

7 Mile Advisors



# Sectorwatch:

## IT Consulting

April 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

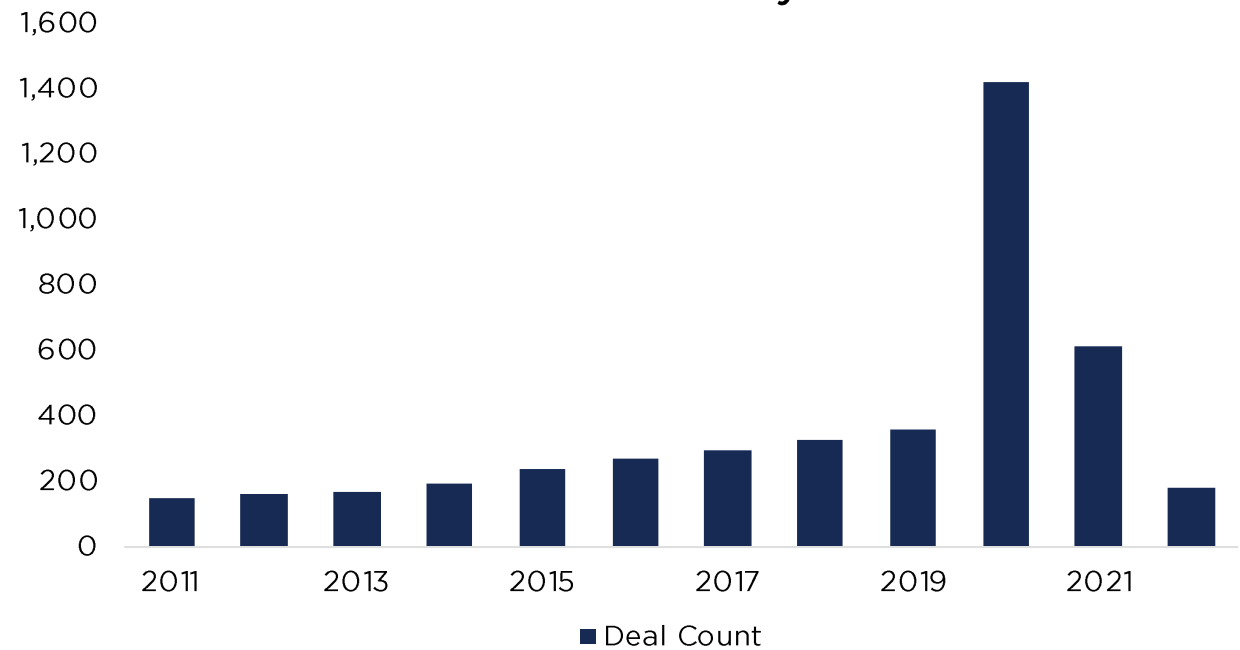
- The most recently announced deals in the sector

# Dashboard

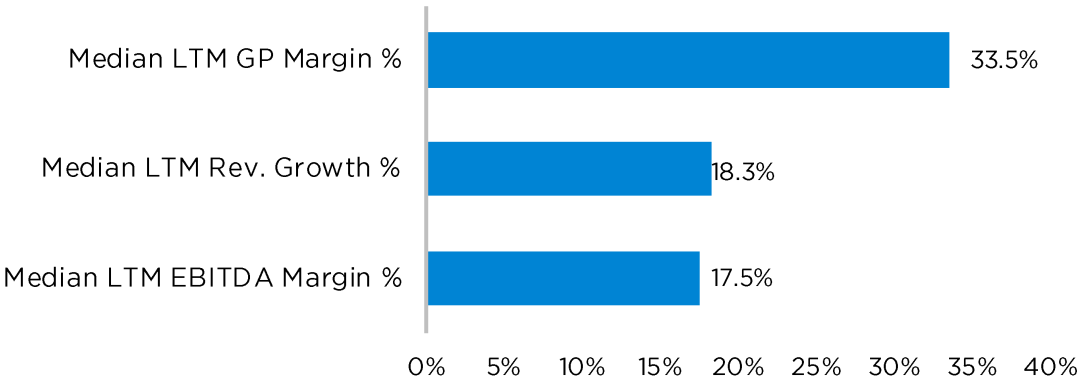
## REVENUE GROWTH MOMENTUM ↑8.0%

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

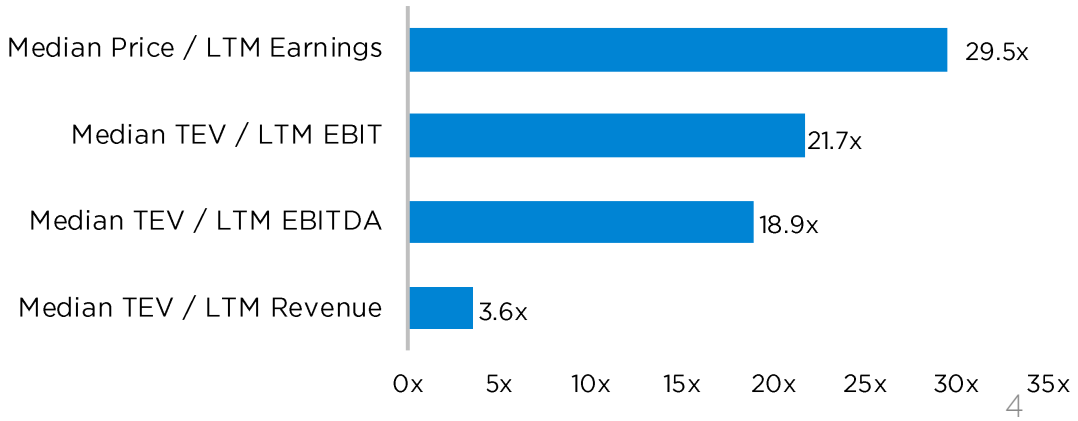
### M&A Activity



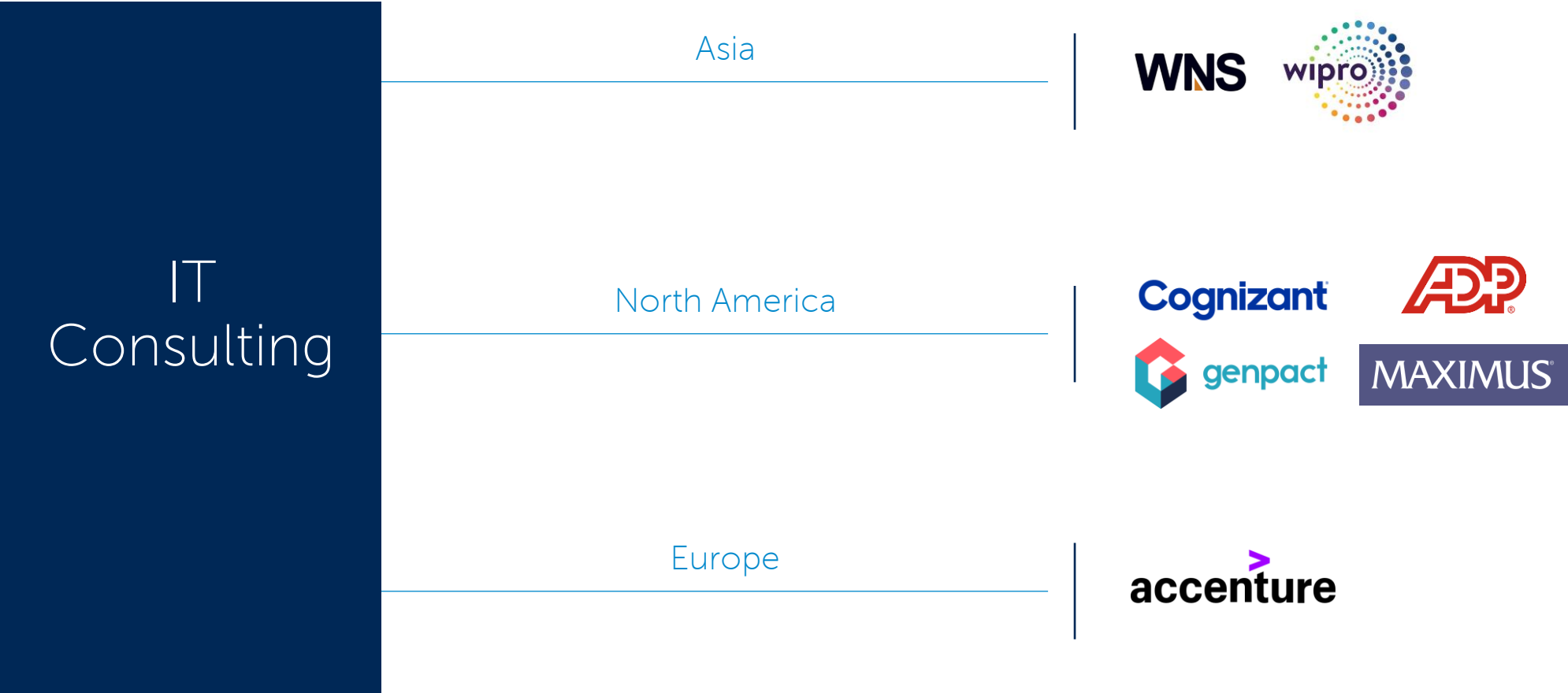
### Operating Metrics



### Valuation



# Public Basket Overview

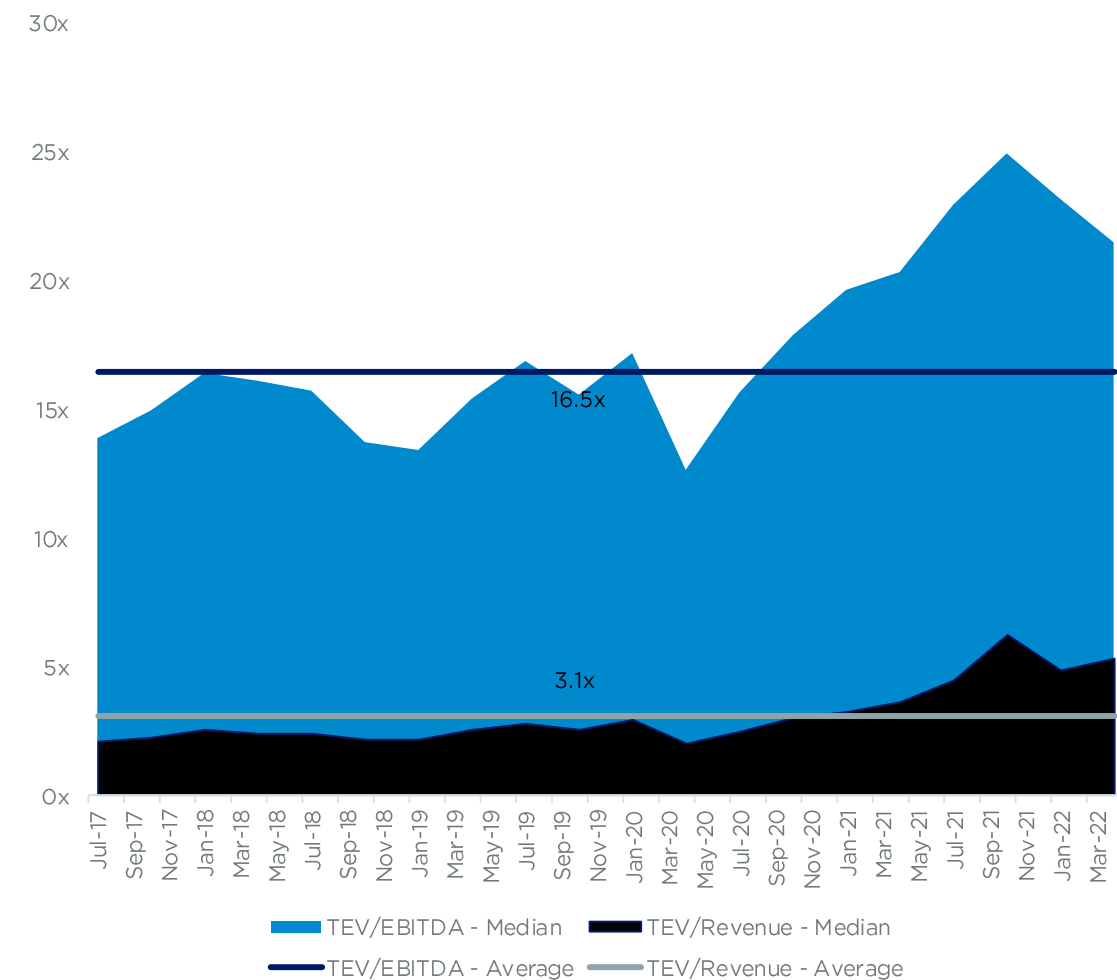


# Public Basket

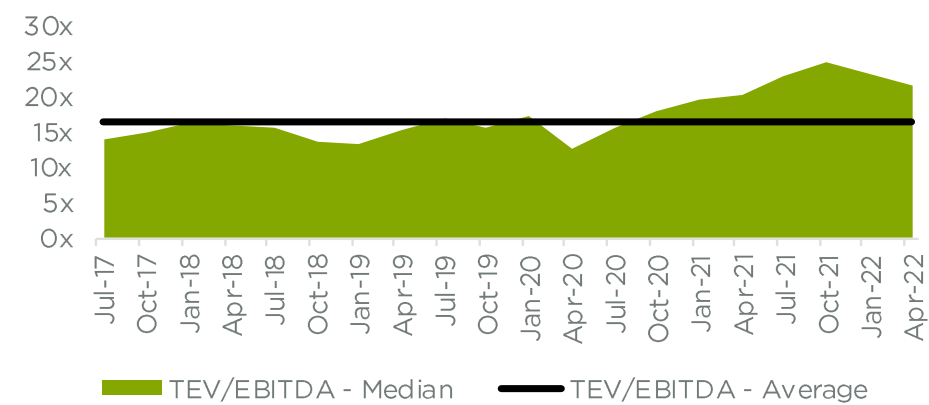
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Persistent Systems	3,864	123	701	29.6%	38.1%	17.5%	5.5x	31.5x	10,632	66
Perficient	4,046	106	761	24.3%	38.4%	14.0%	5.3x	38.0x	6,000	127
Reply	5,549	312	1,775	18.3%	17.2%	17.6%	3.1x	17.8x	10,579	168
Genpact	8,896	702	4,022	8.4%	35.6%	17.5%	2.2x	12.7x	109,600	37
CGI Group	22,278	1,914	9,727	0.6%	22.5%	19.7%	2.3x	11.6x	80,000	122
Wipro	36,026	#N/A	10,073	21.3%	30.5%	#N/A	3.6x	#N/A	220,000	46
Capgemini	40,528	2,963	21,471	14.6%	26.4%	13.8%	1.9x	13.7x	324,684	66
Cognizant Technology Solutions	44,253	3,380	18,507	11.1%	37.3%	18.3%	2.4x	13.1x	330,600	56
Infosys	86,533	4,256	15,644	19.0%	33.5%	27.2%	5.3x	20.1x	279,617	56
Tata Consultancy Services	168,616	7,660	25,736	16.8%	43.3%	29.8%	6.6x	22.0x	509,058	51
Accenture	202,829	9,415	56,695	24.1%	32.3%	16.6%	3.6x	21.5x	699,000	81
<b>Average</b>	56,674	3,083	15,010	17.1%	32.3%	19.2%	3.8x	20.2x	234,525	79
<b>Median</b>	36,026	2,438	10,073	18.3%	33.5%	17.5%	3.6x	18.9x	220,000	66

share price as of 22Apr22

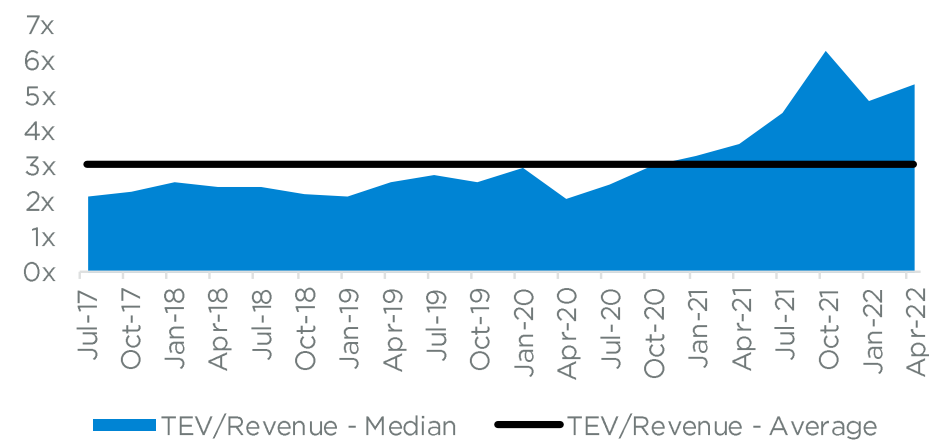
# Public Basket



Public EBITDA Multiples over Time

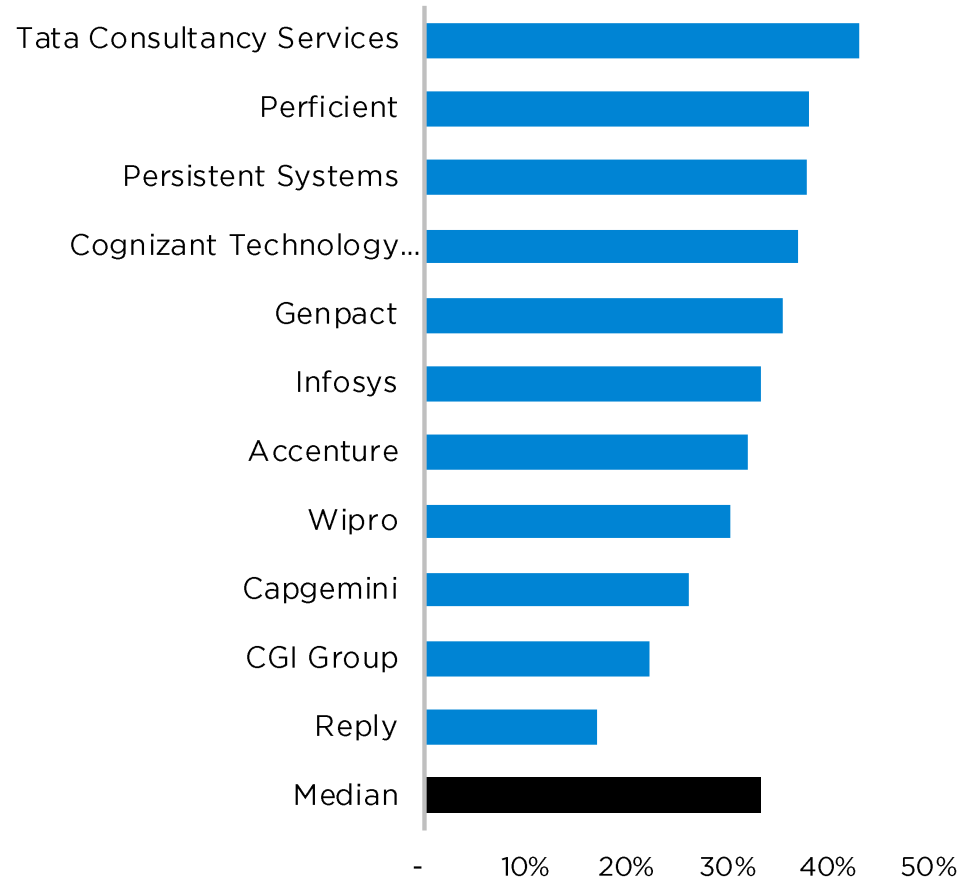


Public Revenue Multiples over Time

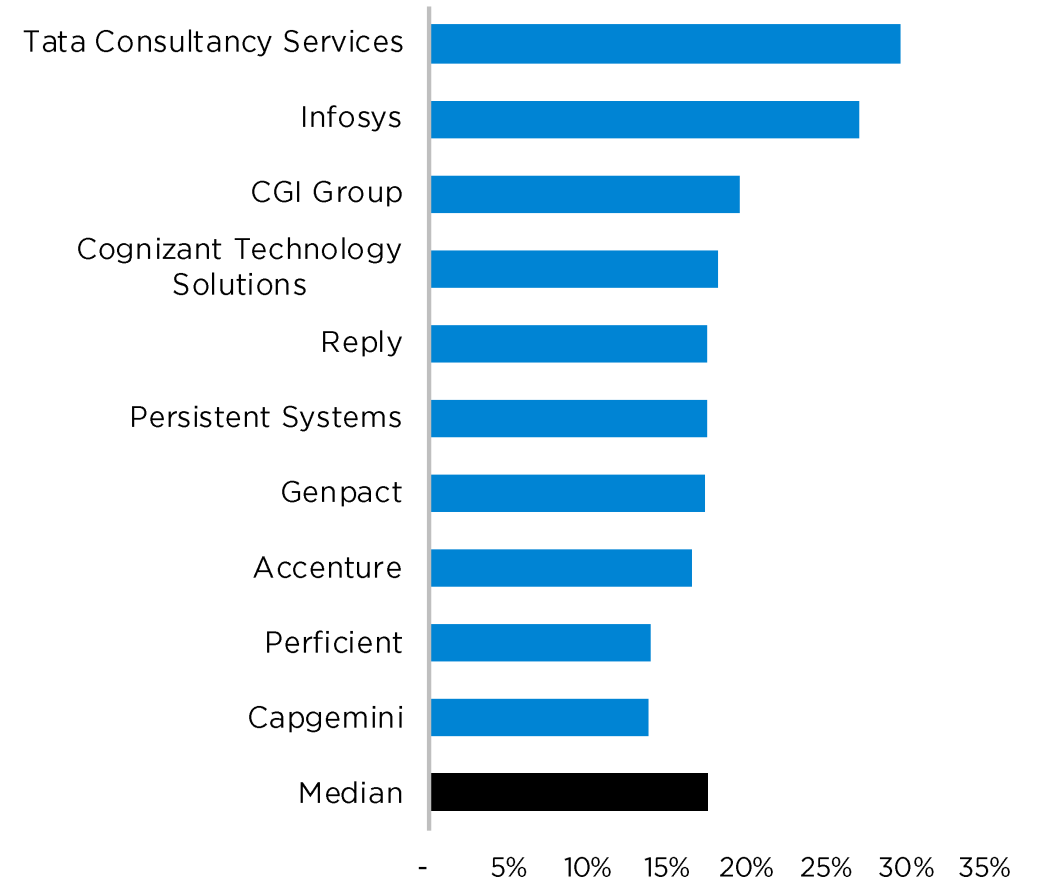


# Operational Metrics

## LTM Gross Profit Margin %



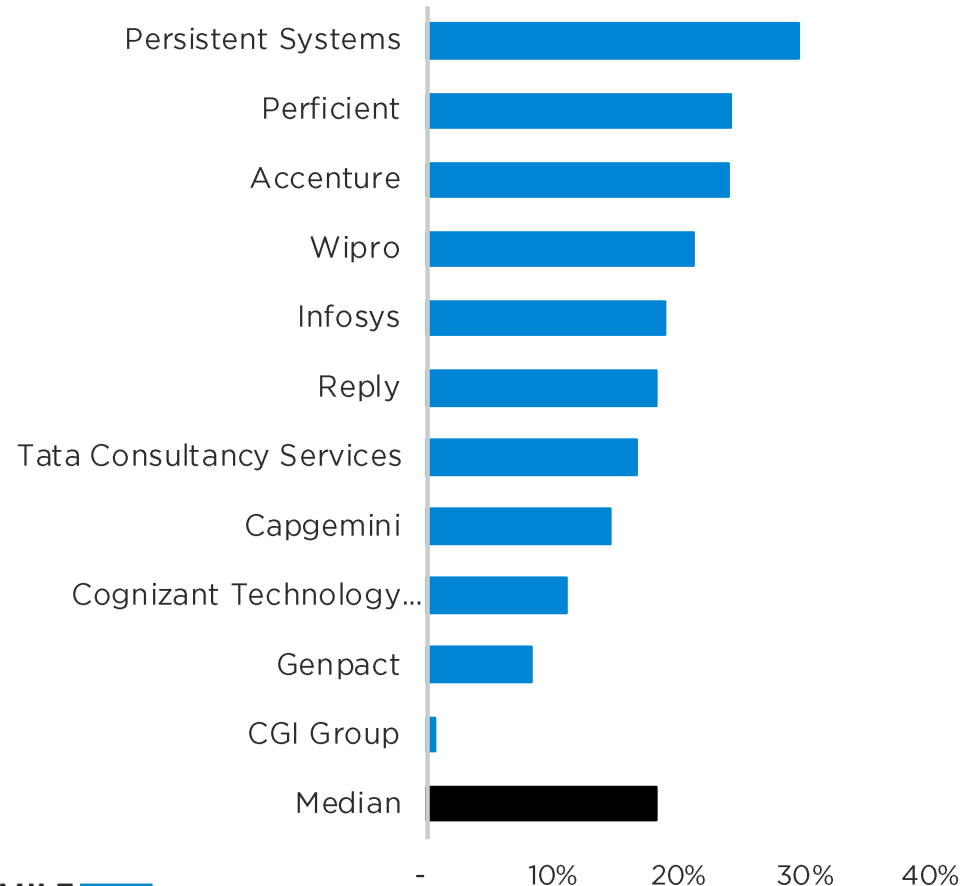
## LTM EBITDA %



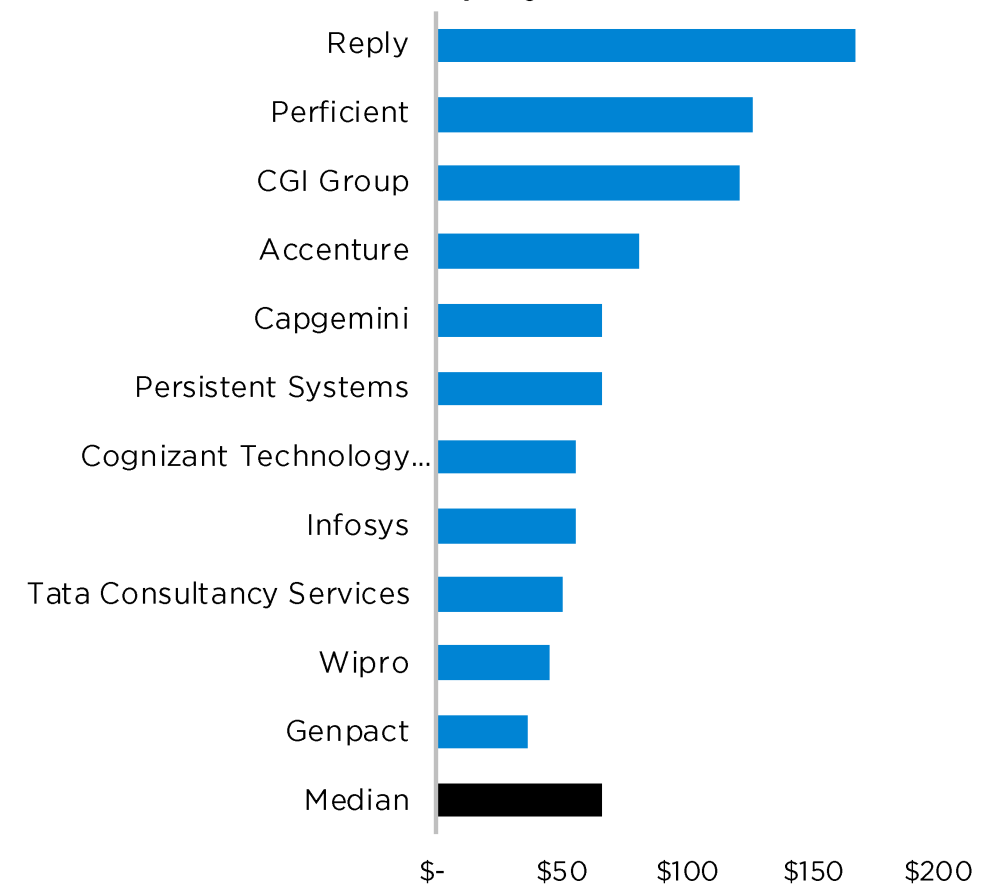


# Operational Metrics

LTM Revenue Growth %

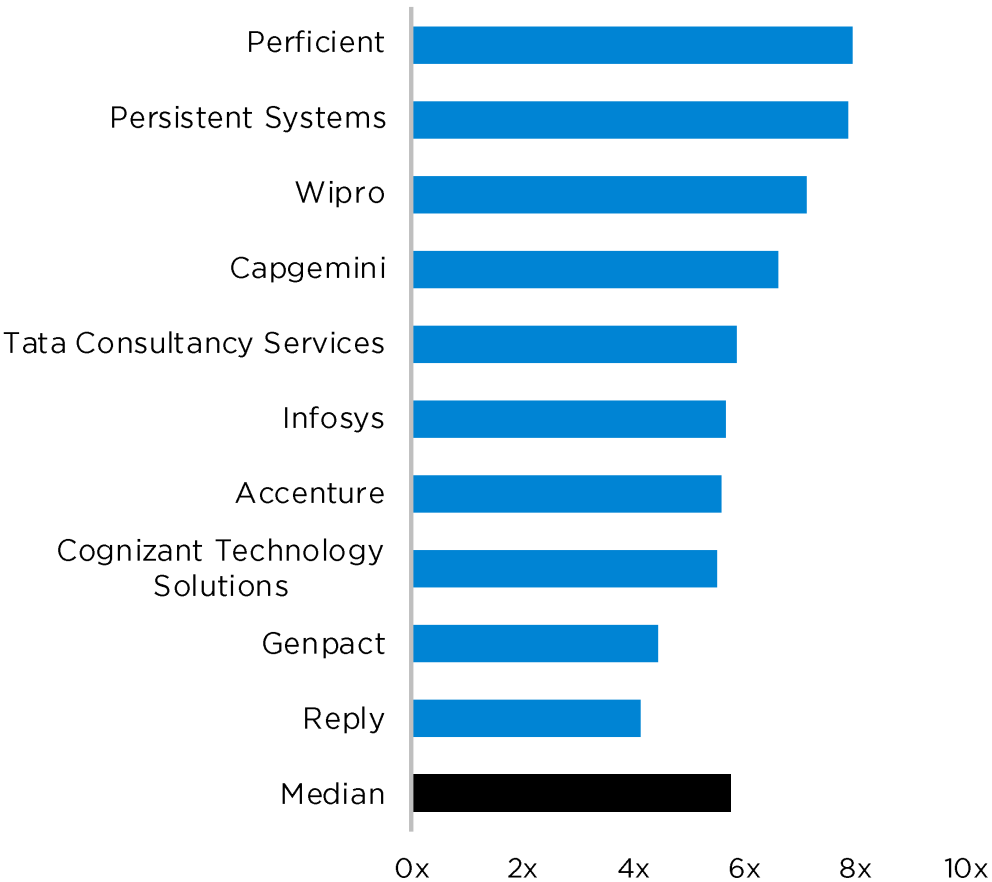


LTM Revenue per Full Time Employee x 000's

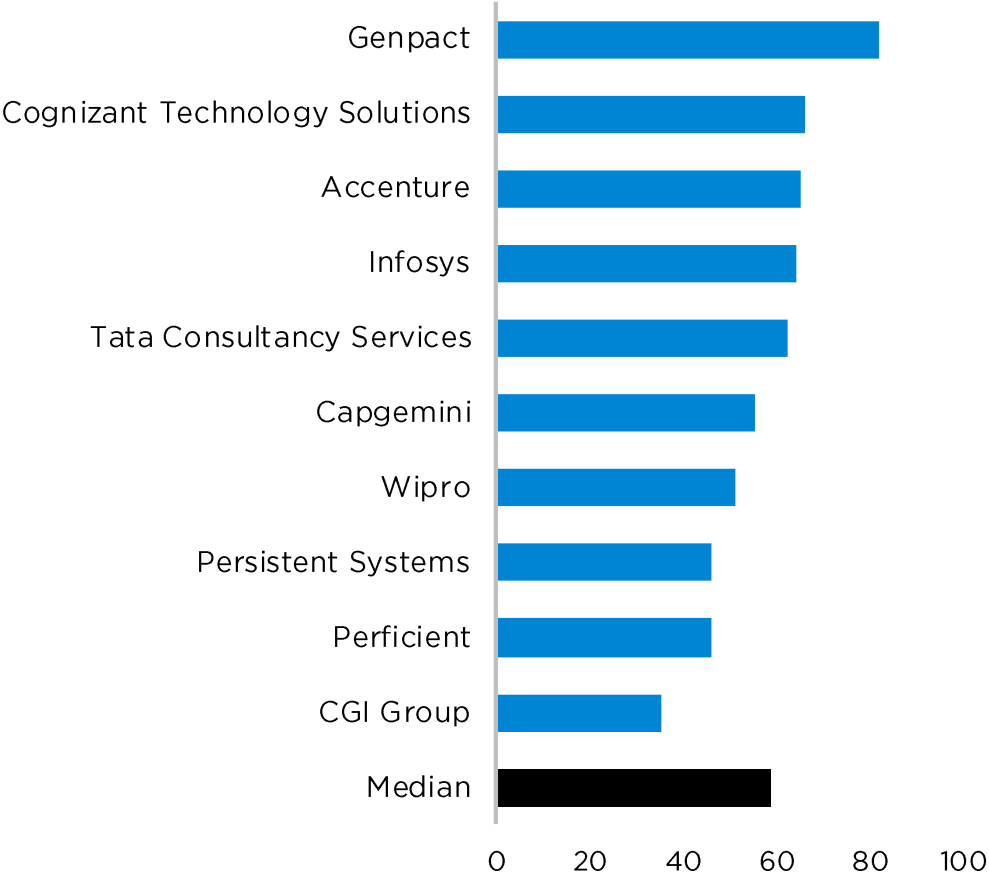


# Valuation

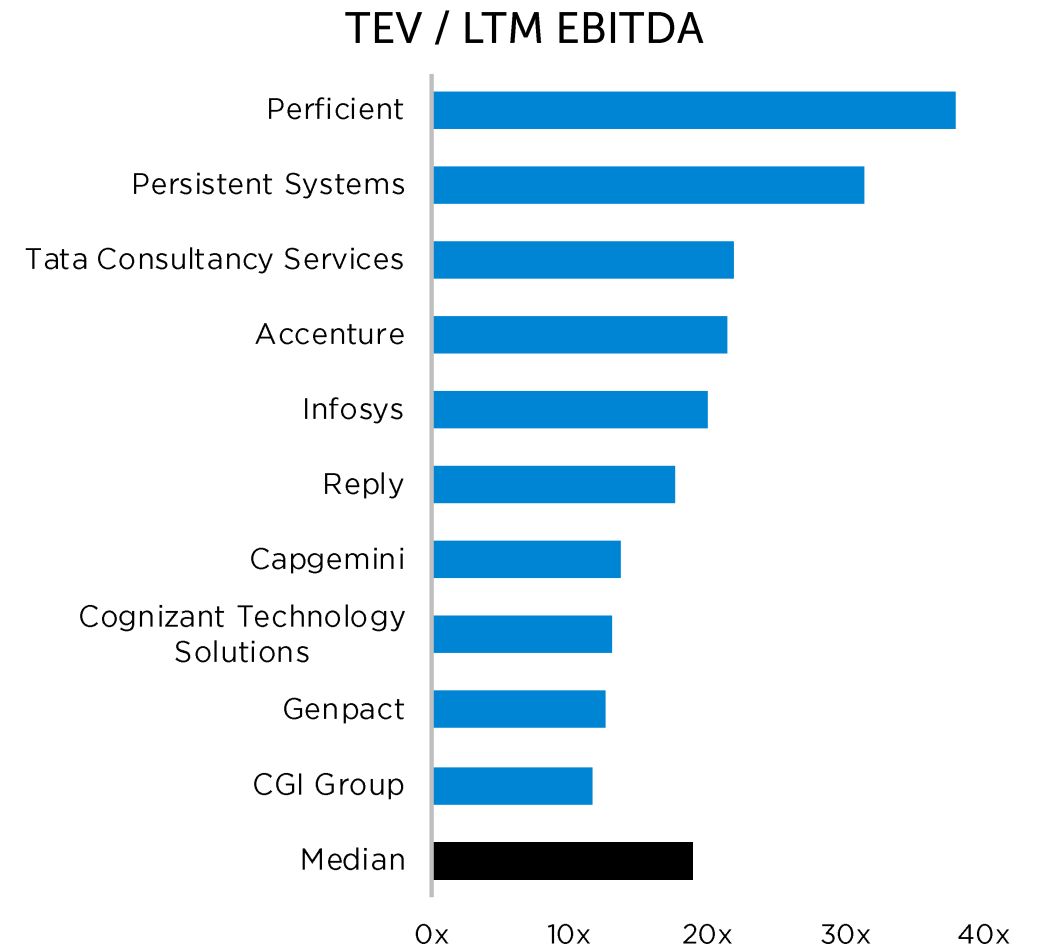
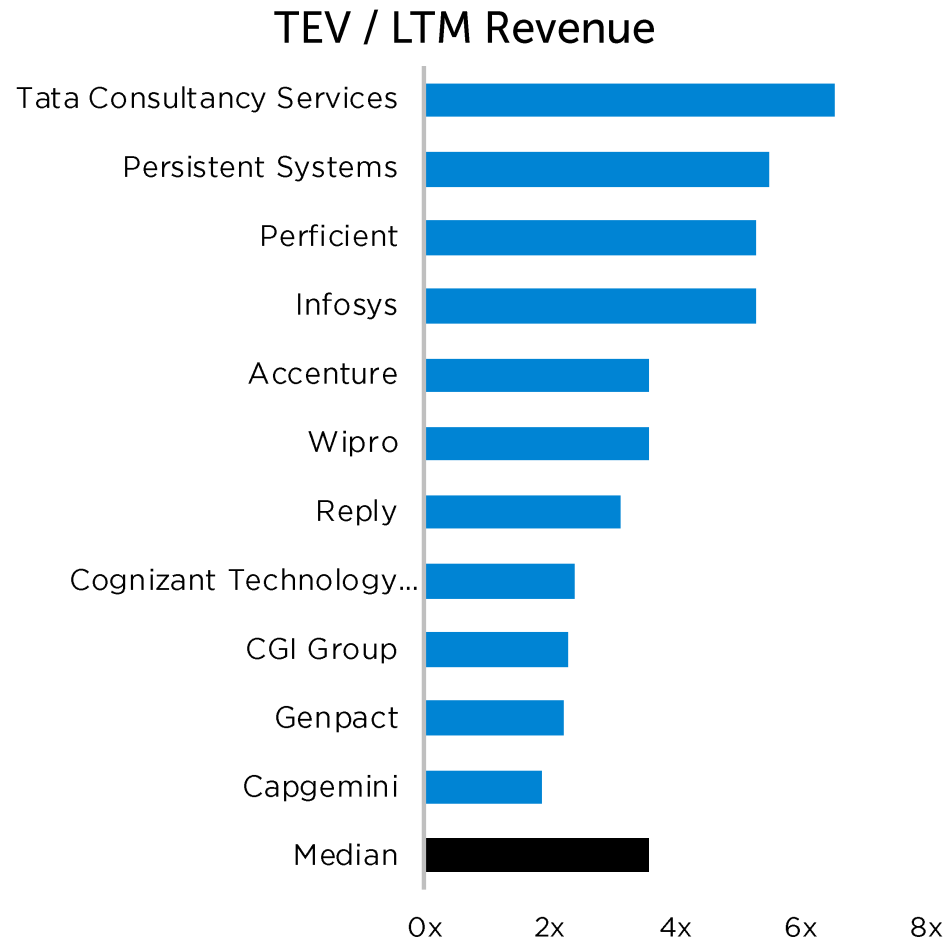
Accounts receivable turnover



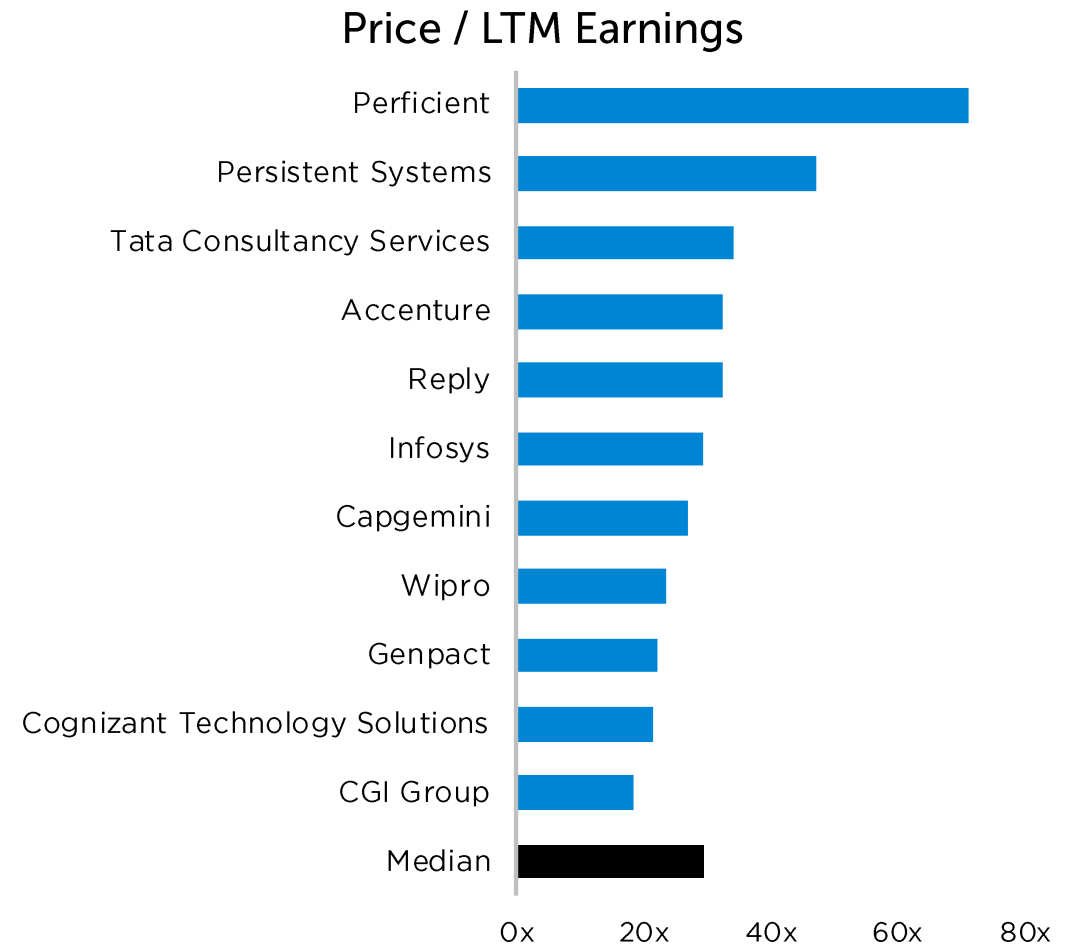
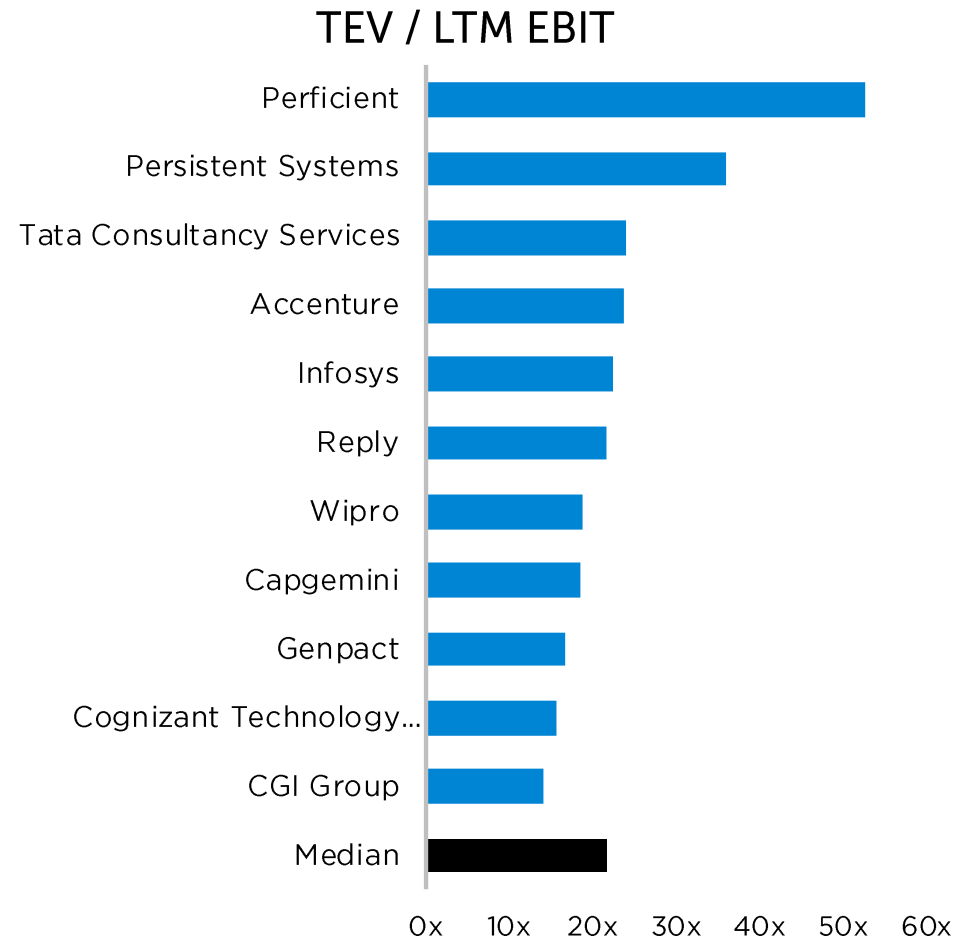
Average days sales outstanding



# Valuation

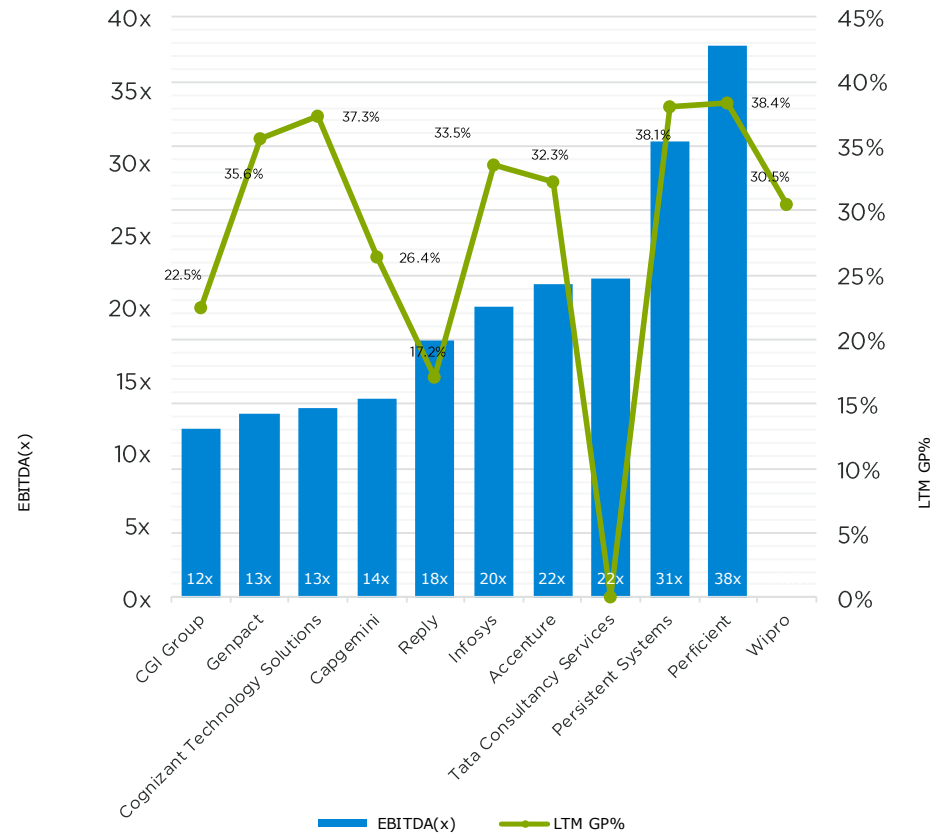


# Valuation

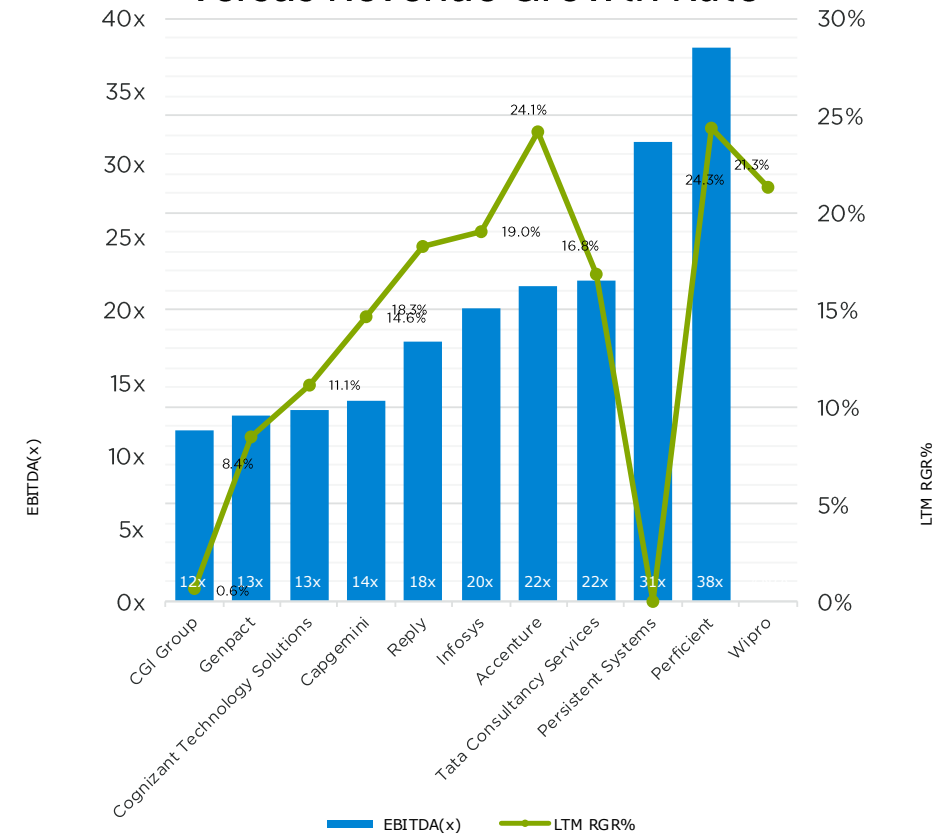


# Valuation

## 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
21-Apr-22	MacHero	CTI Technology (Elgin)	-	-	-	-
20-Apr-22	Version 1	Partners Group	875.05	-	-	-
19-Apr-22	Allos	Citel Group	-	-	-	-
19-Apr-22	NX Technologies	Genstar Capital	1.64	-	-	-
14-Apr-22	Fassto	Hana Ventures	65.52	-	-	-
12-Apr-22	Azzure IT	Content+Cloud	-	-	-	-
12-Apr-22	Entrago	Deloitte Australia	-	-	-	-
12-Apr-22	Inoapps	ABRY Partners	-	-	-	-
11-Apr-22	Cyber Solutions	NetGain Technologies (IT services)	-	-	-	-
11-Apr-22	Pivoton	LEA Partners	-	-	-	-
11-Apr-22	RGB Solutions	Incovo	-	-	-	-
11-Apr-22	SunGard Availability Services	-	-	-	-	-
08-Apr-22	Factor10 Solutions	Prevas	-	-	-	-
07-Apr-22	Districon Solutions	Royal HaskoningDHV	-	-	-	-
07-Apr-22	Enea Services Romania	AROBS Transilvania Software	19.70	-	-	-
07-Apr-22	Information Resources	Hellman & Friedman	5,000.00	-	-	-
07-Apr-22	IT Resource	Synergetics DCS	-	-	-	-
06-Apr-22	BlaZop	-	0.23	-	-	-
06-Apr-22	Calibre One (Australia)	Azentro	-	-	-	-
01-Jan-20	Sycal Medical	ACCIÓ	0.08	-	-	-
05-Apr-22	OpenCyber	IK Investment Partners	-	-	-	-
05-Apr-22	Truststream Security Solutions	SysGroup	10.51	-	-	-
04-Apr-22	CoreIP Solutions	ntersol	-	-	-	-
04-Apr-22	Egress Group	FPE Capital	-	-	-	-
04-Apr-22	Gambit (IT Services)	Atea	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



### 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.**

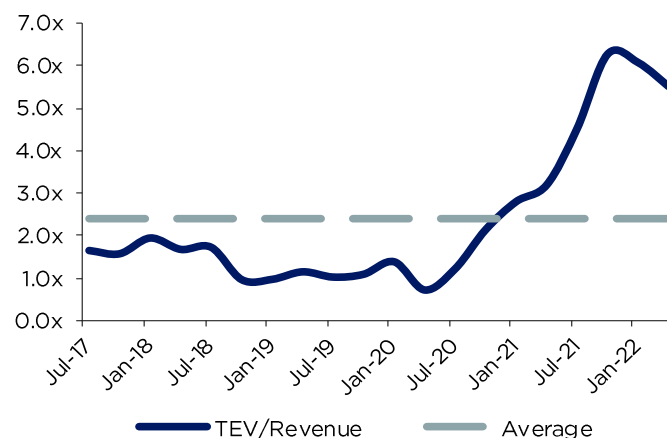
Persistent Systems Ltd is an India-based provider of software solution organized in three segments based on end market: Technology Services; Alliance; and Accelerite. Its solutions include cloud life cycle management, Internet of Things, unified endpoint management, endpoint detection and response, and 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.



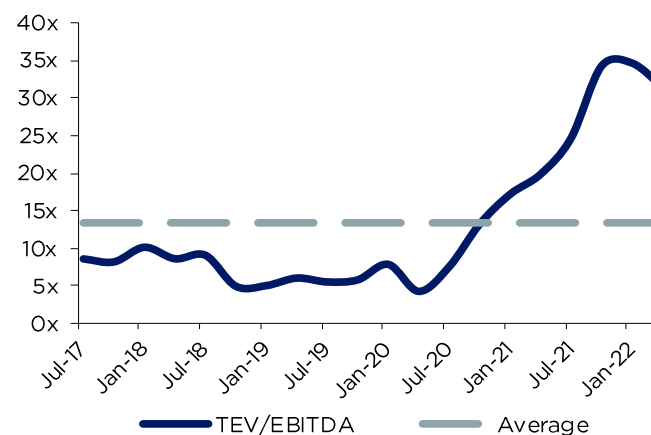
# Public Basket

## Persistent Systems

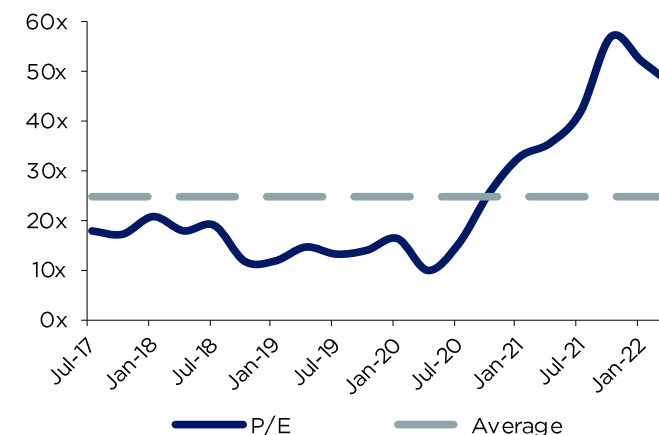
Revenue Multiples - Persistent Systems



EBITDA Multiples - Persistent Systems



P/E Multiples - Persistent Systems



Company Name	Date	Deal Synopsis
MediaAgility	14-Mar-22	The company reached a definitive agreement to be acquired by Persistent Systems (NSE: PERSISTENT) for \$71.71 million on March 14, 2022. The company will receive a contingent payout of \$17.75 over the next two years on the achievement of certain performance thresholds. The acquisition will enhance Persistent's partnership with Google and will enable them to offer verticalized solutions around the Google cloud ecosystem.
Data Glove	09-Feb-22	The company reached a definitive agreement to be acquired by Persistent Systems for \$91 million on February 9, 2022. The acquisition will broaden Persistent Systems' delivery capabilities with highly skilled talent, establishing a new nearshore delivery center in Costa Rica and expanding its presence in the United States and India.

## Perficient

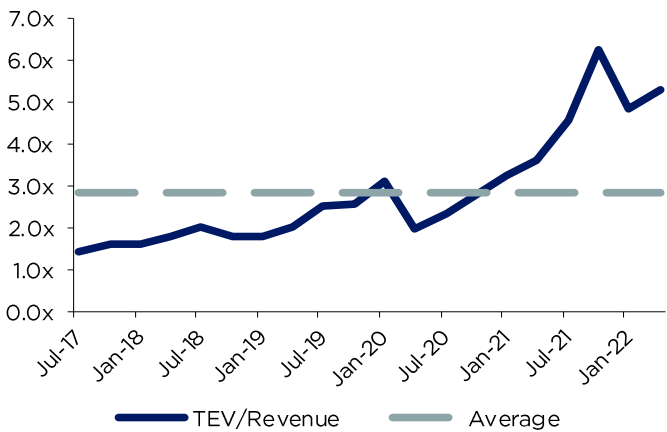
**Perficient Inc provides a variety of information technology, consulting services that focus on digital experience, business optimization, and IT solutions.**

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.

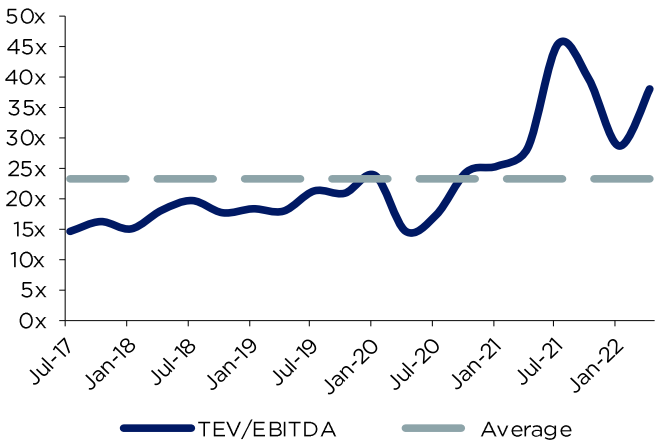
# Public Basket

Perficient

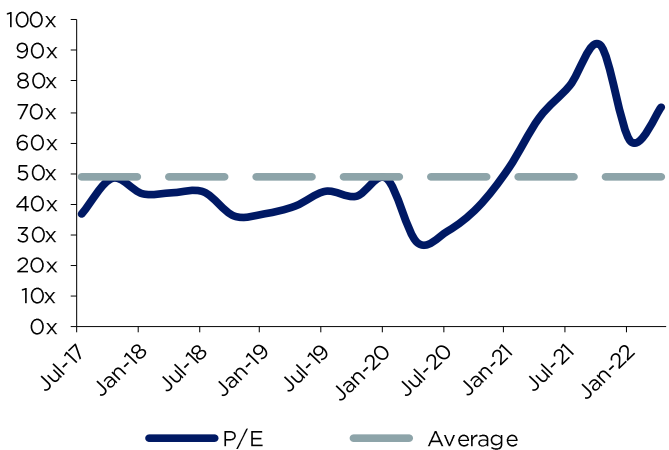
Revenue Multiples - Perficient



EBITDA Multiples - Perficient



P/E Multiples - Perficient



Company Name	Date	Deal Synopsis
Overactive	15-Oct-21	The company was acquired by Perficient (NAS: PRFT) for \$110.1 million 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 \$28.1 million on September 8, 2021. The company will receive a contingent payout of \$9 million upon the completion of future performance terms. The acquisition helped to increase Perficient's presence in Latin America and 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.

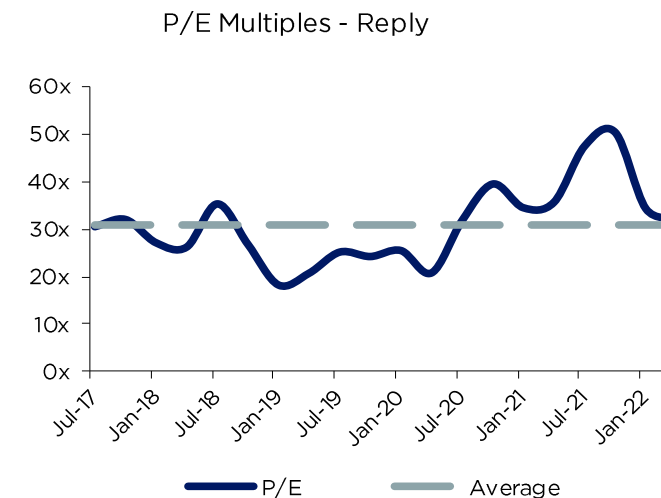
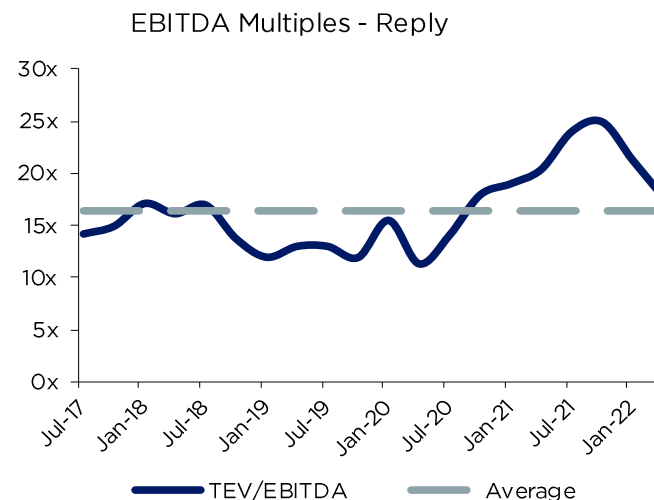
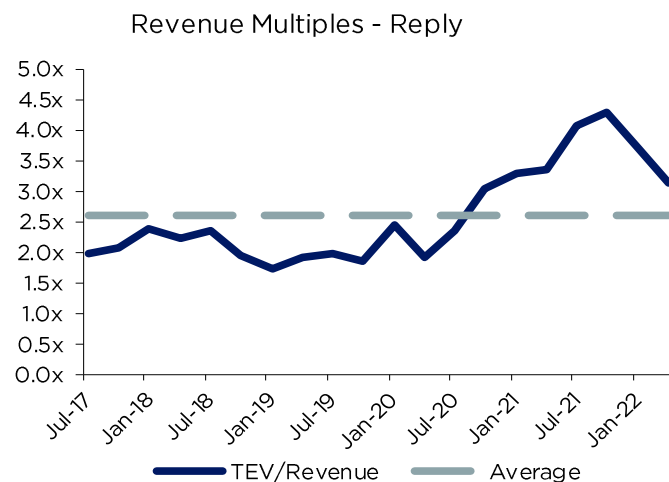
## Reply

**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.

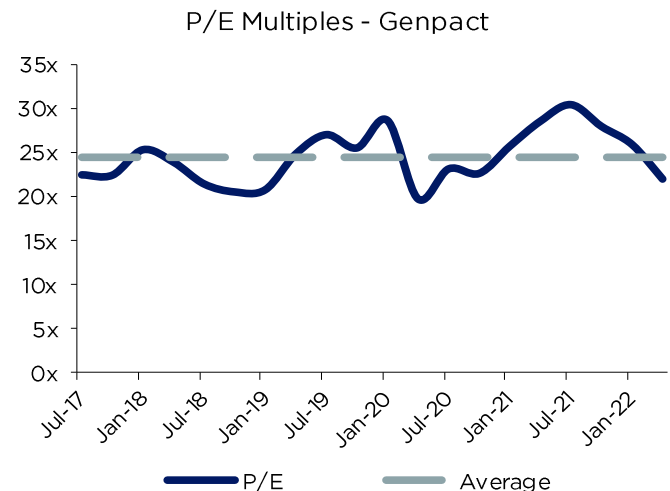
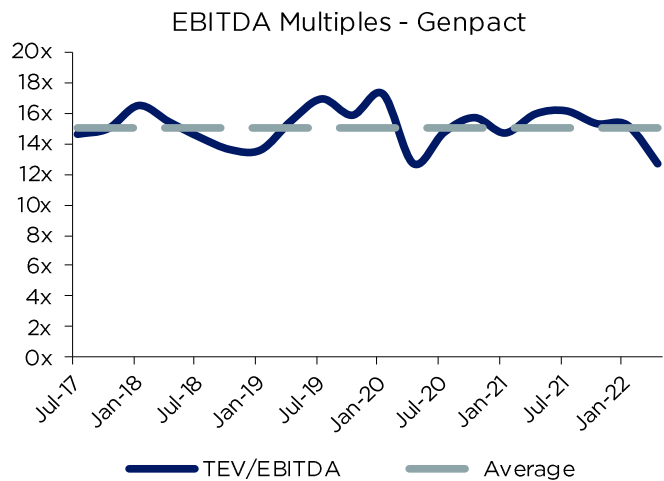
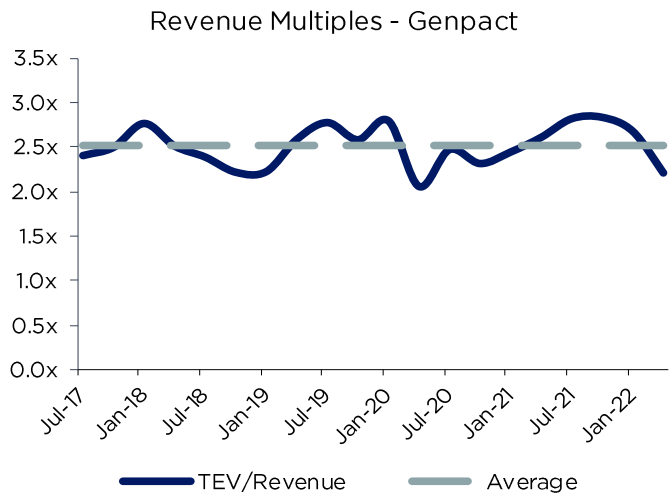
## Genpact

### **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

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CGI Group

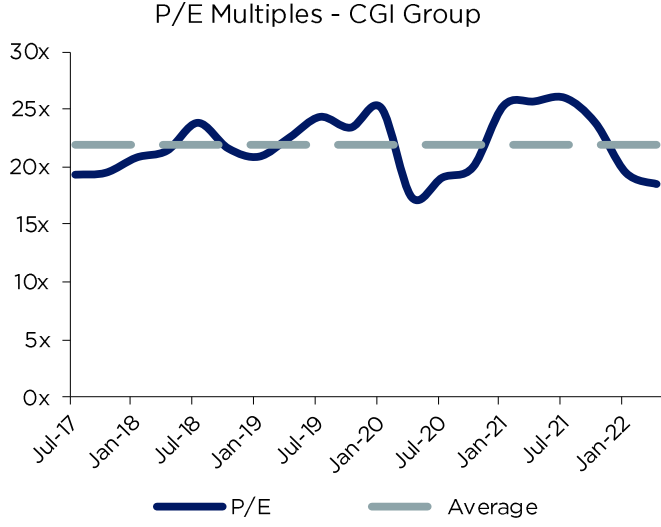
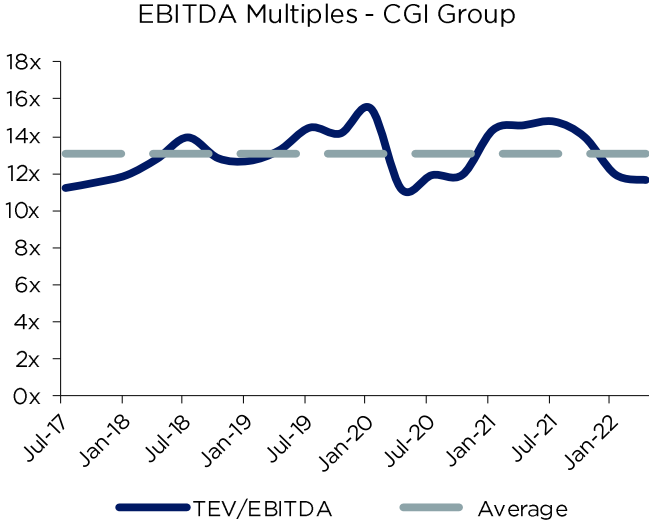
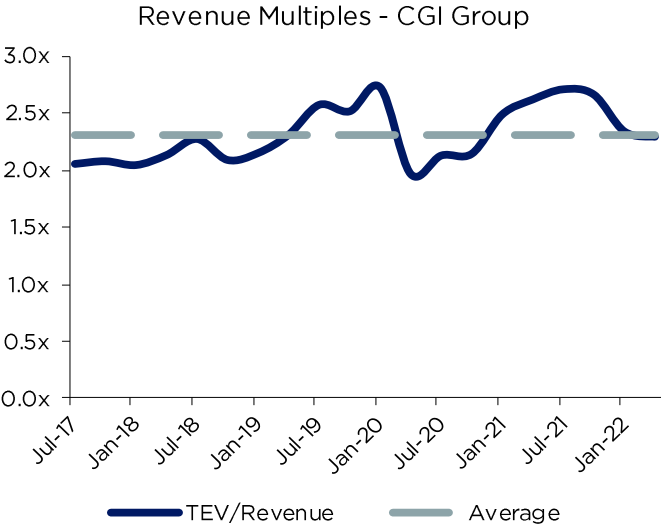
## CGI Inc.

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
Umanis	11-Mar-22	The company reached a definitive agreement to be acquired by CGI Group (TSE: GIB.A) for an undisclosed amount on March 11, 2022. The acquisition operations will further deepen CGI's presence and positioning across Western and Southern Europe.
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.

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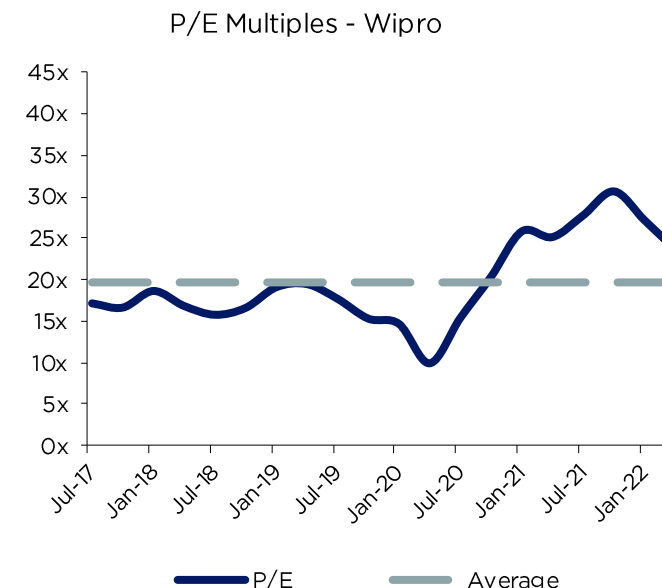
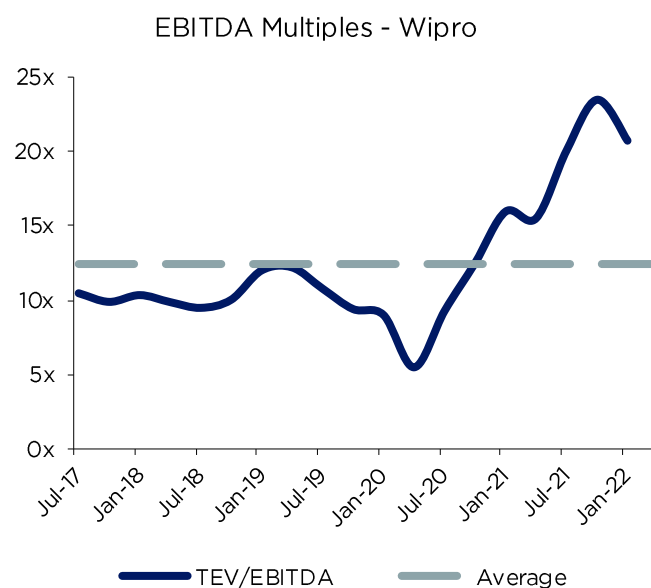
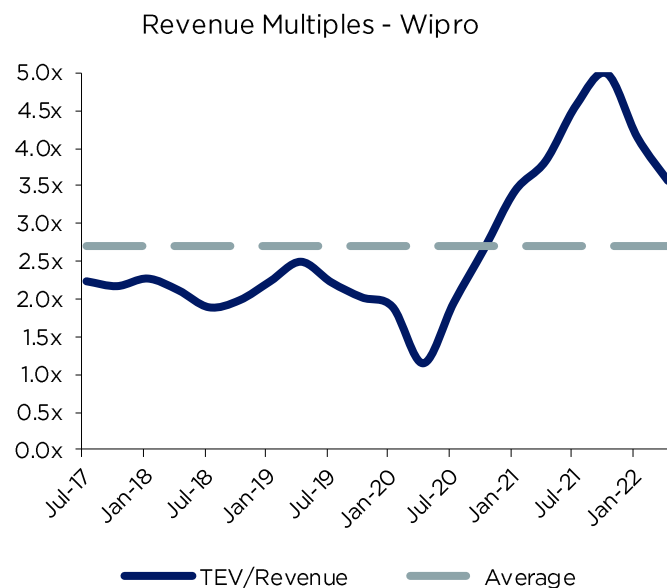
Wipro

**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



Company Name	Date	Deal Synopsis
Convergence Acceleration Solutions	11-Apr-22	The company was acquired by Wipro (BOM: 507685) for \$80 million on April 11, 2022. The company will receive a contingent payout of \$30 million to be payable over 3 years. The acquisition will help Wipro deliver an end-to-end professional services solution and immediate impact on communication service provider customers with services ranging from strategy development and planning to execution and implementation.
Edgile	31-Dec-21	The company was acquired by Wipro (BOM: 507685) for approximately \$230 million on December 31, 2021.

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## Capgemini

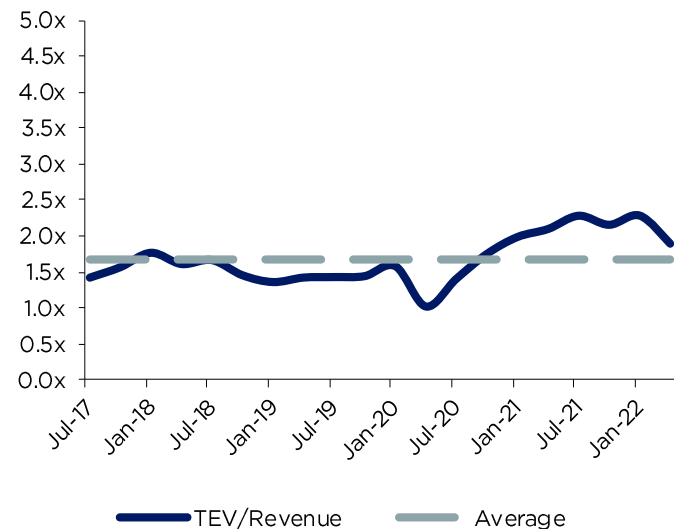
### Capgemini is a French IT services company with a global presence.

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.

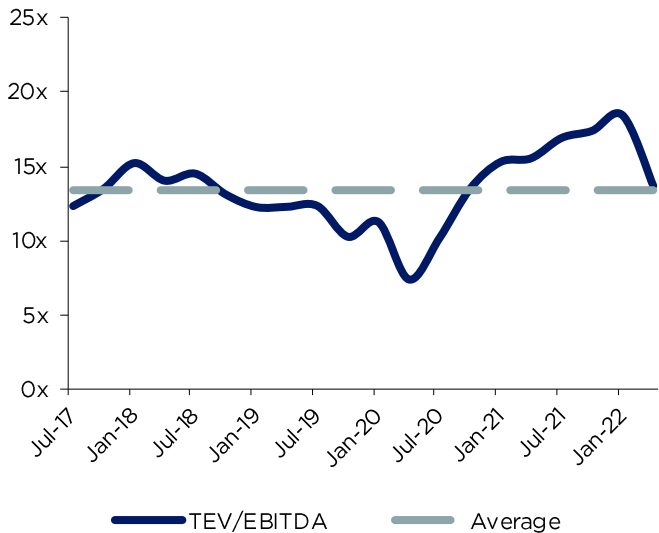
# Public Basket

Capgemini

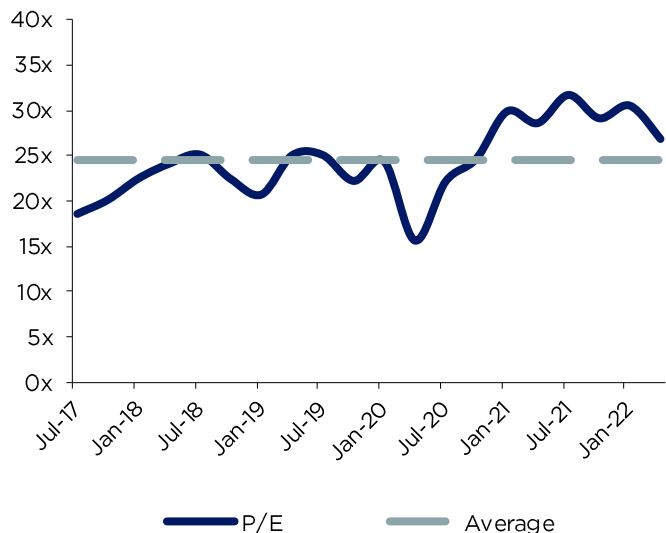
Revenue Multiples - Capgemini



EBITDA Multiples - Capgemini



P/E Multiples - 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

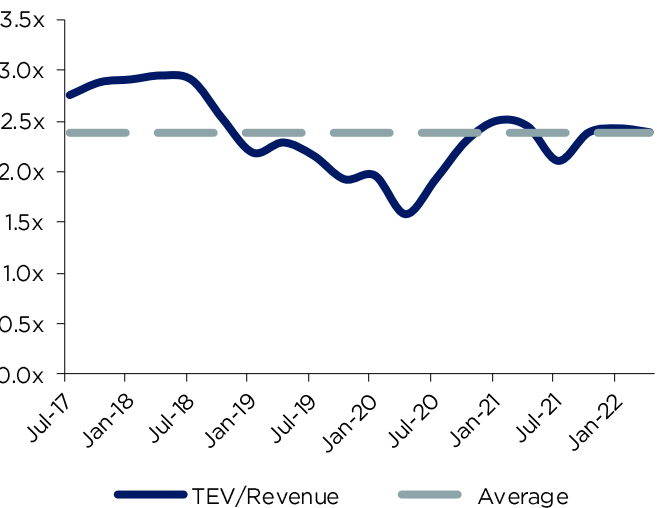
**Cognizant is a global IT services provider, offering consulting and outsourcing services to some of the world's largest enterprises spanning the financial services, media and communications, healthcare, natural resources, and consumer products industries.**

Cognizant 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.

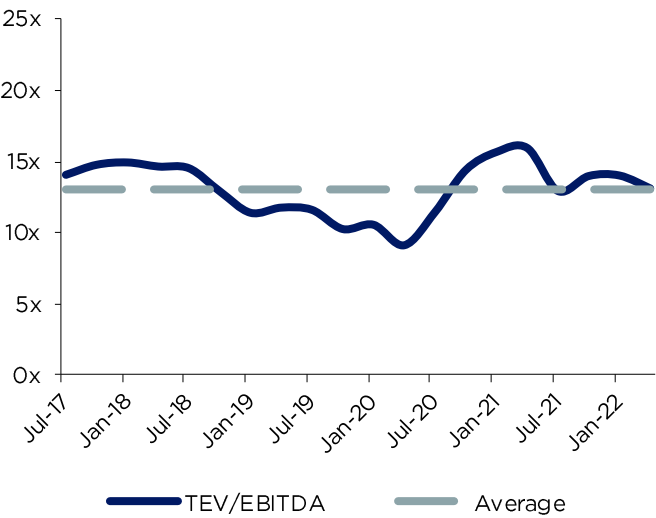
# Public Basket

## Cognizant Technology Solutions

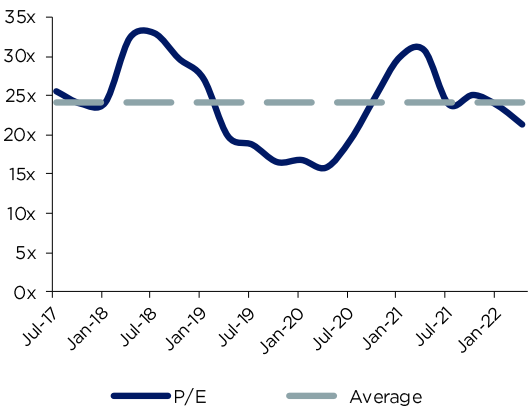
Revenue Multiples - Cognizant



EBITDA Multiples - Cognizant



P/E Multiples - Cognizant



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.

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## Infosys

**Infosys is a leading global IT services provider,  
with nearly 250,000 employees.**

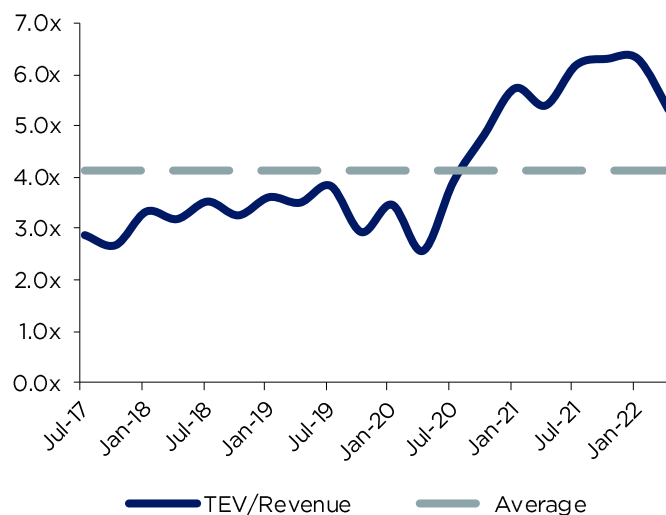
Infosys is a leading global IT services provider, with nearly 250,000 employees. Based in Bangalore, the Indian IT services firm leverages its offshore outsourcing model to derive 60% of its revenue from North America. The company offers traditional IT services offerings: consulting, managed services and cloud infrastructure services, and business process outsourcing as a service (BPaaS).



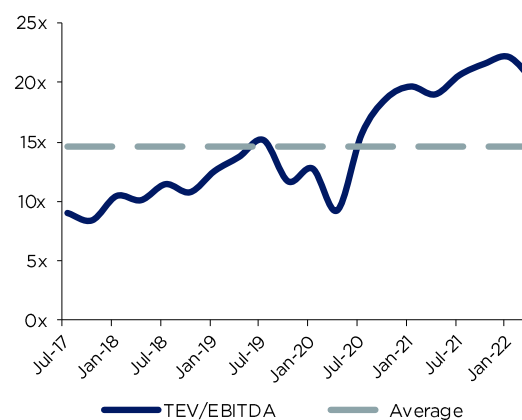
# Public Basket

Infosys

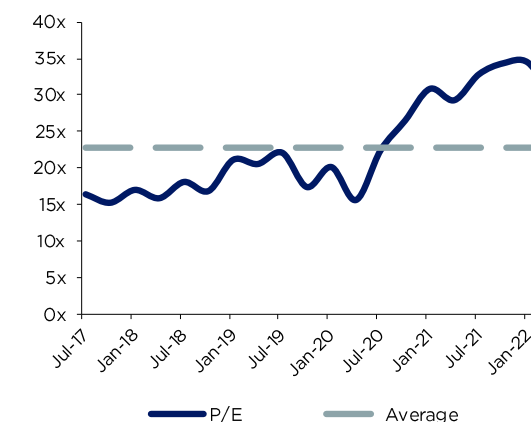
Revenue Multiples - Infosys



EBITDA Multiples - Infosys



P/E Multiples - Infosys



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.

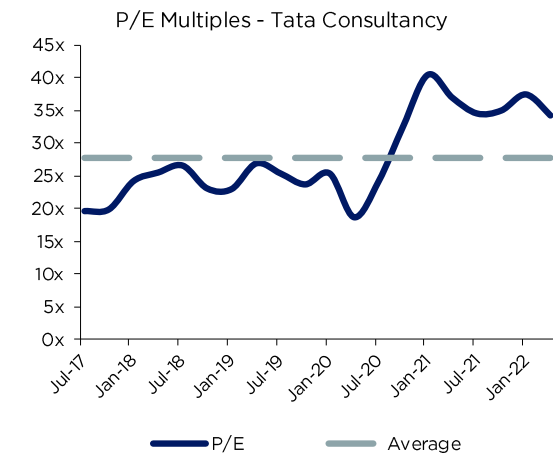
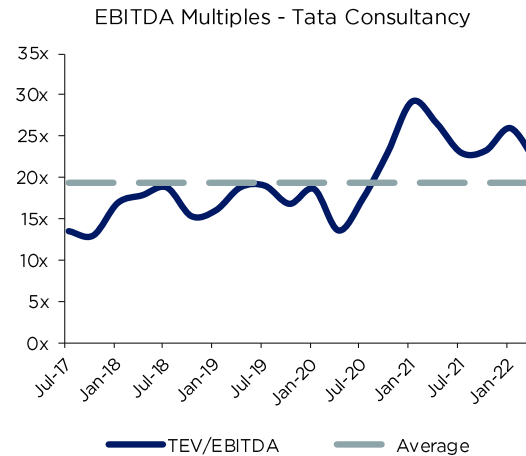
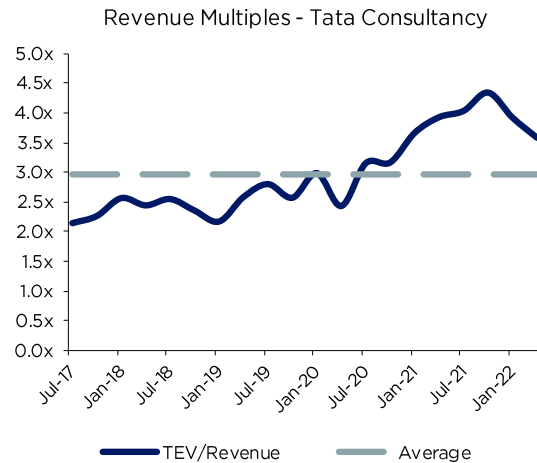
### Tata Consultancy Services

**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.

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## Tata Consultancy Services



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.

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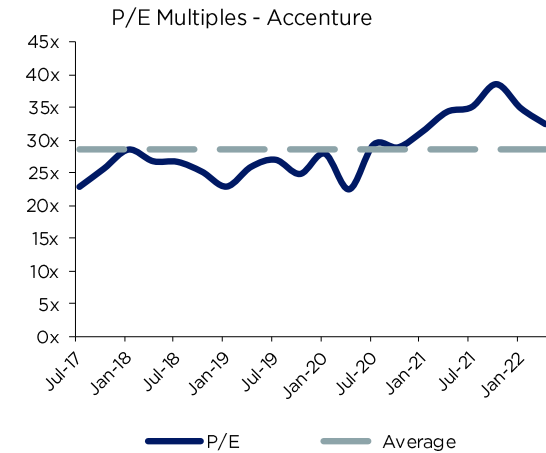
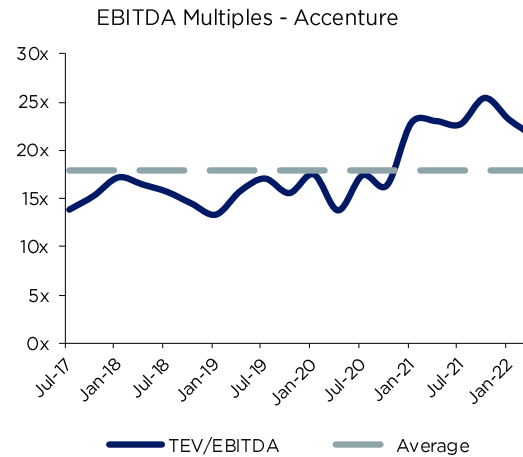
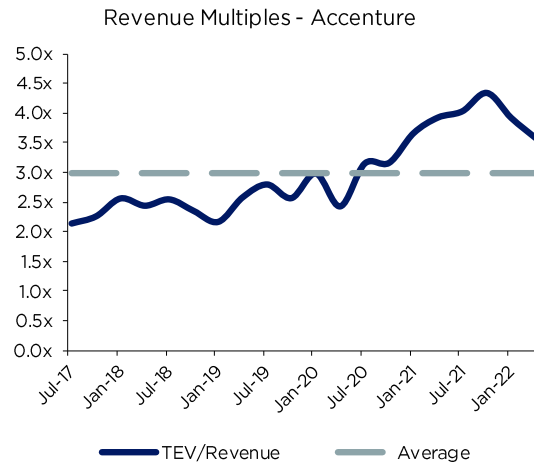
## Accenture

**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

Accenture



Company Name	Date	Deal Synopsis
Avieco	08-Apr-22	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on April 8, 2022. The acquisition will bolster Accenture's ESG measurement and analytics capabilities as converging standards and increased regulation drive client need for accurate data in decision-making.
AFD Technologies	01-Apr-22	The company was acquired by Accenture (NYSE: ACN) for an undisclosed amount on April 1, 2022. This acquisition enhances Accenture's multidisciplinary expertise in engineering, design, deployment and operation of next generation networks, such as 5G and fiber.

# 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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