

# Market Update

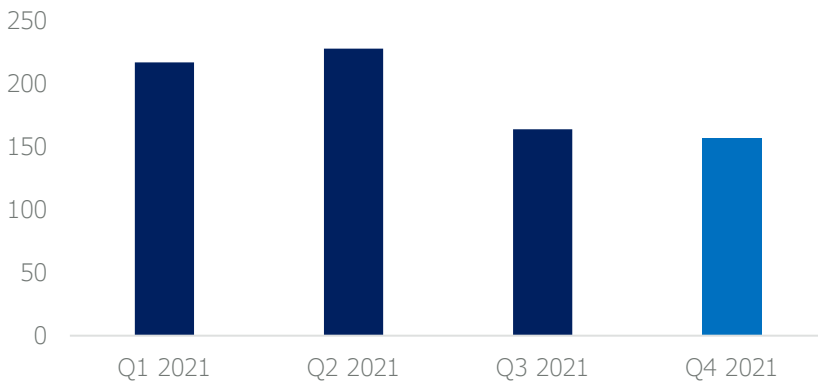
## IT Services & Software in Western Europe

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The fourth quarter of 2021 closed with a drop in deal volume compared to the previous quarter but recorded a robust 59% Q4 YoY growth. Similarly, the M&A transaction value accelerated at a 17% YoY growth, establishing a new all-time record. Traditionally, the U.S. has led the way in terms of M&A activity, but 2021 has seen very noticeable uptick in the number of transactions involving Western European buyers and sellers, including two of the biggest deals of the year highlighted in this update. Corporate/strategic buyers dominated Q4 with 53% of deals compared to PEG's taking advantage of the low interest rate environment prior to the forecasted increase in interest rates and worldwide economic inflation. Sellers were also motivated by higher multiples and strong optimism in the market.

The IT services & software sector continues to drive the M&A activity in Western Europe. The top Western European Economic forces look ahead to 2022's top Tech trends including NFT's, the Metaverse, further digital transformation, and advanced cloud computing platforms. The verticals that characterized the quarter also extended to Cybersecurity, Artificial Intelligence, and SaaS.

# of M&A Deals in Western Europe



7MA has completed numerous M&A transactions for companies with outsourced operations and / or delivery centers in western Europe and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Kristina Sergueeva, Iliia Ulianchuk, or Lucas Cerbelli if you would like to learn more about IT Services & Software across western Europe.

### Sector Coverage Team



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## VASS (Digital Solution) Acquired IT Managed Services Company CRI Group




VASS (Digital Solutions), one of Spain's leading technology providers, acquired the CRI Group, a Luxembourg-based IT managed services company. The CRI Group specializes in various services, including software development, cybersecurity and digital transformation solutions. The company has a strong relationship with European institutions and serves many institutional clients including the European Parliament, the European Council, and the European Investment Bank. VASS acquired the company through an LBO via its financial sponsor One Equity Partners.

**Date:** Nov 24, 2021

**Deal Type:** LBO

**Target HQ:** Luxembourg

## EPAM Systems Acquired Digital Services Provider Optiva Media




EPAM Systems, Inc. (NYSE: EPAM), a leading global provider of digital platform engineering and development services, announced its acquisition of Optiva Media, a provider of niche professional services intended to focus on product development and digital branding. The company's services include metadata management, technical consultancy along with project integration, enabling media companies to optimize quality assurance and reduce costs. The acquisition enables EPAM Systems to enhance its valuable end-to-end delivery capability. The company was acquired for an undisclosed amount.

**Date:** Nov 02, 2021

**Deal Type:** M&A

**Target HQ:** Netherlands

## Western Europe Transactions Verticals in Q4 2021



Digital Platform  
Engineering



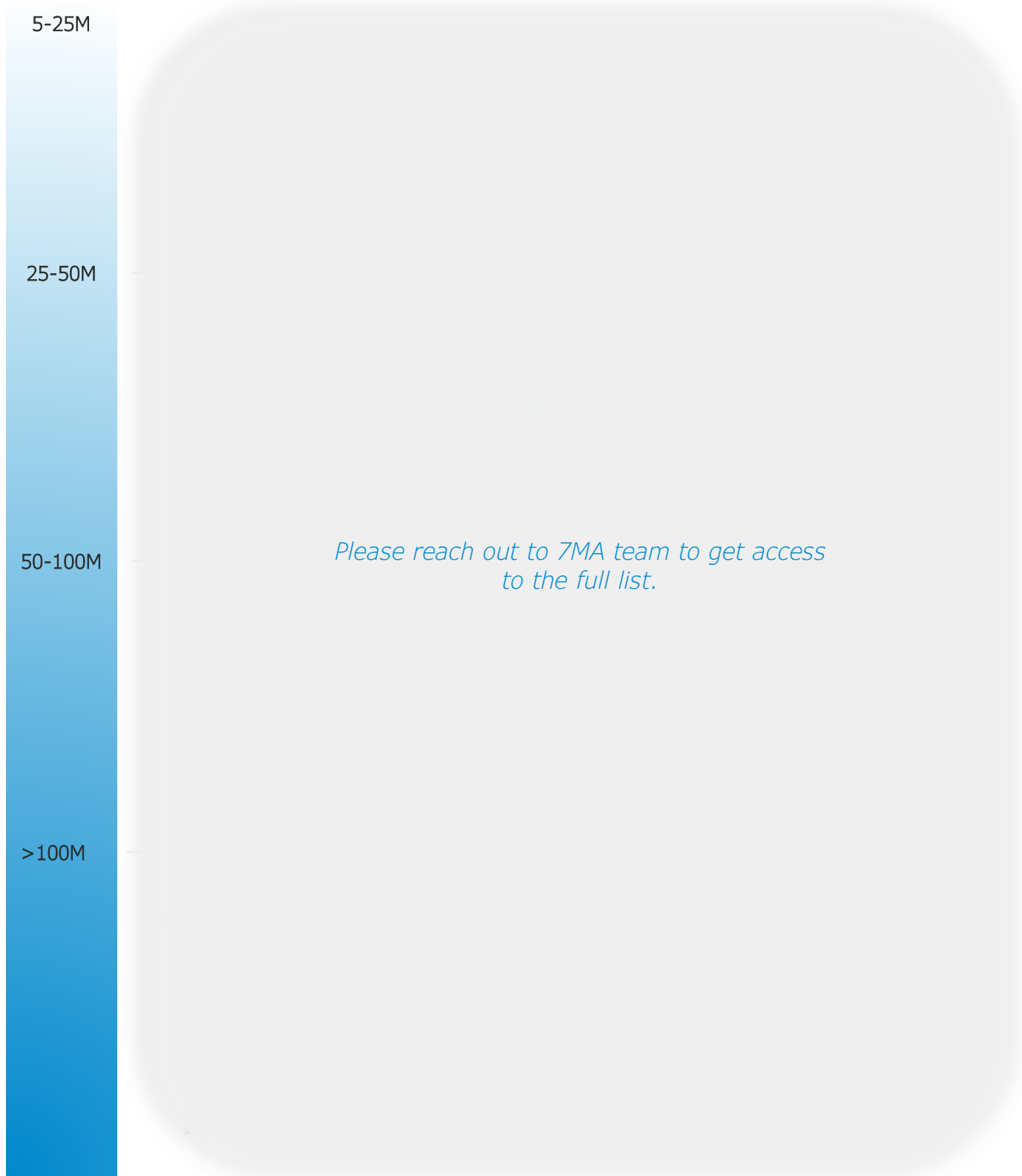
Digital  
Commerce



Managed  
Services

# Market Landscape

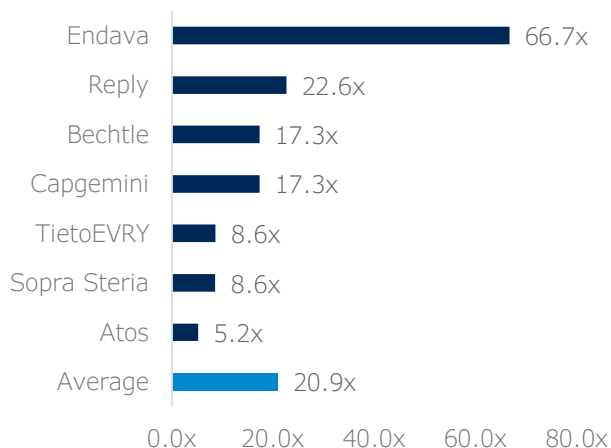
## Annual Revenue, USD



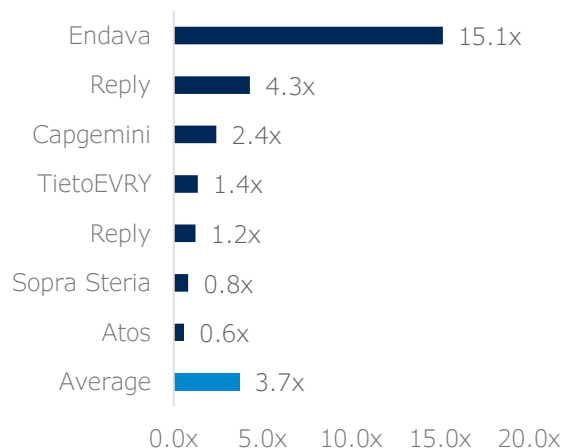
## Publicly-traded IT Services &amp; Software Companies - Western Europe – Q4 2021

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
Capgemini	47,824	2,760	20,239	12%	26%	14%	2.4x	17.3x	289,501	17
Bechtle	8,810	509	7,434	8%	15%	7%	1.2x	17.3x	12,744	69
Endava	8,598	129	682	27%	35%	19%	12.6x	66.7x	9,616	89
Atos	7,763	1,500	13,086	-4%	27%	11%	0.6x	5.2x	105,000	7
Reply	6,920	306	1,714	5%	17%	18%	4.0x	22.6x	9,880	70
TietoEVRY	4,519	526	3,338	61%	26%	16%	1.4x	8.6x	23,860	19
Sopra Steria	4,302	503	5,274	-4%	28%	10%	0.8x	8.6x	45,960	9
<b>Average</b>	<b>12,677</b>	<b>890</b>	<b>7,395</b>	<b>15%</b>	<b>25%</b>	<b>13%</b>	<b>3.3x</b>	<b>20.9x</b>	<b>70,937</b>	<b>40</b>
<b>Median</b>	<b>7,763</b>	<b>509</b>	<b>5,274</b>	<b>8%</b>	<b>26%</b>	<b>14%</b>	<b>1.4x</b>	<b>17.3x</b>	<b>23,860</b>	<b>19</b>

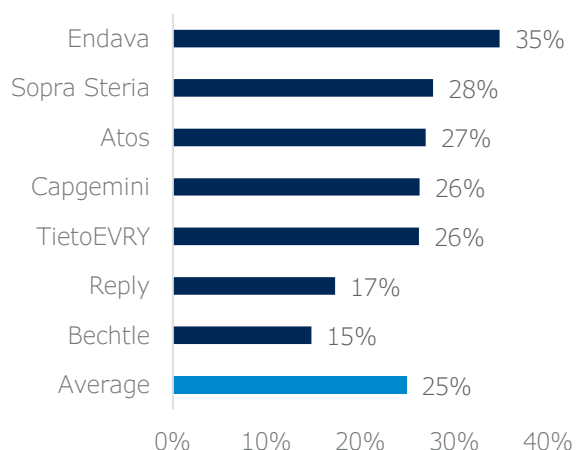
## TEV / EBITDA X



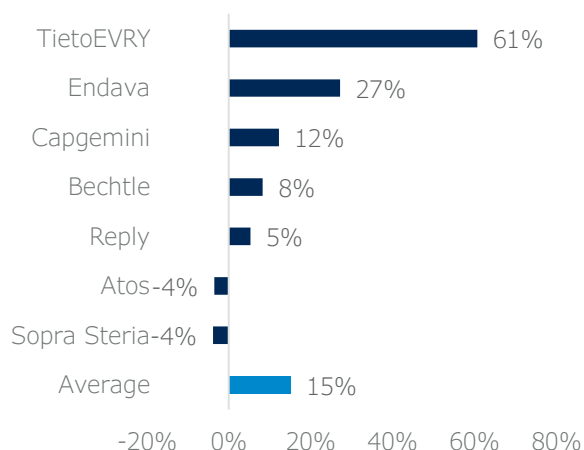
## TEV / Rev X






## Gross Margin %



## Rev Growth YoY



## Q4 2021 M&amp;A Transactions

Date	Target	Buyer / Investor	Target Description
Dec-28, 2021	 <b>Geprom</b> Part of Telefónica Tech	 <b>Telefónica Tech</b>	<ul style="list-style-type: none"> <li>Operator of a technology-based engineering company intended to develop projects for industrial automation and digital transformation. The company specializes in the development and integration of avant-garde technological systems in the areas of planning, production, quality, logistics and maintenance, enabling clients to enhance productivity and reduce operational overheads.</li> </ul>
Dec-20, 2021	 <b>KNOW-HOW</b>	 <b>FSN CAPITAL</b>	<ul style="list-style-type: none"> <li>Provider of IT consulting services intended for the management of ERP projects. The company offers IT consulting, systems integrator and software services, enabling companies to optimize their resources and improve production.</li> </ul>
Dec-09, 2021	 <b>Integra</b>    <b>SAP Gold Partner</b>	 <b>andera PARTNERS</b>	<ul style="list-style-type: none"> <li>Operator of a cloud-based SaaS platform designed to be used in the outsourcing of personnel, payroll and talent management services. The company's platform helps to manage various HR functions such as business alignment, people performance, recruitment and learning activities, enabling organizations and SMEs to improve their talent management.</li> </ul>
Nov-02, 2021	 <b>MarketRedesign</b>	 <b>Deloitte.</b>	<ul style="list-style-type: none"> <li>Developer of a marketing science and technology platform designed to offer consulting services for industrial pricing, sales force redesign and product launch acceleration. The company's platform utilizes machine learning to offer predictive pricing, pricing process optimization and data modeling, enabling organizations to regain commercial control.</li> </ul>
Oct-25, 2021	 <b>WE MAKE WEBSITES</b> Part of TechM XDS	 <b>Tech Mahindra</b>	<ul style="list-style-type: none"> <li>Provider of web development and e-commerce services intended to design, develop and optimize Shopify Plus stores. The company specializes in custom designing and developing a new online store, migration from another platform, SEO, conversion rate optimization, performance enhancement, international expansion, system integration, and payment and checkout services, enabling online retailers to bolster their revenue, strengthen stats, and elevate their brands.</li> </ul>
Oct-05, 2021	 <b>centiq</b> ®	 <b>softwareONE</b>	<ul style="list-style-type: none"> <li>Provider of SAP-related professional and managed services intended to serve customers throughout Europe. The company specializes in the design, configuration and implementation of SAP's in-memory platform and also offers proprietary software to manage and monitor customers' information technology infrastructures, enabling faster, more integrated and innovative outcomes with the customers.</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

