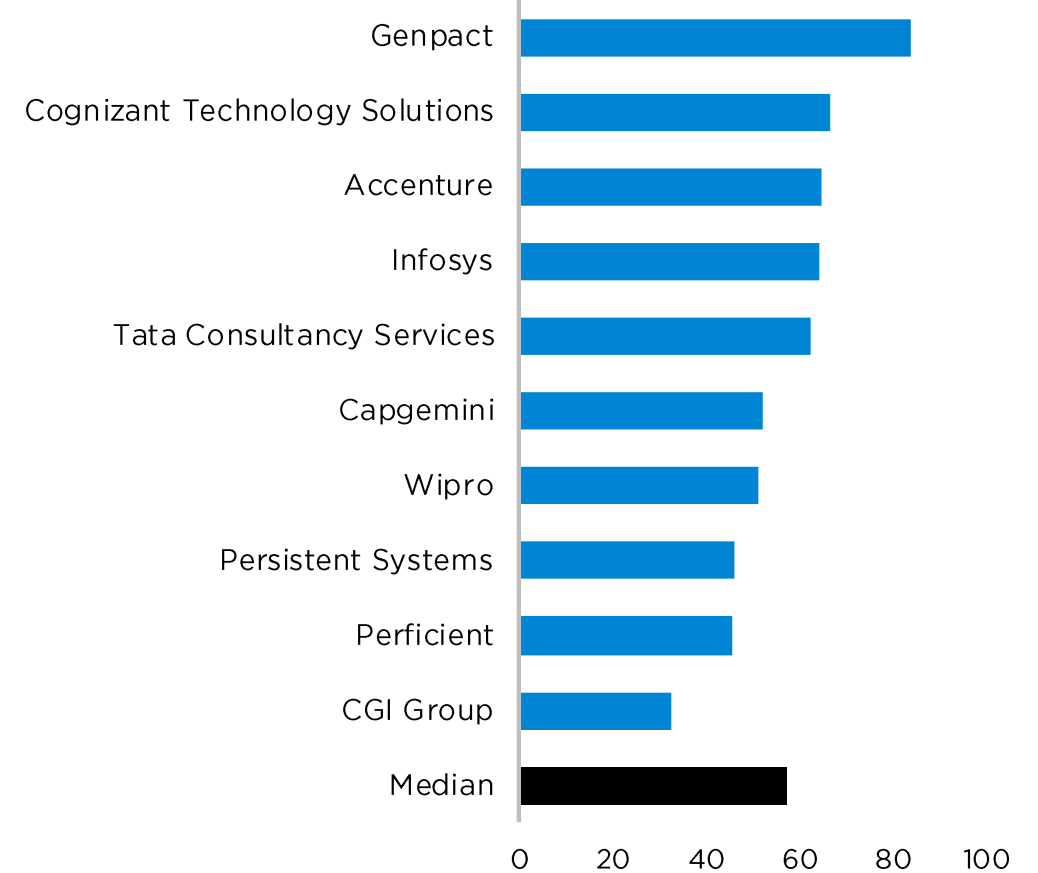


Valuation

Accounts receivable turnover

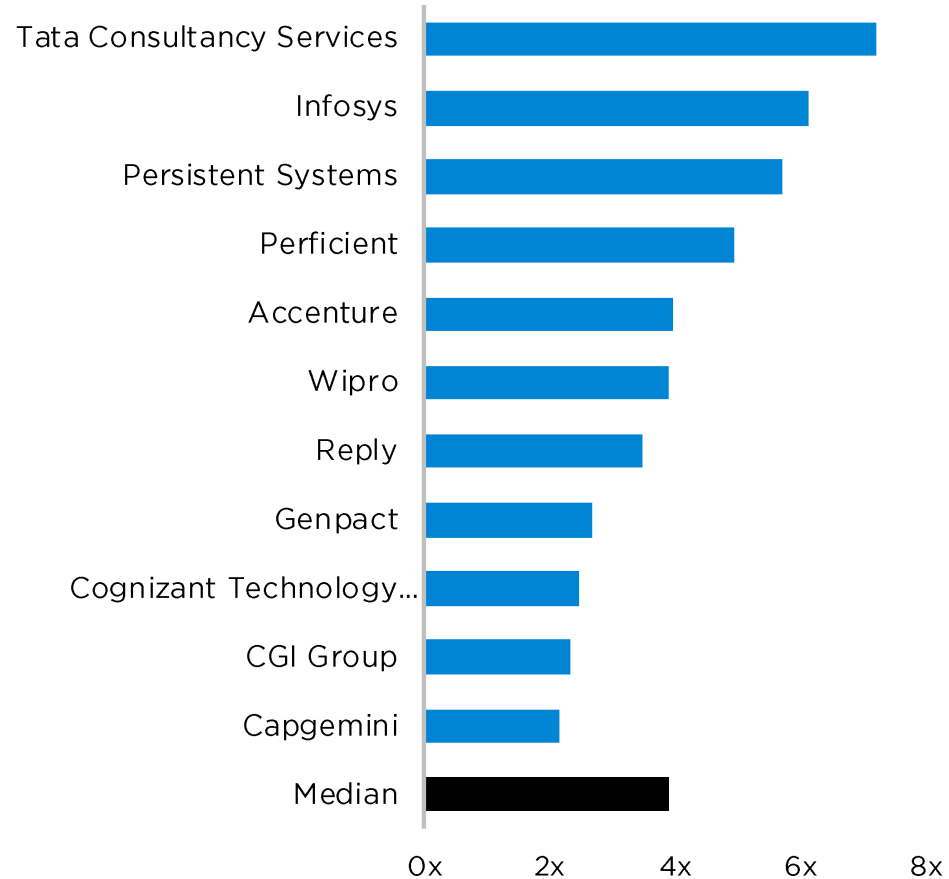


Average days sales outstanding

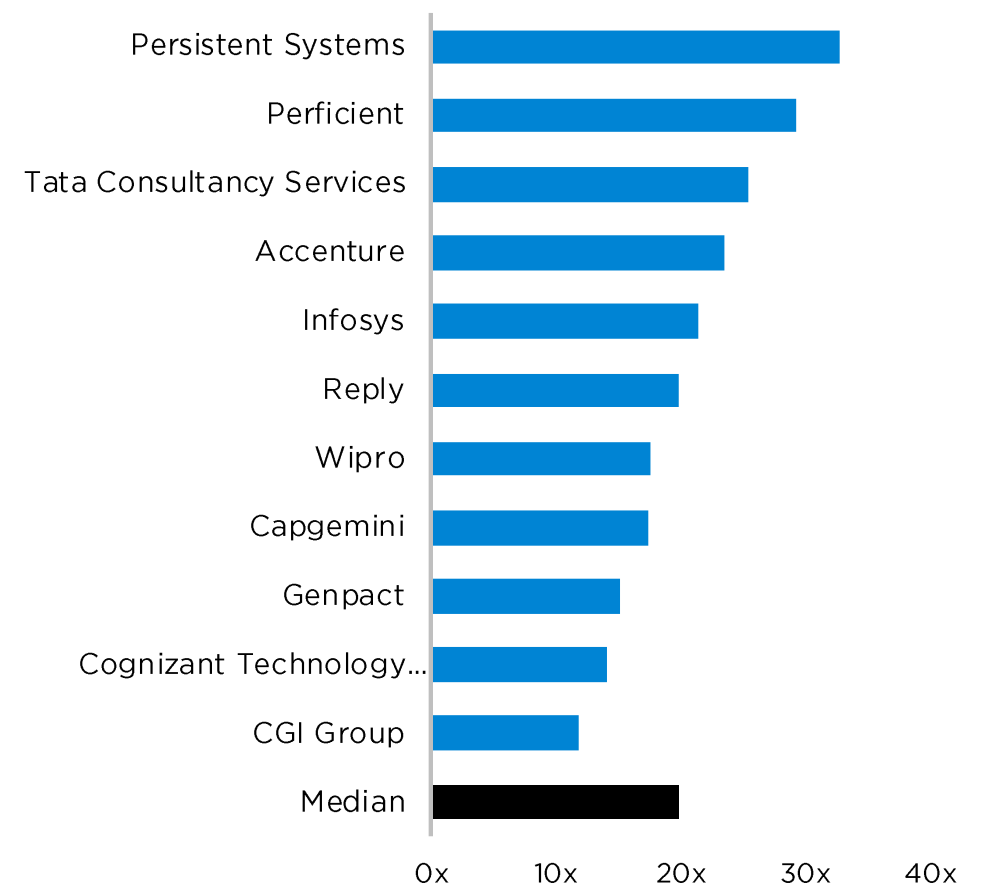


Valuation

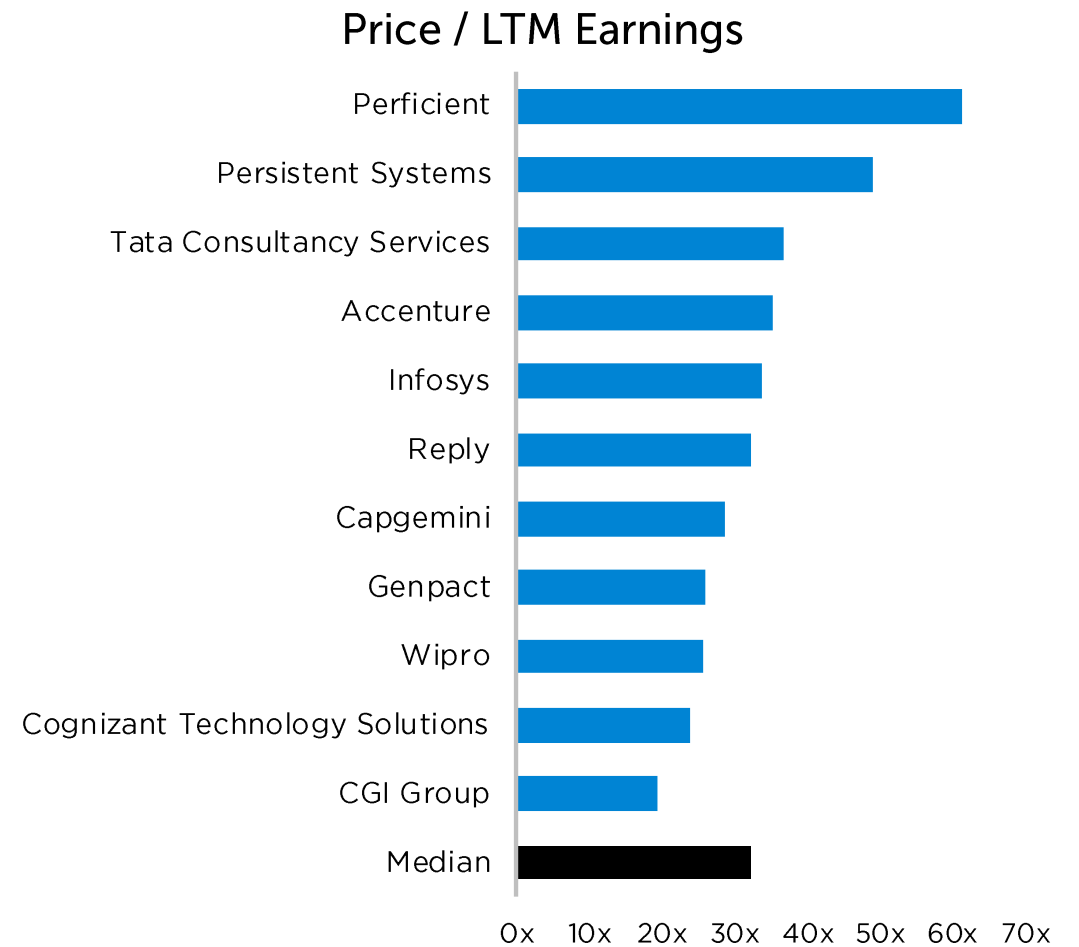
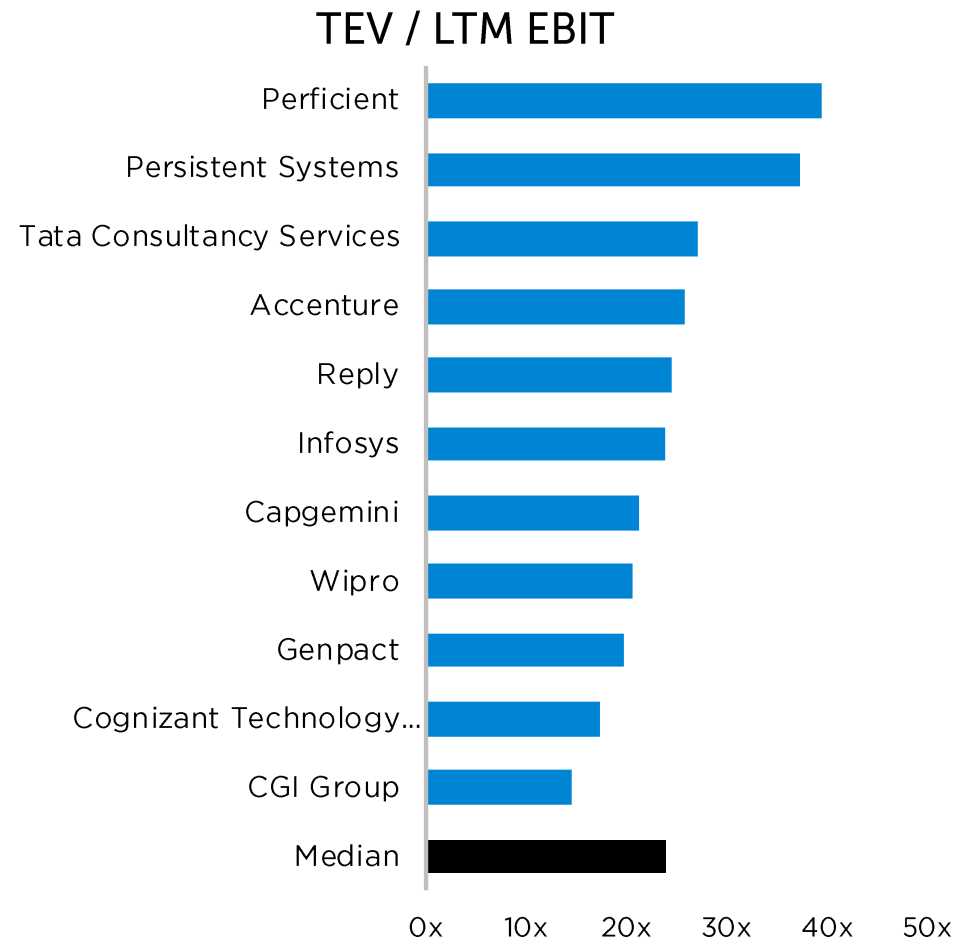
TEV / LTM Revenue



TEV / LTM EBITDA

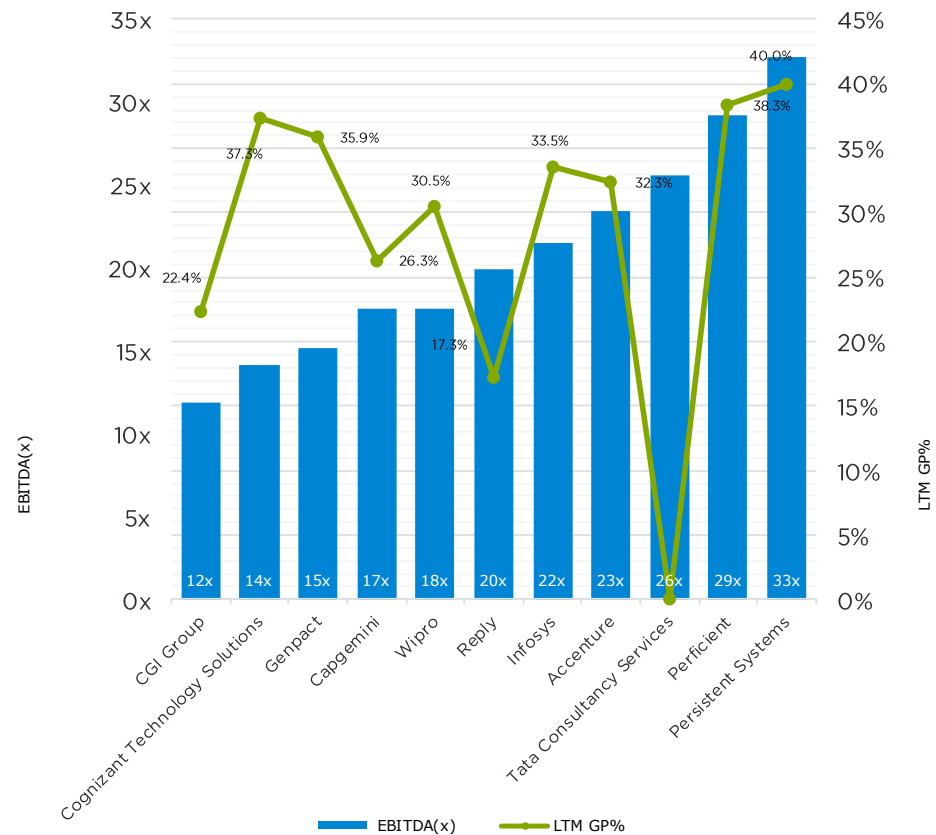


Valuation

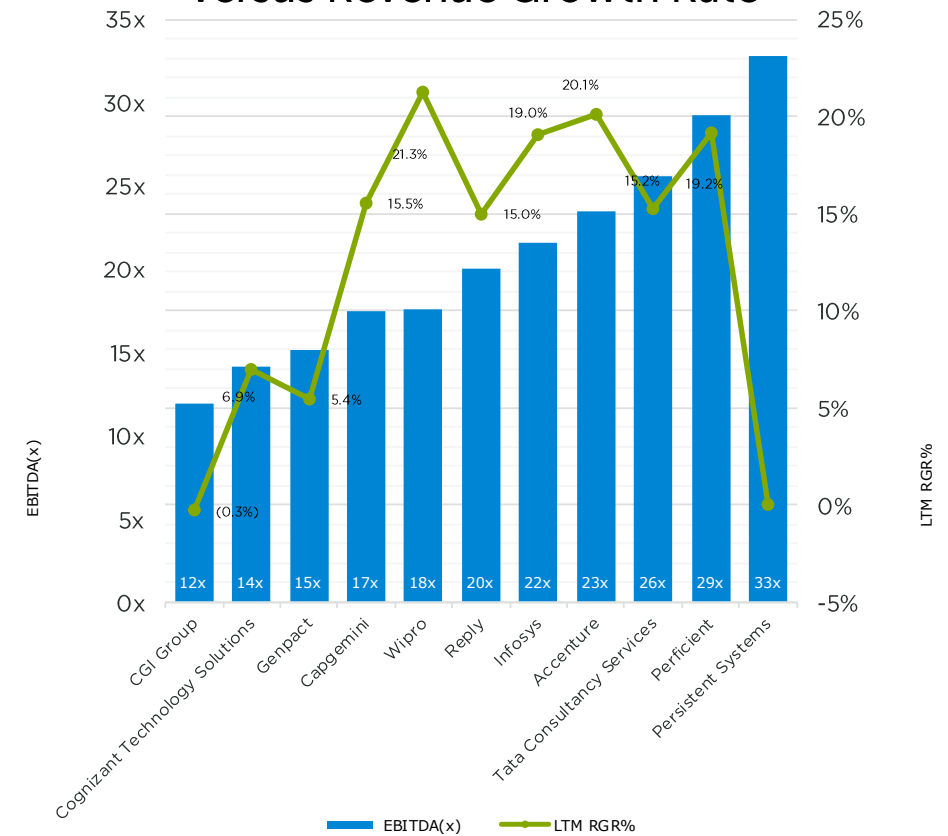


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
20-Jan-22	ITvisors	MaasInvest	-	-	-	-
20-Jan-22	Logic Plus (Australia)	Alceon Group	-	-	-	-
20-Jan-22	Technology Pointe	Kian Capital	-	-	-	-
19-Jan-22	Pierce Washington	Ignite Labs	-	-	-	-
18-Jan-22	Charles Street Solutions	Managed IT Services Group	-	-	-	-
18-Jan-22	Clearpath Solutions Group	Computer Design & Integration	-	-	-	-
18-Jan-22	Com Tec Co IT	Tech Mahindra	351.70	-	-	-
18-Jan-22	Teravine	FileTrail	-	-	-	-
17-Jan-22	cognitas	Etteplan	-	-	-	-
14-Jan-22	Alkemit	Formpipe Software	3.63	-	-	-
14-Jan-22	Silvr Lining Group	Spaulding Ridge	-	-	-	-
13-Jan-22	Createch	Talan	-	-	-	-
12-Jan-22	COOR	Planon	-	-	-	-
12-Jan-22	Raybeam	Dept Agency	-	-	-	-
11-Jan-22	Groundswell Cloud Solutions	GyanSys	-	-	-	-
11-Jan-22	Neal Analytics	Apax Partners	-	-	-	-
10-Jan-22	Kresco	Hallo	-	-	-	-
10-Jan-22	Pamafe - Informática	Ricoh Europe	-	-	-	-
10-Jan-22	SwissQ Consulting	Waterland Private Equity Investments	-	-	-	-
07-Jan-22	Paragon Development Systems	Converge Technology Solutions	51.72	-	-	-
07-Jan-22	True Digital Security	Cerberus Cyber Sentinel	-	-	-	-
06-Jan-22	ALFUN	Devoteam	-	-	-	-
06-Jan-22	Dynamic Tech Services (Acumatica Division)	SWK Technologies	-	-	-	-
05-Jan-22	B3 Group (US)	Arlington Capital Partners	-	-	-	-
05-Jan-22	Citon Computer	Arlington Computer Products	-	-	-	-

Appendix

*Public Basket
Contact Information*



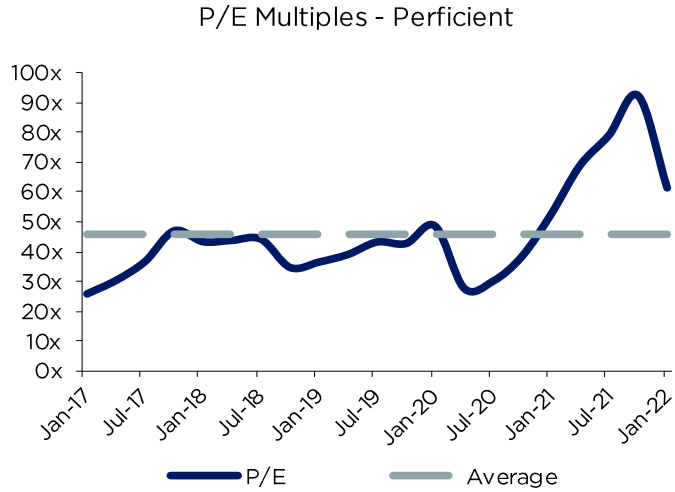
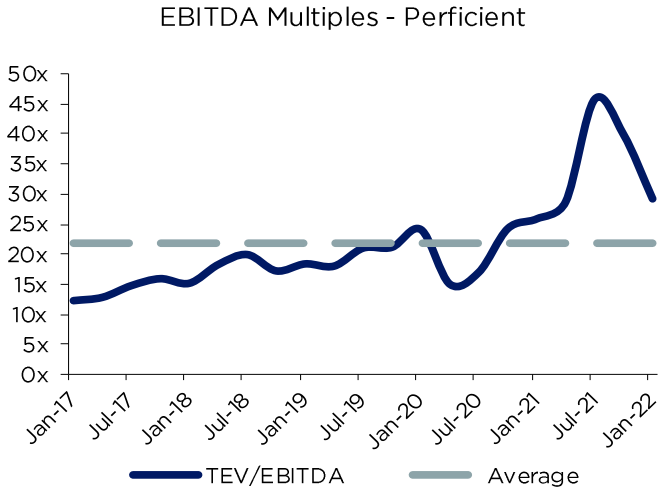
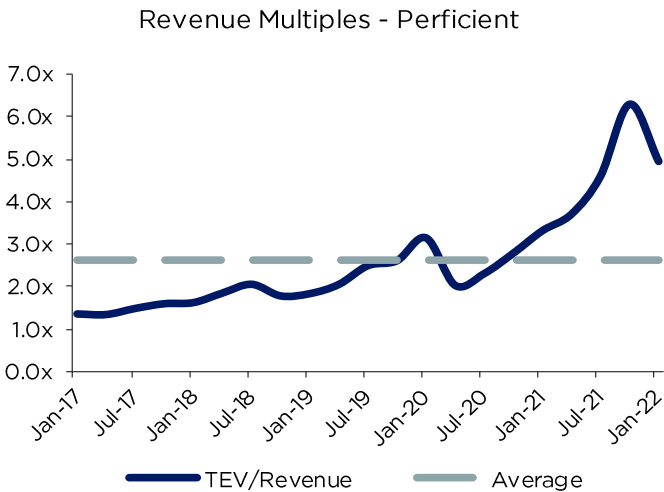
Perficient

Perficient Inc provides a variety of information technology, consulting services that focus on digital experience, business optimization, and IT solutions.

Perficient Inc provides a variety of information technology, consulting services that focus on digital experience, business optimization, and IT solutions. The company's services include big data analytics, technology platform implementations, enterprise content management, portals and collaboration, management consulting, custom applications, business integration, business process management, and customer relationship management. It serves the healthcare, financial services, retail, and electronics industries. The vast majority of the company's revenue comes from the United States.

Public Basket

Perficient



Company Name	Date	Deal Synopsis
Overactive	15-Oct-21	The company was acquired by Perficient (NAS: PRFT) for an undisclosed amount on October 15, 2021. The acquisition enables Perficient to strengthen its nearshore delivery capacity, enhance its digital capabilities and further expand across Latin America.
Talos (Software Development Applications)	08-Sep-21	The company was acquired by Perficient (NAS: PRFT) for an undisclosed amount on September 8, 2021. The acquisition of Talos Digital helped to increase Perficient's presence in Latin America with the addition of approximately 175 skilled professionals; bolsters Perficient's commerce capabilities; and bring strategic client relationships with Fortune 1000 customers across several industries, including healthcare, financial services, technology, and business services sectors.

Persistent Systems

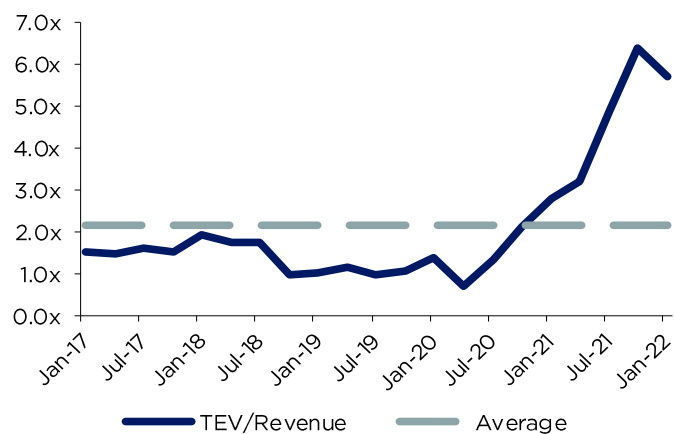
Persistent Systems Ltd is an India-based provider of software solution organized in three segments based on end market: Technology Services; Alliance; and Accelerite.

Persistent Systems Ltd is an India-based provider of software solution organized in three segments based on end market: Technology Services; Alliance; and Accelerite. Its solutions include cloud life cycle management, Internet of Things, unified endpoint management, endpoint detection and response, and Big Data analytics. The firm also offers product engineering services, platform-based cloud solutions, and Internet Protocol-based products. Most of the firm's revenue gets derived from the Technology Services segment.

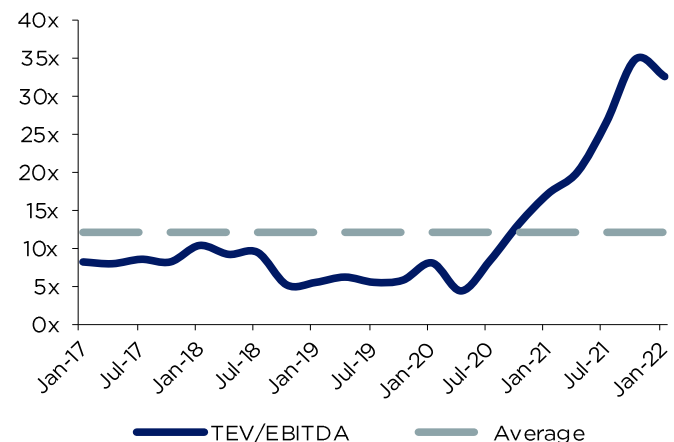
Public Basket

Persistent Systems

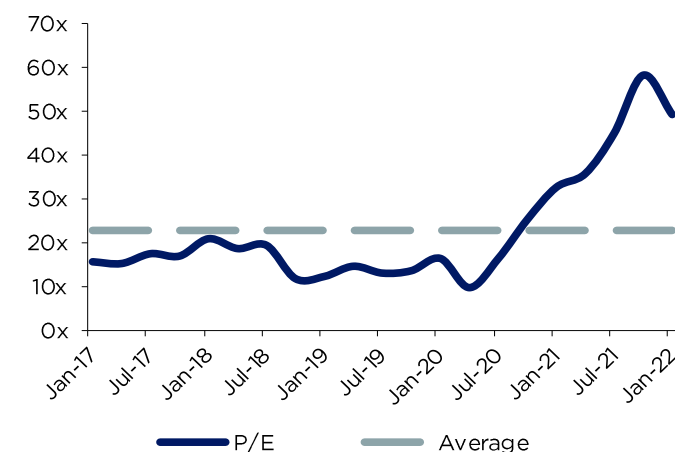
Revenue Multiples - Persistent Systems



EBITDA Multiples - Persistent Systems



P/E Multiples - Persistent Systems



Company Name	Date	Deal Synopsis
Shree Partners	18-Nov-21	The company was acquired by Persistent Systems (NSE: PERSISTENT) for an undisclosed amount on November 18, 2021. The acquisition helps Persistent Systems to accelerate their digital transformation and expand its cloud capabilities.
Software Corporation International	05-Oct-21	The company was acquired by Persistent Systems (NSE: PERSISTENT) for \$53 million amount on October 5, 2021. The acquisition helps Persistent Systems to expand its expertise as well as client portfolio.

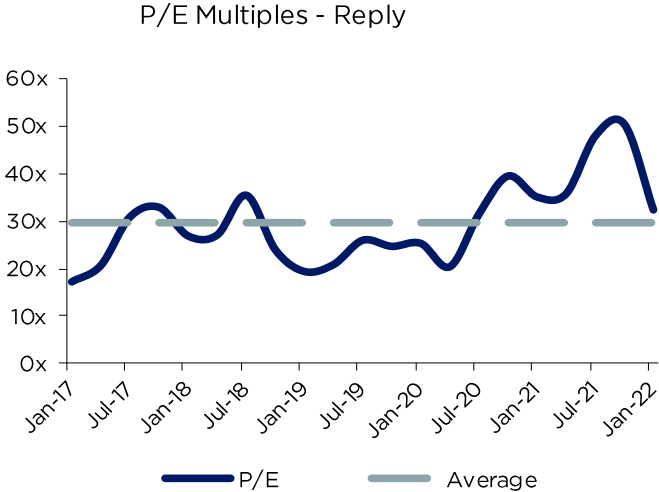
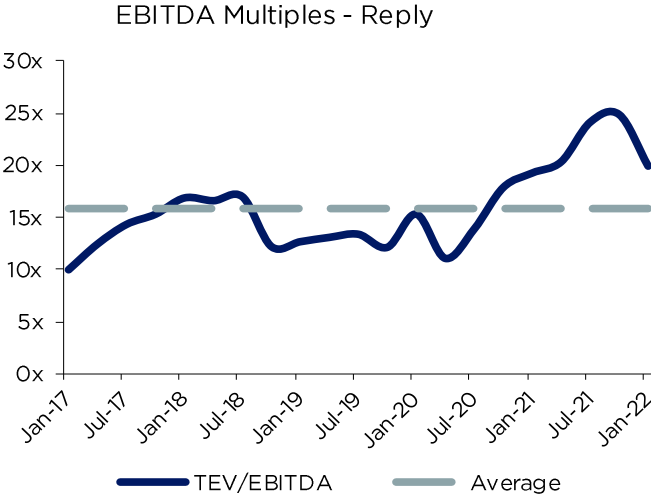
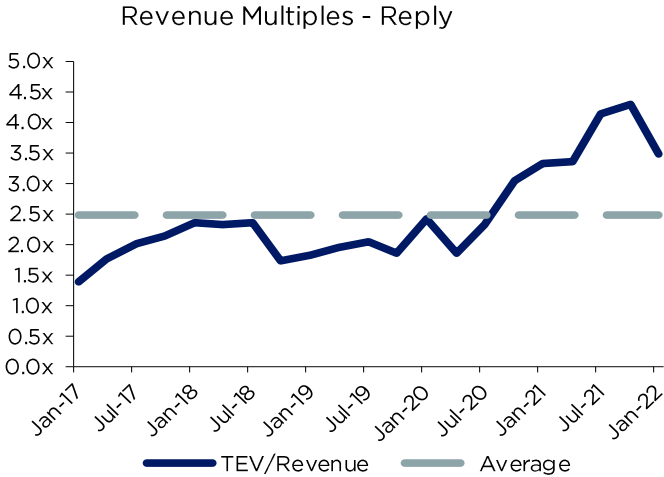
Reply

Reply SpA specialises in consulting, digital services, and the integration of processes, applications, and devices.

Reply SpA specialises in consulting, digital services, and the integration of processes, applications, and devices. Reply serves clients in the telecommunication and media, banking, insurance, and financial, industry and services, energy and utilities, and public administration industries. The company provides its services mainly through platforms such as X-Rais Reply, Discovery Reply, Brick Reply, TamTamy, and SideUp Reply. Reply researches, selects, and markets solutions through channels such as data analysis, digital communication, e-commerce, mobile, and social media. Its geographical segments are Italy, United States, Brazil, Poland, Romania, China, Germany, Switzerland, United Kingdom, and Other countries.

Public Basket

Reply



Company Name	Date	Deal Synopsis
Enowa	10-Jan-22	The company, a subsidiary of ConVista, was acquired by Reply (MIL: REY) for an undisclosed amount on January 10, 2022. The acquisition strengthens Reply's presence in the US market.
The Spur Group	10-Jan-22	The company was acquired by Reply (MIL: REY) for an undisclosed amount on January 10, 2022. The acquisition will increase Reply's presence in the North America.

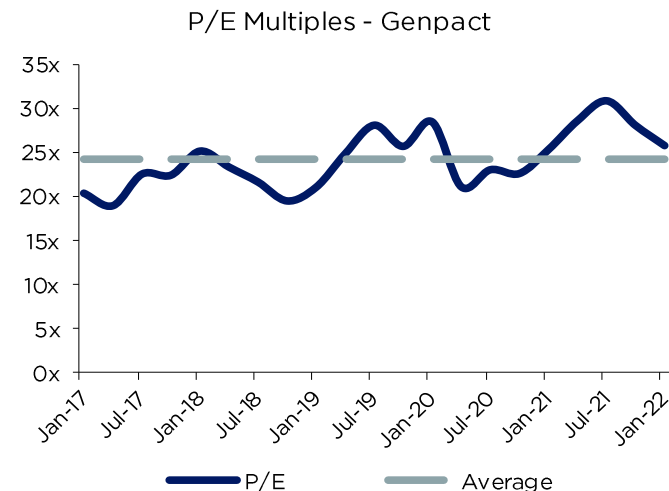
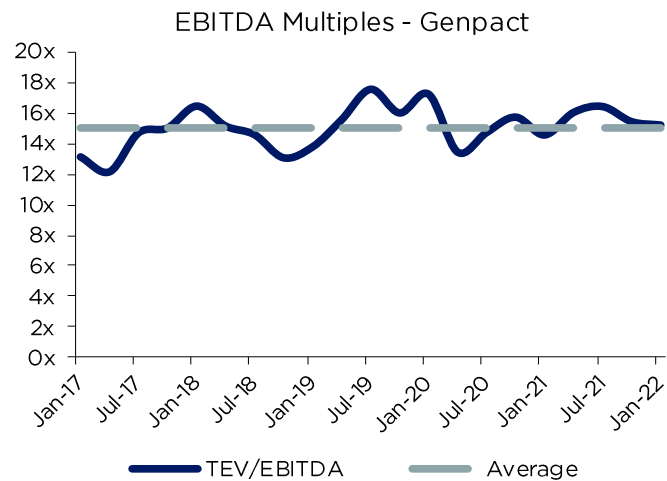
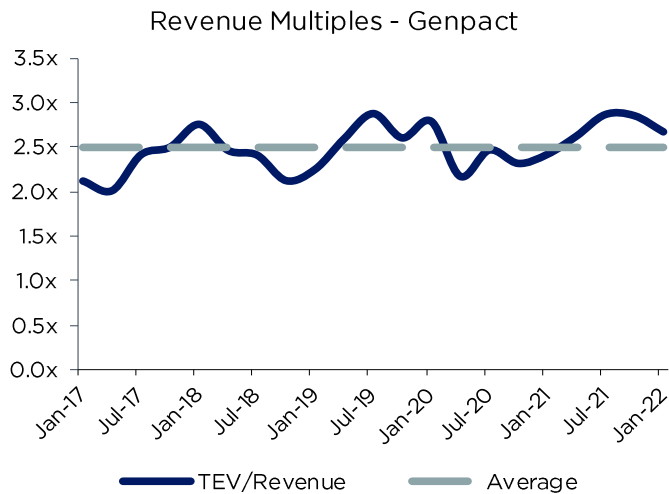
Genpact

Genpact Ltd is a provider of business process management services.

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
Hoodoo Digital	04-Jan-22	The company was acquired by Genpact (NYS: G) for an undisclosed amount on January 4, 2022. The acquisition furthers Genpact's strategy to fuse experience and process innovation to help clients drive end-to-end digital transformation and win in the growing experience economy.
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.

Public Basket

CGI Group

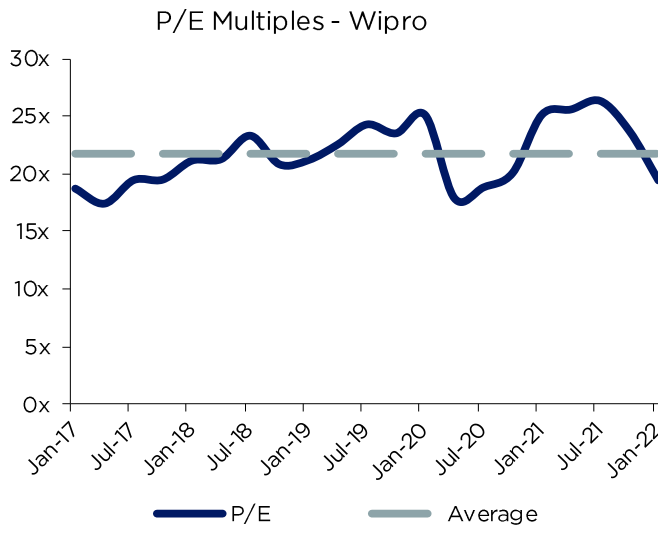
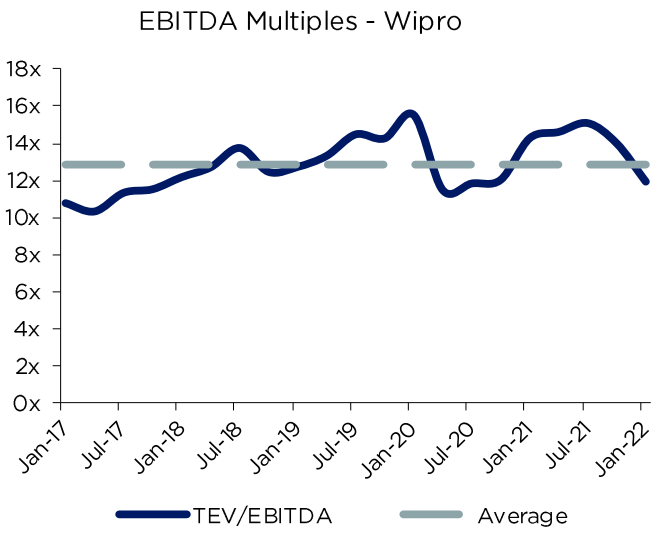
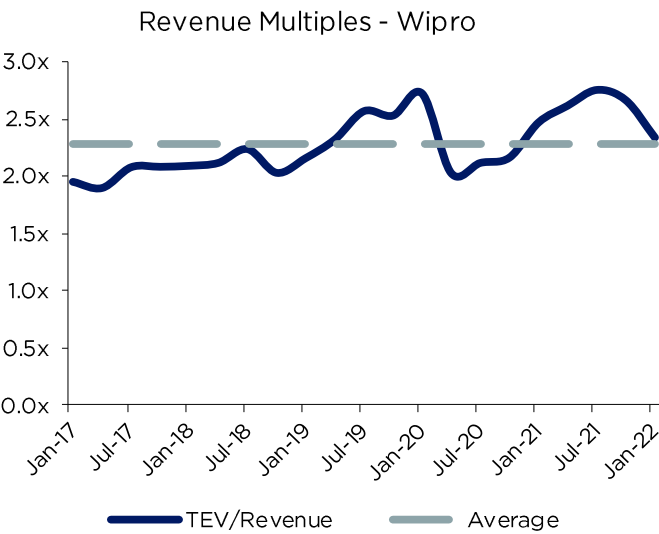
CGI Group

CGI Inc.

CGI Inc. is a Canada-based IT-services provider with an embedded position in North America and Europe. The company generates more than CAD 12 billion in annual revenue, employs over 76,000 personnel, and operates across 400 offices in 40 countries. CGI offers a broad portfolio of services such as consulting, systems integration, application maintenance, and business process services, or BPS. The company's largest vertical market is government, which contributes more than a third of group revenue.

Public Basket

CGI Group



Company Name	Date	Deal Synopsis
Cognicase Management Consulting	28-Oct-21	The company was acquired by CGI Group (TSE: GIB.A) for an undisclosed amount on October 28, 2021. The acquisition deepens CGI's footprint in Spain and strengthen its client-proximity model.
Array Information Technology	01-Oct-21	The company was acquired by CGI Group (TSE: GIB.A) for an undisclosed amount on October 1, 2021. The acquisition enables CGI Group to expand its footprint into strategic markets, such as the U.S. Air Force and Space Command and add to its digital modernization and DevOps capabilities.

Wipro

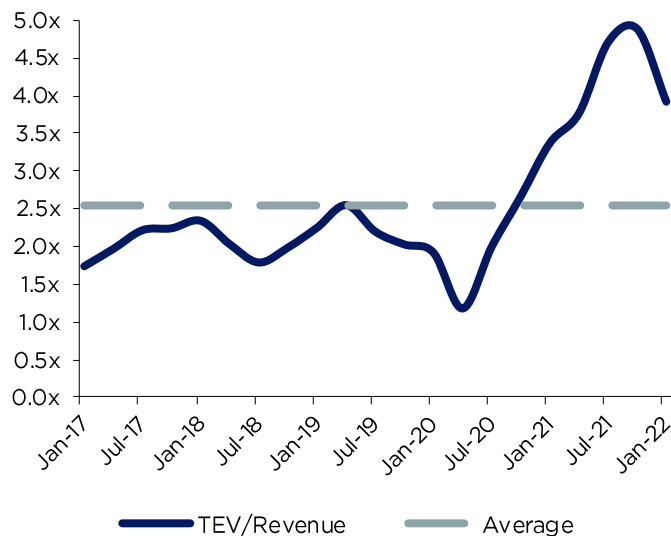
Wipro is a leading global IT services provider, with 175,000 employees.

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.

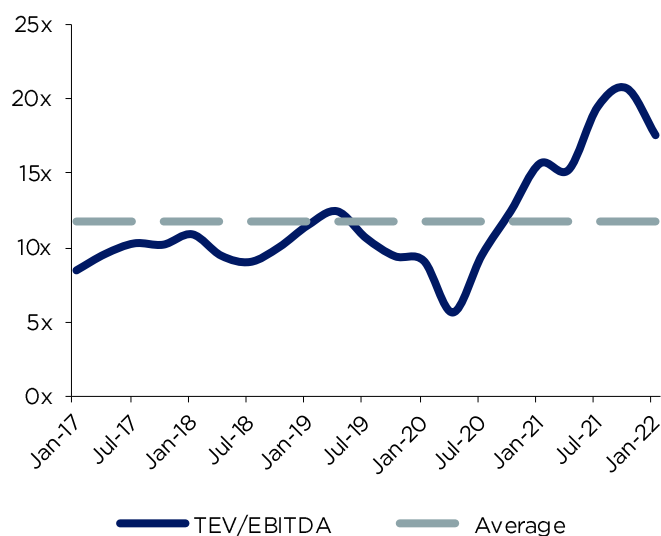
Public Basket

Wipro

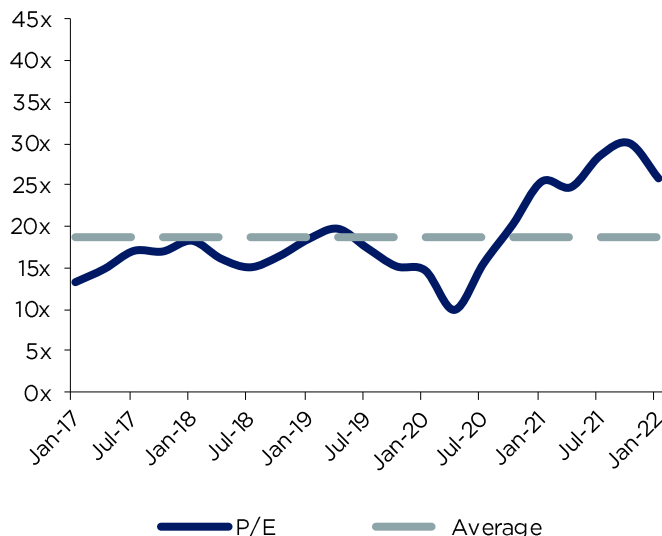
Revenue Multiples - Cognizant



EBITDA Multiples - Cognizant



P/E Multiples - Cognizant



Company Name	Date	Deal Synopsis
Edgile	31-Dec-21	The company was acquired by Wipro (BOM: 507685) for approximately \$230 million on December 31, 2021.
Leanswift Solutions	31-Dec-21	The company was acquired by Wipro (BOM: 507685) for an undisclosed amount on December 31, 2021. The acquisition aligns with Wipro's strategy to invest and expand its cloud transformation business.

Cognizant Technology Solutions

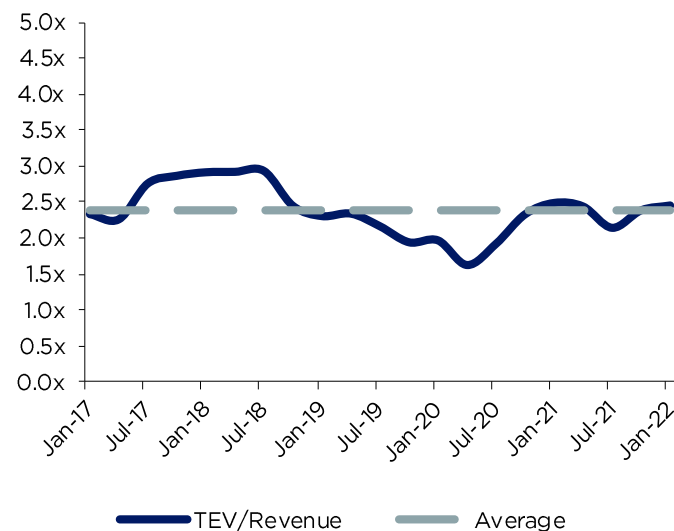
Cognizant is a global IT services provider, offering consulting and outsourcing services to some of the world's largest enterprises spanning the financial services, media and communications, healthcare, natural resources, and consumer products industries.

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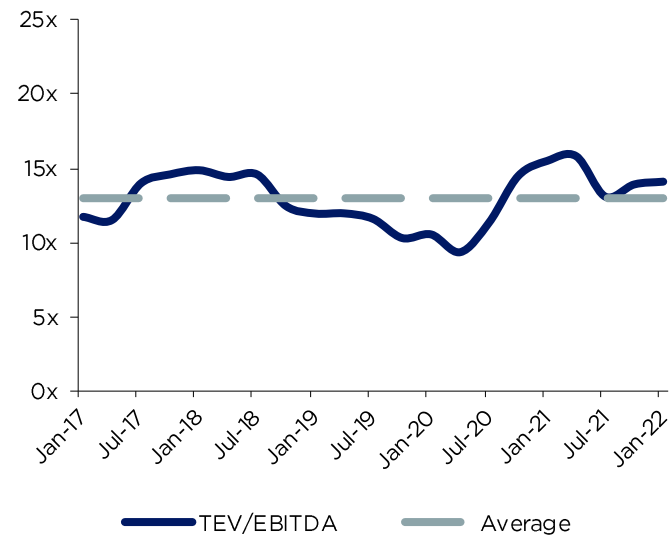
Public Basket

Cognizant Technology Solutions

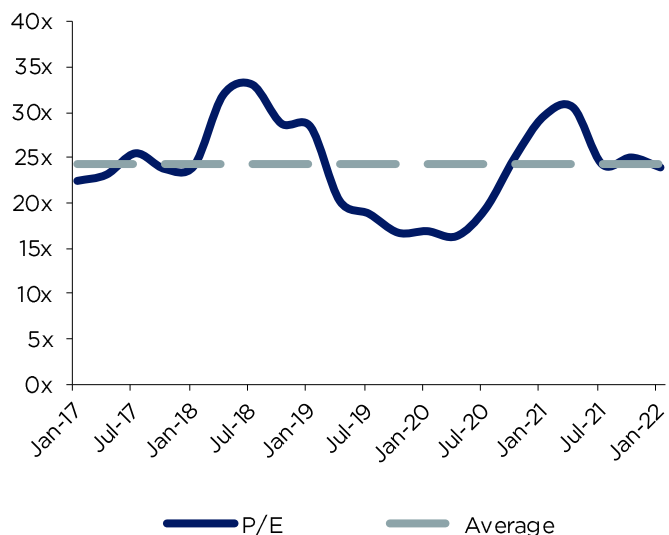
Revenue Multiples - CGI Group



EBITDA Multiples - CGI Group



P/E Multiples - CGI Group



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

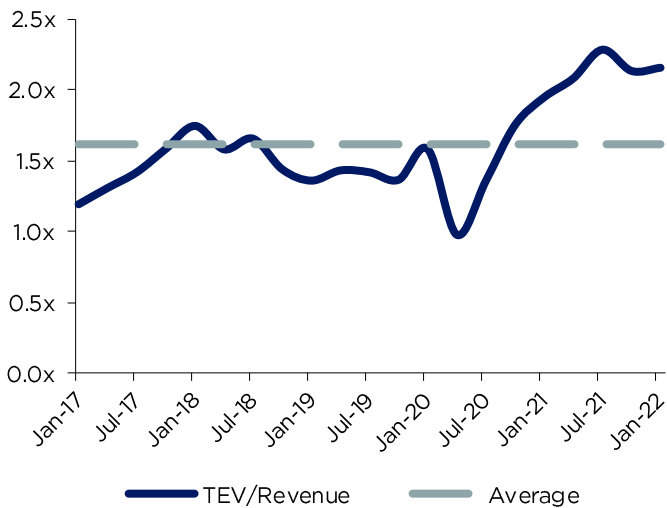
Capgemini is a French IT services company with a global presence.

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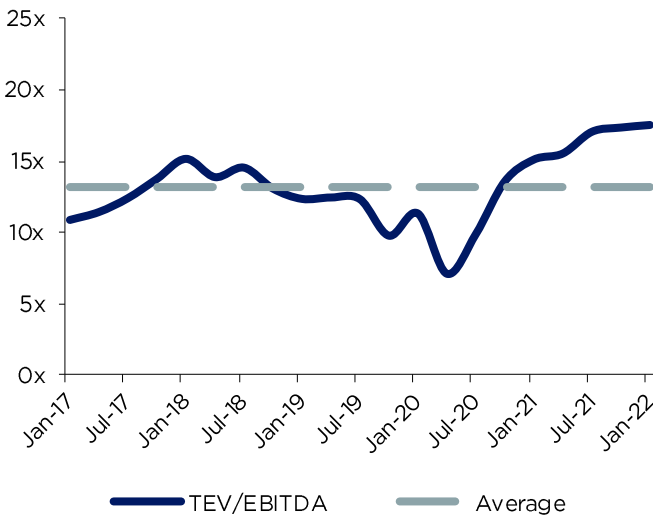
Public Basket

Capgemini

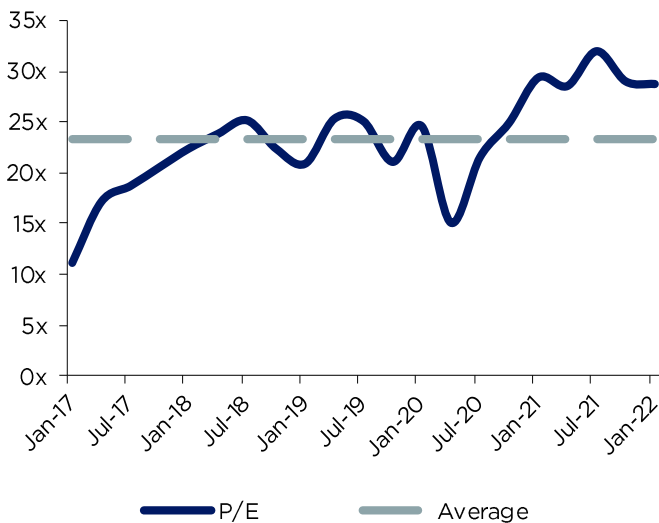
Revenue Multiples - Genpact



EBITDA Multiples - Genpact



P/E Multiples - Genpact



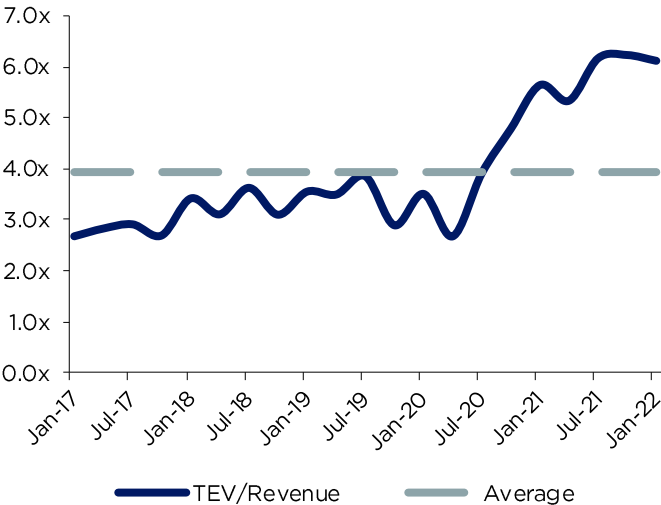
Company Name	Date	Deal Synopsis
VariQ	01-Dec-21	The company was acquired by Capgemini (PAR: CAP) for an undisclosed amount on December 1, 2021. The acquisition allows Capgemini to increase its capabilities in software development, cybersecurity, and cloud services to support federal agencies.
Possible 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

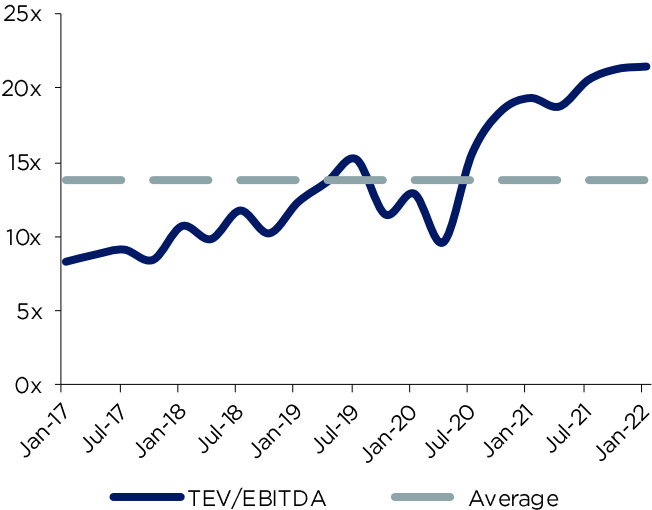
**Infosys is a leading global IT services provider,
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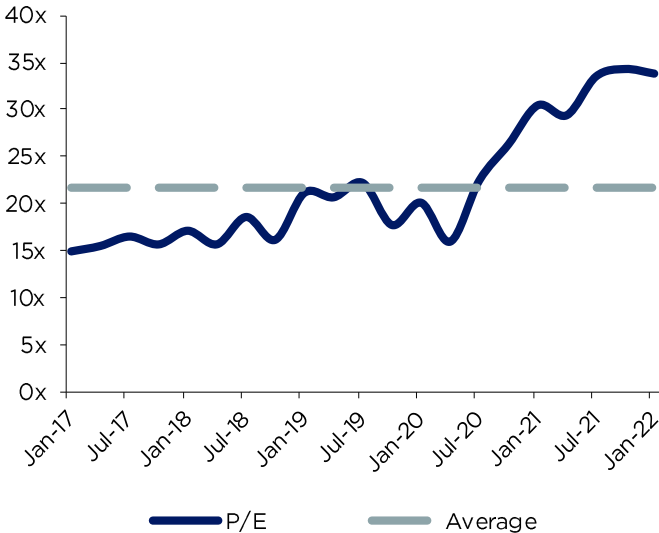
Revenue Multiples - Reply



EBITDA Multiples - Reply



P/E Multiples - Reply



Company Name	Date	Deal Synopsis
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.

Tata Consultancy Services

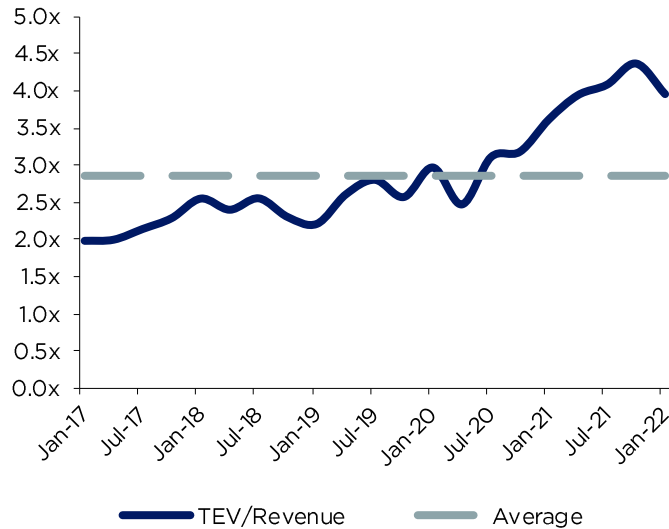
Tata Consultancy Services is a leading global IT services provider, with nearly 450,000 employees.

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.

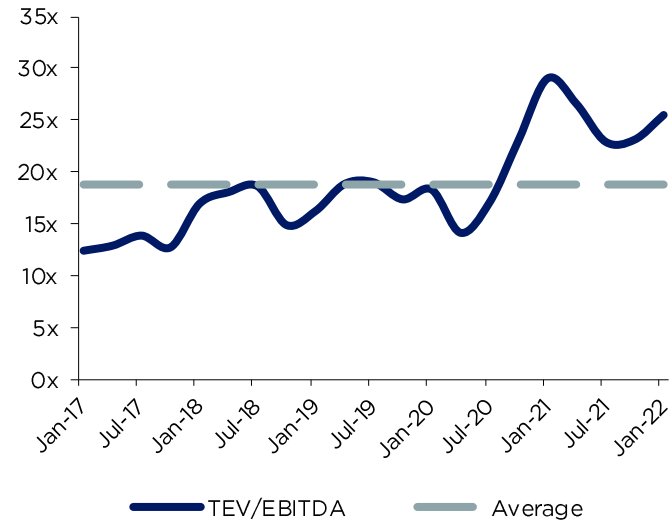
Public Basket

Tata Consultancy Services

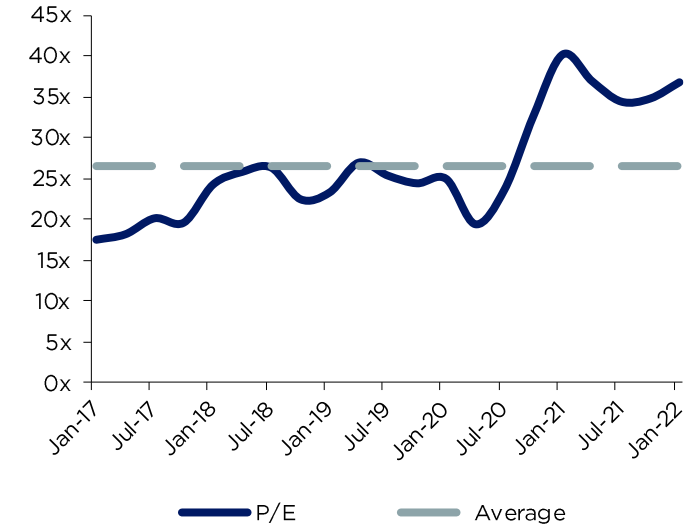
Revenue Multiples - Perficient



EBITDA Multiples - Perficient



P/E Multiples - Perficient



Company Name

Date

Deal Synopsis

Postbank Systems

01-Jan-21

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

12-Nov-20

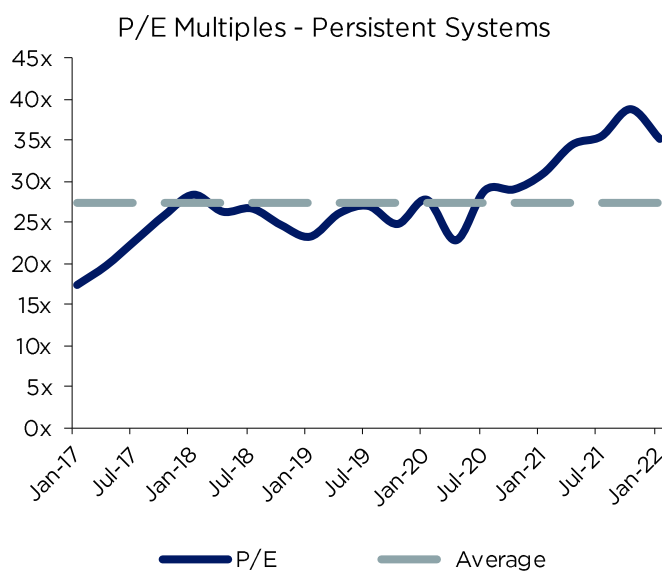
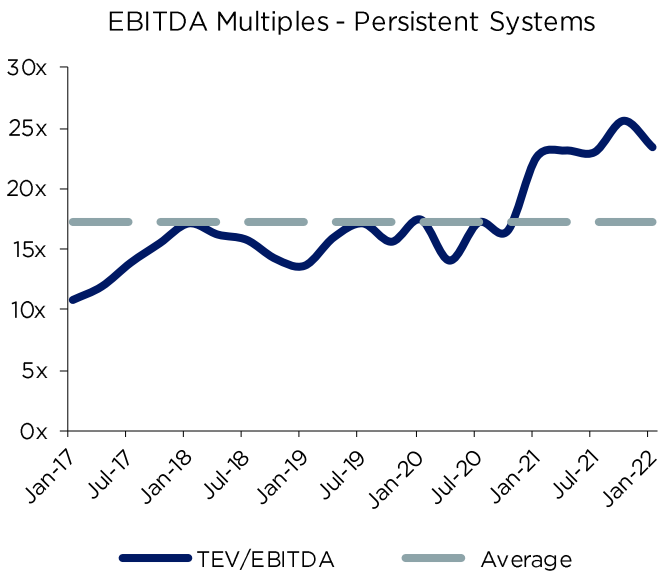
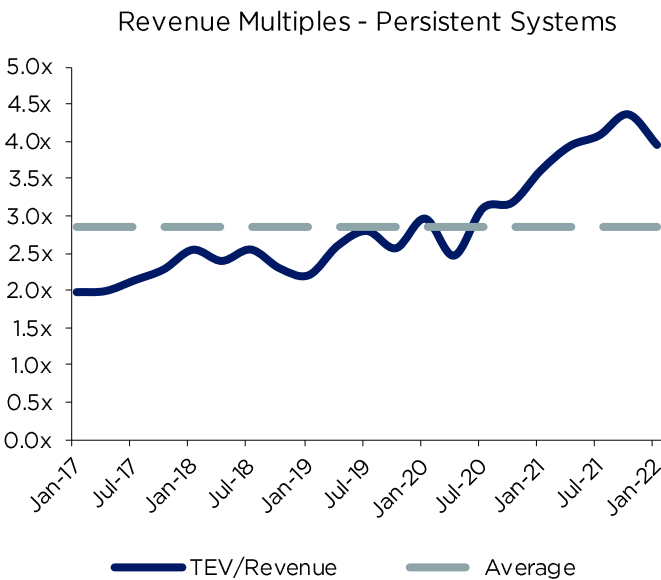
The company, a subsidiary of Prudential Financial (NYS: PRU), was acquired by Tata Consultancy Services (NSE: TCS) for an undisclosed amount on November 12, 2020. The acquisition will deepen TCS's relationship with PFI and gives a new delivery capability in Ireland with specialized expertise, that significantly strengthens its ability to meet the growth and transformation needs of customers globally.

Accenture

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

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



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

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. Securities offered through 7M Securities LLC.

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