

Market Update Cloud Services

- 1 Market Overview
- 2 Sector Snapshot
- 3 Public Markets
- 4 Notable Deals

As the global economy continues to emerge from the latest COVID-19 surge many companies are continuing to double down on their cloud services implementation, especially the hybrid cloud model. Hybrid cloud bridges the gap between Information Technology (IT) and businesses by improving agility and efficiency, as well as by rapidly delivering IT resources at a low-cost, and hybrid cloud helps provide economies of scale while also delivering security to the sensitive information companies possess.

The hybrid cloud market has experienced significant overall growth in the past few years compared to other cloud services and is expected to grow at a [21.1% CAGR from 2021-2026](#). This growth is backed by hybrid cloud computing’s ability to give businesses the ability to scale their on-premises infrastructure up to the public cloud to handle any overflow without giving third-party data centers access to their entire sets of data, something even more important as computing and processing demand fluctuates. North America is expected to hold a prominent share of this hybrid cloud market, as many companies in this region are moving beyond solely operating in the public cloud, as a hybrid cloud strategy will help deliver improved services to customers.

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 to close out 2021, deal activity has slowed in the first half of 2022.

Sector Coverage Team



John Cooper, Partner
john@7mileadvisors.com
1.704.973.3996



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

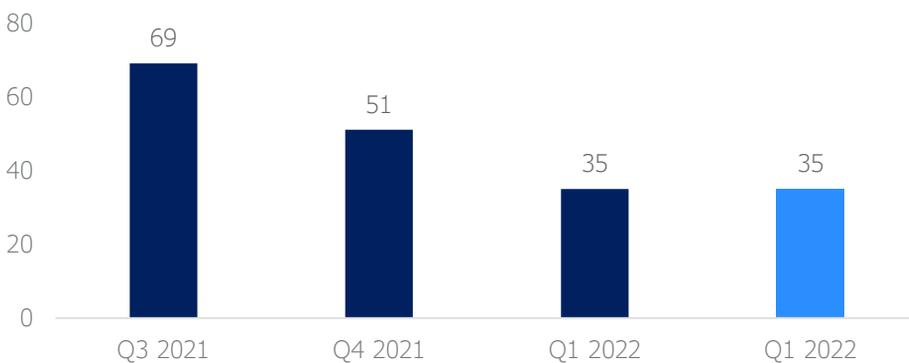


Kevin Postigo, Associate
kevin@7mileadvisors.com
1.704.912.4903



Tyler Ratterree, Analyst
tyler@7mileadvisors.com
1.704.706.9168

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, Iliia Ulianchuk, Kevin Postigo, or Tyler Ratterree if you would like to learn more.

Sector Snapshot

Persistent Acquires Media Agility



MediaAgility, a global cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner, was acquired by Persistent Systems.

MediaAgility provides cloud-native application development and modernization, analytics and AI, cloud engineering, migrations, and managed services to its' 35+ enterprise service clients across the globe. With 500+ employees in the US, Mexico, the UK, and India, MediaAgility has 31 Google Cloud Partner Expertise designations, 330+ Google Cloud certifications, and seven Google Cloud partner specializations. As demand for Google Cloud expertise increases, this acquisition will expand Persistent's ability to execute cloud-based digital transformation journeys for our global clients.

Date: April 8, 2022
Deal Type: Acquisition
Target HQ: USA
Deal EV: Undisclosed

PwC Acquires Two



Zero&One, one of the leading Amazon Web Services (AWS) Premier Consulting Partners in the Middle East, was acquired by PwC. Zero&One supports their clients' growth through delivering AWS services including cloud adoption, AI and machine learning, data and analytics and more. This strategic investment is another step in enhancing PwC's technology offering and digital capabilities to support their clients' transformation and underlines PwC's commitment to growth and investment in the region.

ACTS, a provider of system integrator and technology solutions designed to increase business productivity with expertise in cloud, Microsoft Azure, cloud engineering, and technology solutions, was also acquired by PwC. The acquisition of ACTS will extend the reach of PwC's cloud experience in financial services and accelerate cross-industry modernization of Microsoft cloud services.

Date: June 22, 2022
Deal Type: Acquisition
Target HQ: Dubai
Deal EV: Undisclosed

Date: April 1, 2022
Deal Type: Acquisition
Target HQ: USA
Deal EV: Undisclosed

What is Driving the Activity in the Space?

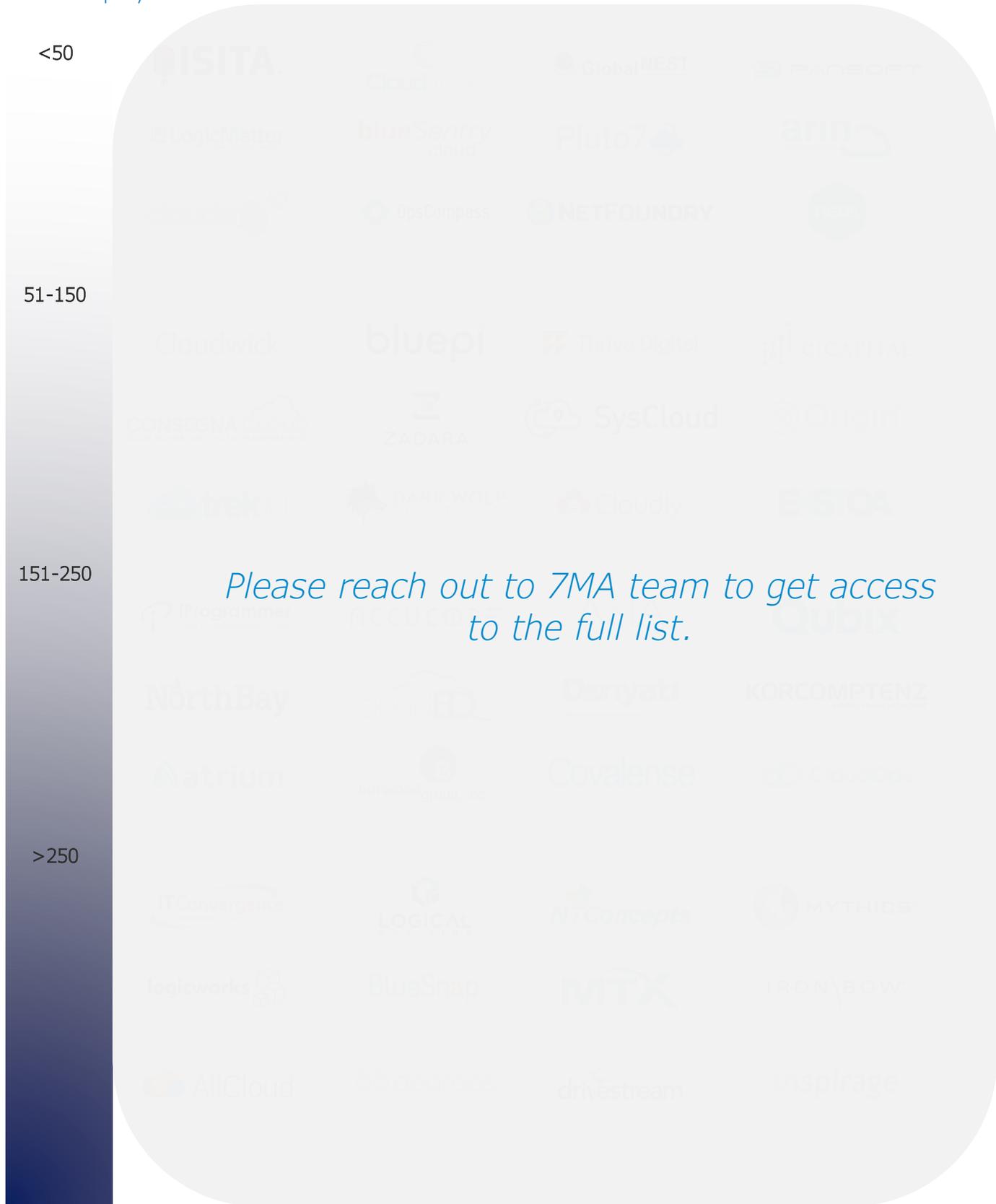
PANDEMIC
DISRUPTIONS

DIGITAL
TRANSFORMATION

PURSUIT OF
GROWTH

Sector Snapshot

of employees

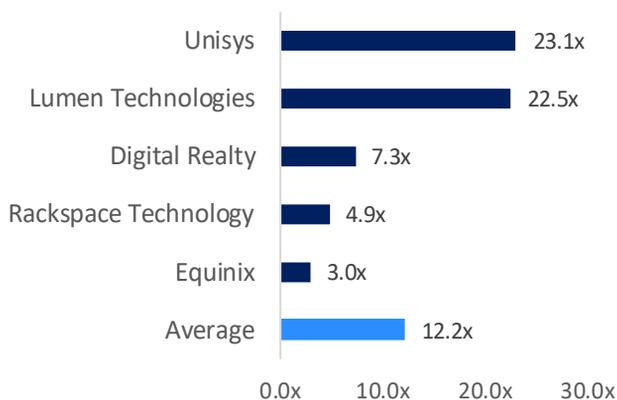


Sector Snapshot

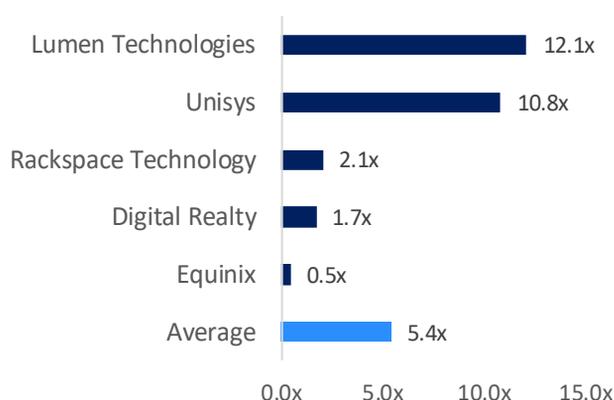
Publicly-traded Cloud Services Companies – Q2 2022

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	933	310	1,991	1%	26%	16%	0.5x	3.0x	16,300	6
Digital Realty	5,238	714	3,059	11%	30%	23%	1.7x	7.3x	6,600	79
Rackspace Technology	39,841	8,200	19,334	-5%	57%	42%	2.1x	4.9x	35,000	114
Lumen Technologies	53,947	2,399	4,465	13%	59%	54%	12.1x	22.5x	3,030	1,780
Unisys	73,167	3,171	6,774	11%	47%	47%	10.8x	23.1x	10,944	669
Average	34,625	2,959	7,125	6%	44%	36%	5.4x	12.2x	14,375	530
Median	39,841	2,399	4,465	11%	47%	42%	2.1x	7.3x	10,944	114

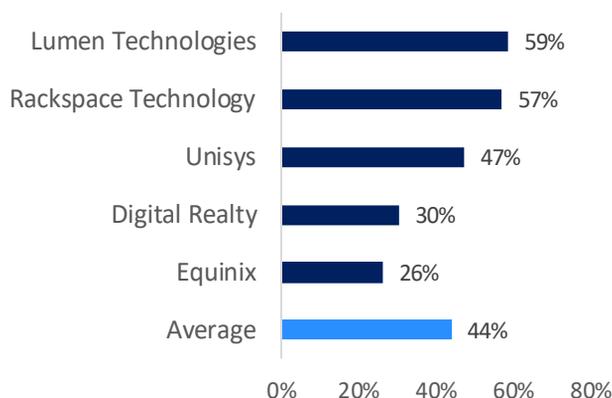
TEV / EBITDA X



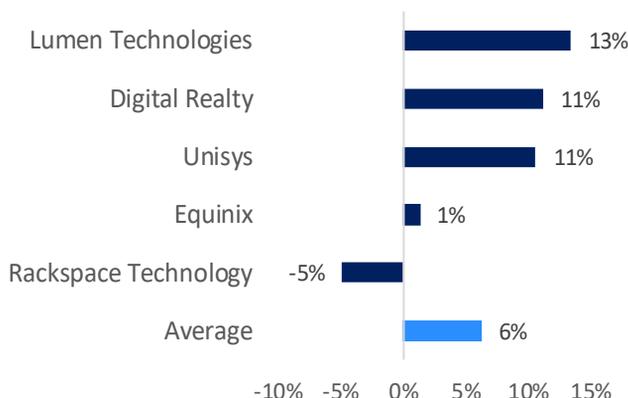
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q2 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
June 14, 2022	 ROVE a Presidio Company	PRESIDIO®	<ul style="list-style-type: none"> Rove, a provider of systems integrator and cloud services intended to serve enterprise, commercial & public sectors, was acquired by Presidio, a global digital services and solutions provider. Rove's service offerings include enterprise collaboration, logistix, security, audio visual, software-defined architecture, strategic staffing and lifecycle, thereby delivering impactful technology solutions that provide a modernized business platform. The acquisition bolsters Presidio's geographic presence in both North Carolina and South Carolina.
June 9, 2022	 CONSEGNA.CLOUD CLOUD DELIVERY AND DIGITAL TRANSFORMATION	 CyberCX	<ul style="list-style-type: none"> Consegna Cloud is a provider of cloud professional services catering. The company offers storage services such as virtualized storage and data centers and migration services and it also assists clients in integrating Amazon Web Services (AWS), thereby enabling customers to have lower costs and managed security compliance. Consegna was acquired by CyberCX, via its financial sponsor BGH Capital, through an LBO.
May 31, 2022	 IMEX Your IT Partner	 Atech	<ul style="list-style-type: none"> IMEX Technical Services, a provider of outsourced IT and cloud consultancy services intended to serve small and medium-sized businesses (SMEs), start-ups and established enterprises, was acquired by Atech Cloud, via its financial sponsor Pelican Capital. IMEX specializes in cloud services like hosted email exchange, email signature manager, email security, archiving and cloud backup and acts as an advisor researching the services that are available, thereby helping business to implement and utilize cloud in the best form.
May 11, 2022	 Intellify	 Deloitte.	<ul style="list-style-type: none"> Intellify, a provider of industry-leading tech consultancy and artificial intelligence solutions intended to help clients by delivering smarter, faster and more scalable decisions through advanced data and machine learning solutions, was acquired by Deloitte. The acquisition will add further scale and depth of capability to Deloitte's market leading practice of more than 600 professionals nationally who offer high value AI, data and ML business and public sector client solutions that can unlock new sources of value and competitive advantage.
May 10, 2022	 Nestybox	 docker	<ul style="list-style-type: none"> Nestybox, a developer of a cloud-based platform built to replace Linux virtual machines, was acquired by Docker, a developer of an open-source database platform. Nestybox's services empower containers to act as virtual servers capable of running systems, docker, Kubernetes, and even legacy applications, enabling users to run docker-in-docker securely, without using docker privileged containers.
May 9, 2022	 SYSTEM GRUPPEN	 ADDPRO	<ul style="list-style-type: none"> SystemGruppen, a provider of application and cloud integration intended for small, medium and large corporate businesses as well as organizations, was acquired by AddPro, a supplier of IT infrastructure and security systems, via its financial sponsor Axcel Management. SystemGruppen offers services including application and integration, IT infrastructure, security and communication, cloud services and hardware and software consulting services, enabling clients to transform their business through digital innovation.
April 4, 2022	 USWired® Computer Networking Solutions	 quattro™ BUSINESS SUPPORT SERVICES Get more to go on	<ul style="list-style-type: none"> USWired, a provider of cloud services and computer networking intended for small to mid-sized companies, large enterprises and stockbrokers, was acquired by Quattro Business Support Services. USWired offers managed services, cloud computing, cybersecurity and consulting services, thereby enabling clients to derive real and measurable business value from services.

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

cedrus
DIGITAL

brillio

centare
a portfolio company of **HADLEY**

RURAL SOURCING
a portfolio company of **BainCapital**
DOUBLEWING

esc eSource Capital

Daxos

INTELLIGENCE PARTNER
THE CLOUD CONSULTING COMPANY

softwareONE

groundswell

Deloitte.

GRYPHON INVESTORS | **3Cloud**

PRAGMATIC WORKS

ZILKER TECHNOLOGY

EY

keste

TRINITY HUNT PARTNERS

