

Market Update

IT Services & Software in Western Europe

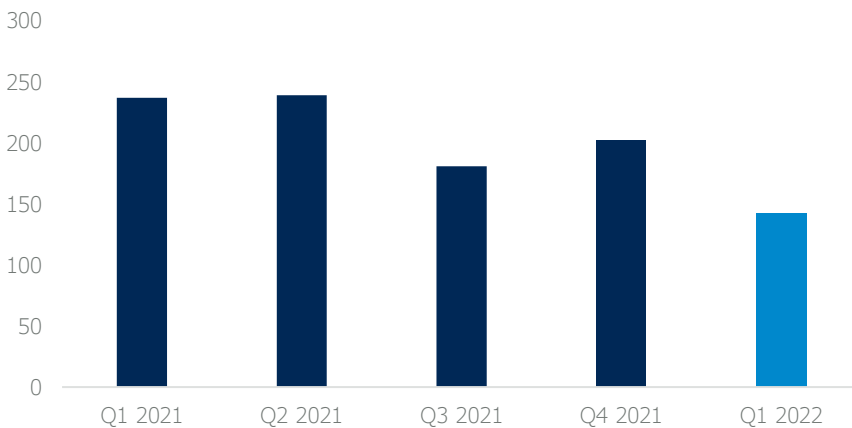
- 1 Market Overview
- 2 Sector Snapshot
- 3 Public Markets
- 4 Notable Deals

The first quarter of 2022 was inaugurated by a decrease of 42.3% in terms of Western European M&A deal count activity. With a total of 142 completed transactions, Q1 was characterized by a rising 5.1% cost of living in the 19-nation currency bloc indicating that underlying inflationary pressures continue to build. In an effort to combat rapid price rises, the Bank of England (BoE) and the Federal Reserve System (FED) raised interest rates. Higher interest rates translate to less efficient LBO acquisitions since the cost of debt is higher. Thus, corporate/strategic buyers are gaining a competitive advantage over private equity groups and are gaining traction in the Western European M&A market.

Despite Q1 being marked by the conflict between Russia and Ukraine, Western European M&A activity remained active since Western Europe is now in the spotlight as many global buyers and investors turned away from Eastern Europe given the current political situation happening in that region.

Both top financial and strategic investors such as PWC, Endava, Intel, and Apax Partner remain highly interested in expanding their Western European footprint focusing on trending verticals such as SaaS, Cybersecurity, Managed Services, and Big Data.

of M&A Deals in Western Europe



7MA has completed numerous M&A transactions for companies with outsourced operations and / or delivery centers in western Europe and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Kristina Sergueeva, Iliia Ulianchuk, or Lucas Cerbelli if you would like to learn more about IT Services & Software across western Europe.

Sector Coverage Team



Kristina Sergueeva, *Director*
 kristina@7mileadvisors.com
 1.704.899.5149



Iliia Ulianchuk, *Senior Associate*
 ilia.ulianchuk@7mileadvisors.com
 1.704.414.8743



Lucas Cerbelli, *Analyst*
 lucas@7mileadvisors.com
 1.704.336.0118

Infosys Acquired Digital Marketing Experience Company Oddity




Infosys, a global IT consulting and software development firm acquired German-based digital marketing, experience and commerce agency company, **Oddity**. With more than 300 digital experts located in Stuttgart, Berlin, Cologne, Belgrade, Shanghai and Taipei, **Oddity** is one of the largest independent digital agencies from Germany. The company's service portfolio includes digital-first brand management and communication, in-house production, including virtual and augmented reality, experience design and e-commerce services, which it provides across Europe and China. The deal strengthens **Infosys'** creative, branding, and experience design capabilities, according to the company. As part of **Infosys'** digital experience and design offering, **Oddity** will become part of **Wongdoody**, which **Infosys** acquired in 2018. The company will join **Wongdoody's** network of studios across Seattle, Los Angeles, New York, Providence, Houston and London and design hubs in five cities in India.

Date: March 22, 2022

Deal Type: M&A

Target HQ: Germany

Accenture Acquired Supply Chain Management Provider Alfa Consulting




Accenture has acquired Spanish-based **Alfa Consulting**, a supply chain technology expert that supports customers in Spain, Portugal and México. **Alfa's** 52 consultants will join **Accenture's** Supply Chain & Operations function. The group helps clients with end-to-end supply network visibility, customer-centered supply chain segmentation, sourcing and procurement transformation, operational agility, resilience stress testing and sustainable and responsible supply chain strategies. The acquisition reinforces Accenture's capabilities for helping clients in Spain, Portugal and México transform its supply chains to be more resilient, responsive and sustainable.

Date: March 24, 2022

Deal Type: M&A

Target HQ: Spain

Western Europe Transactions Verticals in Q1 2022



Cybersecurity



SaaS



Big Data



Managed Services

Western Europe Most Active Investors in Q1 2022

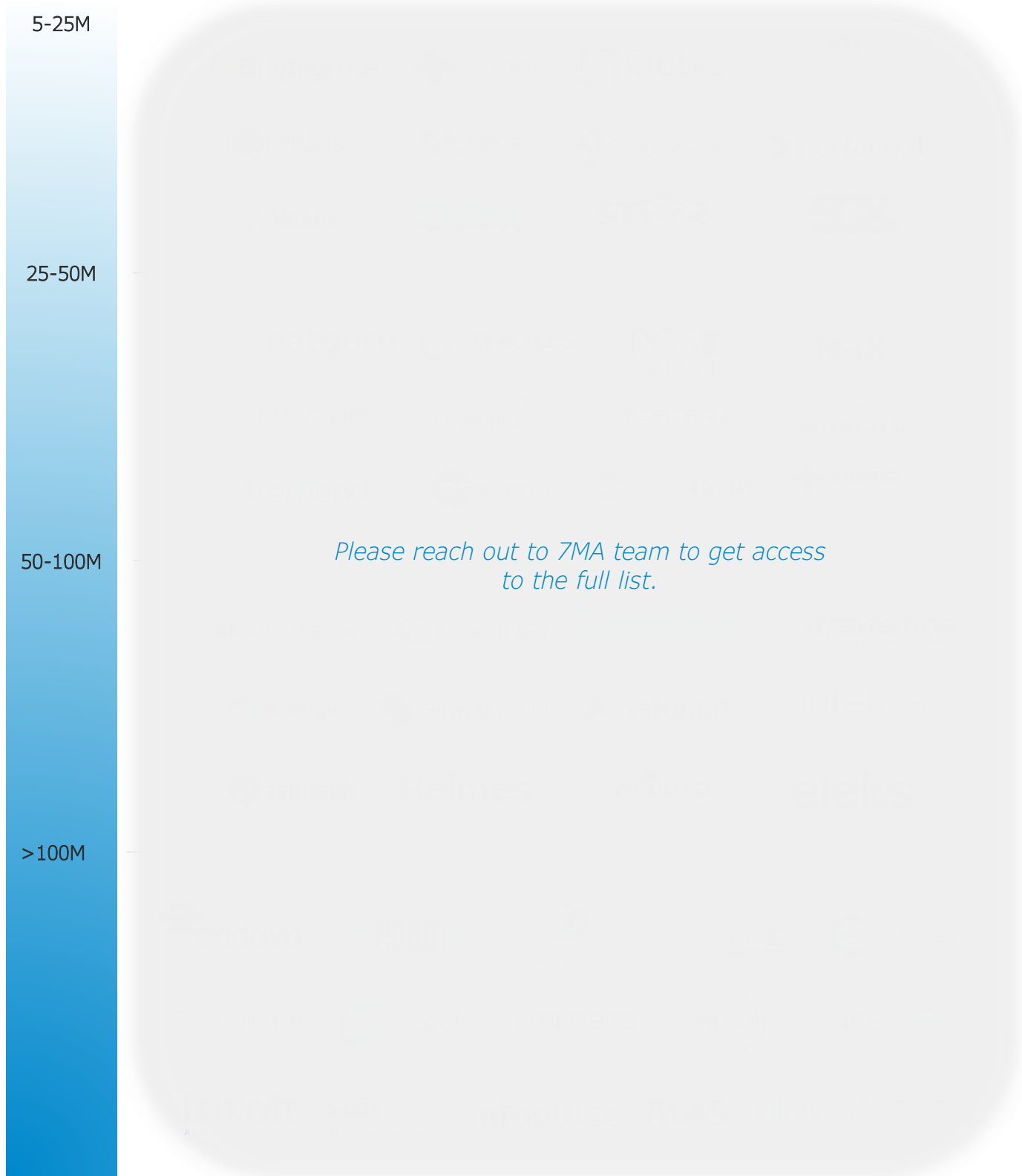







Market Landscape

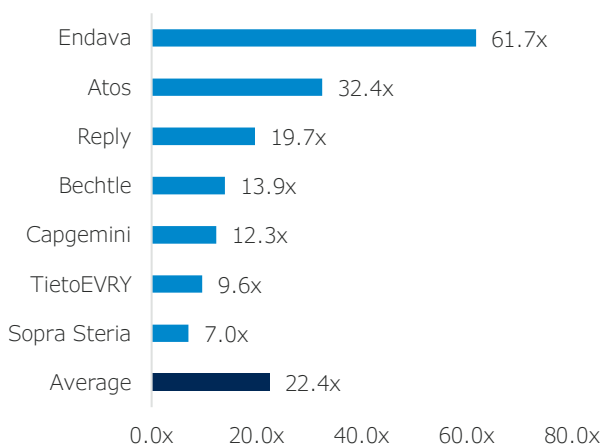
Annual Revenue, USD



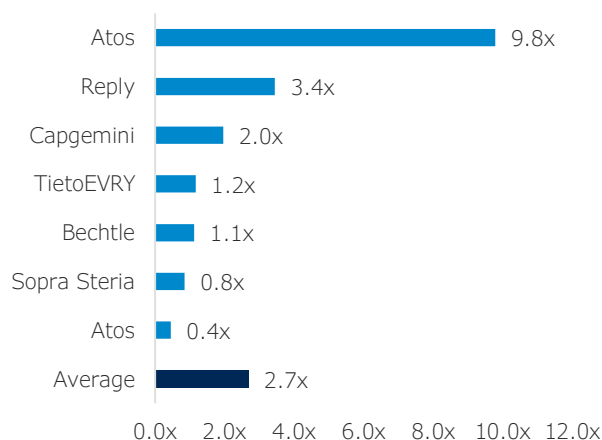
Publicly-traded IT Services & Software Companies - Western Europe – Q1 2022

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
Capgemini	42,027	3,418	21,471	15%	26%	16%	2.0x	12.3x	324,684	13
Endava	7,405	120	758	27%	34%	16%	9.8x	61.7x	9,712	76
Bechtle	7,064	507	6,273	5%	17%	8%	1.1x	13.9x	12,880	55
Reply	6,112	311	1,775	18%	17%	18%	3.4x	19.7x	10,579	58
Atos	5,713	176	12,815	-3%	32%	1%	0.4x	32.4x	104,430	5
Sopra Steria	4,677	668	5,536	10%	28%	12%	0.8x	7.0x	47,437	10
TietoEVRY	3,894	406	3,338	1%	23%	12%	1.2x	9.6x	24,389	16
Average	10,985	801	7,424	10%	26%	12%	2.7x	22.4x	76,302	33
Median	6,112	406	5,536	10%	26%	12%	1.2x	13.9x	24,389	16

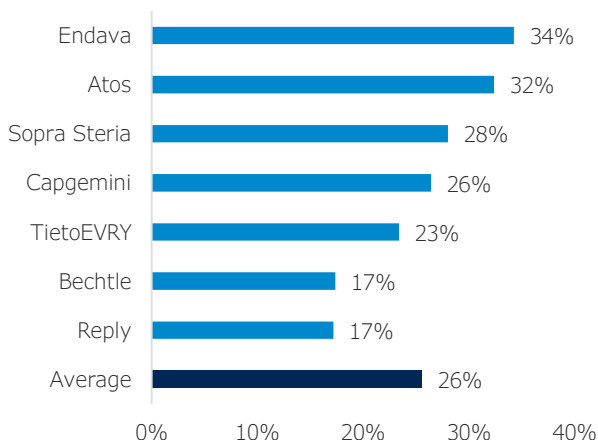
TEV / EBITDA X



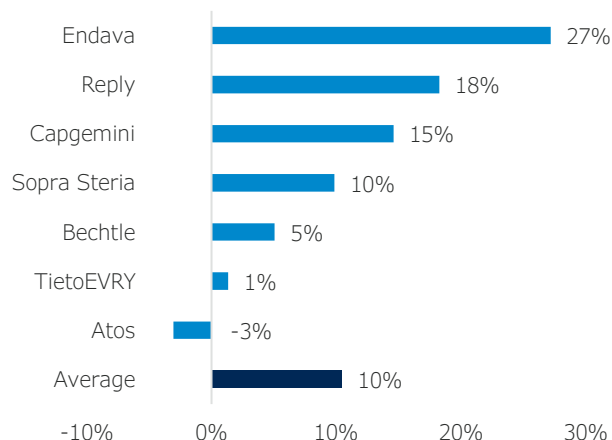
TEV / Rev X












Gross Margin %



Rev Growth YoY



Q1 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
Mar-21, 2022	 Incremental Group	 Telefónica Tech	<ul style="list-style-type: none"> Provider of information technology (IT) consulting services intended for oil and gas, financial services and the public sector. The company specializes in dynamics AX, citrix, and microsoft server infrastructure and offers information technology management and consulting services, enabling them to reduce costs and improve customer engagement.
Mar-14, 2022	 sct GLOBAL IT SERVICES	 WestBridge	<ul style="list-style-type: none"> Provider of rapid response IT infrastructure support services catering to the global IT channel. The company offers high-quality IT spares, logistics and comprehensive complementary services to global outsourcers, system integrators and value-added resellers, thereby helping boost their efficiency and profitability and enabling them to excel.
Mar-08, 2022	 Vanilla	 bakertilly	<ul style="list-style-type: none"> Provider of ERP consulting services specializing in aerospace, service & maintenance and manufacturing industries. The company's team of business and technical consultants supports all aspects of an IFS engagements, helping clients with the implementation, support, and improvement of business solutions.
Feb-23, 2022	 LINUTRONIX	 intel	<ul style="list-style-type: none"> Provider of operating system services catering to the industrial environment. The company offers a range of services including board support package, development environment, browser application, consulting in ongoing projects, troubleshooting, and data security, thereby helping clients with services related to the embedded operating system from a single source.
Feb-14, 2022	 OLIVEHORSE	 pwc	<ul style="list-style-type: none"> Developer of supply chain management solutions intended to serve the consumer goods, energy and utilities, life science, manufacturing, and telecom industries. The company offers solutions across demand-driven material requirements planning (DDMRP), digital supply chain enablement, supply chain collaboration, integrated business planning, and scheduling among others, helping businesses reduce implementation risk and maximize value in supply chain planning.
Feb-09, 2022	 nc BUSINESS AGILITY CONSULTING GROUP	 endava	<ul style="list-style-type: none"> Provider of software development and integration consultancy services intended to serve the property and casualty insurance industry. The company specializes in claims process automation, digital strategy formulation, insurance compliance, rating engines, policy transformation claims transformation, and solution assurance, thereby helping insurance firms to ensure control over costs, rapid ROI and low risk.

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

