

Market Update Cloud Services

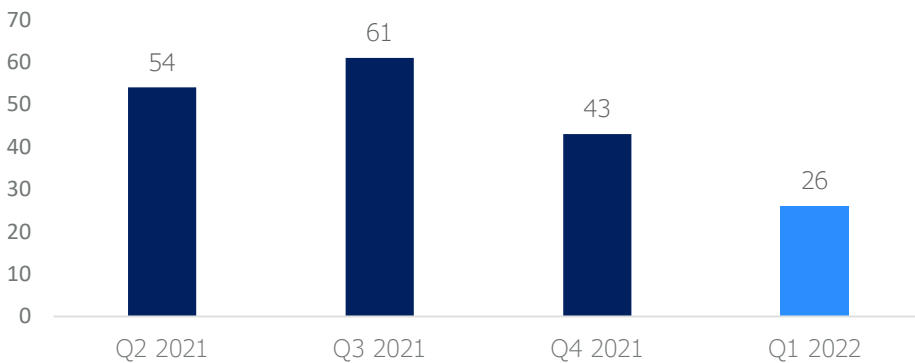
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After emerging from the latest COVID-19 surge, the global economy, and especially the cloud services market, looked at a positive start for the new year. However, after the Russian invasion of Ukraine, growth in the global economy halted. The Eastern Europe economy was specifically impacted, and along with it, much of the growth and optimism in the region’s cloud services market has evaporated. On the other hand, India and LatAm have seen an increased focus and uptick in investment given their distance from the conflict and their wealth in the IT services workforce.

The Indian IT services sector has [more than 30-40% of its revenue coming from Europe](#), and as the Russia-Ukraine crisis continues, this investment is only expected to increase. Regarding the LatAm market, Brazil, Colombia, Peru, and Chile are all seeing better performance in their national currencies as more investment enters these emerging markets to seek safer returns than Eastern Europe markets.

7 Mile’s focus in this market update is on the cloud services space in the context of M&A activity. After much M&A activity in 2021, deal activity started to decline at the beginning of 2022.

of M&A Deals in Cloud Services



7MA has completed numerous M&A transactions for companies in the cloud services space and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact John Cooper, Ilya Ulianchuk, Kevin Postigo, or Tyler Ratterree if you would like to learn more.

Sector Coverage Team



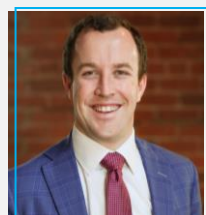
John Cooper, Partner
john@7mileadvisors.com
1.704.973.3996



Ilya Ulianchuk, Vice President
ilia.ulianchuk@7mileadvisors.com
1.704.414.8743



Kevin Postigo, Associate
kevin@7mileadvisors.com
1.704.912.4903



Tyler Ratterree, Analyst
tyler@7mileadvisors.com
1.704.706.9168

Sector Snapshot

Xerox Acquires Powerland



Powerland, a Canadian IT services provider, has been acquired by Xerox Holdings Corporation (NASDAQ: XRX). This acquisition strengthens Xerox's IT Services offerings in North America, which include cloud, cyber security, end user computing, and managed services.

Powerland serves customers throughout Canada and provides a wide array of technology solutions and services including cloud, hybrid cloud, cyber security, and end-user computing solutions based on individual business needs. Powerland recently earned 2021 industry accolades including Nvidia Partner of the Year, Dell Marketing Partner of the Year North America, HPE Service Partner of the Year and Tech Data Circle of Excellence.



Date: Feb 1, 2022
Deal Type: Acquisition
Target HQ: Canada
Deal EV: Undisclosed

Neudesic Acquired by IBM



IBM acquired Neudesic, a leading U.S. cloud services consulting firm that specializes in the Microsoft Azure platform. The acquisition will expand IBM's portfolio of hybrid multicloud services significantly as well as further advancing its hybrid cloud and AI strategy.

Neudesic has more than 1,500 cloud and data experts located across the U.S. and in India and provides a full scope of digital transformation services across advisory, application development, cloud migration, DevOps, integration, data engineering, data visualization and hyper-automation. Neudesic's cloud and data consultants will join IBM Consulting's growing hybrid cloud services business, enhancing IBM's ability to help clients meet their business needs with multicloud technologies.



Date: Feb 15, 2022
Deal Type: Acquisition
Target HQ: USA
Deal EV: Undisclosed

What is Driving the Activity in the Space?

PANDEMIC DISRUPTIONS

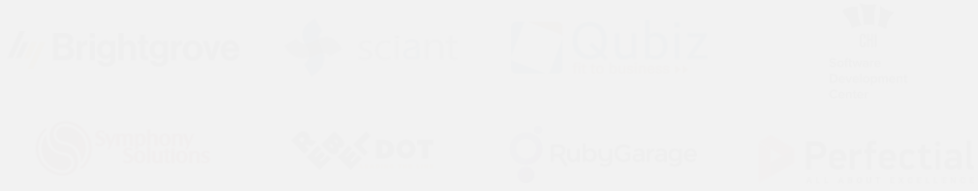
DIGITAL TRANSFORMATION

PURSUIT OF GROWTH

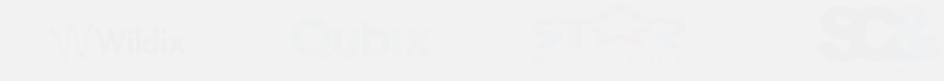
Sector Snapshot

Annual Revenue, USD

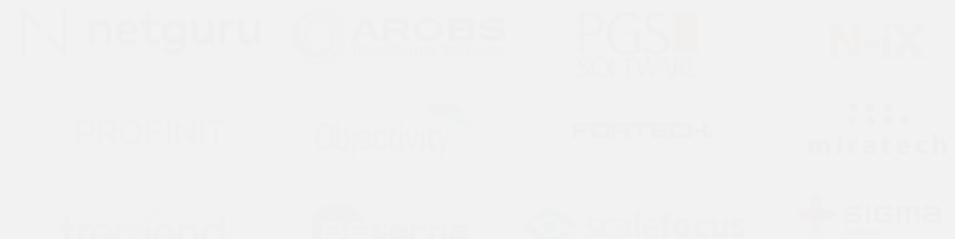
5-25M



25-50M



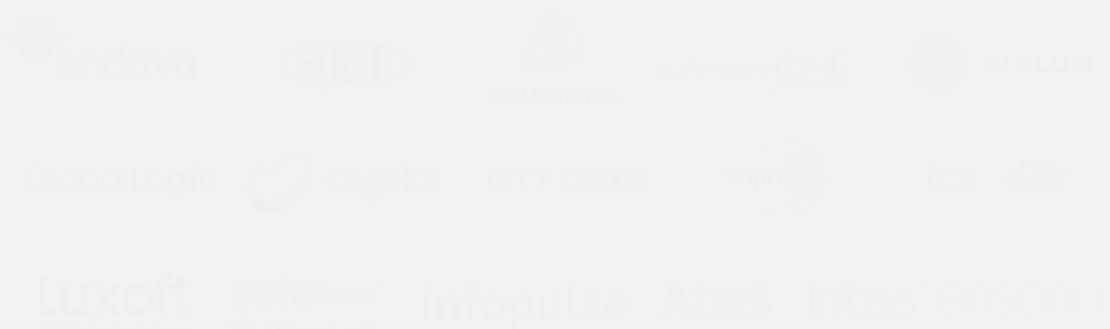
50-100M



Please reach out to 7MA team to get access to the full list.



>100M

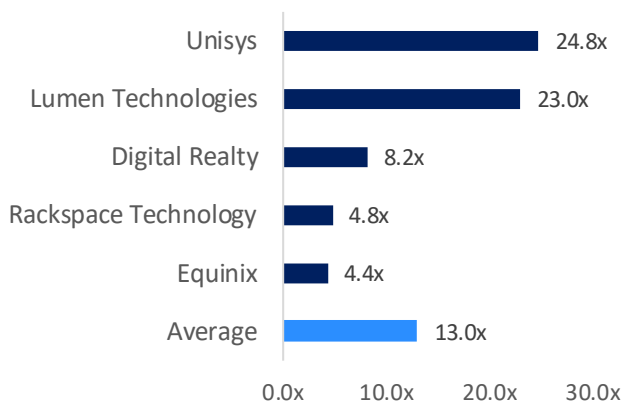


Sector Snapshot

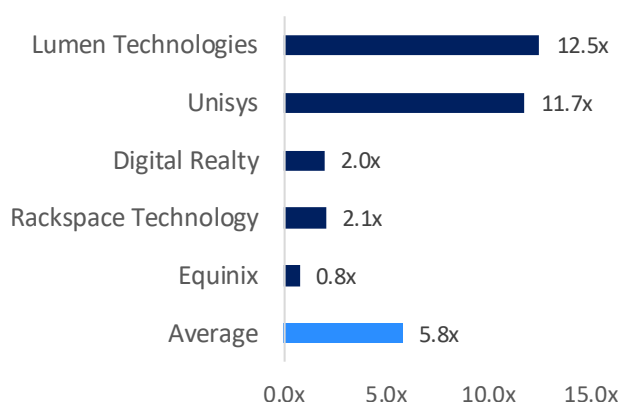
Publicly-traded Cloud Services Companies – Q1 2022

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
Equinix	1,612	370	2,054	1%	28%	18%	0.8x	4.4x	16,300	10
Digital Realty	5,980	726	3,010	11%	31%	24%	2.0x	8.2x	7,200	83
Rackspace Technology	40,679	8,424	19,687	-5%	57%	43%	2.1x	4.8x	36,000	113
Lumen Technologies	55,391	2,412	4,428	13%	60%	54%	12.5x	23.0x	3,030	1,828
Unisys	77,880	3,144	6,636	11%	48%	47%	11.7x	24.8x	10,944	712
Average	36,308	3,015	7,163	6%	45%	37%	5.8x	13.0x	14,695	549
Median	40,679	2,412	4,428	11%	48%	43%	2.1x	8.2x	10,944	113

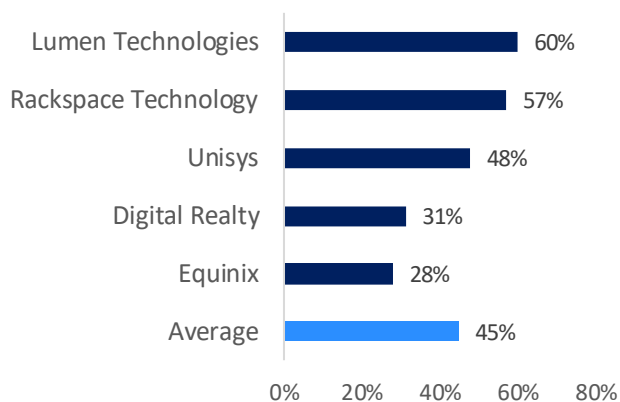
TEV / EBITDA X



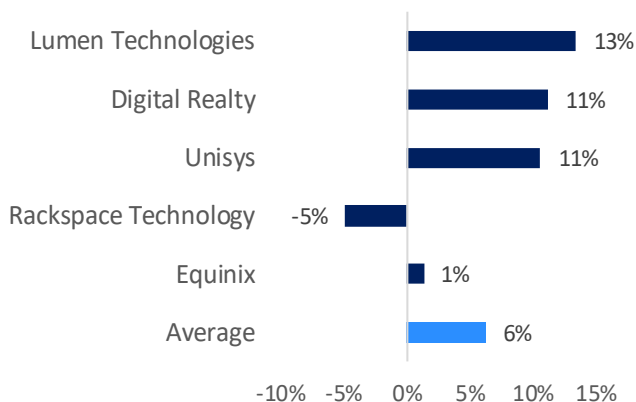
TEV / Rev X



Gross Margin %



Rev Growth YoY



Sector Snapshot

Q1 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
March 28, 2022			<ul style="list-style-type: none"> CyrusOne, and owner and operator of 53 data centers primarily in the U.S. that encompass more than 8 million net rentable square feet, was acquired by Kohlberg Kravis Roberts and Global Infrastructure Partners through a \$15 billion public-to-private LBO. The transaction will help CyrusOne to broaden its continued growth and global expansion strategy.
March 14, 2022			<ul style="list-style-type: none"> Blue.cloud, a provider of cloud technology services intended to simplify, modernize, digitalize, and transform business, was acquired by Hudson Hill Capital for \$100 million through an LBO. The investment will help Blue.cloud expand its AI capabilities and continue to build a world-class team of IT leaders. Collaborating with industry leading software partners will help Blue.cloud deliver on the demand it is already experiencing from clients seeking access to new technologies.
February 10, 2022			<ul style="list-style-type: none"> ITCloud.ca, a cloud services provider focused on serving Canadian IT professionals, was acquired by AppDirect through an LBO for an undisclosed amount. ITCloud.ca provides online backup and medic backup services, enabling clients to connect their customers to the solutions they need to reach their full potential in the digital economy. With the acquisition, ITCloud.ca will be able to expand its portfolio of solutions by accessing over 600 SaaS technology and telecom vendors in the AppDirect's AppSmart business catalog.
February 2, 2022			<ul style="list-style-type: none"> Predica, a provider of Microsoft Azure cloud migration, application modernization and managed services catering to blue-chip enterprise customers in Europe, the Middle East and the U.S., was acquired by SoftwareONE. Predica specializes in applications & DevOps, cloud infrastructure, security and data analytics in order to drive digital transformation, generating actionable business insights with machine learning, AI, and modern dashboards, enabling employees to focus on larger goals with custom applications that increase efficiency and redefine collaboration for greater productivity.
January 28, 2022			<ul style="list-style-type: none"> Enginety, an operator of an e-commerce company providing commercial technology to the European market, has been acquired by EPAM. Enginety specializes in the SAP Commerce Cloud solutions, and helps customers evaluate, select and implement e-commerce solutions to create a consistent, flexible, and future-oriented system architecture. With the acquisition EPAM expands its capabilities to deliver end-to-end solutions for building e-commerce services and platforms.
October 27, 2022			<ul style="list-style-type: none"> Steadfast Networks is a provider of managed cloud and colocation services, and it was acquired by ColoHouse, a leading IT platform provider offering colocation, cloud, and IT services. Steadfast brings a complete cloud solution offering to the ColoHouse portfolio and adds two data centers in the important Midwest region to ColoHouse's locations.
January 1, 2022			<ul style="list-style-type: none"> Fully Managed, a provider of SaaS-based managed information technology and cloud services for senior care management, has been acquired by Telus for \$137 million. With the acquisition, Fully Managed will have access to a wider range of resources, leading products, networks, and both leadership talent and technical expertise to better service its customers and lead in the years to come.

About 7 Mile Advisors

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.



508 W. 5th Street,
Suites 140 & 225
Charlotte, NC 28202



+1 (704) 899-5960



www.7mileadvisors.com

Notable 7 Mile Transactions

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a portfolio company of HADLEY

a portfolio company of BainCapital

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Daxos

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softwareONE

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Deloitte.

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3Cloud

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EY

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TRINITY HUNT PARTNERS

