

7 Mile Advisors



Sectorwatch: Software Engineering

April 2022



Software Engineering

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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

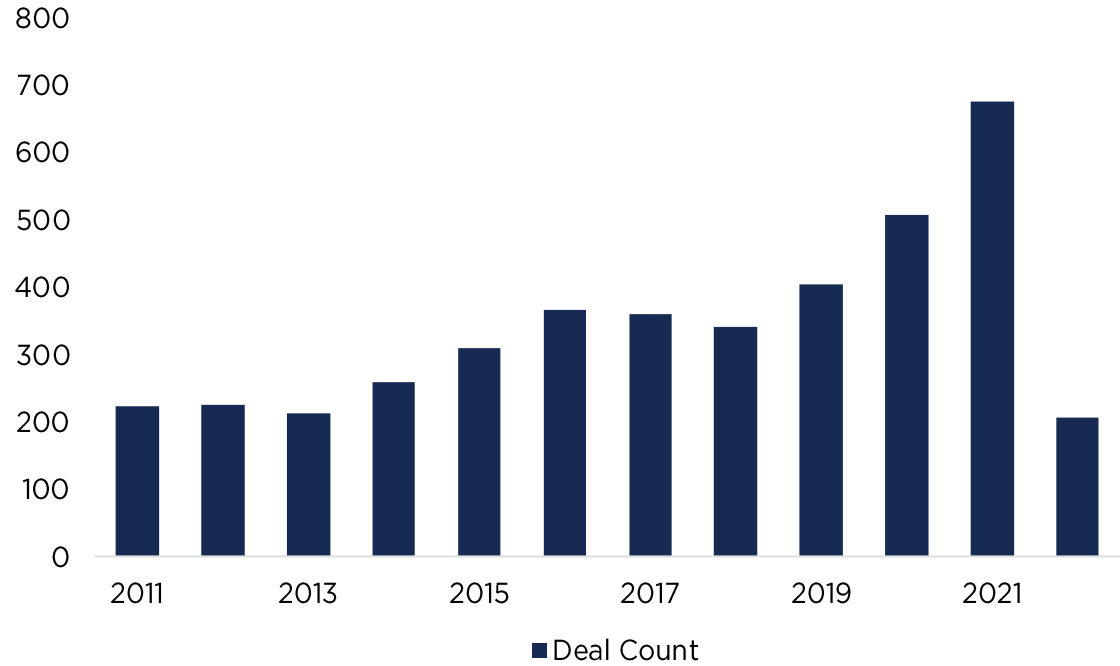
- The most recently announced deals in the sector

Dashboard

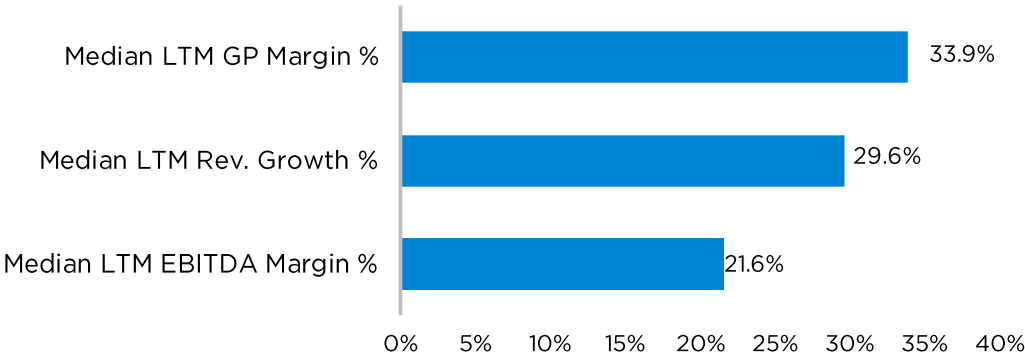
REVENUE GROWTH MOMENTUM ↑13.2%

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

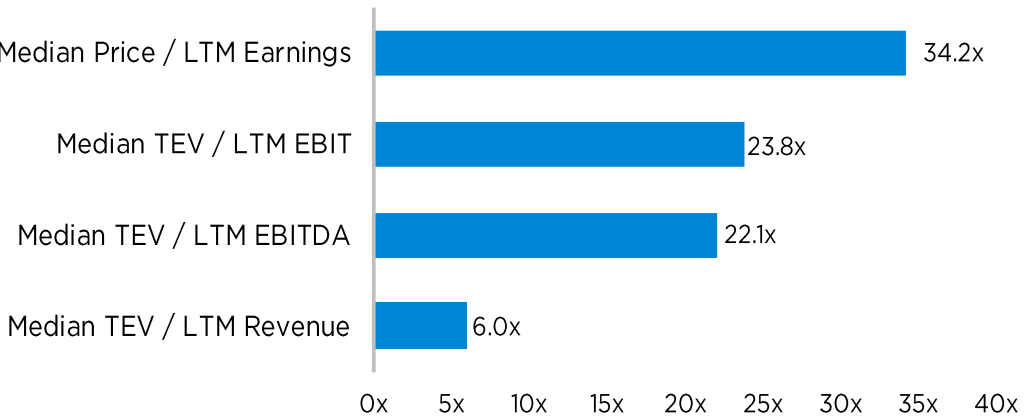
M&A Activity



Operating Metrics



Valuation



Public Basket Overview

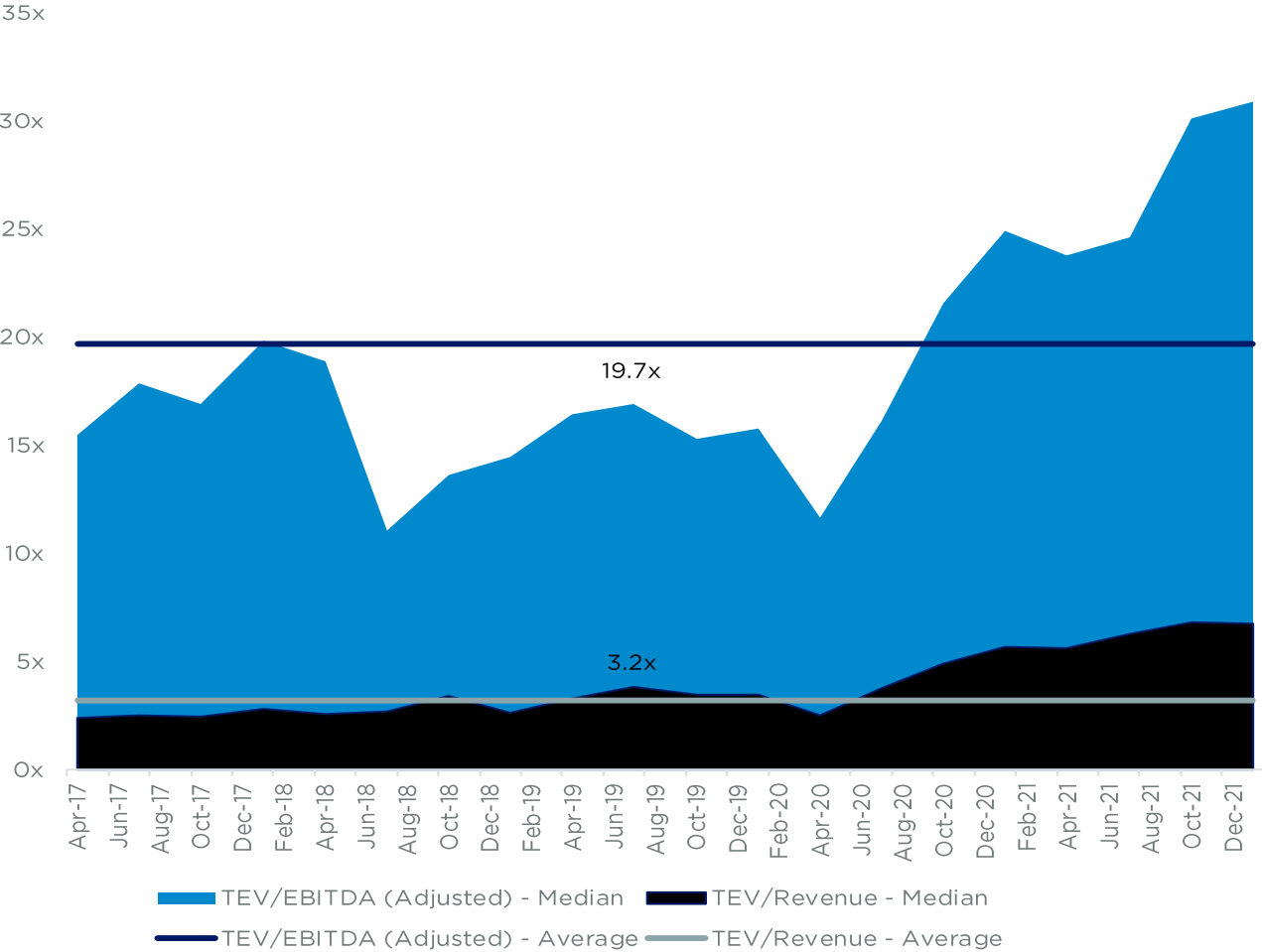


Public Basket

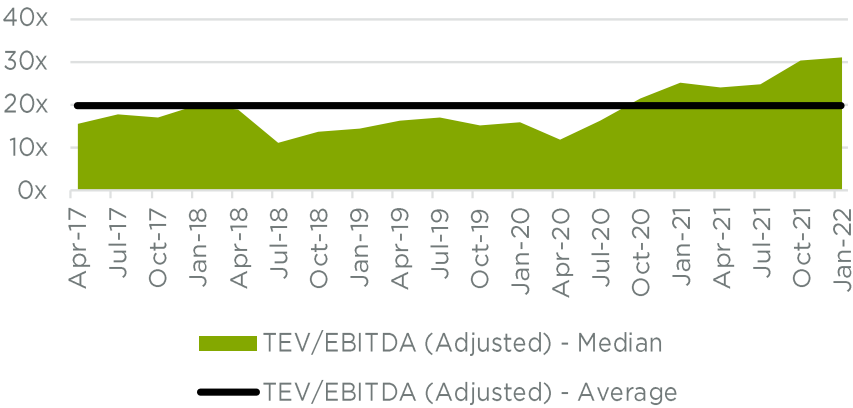
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
R Systems International	366	#N/A	156	31.2%	32.5%	#N/A	2.3x	#N/A	2,247	70
Persistent Systems	4,181	133	701	29.6%	38.1%	19.0%	6.0x	31.3x	10,632	66
Endava	6,602	163	758	43.9%	34.2%	21.5%	8.7x	40.6x	9,712	78
Globant	9,442	215	1,297	59.3%	38.2%	16.6%	7.3x	43.9x	23,526	55
EPAM Systems	15,299	814	3,758	41.3%	33.9%	21.7%	4.1x	18.8x	58,000	65
Wipro	37,449	2,250	10,073	21.3%	30.5%	22.3%	3.7x	16.6x	220,000	46
Capgemini	39,731	3,468	21,471	14.6%	26.4%	16.2%	1.9x	11.5x	324,684	66
Infosys	93,537	4,256	15,644	19.0%	33.5%	27.2%	6.0x	22.0x	279,617	56
Tata Consultancy Services	170,139	7,660	25,736	16.8%	43.3%	29.8%	6.6x	22.2x	509,058	51
Average	41,861	2,370	8,844	30.8%	34.5%	21.8%	5.2x	25.9x	159,720	61
Median	15,299	1,532	3,758	29.6%	33.9%	21.6%	6.0x	22.1x	58,000	65

share price as of 18Apr22

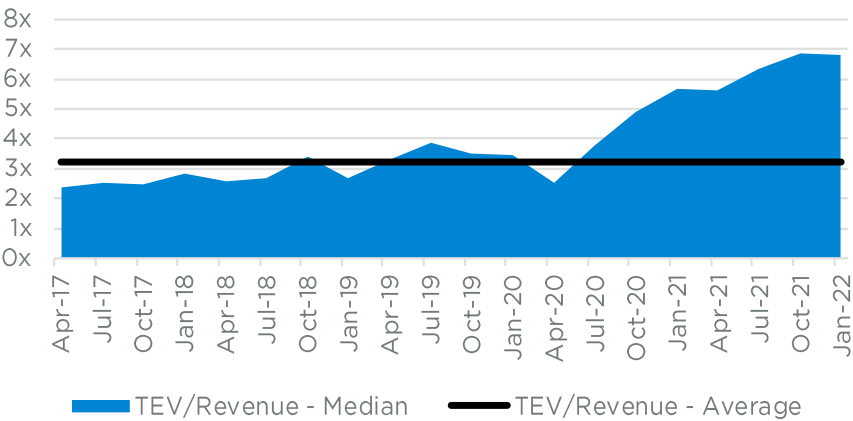
Public Basket



Public EBITDA Multiples over Time

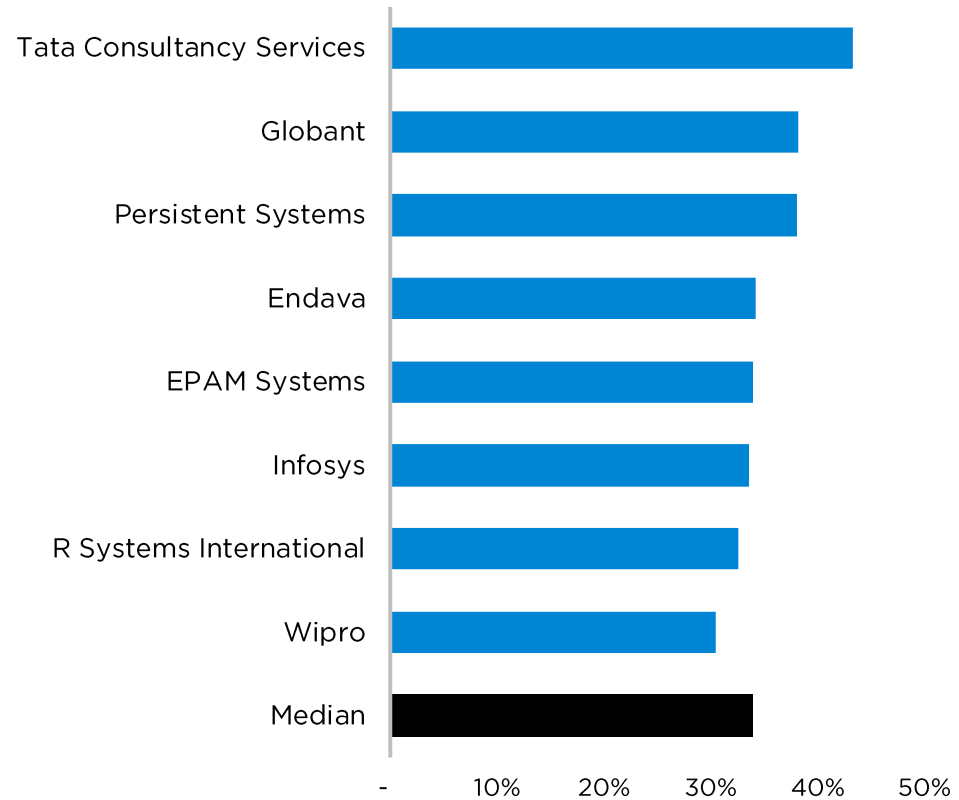


Public Revenue Multiples over Time

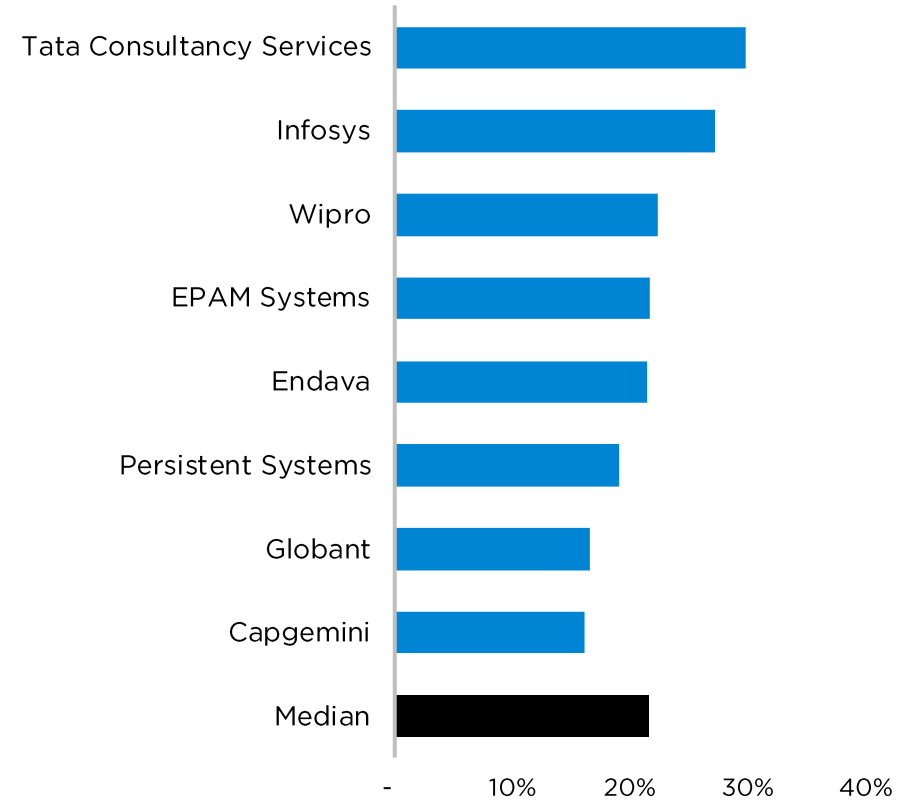


Operational Metrics

LTM Gross Profit Margin %

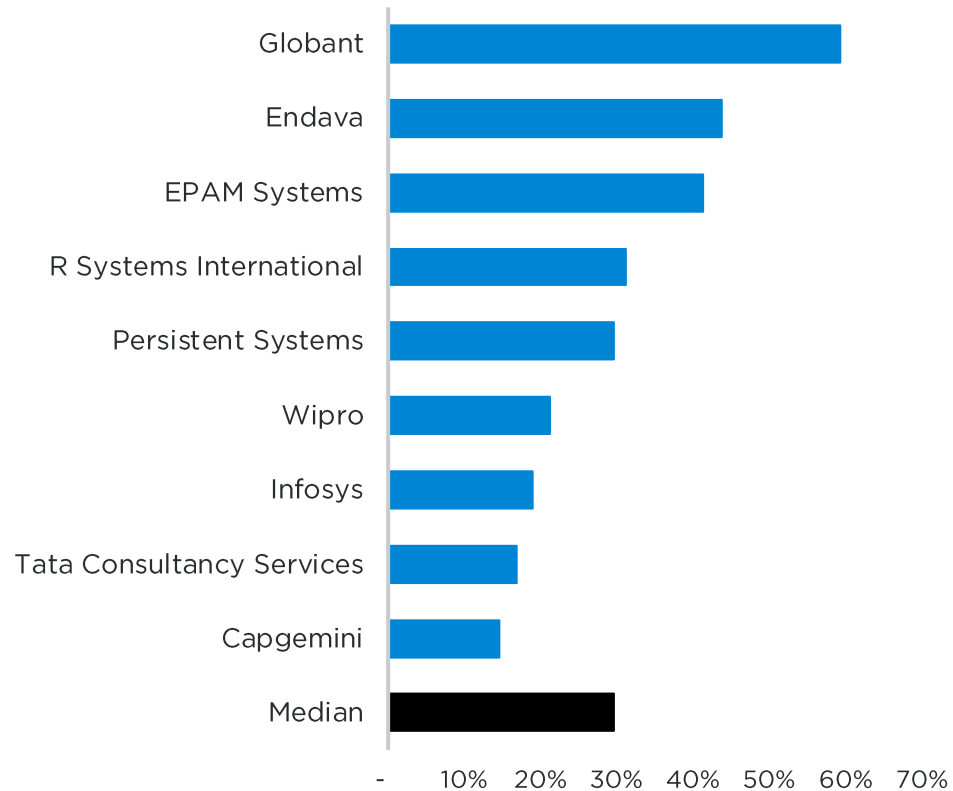


LTM EBITDA %

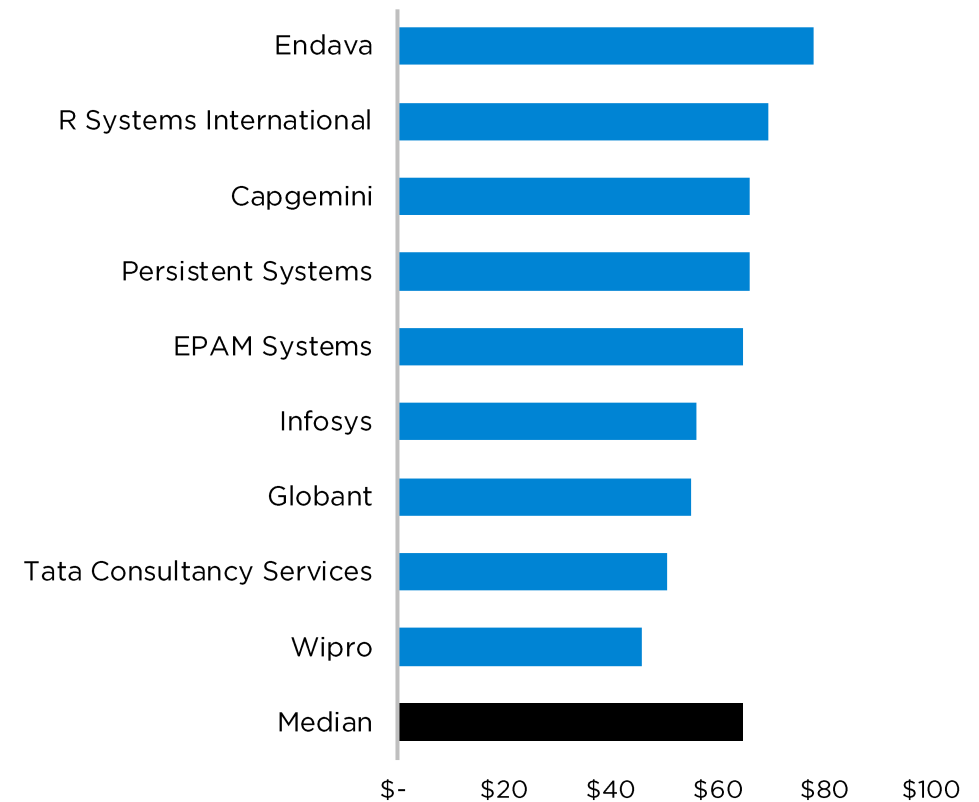


Operational Metrics

LTM Revenue Growth %

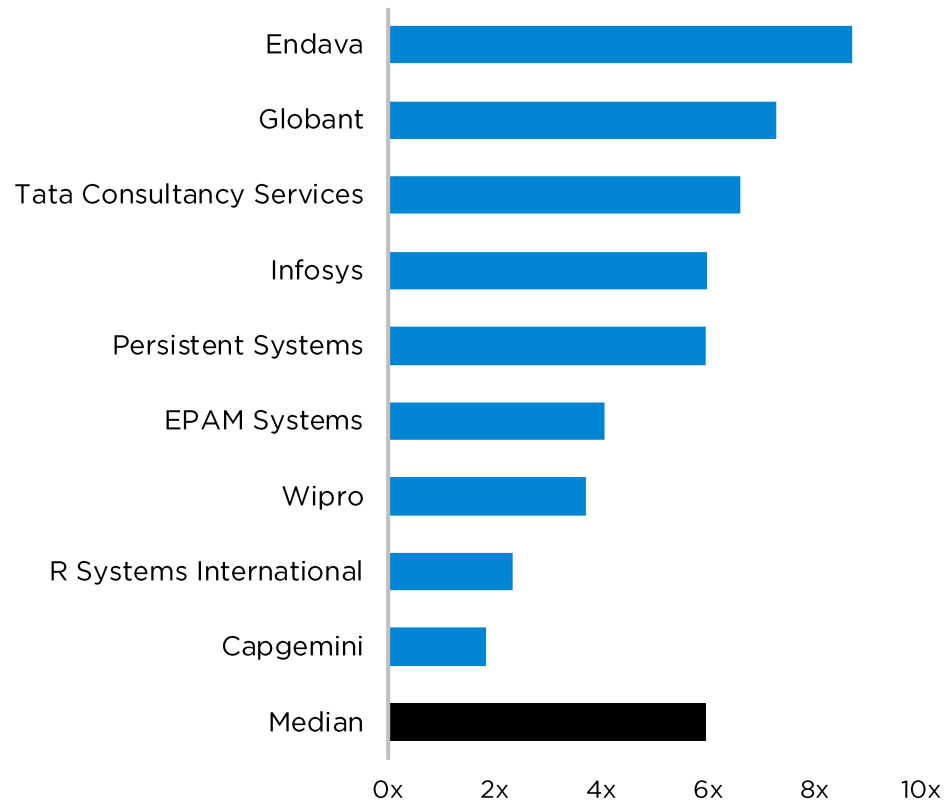


LTM Revenue per Full Time Employee x 000's

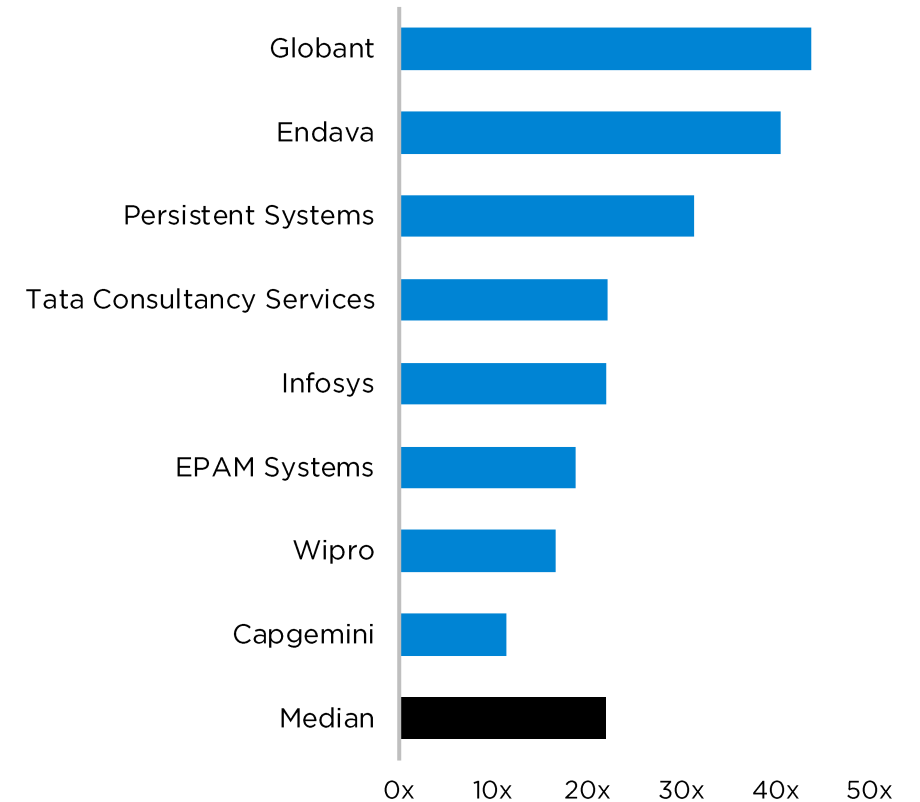


Valuation

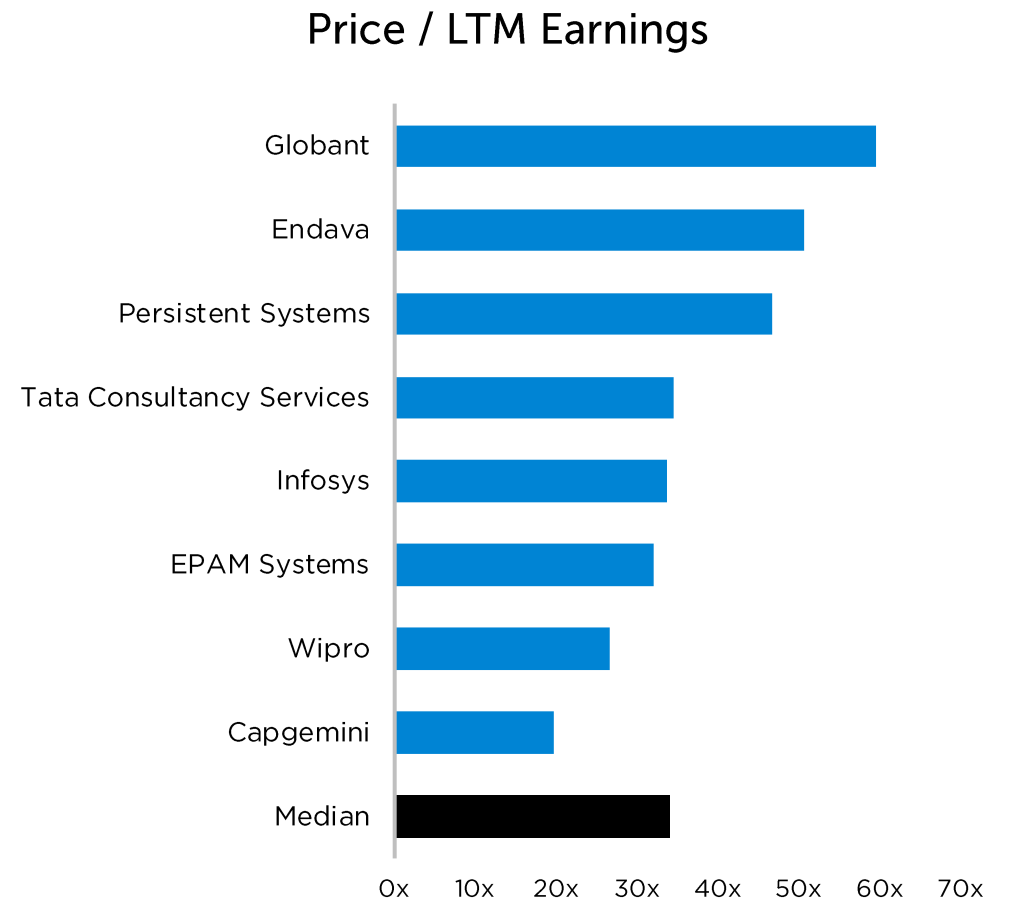
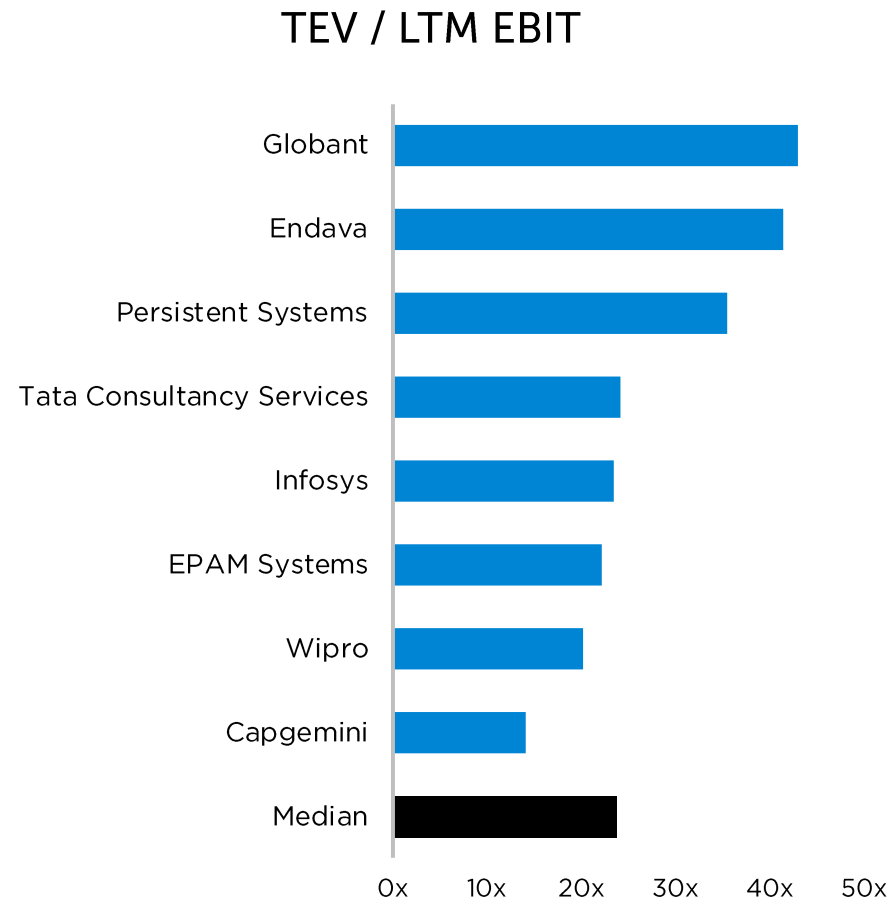
TEV / LTM Revenue



TEV / LTM EBITDA

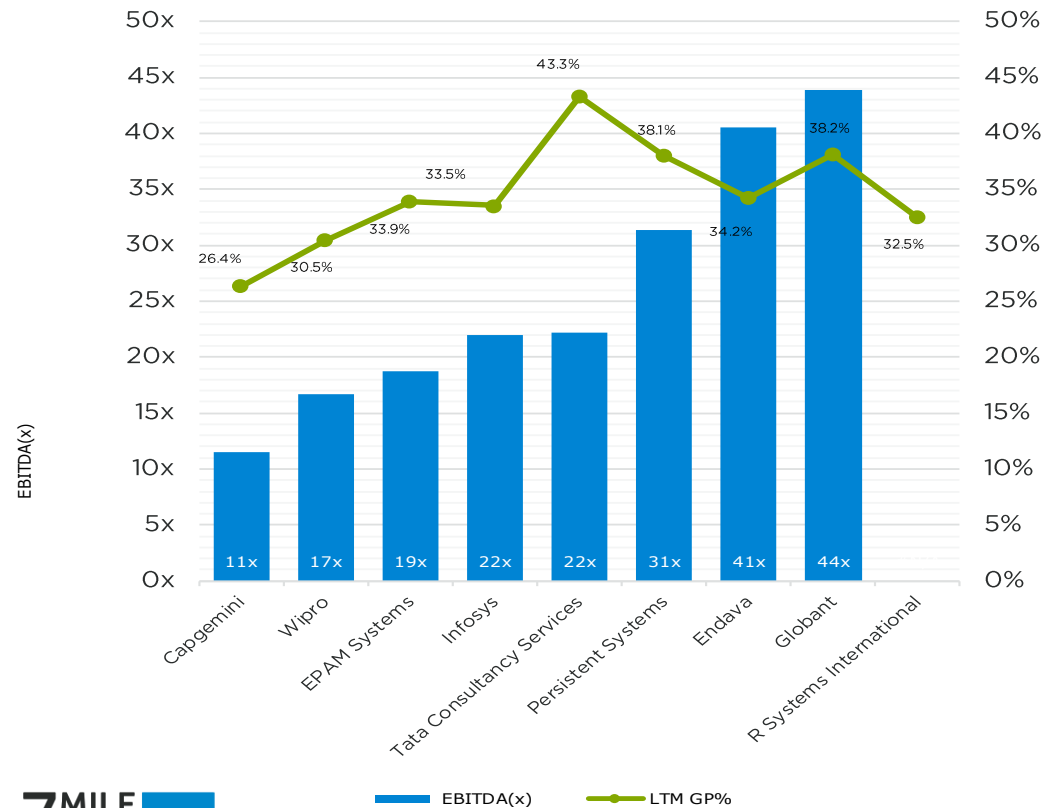


Valuation

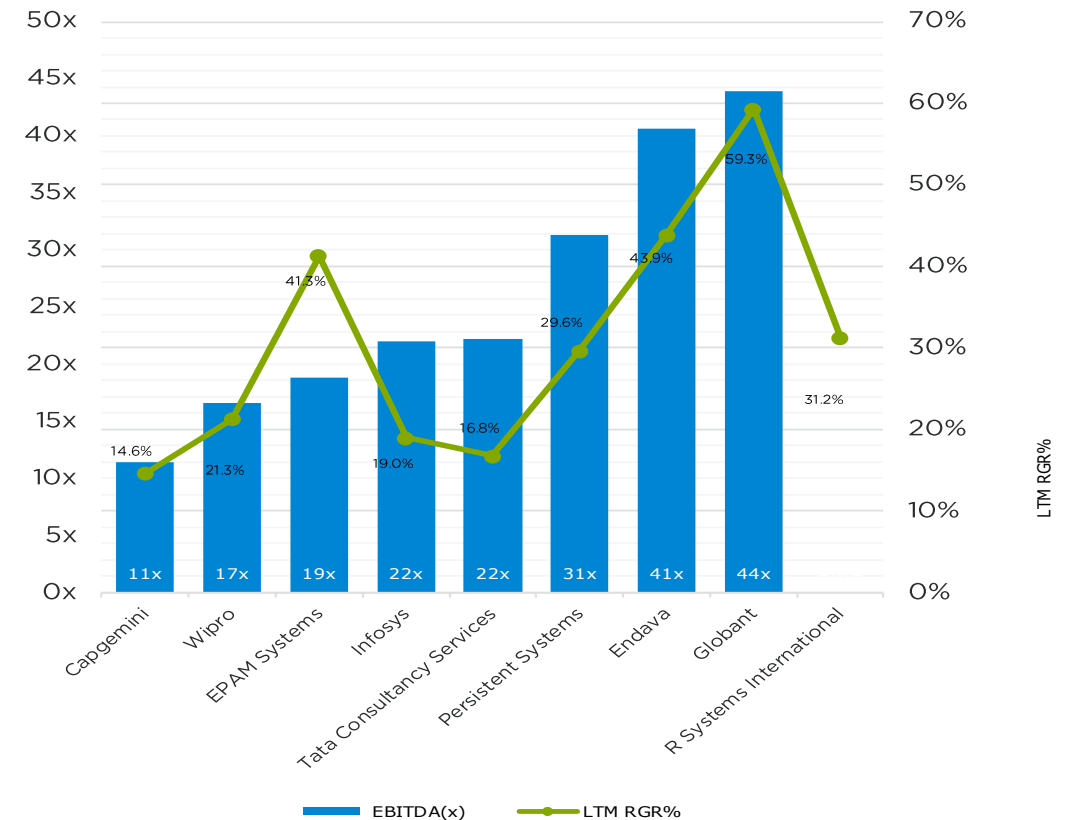


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue (TTM at time of deal)	TEV / Revenue	TEV / EBITDA
14-Apr-22	Baller Mixed Reality	American Leisure Holdings	-	-	-	-
12-Apr-22	Alliant Systems	Herrera Rodriguez Family	-	-	-	-
12-Apr-22	Embed	Littelfuse	-	-	-	-
12-Apr-22	iTrinegy	Calnex Solutions	3.85	-	-	-
12-Apr-22	IPermit	Arcxis Biotechnologies	-	-	-	-
11-Apr-22	LucaNet	HG Capital (UK)	-	-	-	-
11-Apr-22	Metageek	Auvik Networks	-	-	-	-
08-Apr-22	Factor10 Solutions	Prevas	-	-	-	-
08-Apr-22	Intenta (Automotive Division)	CARIAD	-	-	-	-
08-Apr-22	SCADA International	Magnesium Capital	-	-	-	-
07-Apr-22	Better Lives (IT Solutions)	Quadrasystems.net India	-	-	-	-
07-Apr-22	Enea Services Romania	AROBS Transilvania Software	19.70	-	-	-
07-Apr-22	SyncStream Solutions	OnCentive	-	-	-	-
05-Apr-22	Bottle POS	POS Nation	-	-	-	-
05-Apr-22	Codementor	Protocol Labs	-	-	-	-
05-Apr-22	Litreca	Main Capital Partners	-	-	-	-
05-Apr-22	Pactflow	Francisco Partners	-	-	-	-
04-Apr-22	Alfacod	Finlogic	5.01	-	-	-
04-Apr-22	Pipeline CRM	SaaS.group	-	-	-	-
04-Apr-22	Swift Labs	Blackline Safety	3.95	-	-	-
01-Apr-22	CloudHut	Redpanda Data	-	-	-	-
01-Apr-22	GLO Integration	Deloitte	-	-	-	-
01-Apr-22	MKCL Deutschland	Flex IT	-	-	-	-
21-Feb-22	Regola	Frequentis	-	-	-	-
17-Feb-22	KWizCom	Capficiency Private Equity Group	-	-	-	-

Appendix

*Public Basket
Contact Information*

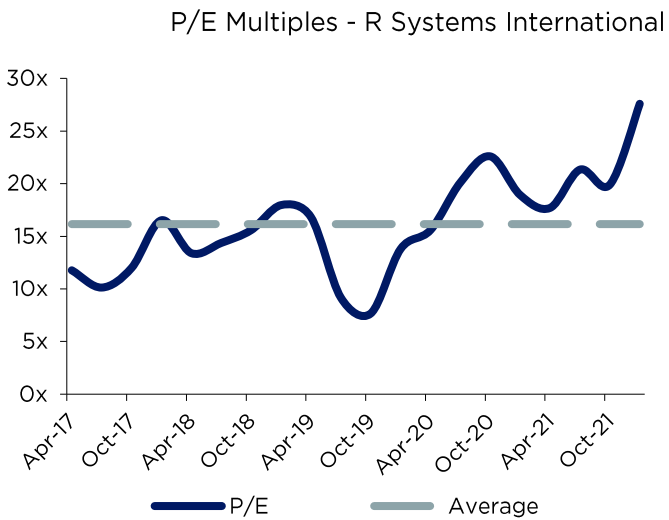
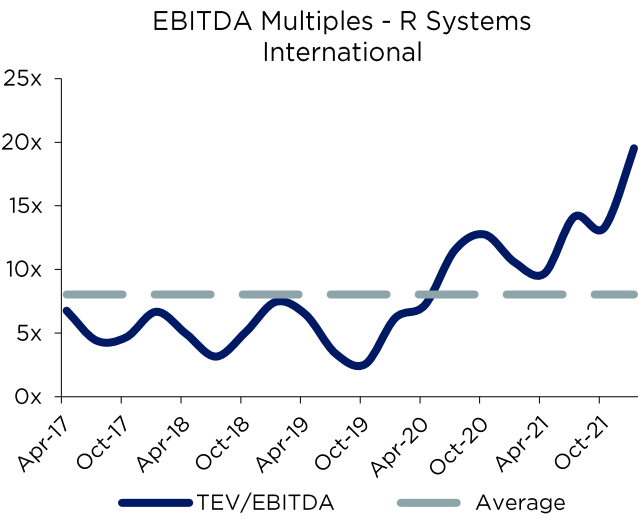
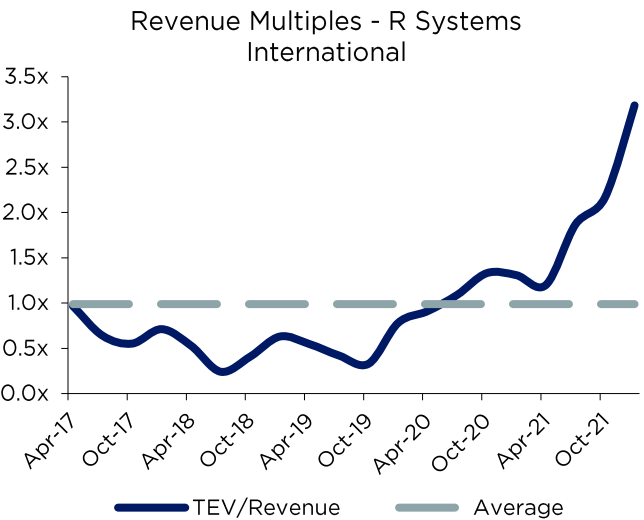
R Systems International

R Systems International Ltd provides IT services and solutions.

It is organized into two business segments Information technology services and products and Business process outsourcing services. The company serves IT services and solutions to telecom and digital media, healthcare, manufacturing, government services and banking and finance industries.

Public Basket

R Systems International



Company Name	Date	Deal Synopsis
Innovizant	04-Feb-19	The company was acquired by R Systems International (BOM: 532735) through its subsidiary, R Systems, Inc., on February 4, 2019 for an undisclosed amount. This acquisition will help R Systems International to use facilities in Chicago as Center of Excellence (CoE) to strengthen their on-shore/near shore delivery capabilities to serve US Central and East Coast clients and our commitment to build US-based technical resource pool.
IBIZ Consulting Services	30-Apr-15	The company was acquired by R Systems International (BOM: 532735) for an undisclosed amount on April 30, 2015.

Persistent Systems

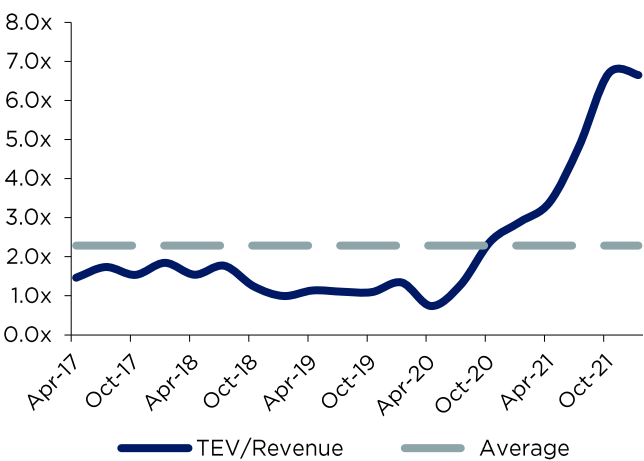
Persistent Systems Ltd is an India-based provider of software solution organized in three segments based on end market: Technology Services; Alliance; and Accelerite.

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.

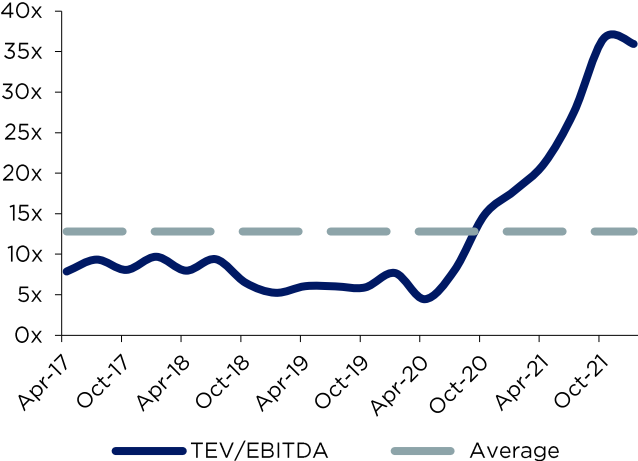
Public Basket

Persistent Systems

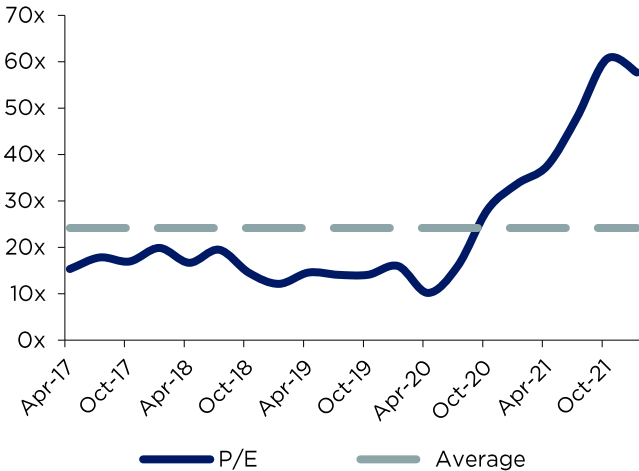
Revenue Multiples - Persistent Systems



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.

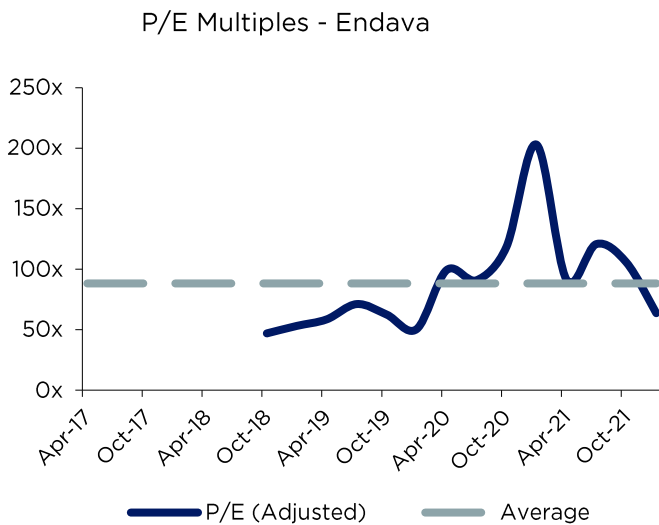
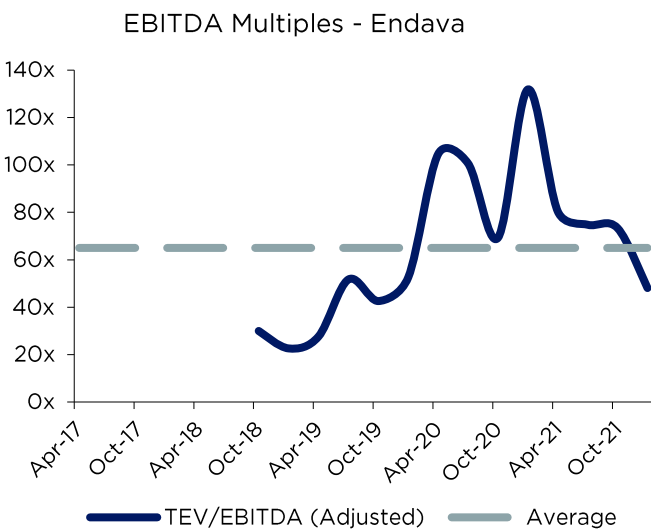
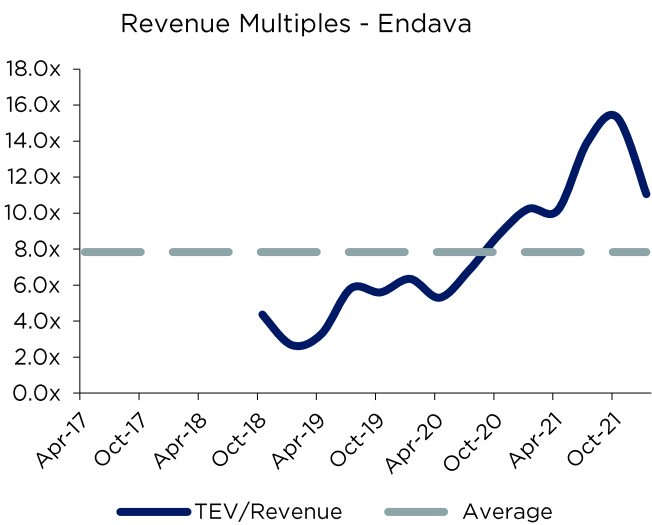
Endava

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



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.
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.

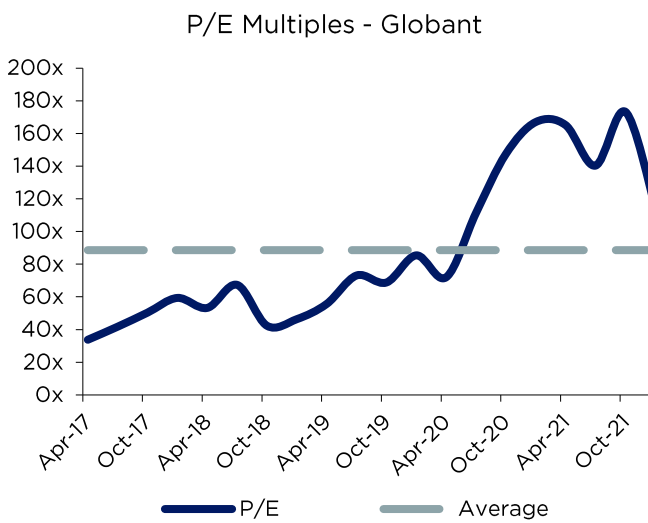
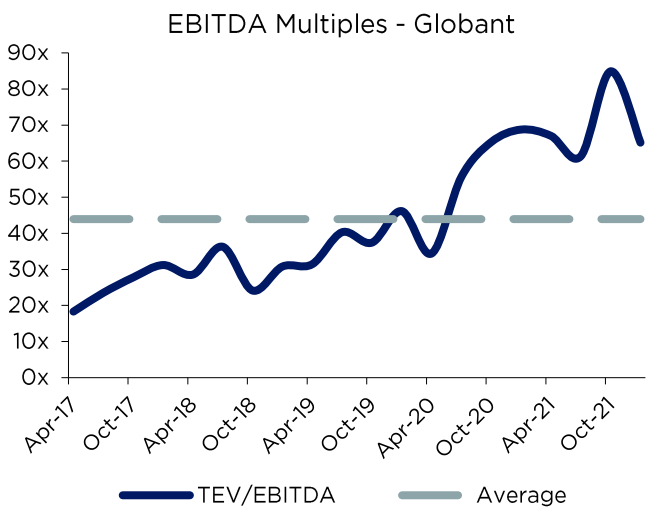
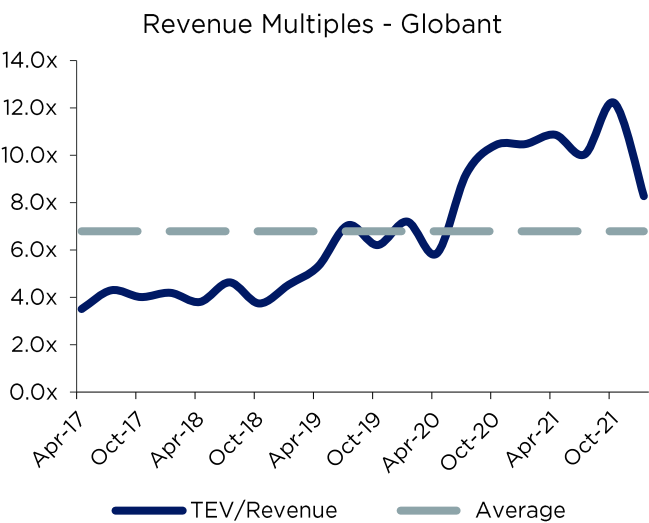
Globant

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.

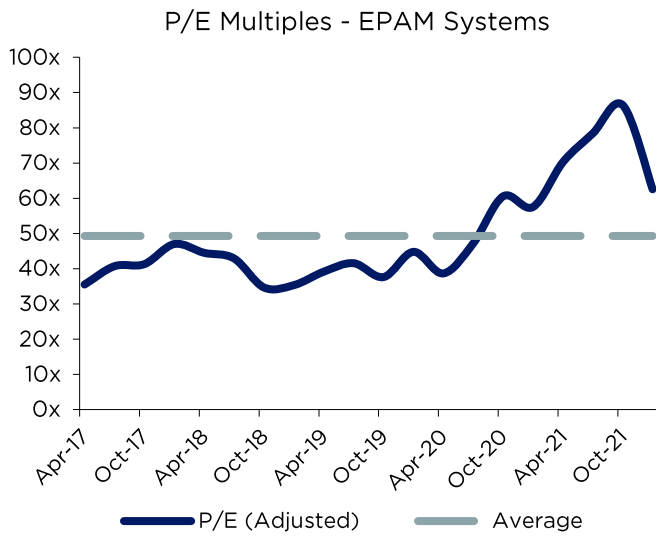
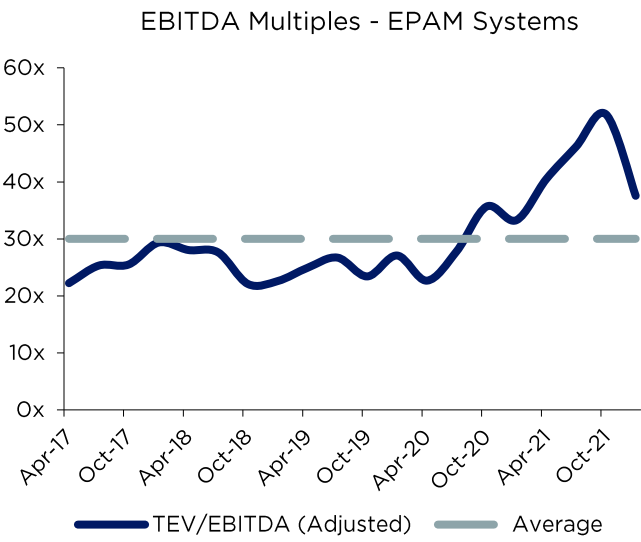
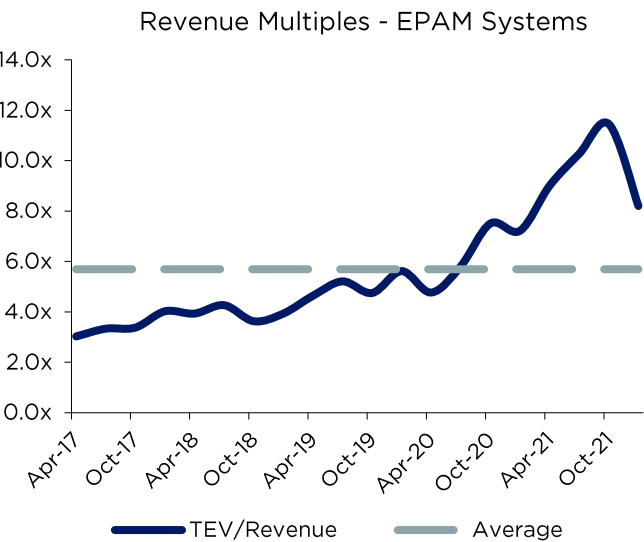
EPAM Systems

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.
Enginuity	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.

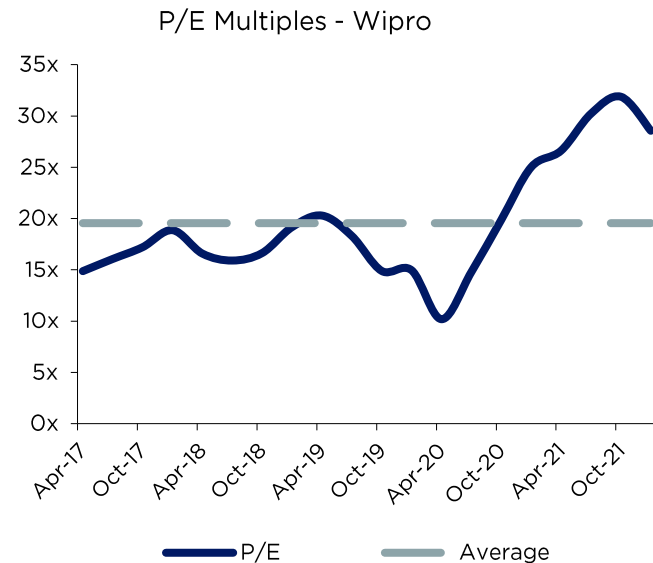
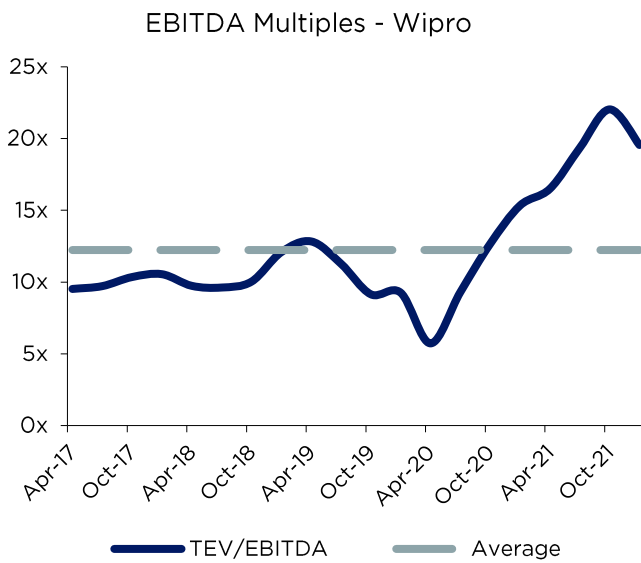
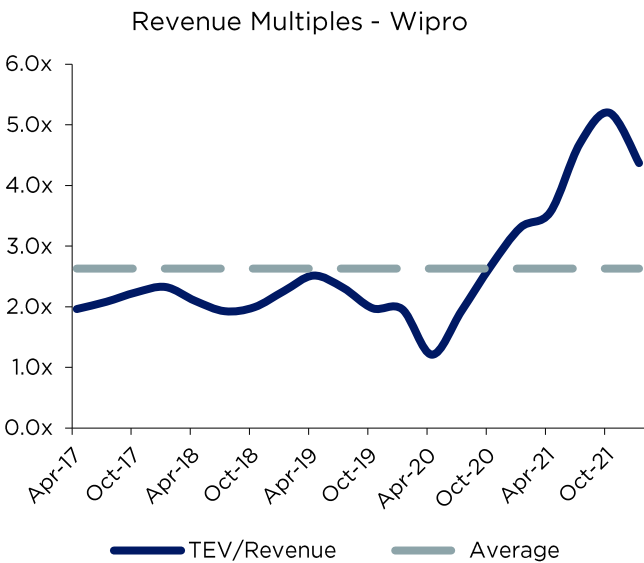
Wipro

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.

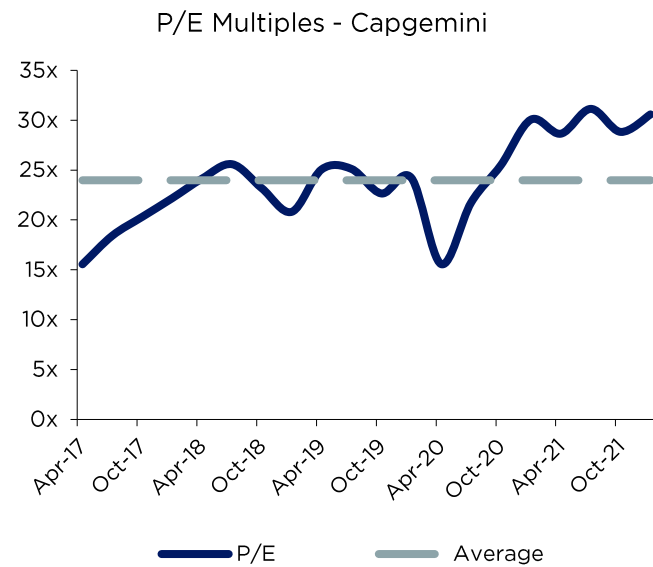
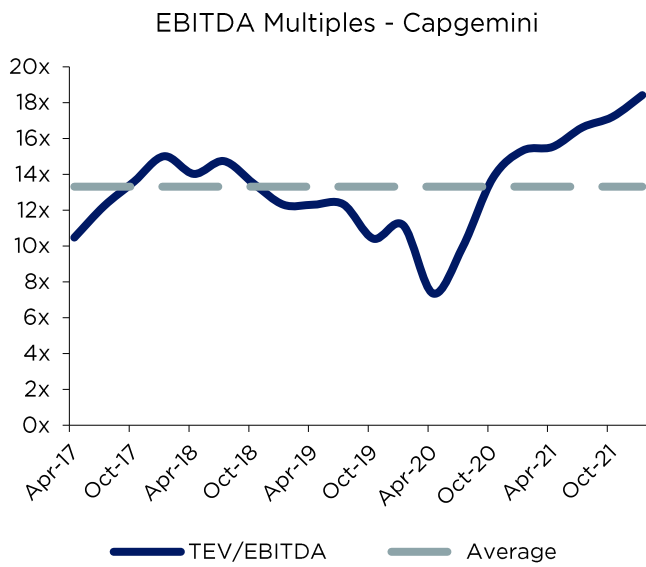
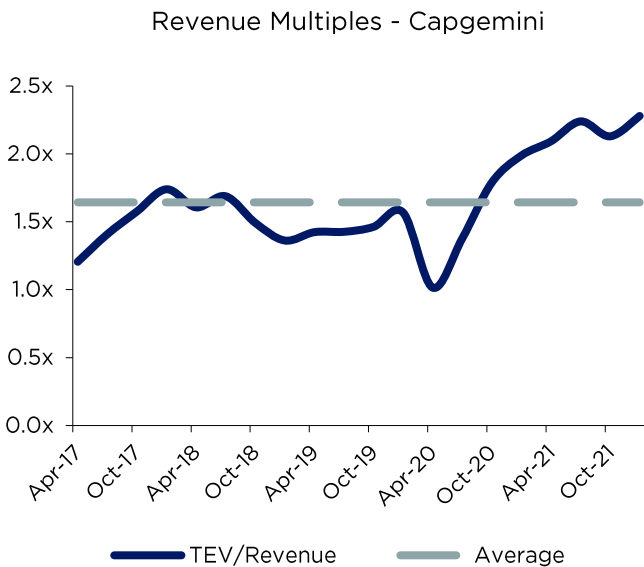
Capgemini

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

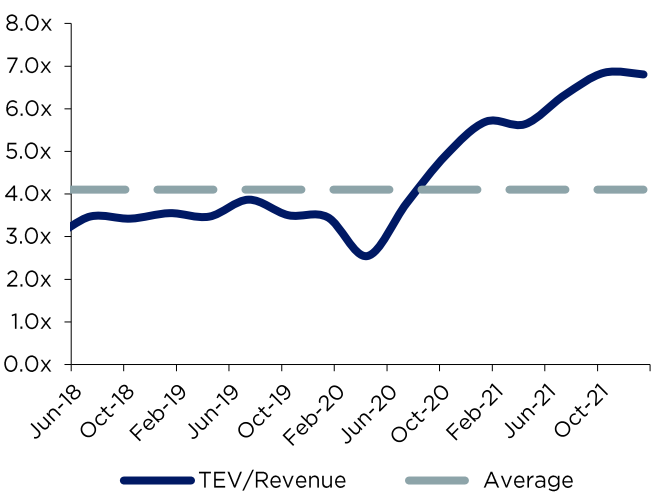
**Infosys is a leading global IT services provider,
with nearly 250,000 employees.**

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).

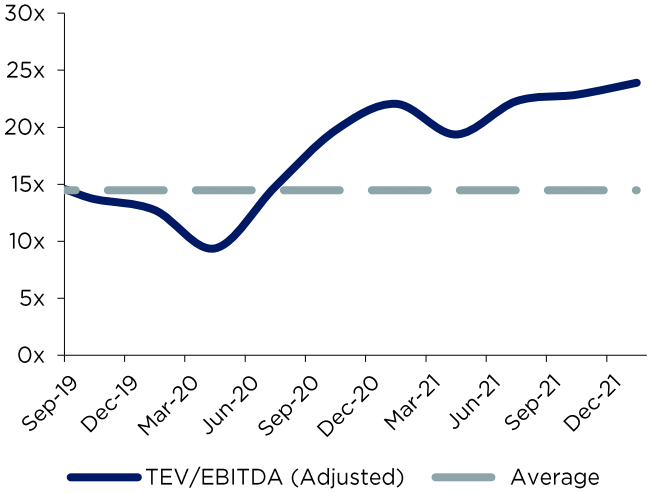
Public Basket

Infosys

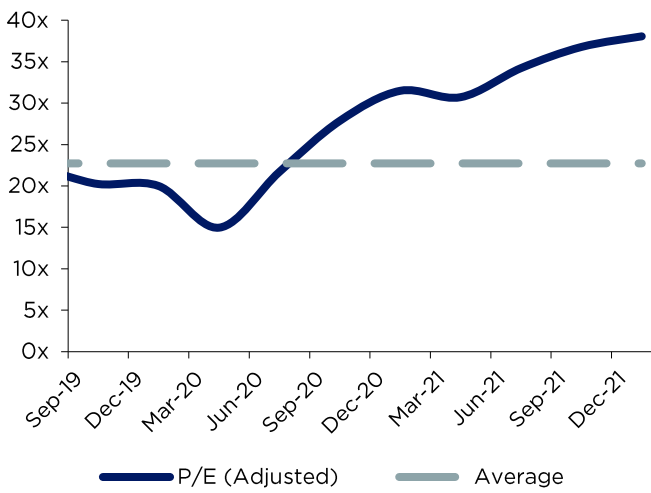
Revenue Multiples - Infosys



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.

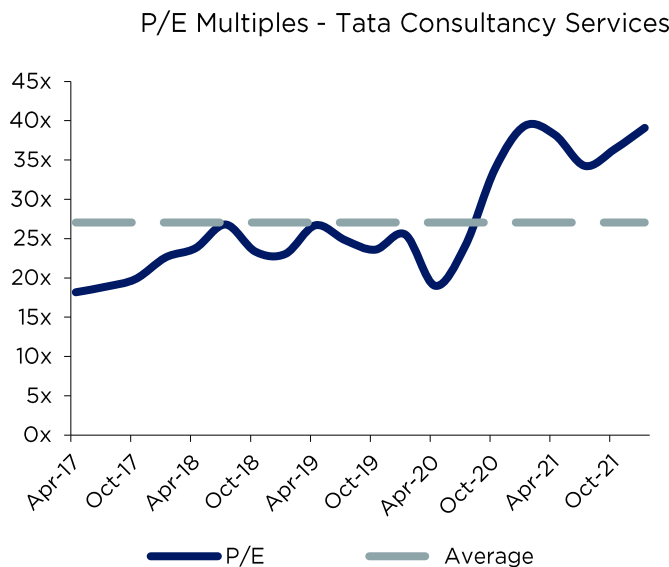
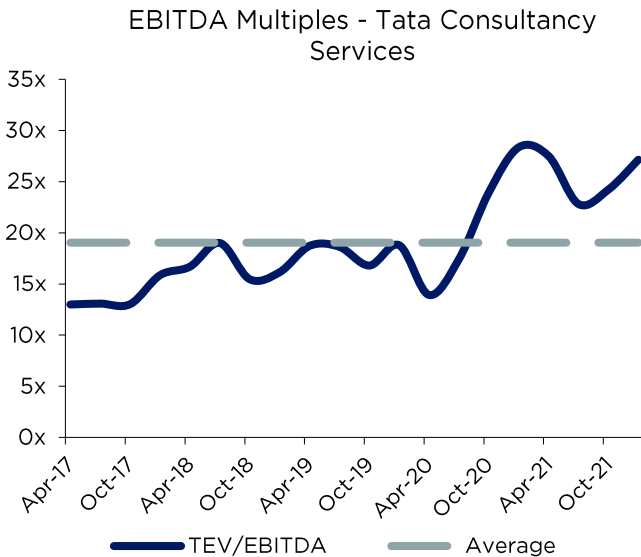
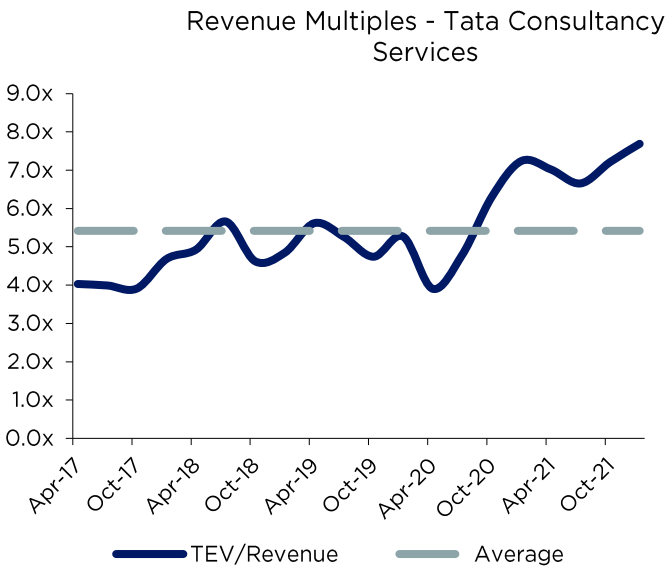
Tata Consultancy Services

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

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



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.

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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