

7 Mile Advisors



Sectorwatch: Digital Transformation

March 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

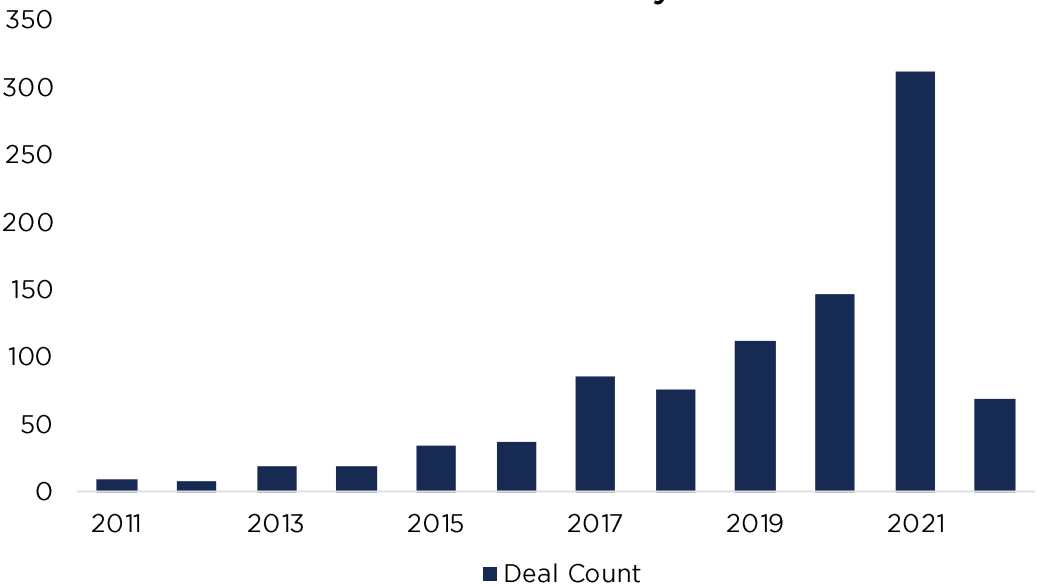
- The most recently announced deals in the sector

Dashboard

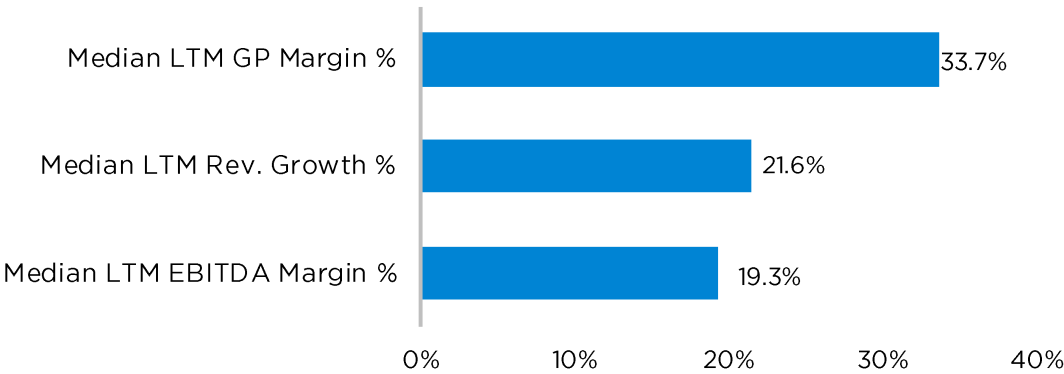
REVENUE GROWTH MOMENTUM ↑11.1%

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

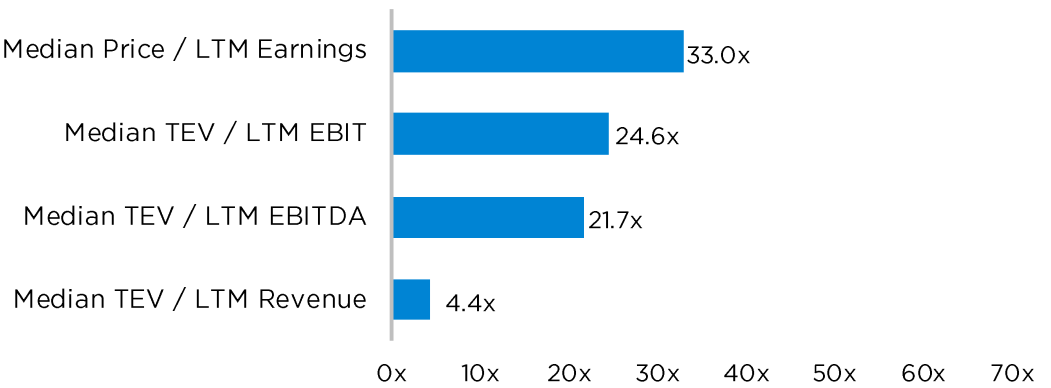
M&A Activity



Operating Metrics



Valuation



Public Basket Overview



Europe



United States



South America



Asia

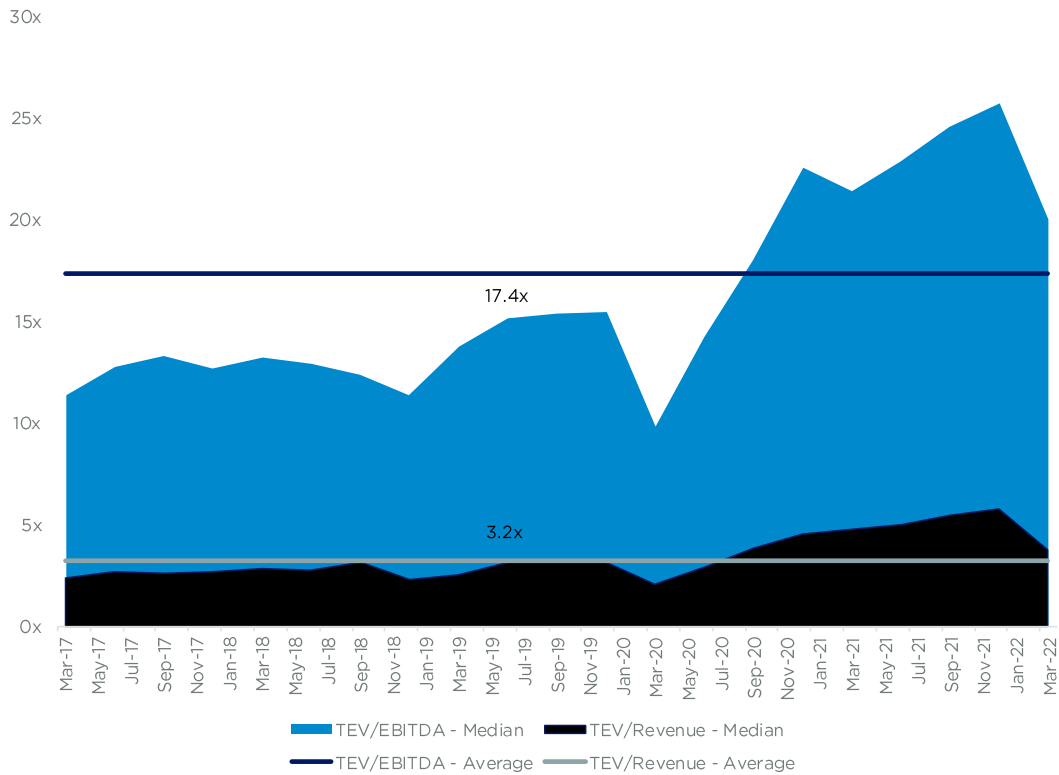


Public Basket

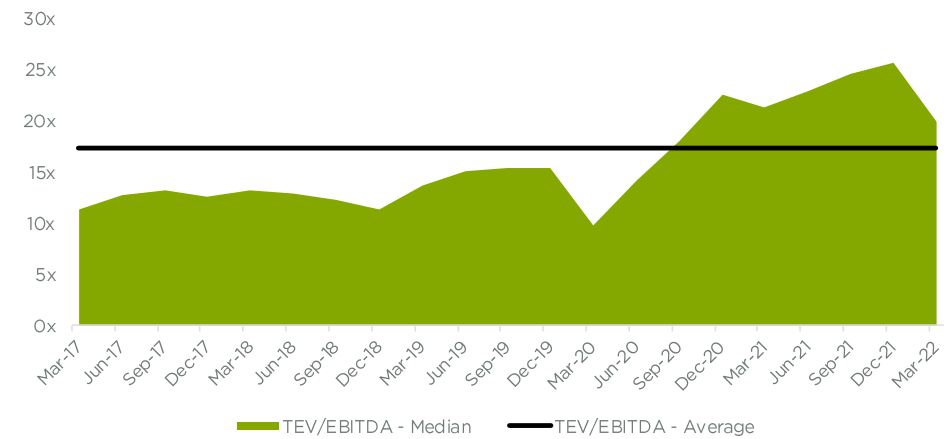
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava	7,211	182	758	43.9%	34.2%	24.0%	9.5x	39.6x	10,391	73
Globant	11,030	300	1,297	59.3%	38.2%	23.1%	8.5x	36.8x	23,526	55
EPAM Systems	19,840	814	3,758	41.3%	33.9%	21.7%	5.3x	24.4x	58,000	65
WPP	20,412	3,261	16,878	0.8%	17.3%	19.3%	1.2x	6.3x	104,808	161
Capgemini	43,111	2,875	20,239	15.5%	26.3%	14.2%	2.1x	15.0x	289,501	70
Cognizant Technology Solutions	46,860	3,419	18,507	11.1%	37.3%	18.5%	2.5x	13.7x	330,600	56
Infosys	100,282	4,256	15,644	19.0%	33.5%	27.2%	6.4x	23.6x	279,617	56
Accenture	204,216	9,415	56,695	24.1%	32.3%	16.6%	3.6x	21.7x	699,000	81
Average	56,620	3,065	16,722	26.9%	31.6%	20.6%	4.9x	22.6x	224,430	77
Median	31,761	3,068	16,261	21.6%	33.7%	20.5%	4.4x	22.6x	192,213	67

share price as of 23Mar22

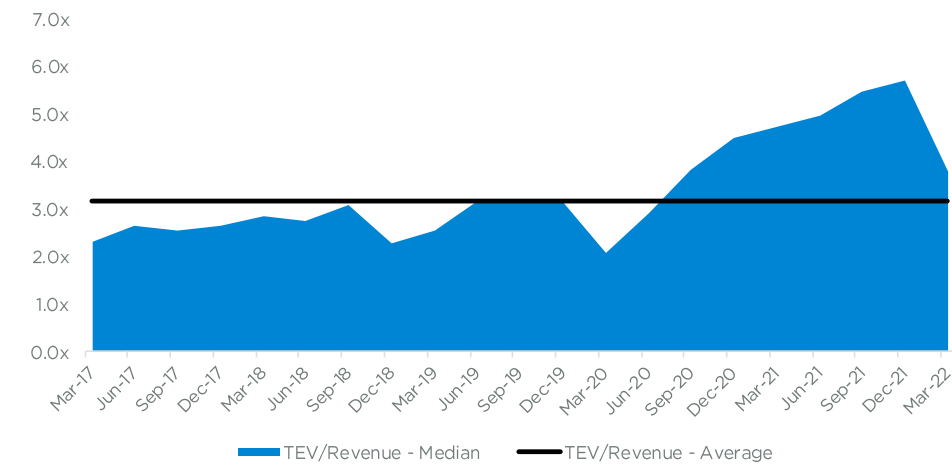
Public Basket



Public EBITDA Multiples over Time

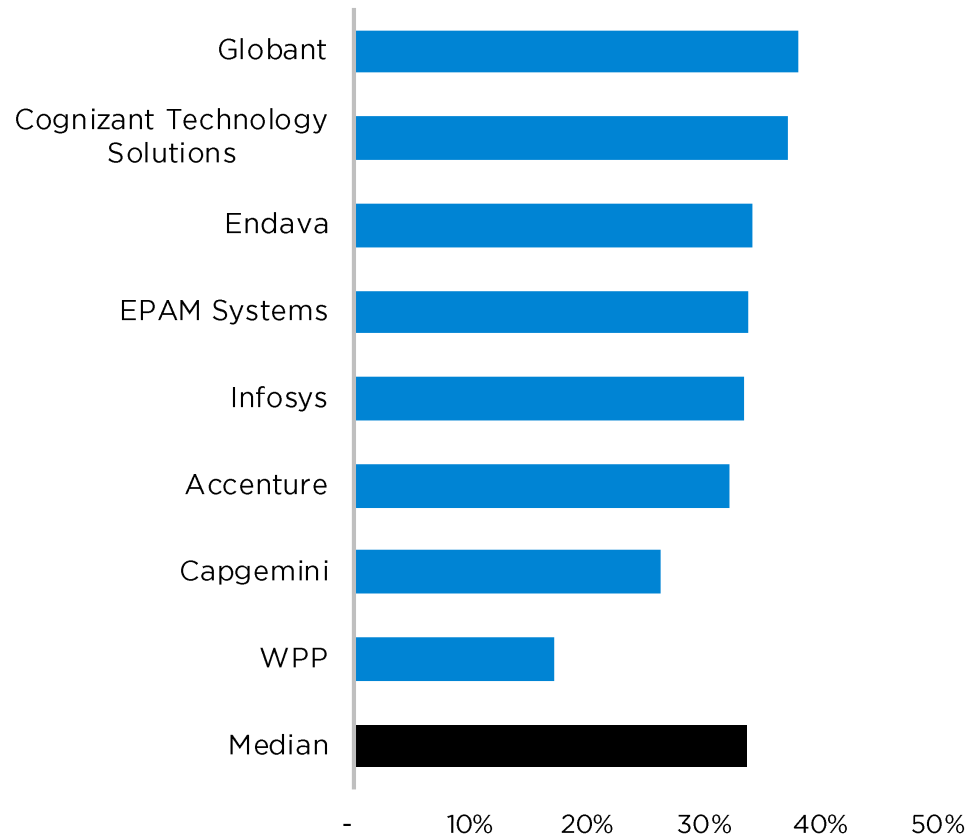


Public Revenue Multiples over Time

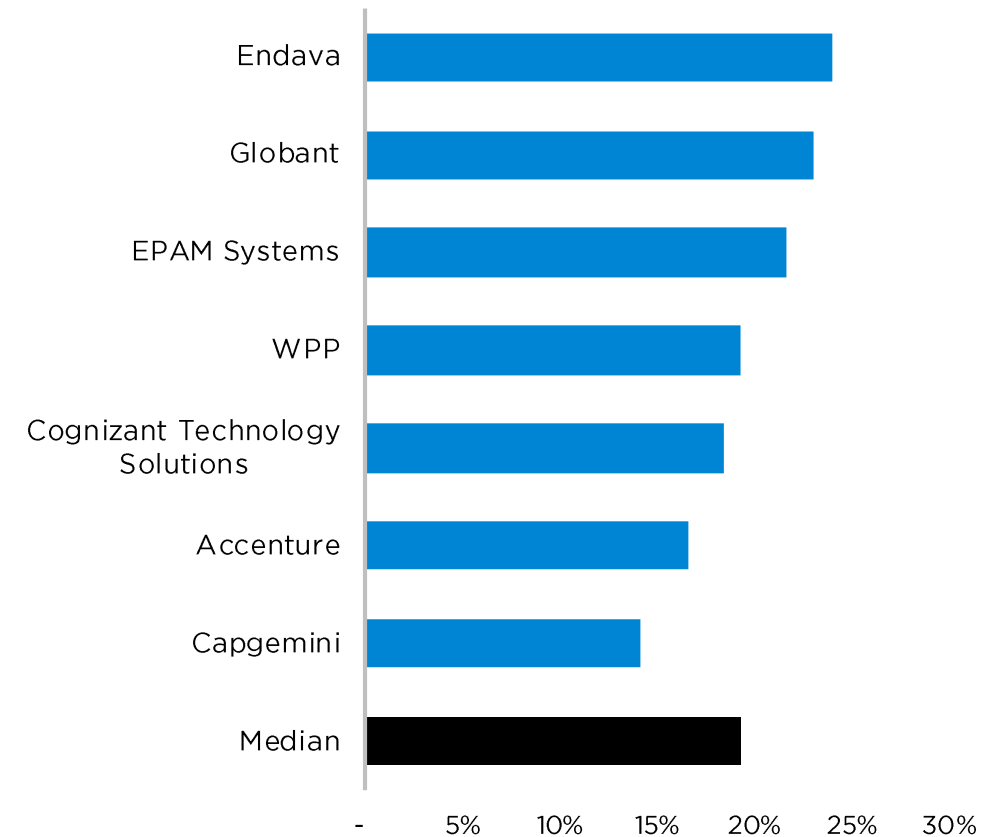


Operational Metrics

LTM Gross Profit Margin %

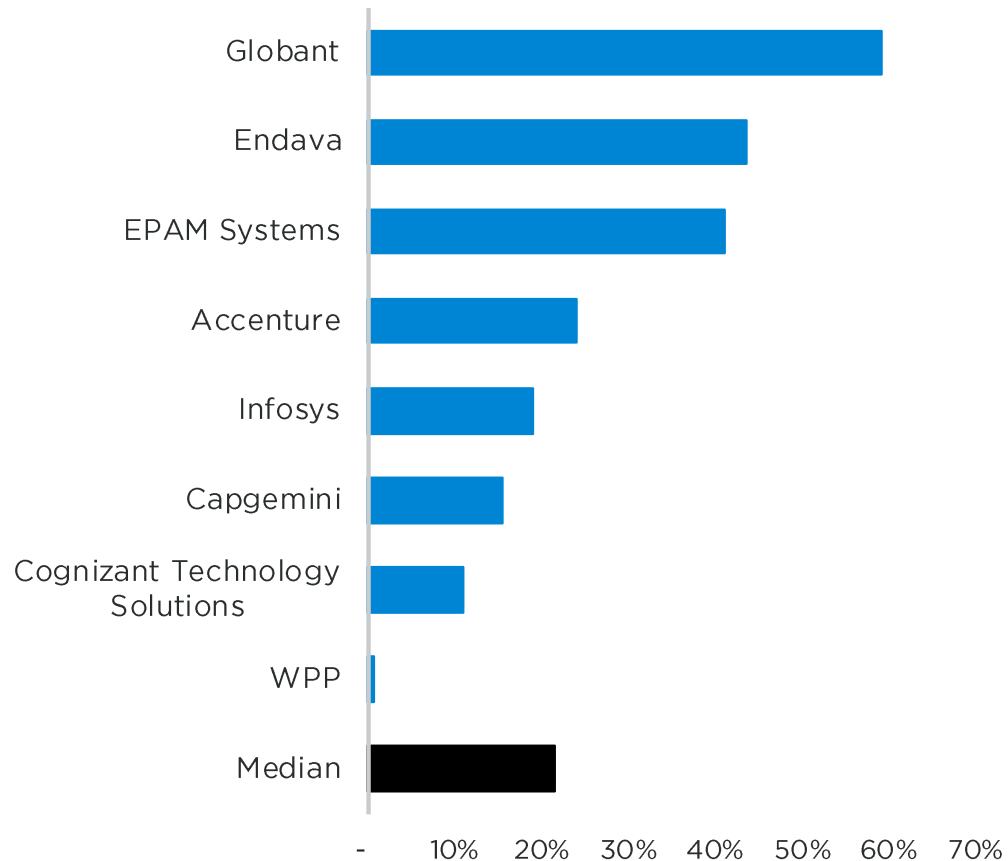


LTM EBITDA %

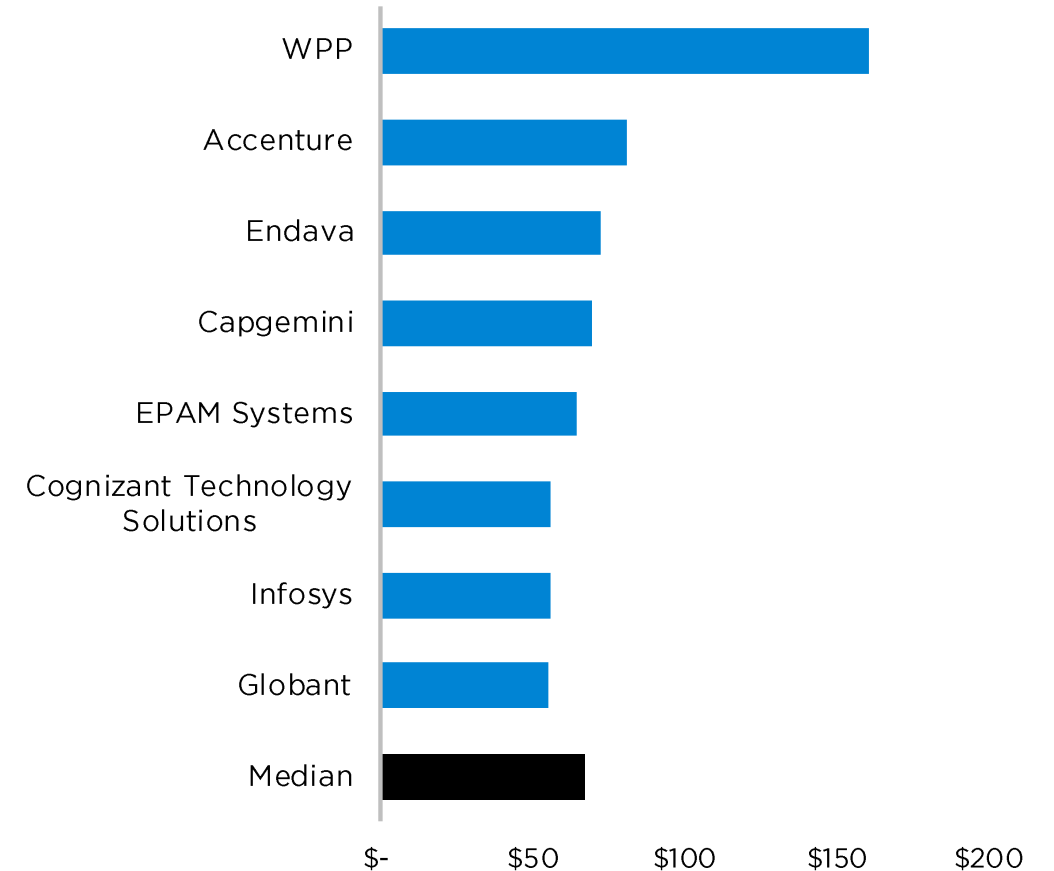


Operational Metrics

LTM Revenue Growth %

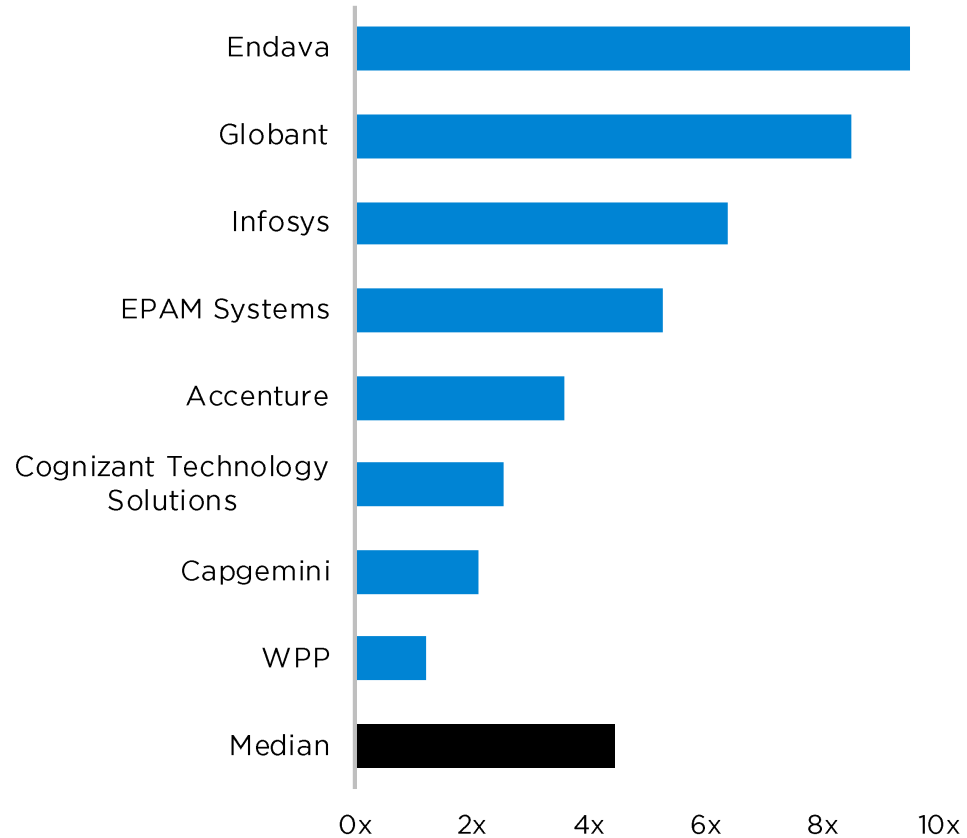


LTM Revenue per Full Time Employee x 000's

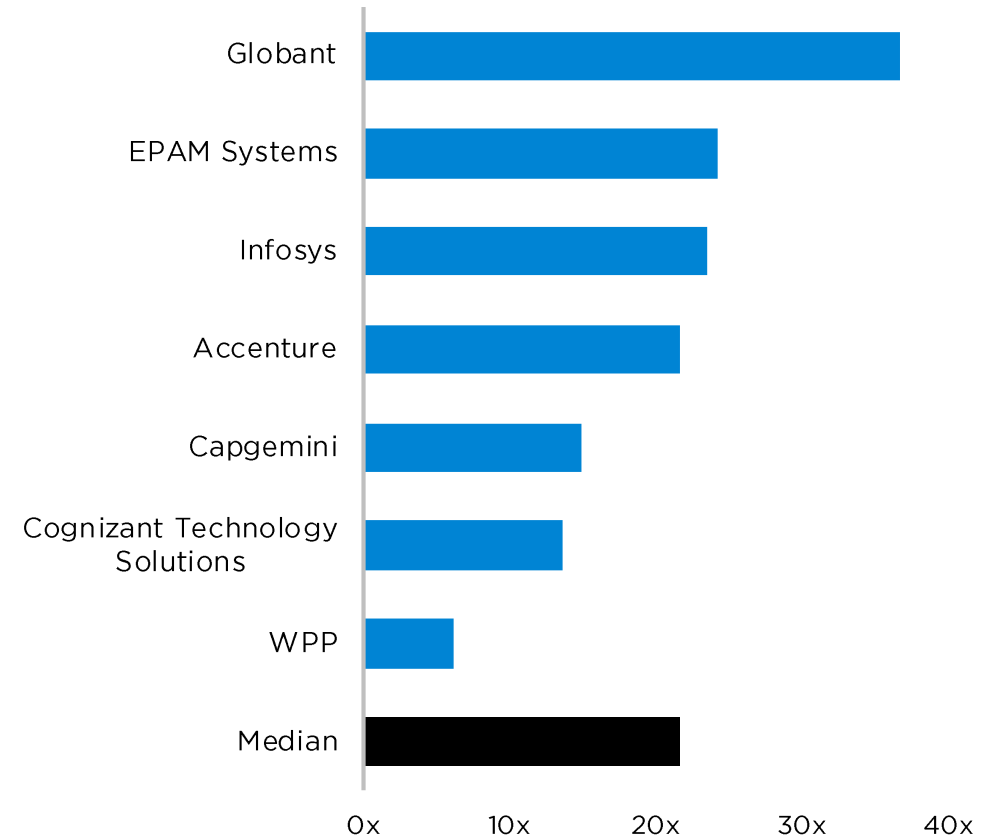


Valuation

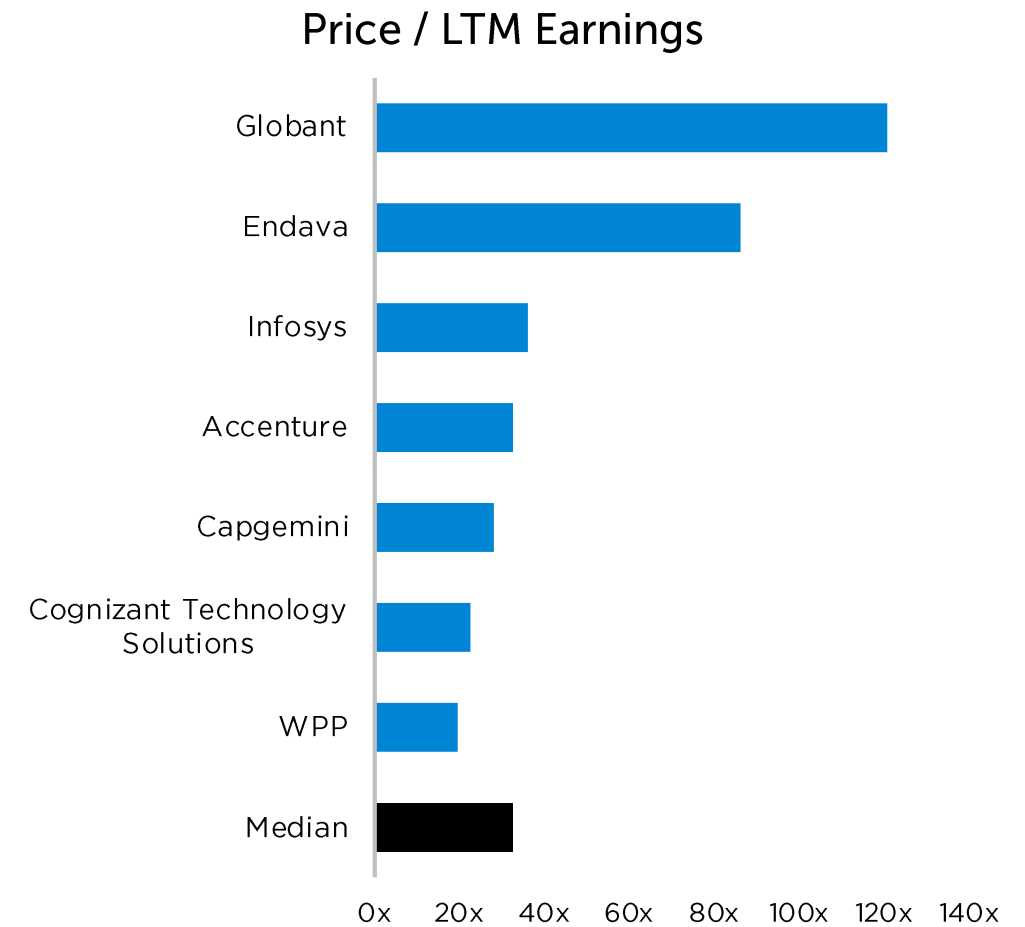
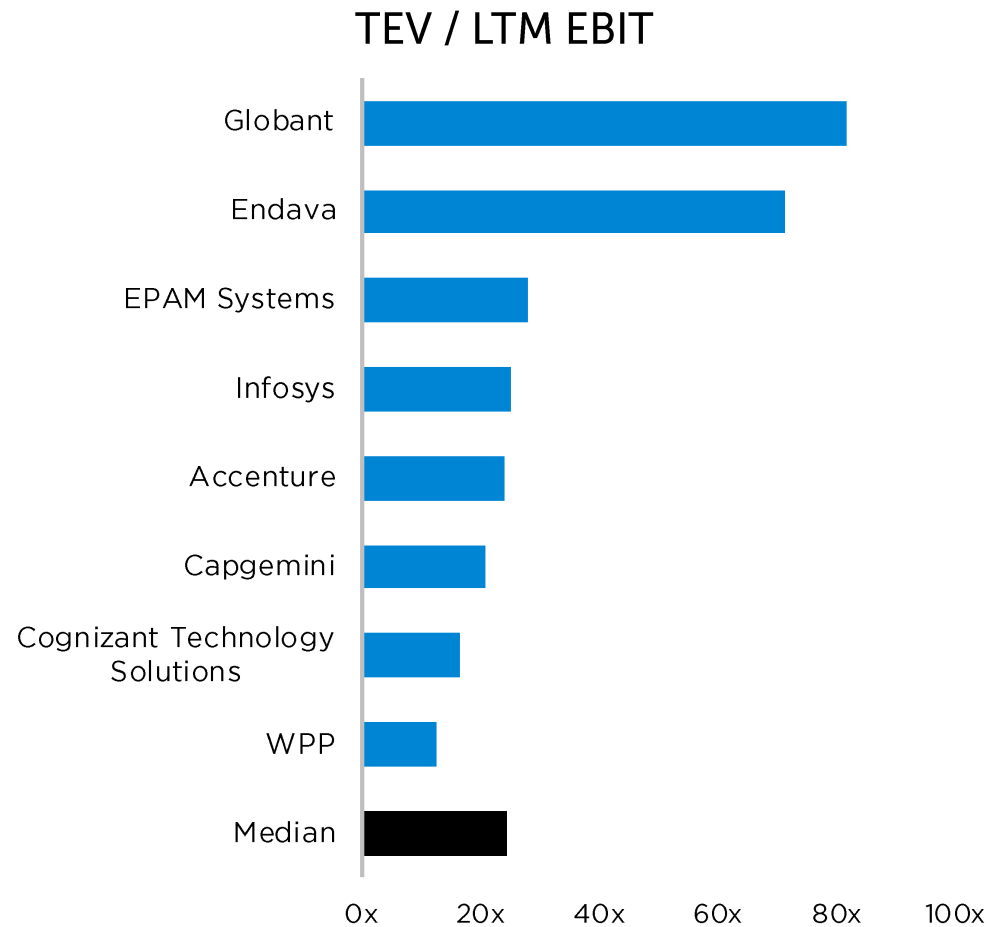
TEV / LTM Revenue



TEV / LTM EBITDA

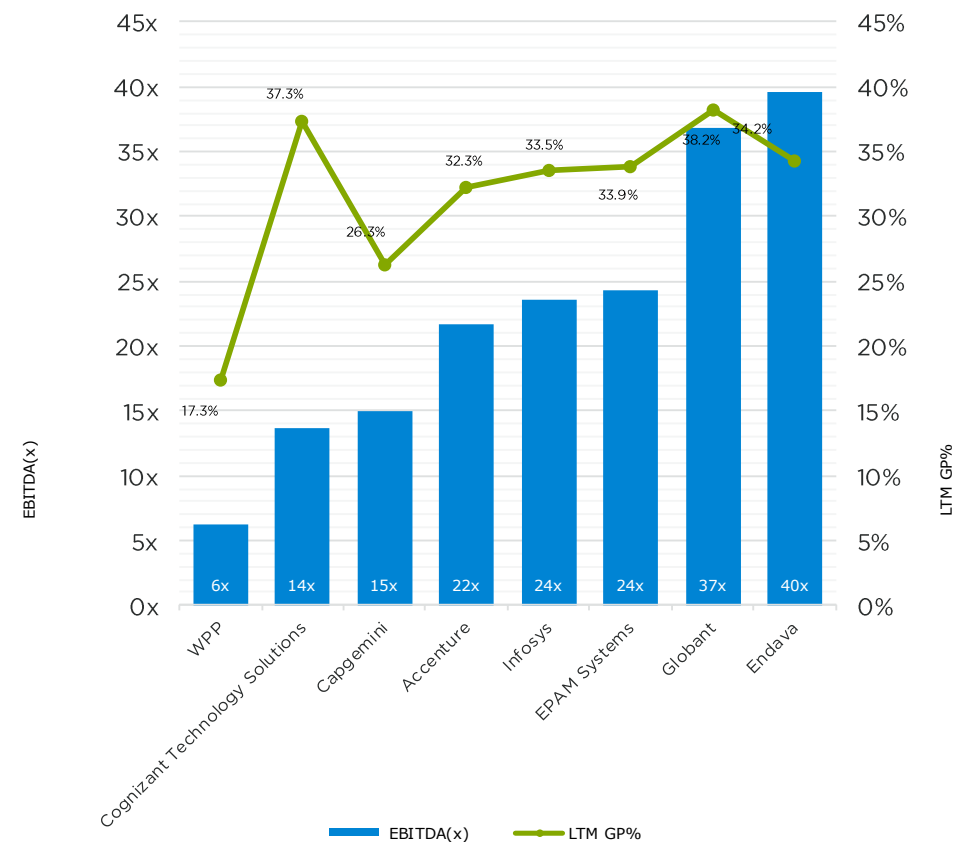


Valuation

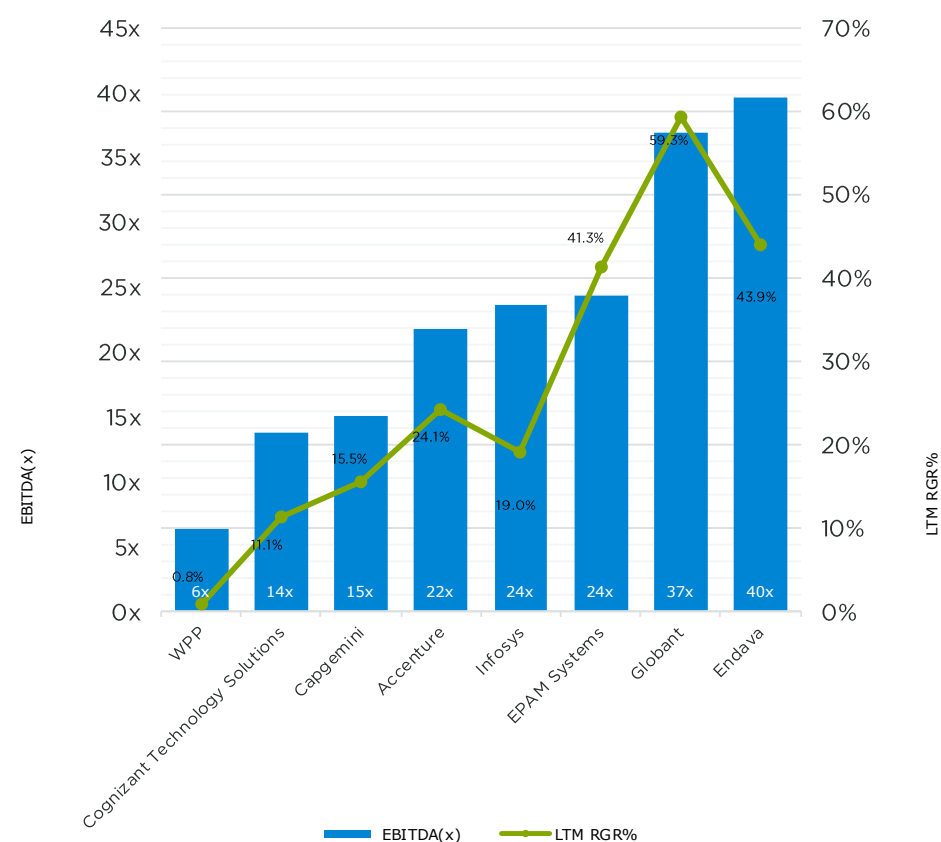


Valuation

Historical Valuation Multiples
versus Gross Profit



Historical Valuation Multiples
versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
18-Mar-22	Parity Medical	TouchPoint	-	-	-	-
17-Mar-22	Ready4Digital	-	-	-	-	-
16-Mar-22	Rubicon Red	KPMG Australia	-	-	-	-
16-Mar-22	Snapbi	A5	-	-	-	-
12-Mar-22	Thirdware Solution	Tech Mahindra	42.00	-	-	-
10-Mar-22	RGI Group	CVC Capital Partners	-	-	-	-
10-Mar-22	Spica Technologies (Birmingham)	Nordomatic	-	-	-	-
08-Mar-22	BonitaSoft	Fortino Capital Partners	-	-	-	-
07-Mar-22	ADK Rage	ADK Group	-	-	-	-
07-Mar-22	Integra (Canada)	Plurilock	0.94	-	-	-
03-Mar-22	Onestream Networks	CallTower	-	-	-	-
02-Mar-22	TA Digital	Omnicom Precision Marketing Group	-	-	-	-
01-Mar-22	Maxeler Technologies	Groq	-	-	-	-
01-Mar-22	UNICO Computer Systems	CGI Technology and Solutions Australia	-	-	-	-
24-Feb-22	Blue.cloud	Hudson Hill Capital	120.00	-	-	-
23-Feb-22	Antreem	Gellify	-	-	-	-
21-Feb-22	Conix Services	NEO-SOFT Groupe	-	-	-	-
21-Feb-22	Monticello Consulting Group	Business Integration Partners	-	-	-	-
21-Feb-22	Scientia Consulting Group	ABRY Partners	-	-	-	-
16-Feb-22	Apexon (USA)	Everstone Capital	-	-	-	-
16-Feb-22	Xerris	Accolite Digital	26.83	-	-	-
15-Feb-22	IncepTech	McKinsey & Company	-	-	-	-
15-Feb-22	Kryon	Nintex	100.00	-	-	-
15-Feb-22	Service Stack Technologies	NewRocket (United States)	-	-	-	-
15-Feb-22	Venntifact	Deloitte Digital	-	-	-	-

Appendix

*Public Basket
Contact Information*



Endava

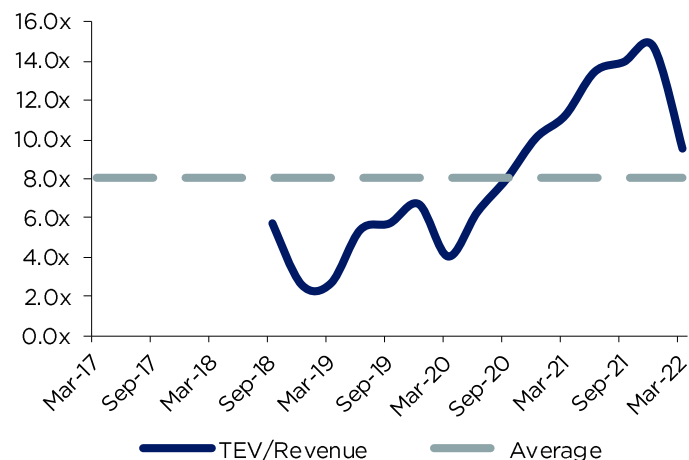
Endava PLC provides technology solutions.

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.

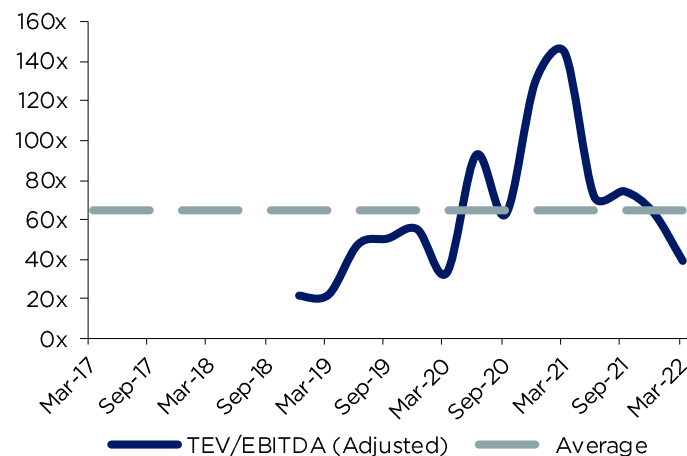
Public Basket

Endava

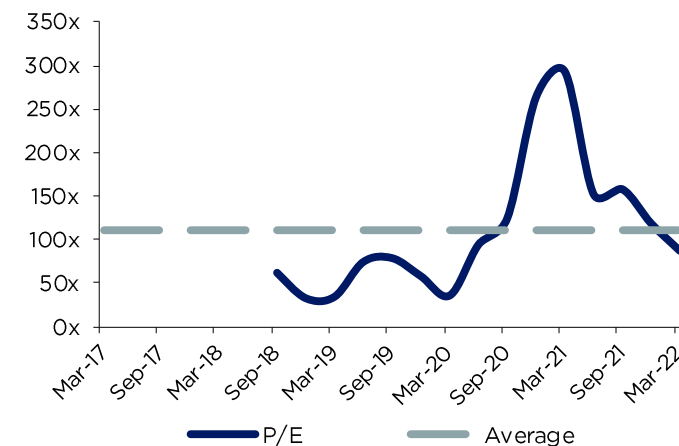
Revenue Multiples - Endava



EBITDA Multiples - Endava



P/E Multiples - Endava



Company Name	Date	Deal Synopsis
Business Agility Consulting	09-Feb-22	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on February 9, 2022. The acquisition enables Endava to solidify its position as a key digital acceleration player for next-generation cloud-based solutions.
Levvel	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.

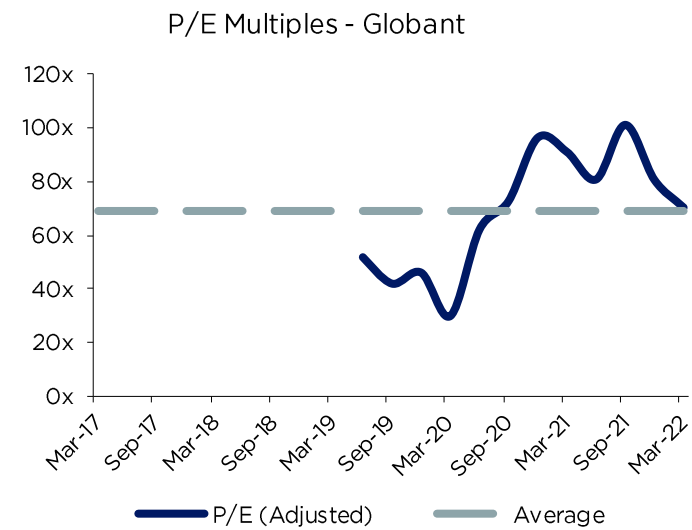
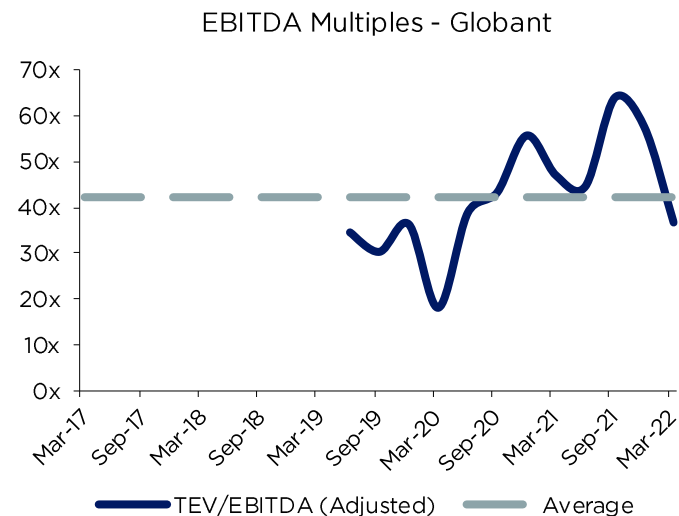
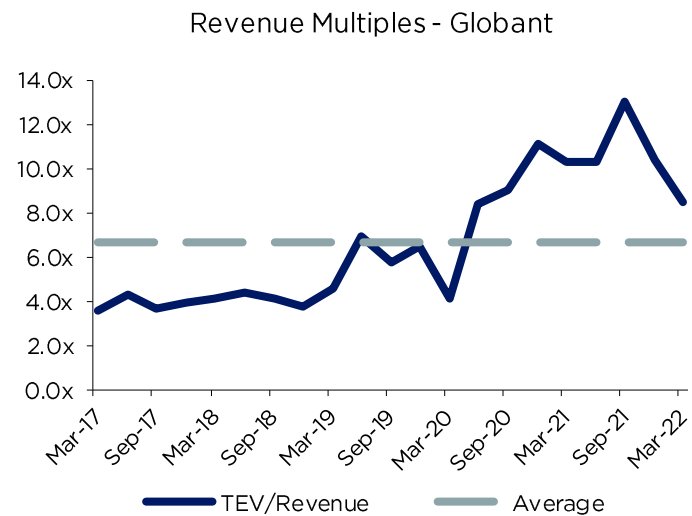
Globant

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	30-Nov-21	The company was acquired by Globant (NYS: GLOB) for USD 79.107 million on November 30, 2021.
Atix Labs	04-Oct-21	The company was acquired by Globant (NYS: GLOB) for \$5.79 million on October 4, 2021.

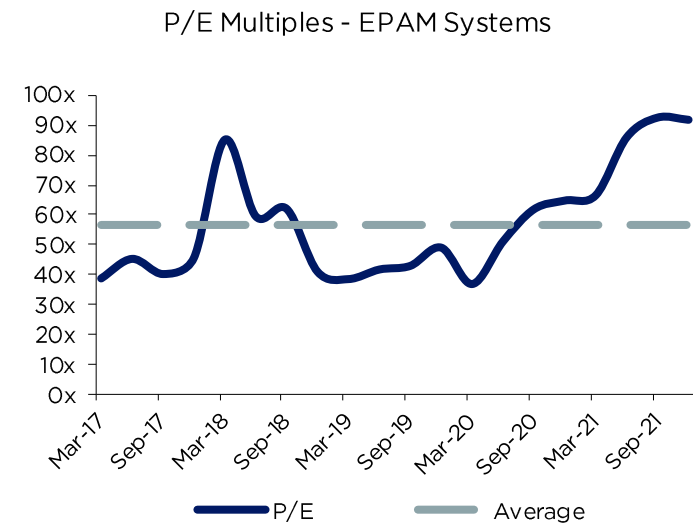
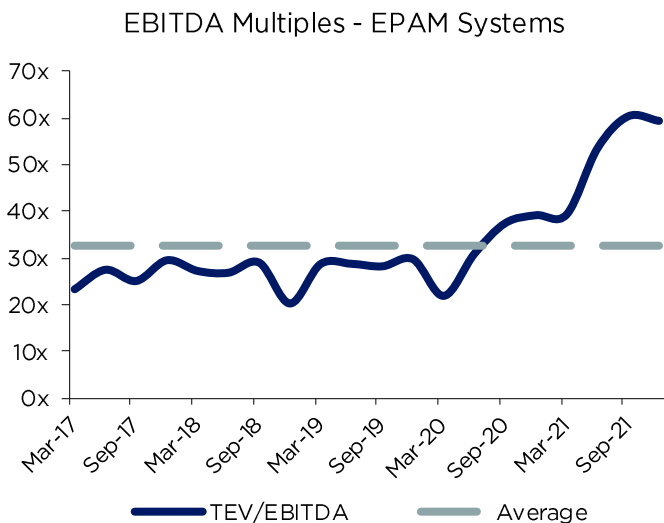
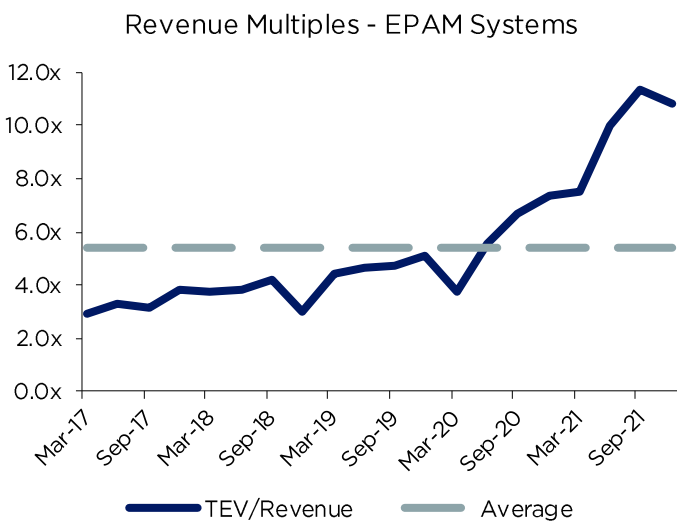
EPAM Systems

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
Superhub	01-Mar-22	The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount in March 2022.
Enginety	28-Jan-22	The company was acquired by EPAM Systems (NYS: EPAM) for an undisclosed amount on January 28, 2022. The deal will allow EPAM to expand its capabilities to deliver end-to-end solutions for building e-commerce services and platforms for global organizations.

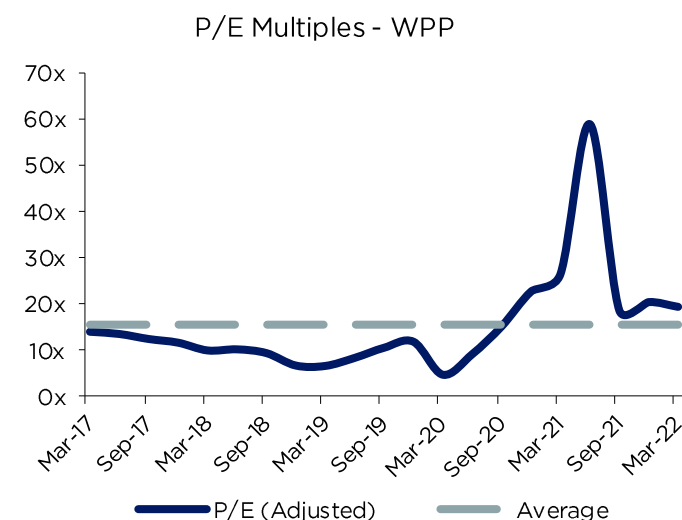
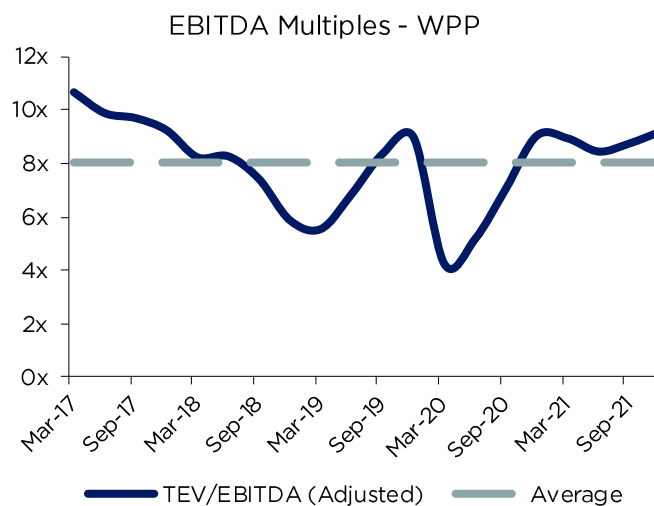
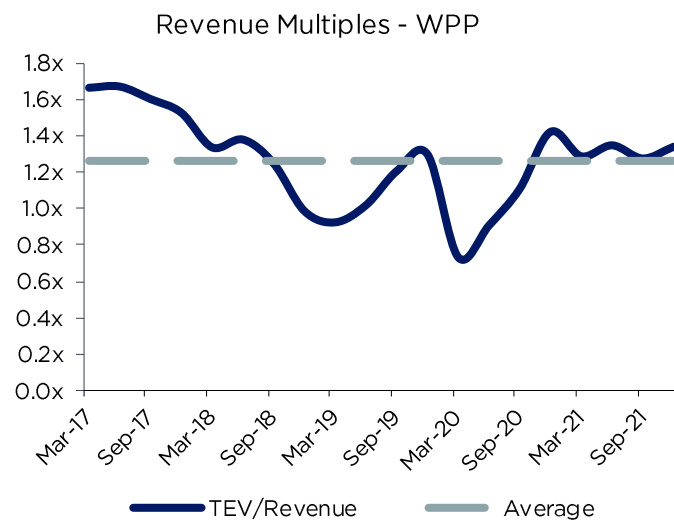
WPP

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
Village Marketing	22-Feb-22	The company was acquired by WPP (NYSE: WPP) for an undisclosed amount on February 22, 2022. The acquisition is part of WPP's accelerated growth strategy and focused M&A approach to further strengthen its core creative capabilities in marketing, communications and design.
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.

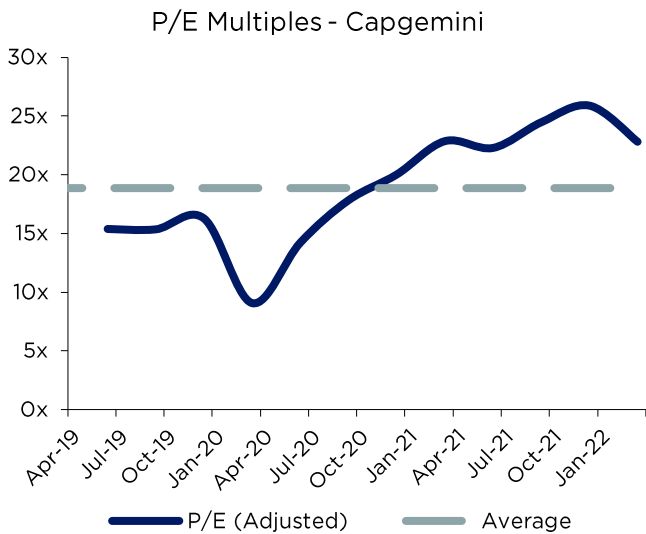
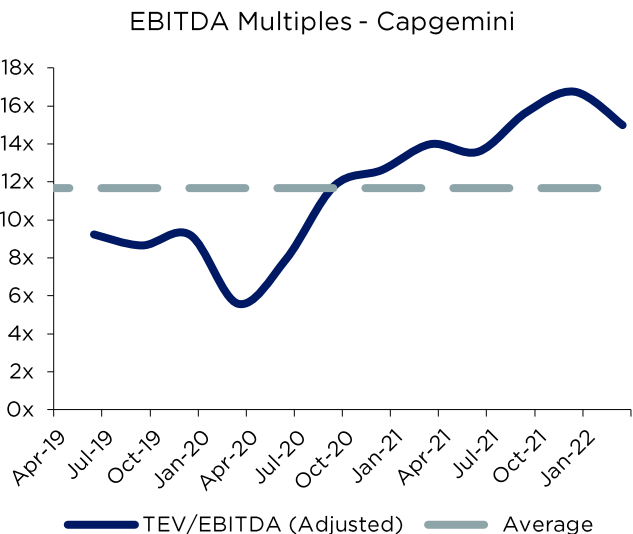
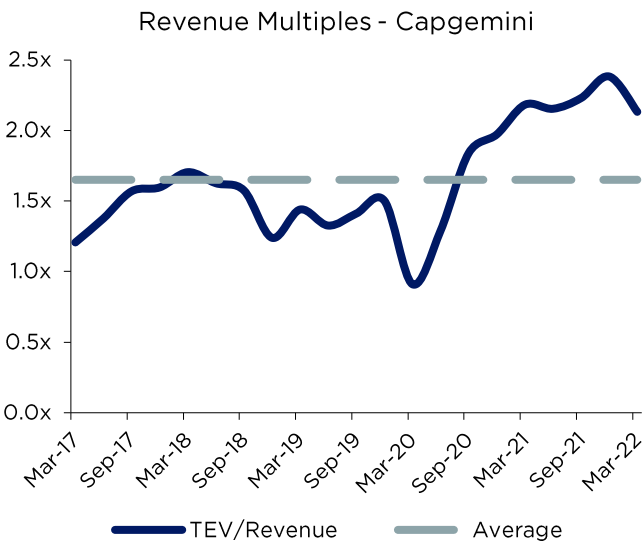
Capgemini

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.

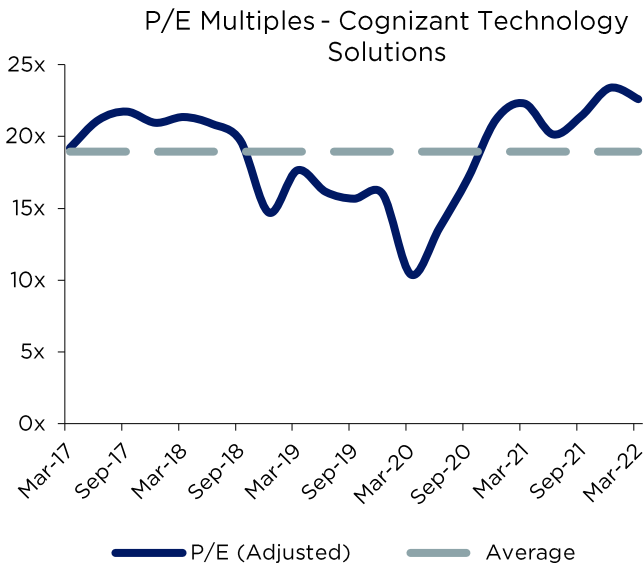
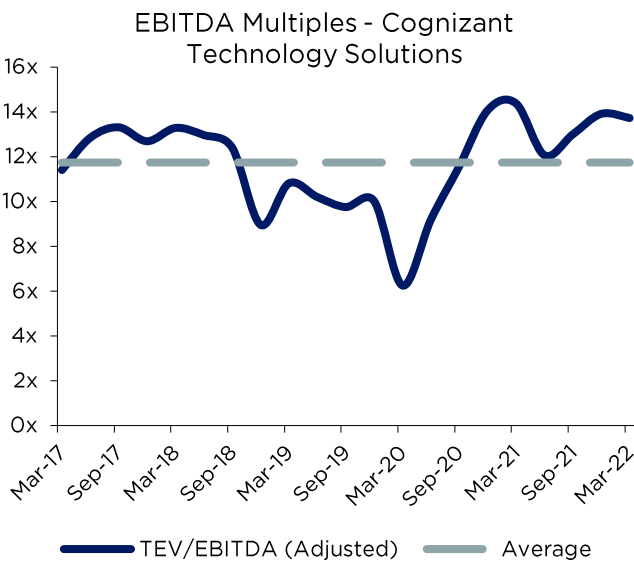
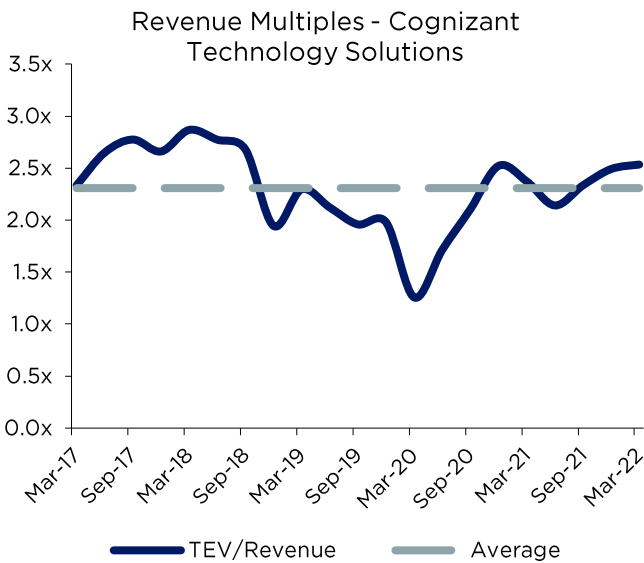
Cognizant Technology Solutions

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
Devbridge	09-Dec-21	The company was acquired by Cognizant Technology Solutions (NAS: CTSI) for an undisclosed amount on December 9, 2021.
Hunter Technical Resources	16-Aug-21	The company was acquired by Cognizant (NAS: CTSI) for an undisclosed amount on August 16, 2021. The acquisition will enhance Cognizant's access to IT talent across areas such as full stack development, data science, and machine learning.

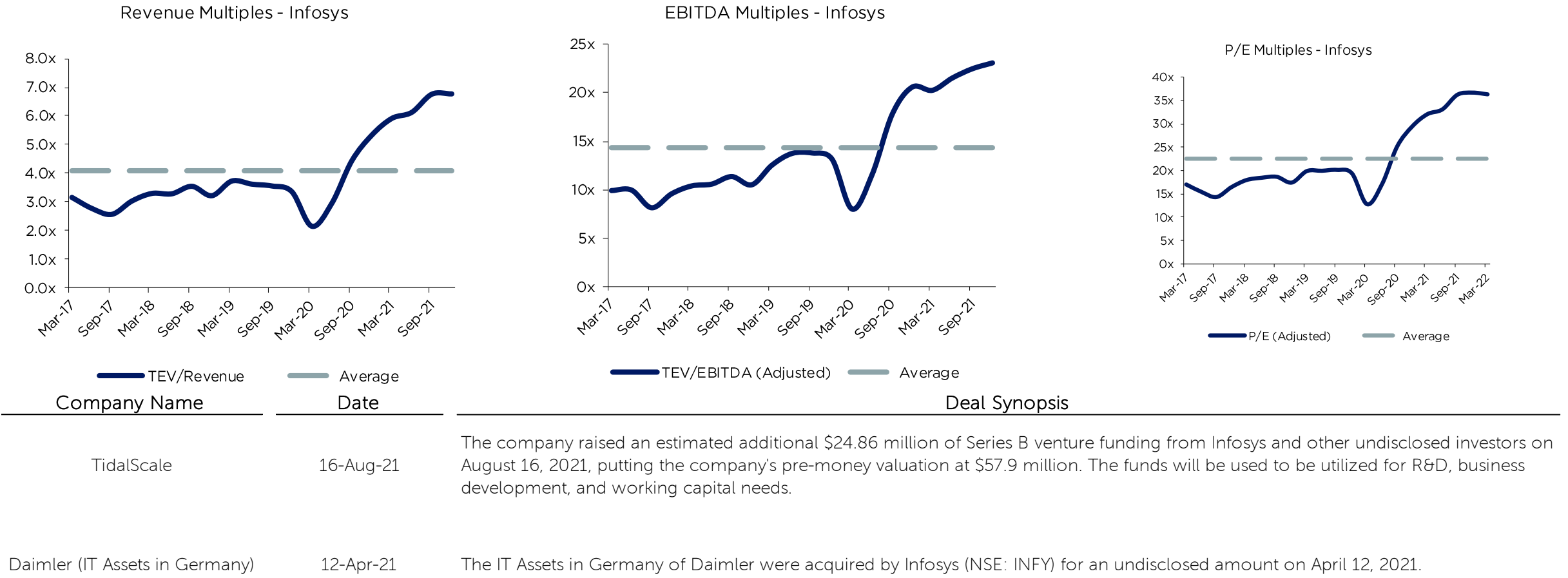
Infosys

**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



Accenture

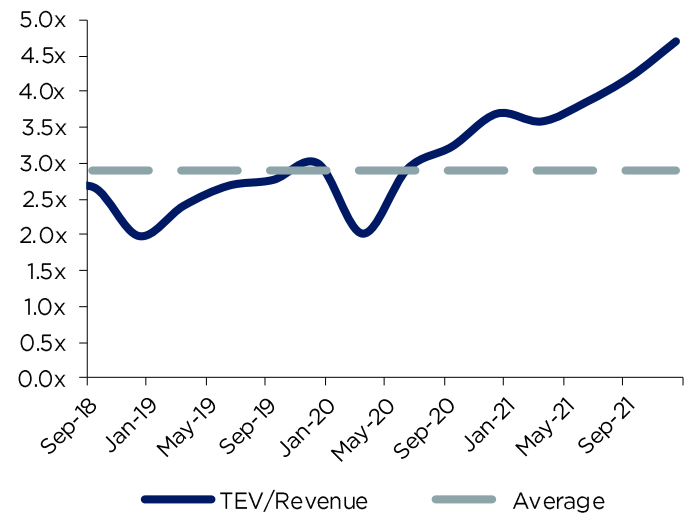
Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.

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.

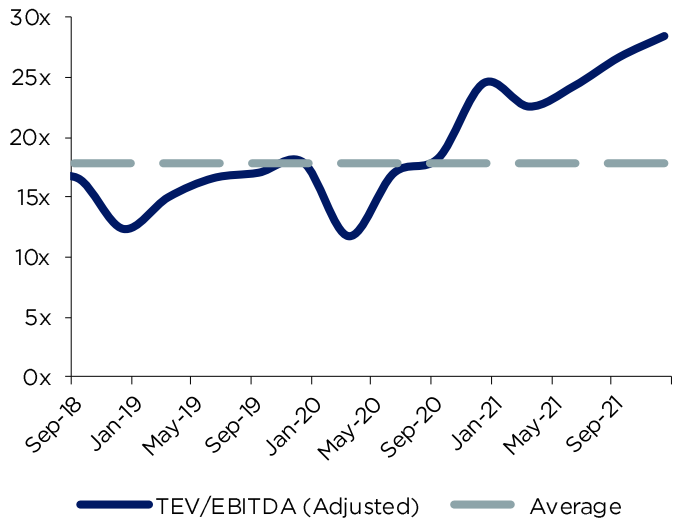
Public Basket

Accenture

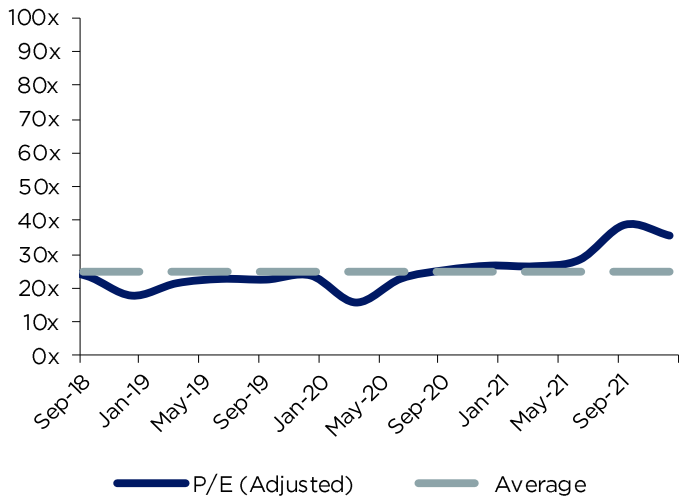
Revenue Multiples - Accenture



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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