

# Market Update

## Cloud & Enterprise Applications

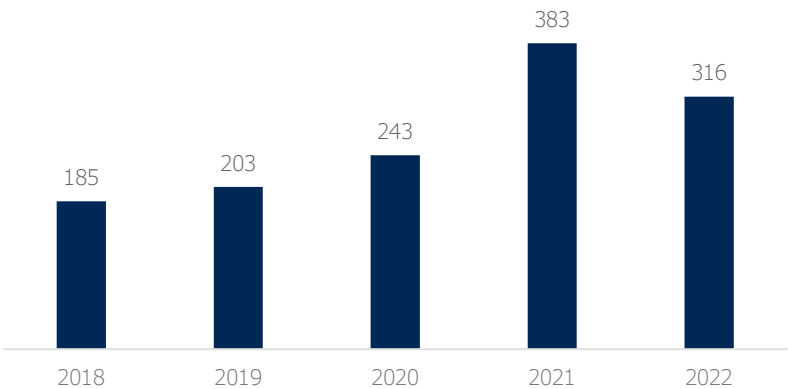
- 1 Market Overview
- 2 Sector Snapshot
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The worldwide public cloud market reached \$490.3B in 2022 and is forecasted to surpass \$590.0B by 2023, leading to a 26.6% CAGR from '18-'23. Last year's 18% growth is a testament to the continued focus on digitalization and online infrastructure. Despite current macroeconomic and geopolitical uncertainty in the market, cloud migration is expected to persist as businesses accelerate IT modernization and initiatives to minimize risk and optimize cost.

Among the many recent innovations in cloud technology, one of the more prominent trends seen in today's marketplace is the continued integration of serverless cloud. Pioneered by Amazon through AWS Lambda, serverless cloud is a cloud-based code execution model where cloud providers, instead of developers, deal with servers and computing resource management. This segment had a \$9.0B market value in 2022 and is projected to reach \$37.7B by 2028, a 22.7% CAGR.

7 Mile's focus in this market update is on M&A activity within the Cloud and Enterprise Applications space. Although deal activity in 2022 was down modestly from the year prior, overall volumes are still increasing at a healthy rate, commanding a 14.3% CAGR from 2018-2022.

M&A Activity (Deal Count)



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, Tim Frye, Garth Martin, and Ilia Ulianchuk if you would like to learn more.

### Sector Coverage Team



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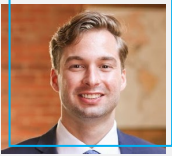
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## DoIT International Acquires Incentro



Incentro, a provider of digital cloud and transformation services intended for business clients, was acquired by DoIT International, a leading provider of cloud cost management technology and services. DoIT International completed the transaction via its financial sponsor, Charlesbank Capital Partners, through an LBO on February 22, 2023.

The transaction combines Incentro’s digital solutions with DoIT’s intelligent technology for CloudOps, cloud migration, machine learning, and cloud FinOps. DoIT is an award-winning strategic partner of Google Cloud and AWS.

**Date:** February 22, 2023  
**Deal Type:** LBO  
**Target HQ:** Netherlands  
**Deal EV:** Undisclosed

## Thoughtworks Acquires Itoc

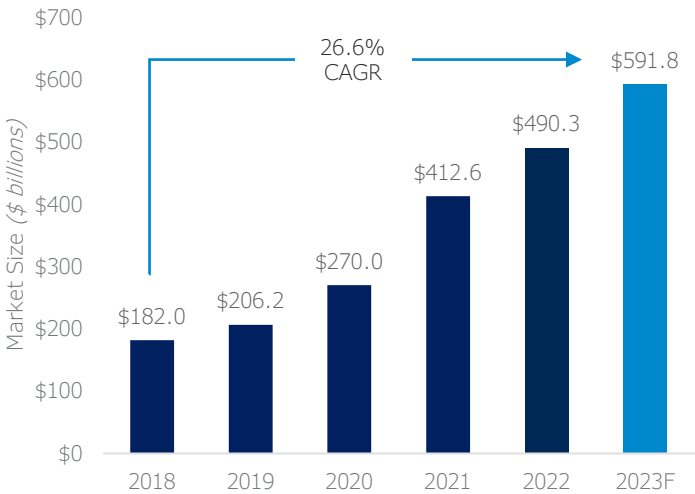


Itoc, a provider of cloud consulting services to small and medium businesses, was acquired by Thoughtworks via its financial sponsor Apax Partners. Itoc’s areas of expertise include cloud computing, DevOps, AWS consulting, cloud architecture, managed AWS, proof of concepts, cloud cost optimization, training & community, cloud engineering, open source, managed services, cloud applications, E-commerce, cloud enablement, business transformation, SaaS, AWS, and IntelligentOps.

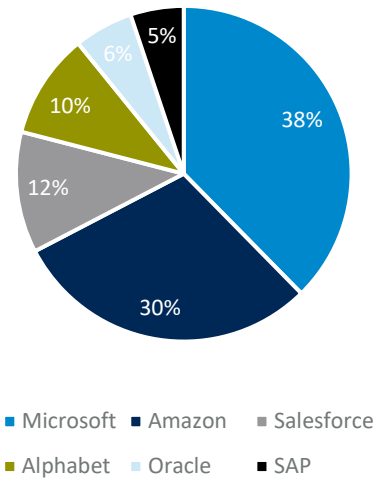
The acquisition expands Thoughtworks’ capabilities to modernize and place digital at the heart of operations for clients on their journeys to the cloud.

**Date:** February 6, 2023  
**Deal Type:** LBO  
**Target HQ:** Australia  
**Deal EV:** Undisclosed

Global Cloud Market Size



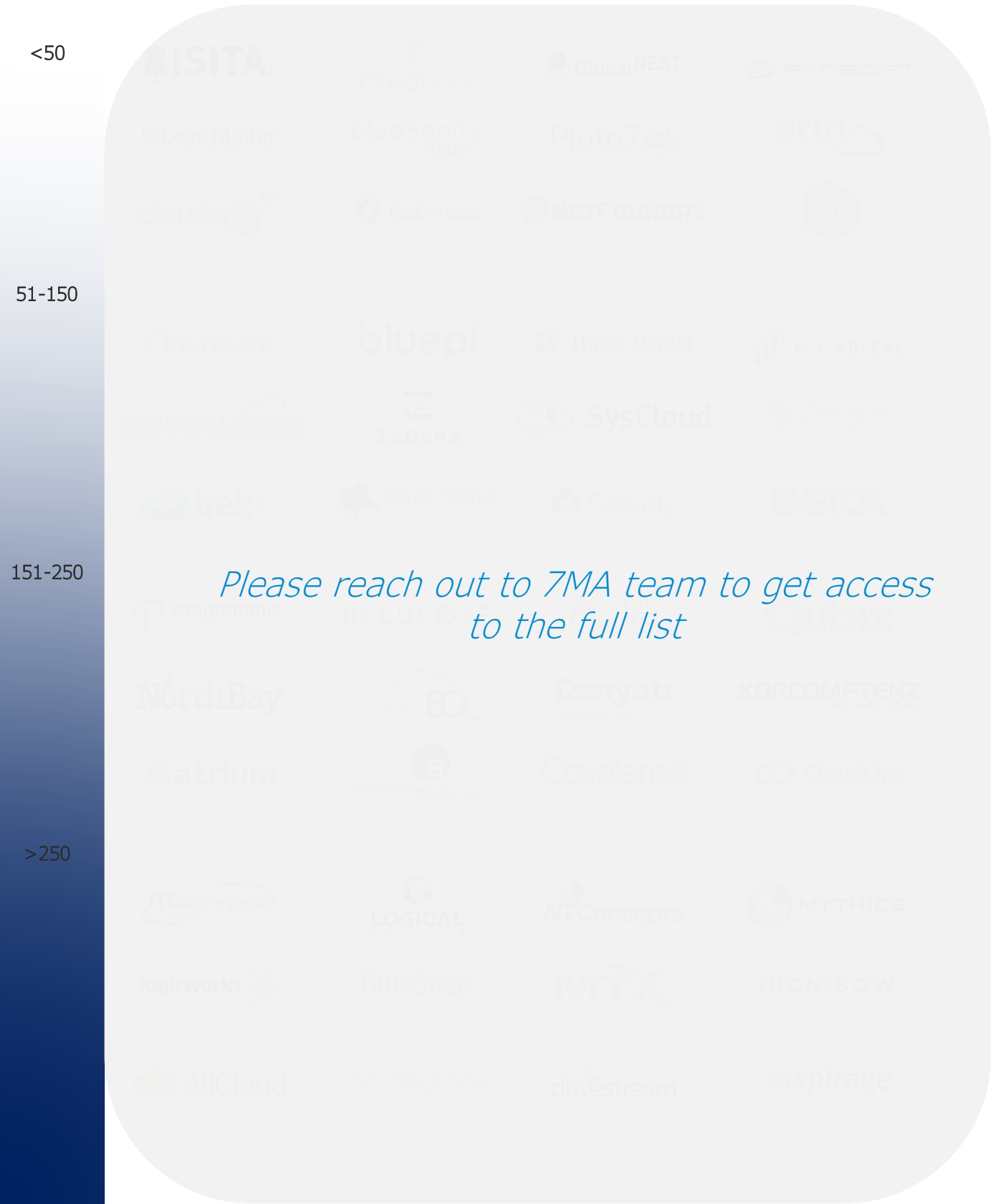
Cloud Vendor Market Share<sup>1</sup>



[1] Percentages based on total Q4 2022 Cloud Revenue for select vendors

# Sector Snapshot

# of employees



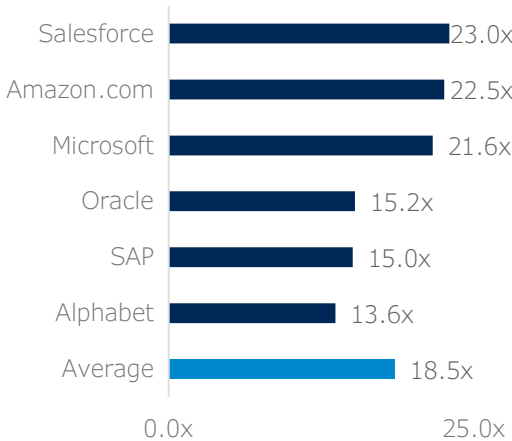
Cloud & Enterprise Applications

# Sector Snapshot

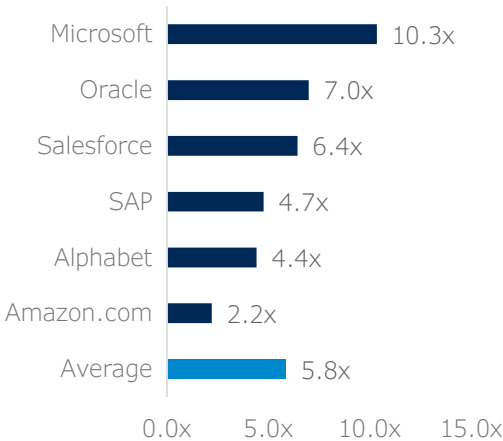
Publicly-Traded Cloud Vendors – Q1 2023

Companies	Cloud Rev \$b	% of Total Rev	TEV \$b	LTM EBITDA \$b	LTM Rev \$b	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X
Microsoft	\$ 27.1	13.3%	\$ 2,106.7	\$ 97.5	\$ 204.1	10.4%	68.2%	47.8%	10.3x	21.6x
Amazon	21.4	4.2%	1,128.5	50.1	514.0	9.4%	13.2%	9.7%	2.2x	22.5x
Salesforce	8.4	26.8%	201.4	8.8	31.4	18.3%	73.3%	28.0%	6.4x	23.0x
Alphabet	7.3	2.6%	1,246.0	91.3	282.8	9.8%	55.4%	32.3%	4.4x	13.6x
Oracle	4.1	8.5%	334.4	21.9	48.0	14.7%	74.5%	45.7%	7.0x	15.2x
SAP	3.7	11.4%	154.0	10.2	32.5	10.9%	71.1%	31.5%	4.7x	15.0x
Average	\$ 12.0	11.1%	\$ 861.8	\$ 46.6	\$ 185.4	12.2%	59.3%	32.5%	5.8x	18.5x
Median	\$ 7.9	10.0%	\$ 731.5	\$ 36.0	\$ 126.0	10.6%	69.6%	31.9%	5.6x	18.4x

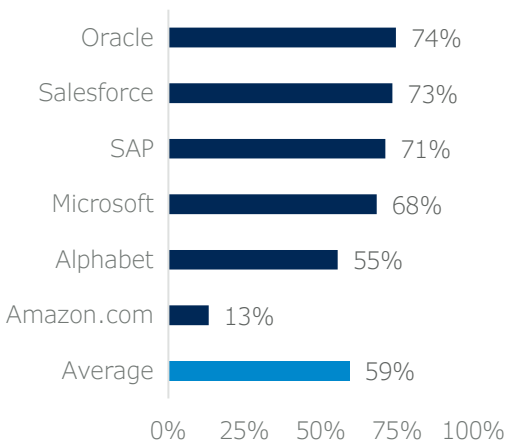
TEV / EBITDA X



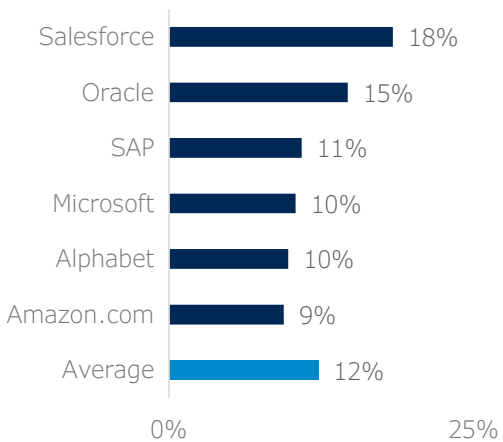
TEV / Revenue X



Gross Margin %



Revenue Growth % YoY



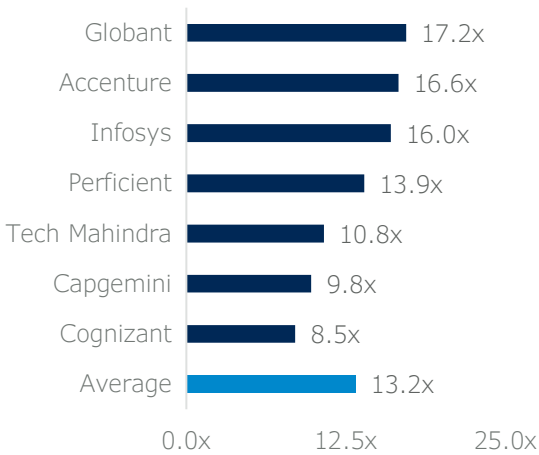
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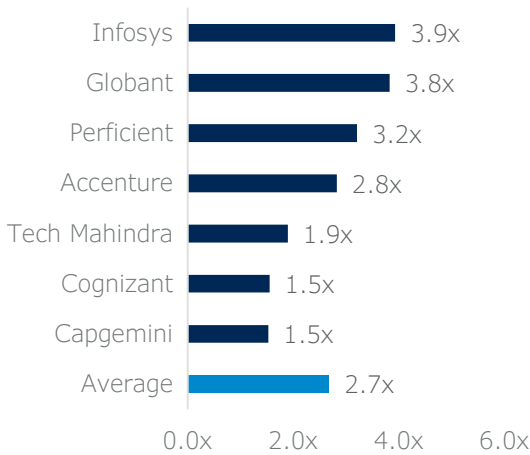
Publicly-Traded Cloud Service Providers – Q1 2023

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
Accenture	\$ 178,158	\$ 10,736	\$ 63,144	11.4%	32.1%	17.0%	2.8x	16.6x	540,937	33
Infosys	70,427	4,404	17,937	14.7%	30.3%	24.6%	3.9x	16.0x	310,682	23
Capgemini	35,307	3,617	23,126	21.1%	26.5%	15.6%	1.5x	9.8x	290,591	12
Cognizant	30,064	3,538	19,428	5.0%	35.9%	18.2%	1.5x	8.5x	315,573	10
Tech Mahindra	12,475	1,159	6,578	22.3%	45.1%	17.6%	1.9x	10.8x	155,132	8
Globant	6,804	396	1,780	37.3%	37.6%	22.2%	3.8x	17.2x	24,063	28
Perficient	2,898	208	905	18.9%	38.9%	23.0%	3.2x	13.9x	4,259	68
Average	\$ 46,073	\$ 3,394	\$ 18,706	21.8%	35.3%	19.3%	2.7x	13.7x	234,462	26
Median	\$ 28,180	\$ 3,586	\$ 17,529	18.6%	36.4%	18.2%	2.7x	13.8x	290,591	23

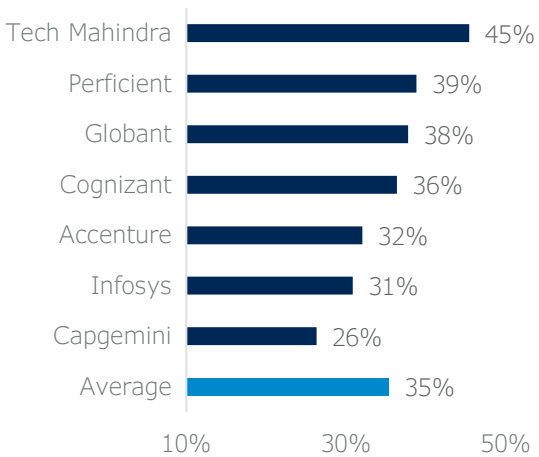
TEV / EBITDA X



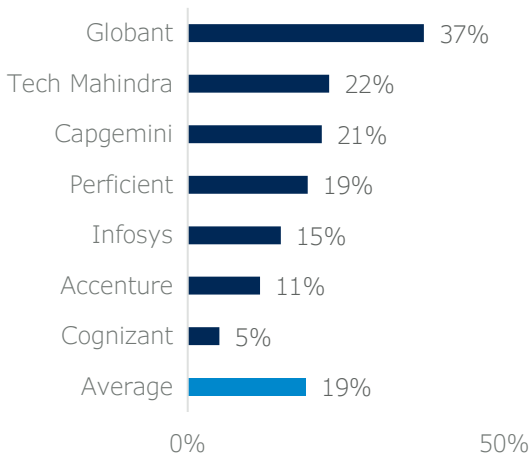
TEV / Revenue X















Gross Margin %



Revenue Growth % YoY



Q1 2023 M&A Transactions

Date	Target	Buyer / Investor	Target Description
March 2023	 INFRADAX	 ARCUS IT	Infradax, a provider of information technology consultancy and advisory services, was acquired by Arcus IT via its financial sponsor Egeria through an LBO on March 7, 2023, for an undisclosed amount. The company offers data center and cloud solutions, modern workspace, security, and managed services including design, implementation, delivery, and infrastructure support for workplaces and data center environments, enabling clients to improve productivity while saving both time and money.
March 2023	 LinkSource TECHNOLOGIES	 UPSTACK	LinkSource Technologies, a provider of network and cloud-sourcing services, was acquired by UpStack via its financial sponsor Berkshire Partners through an LBO on March 6, 2023, for an undisclosed amount. The company specializes in offering cloud network services, hosted voice services, contact center as a service (CCaaS), cloud-based storage services, outsourced security and mobile, and internet of things (IoT) services, thereby enabling complete management of technology environment for running the company operations smoothly.
March 2023	 TechQuarters	 babble	TechQuarters, a provider of digital services intended to offer information technology support services, was acquired by Babble Cloud via its financial sponsors Graphite Capital Management and LDC through an LBO on March 3, 2023, for an undisclosed amount. The company specializes in multiple areas of technology, such as information technology security, training, and support services, enabling organizations to understand and implement Microsoft cloud solutions. In support of the transaction, Ares Management provided debt financing in the form of a loan.
February 2023	 Itoc	 /thoughtworks	Itoc, a provider of cloud consulting services intended to deliver secure and scalable cloud services, was acquired by ThoughtWorks via its financial sponsor Apax Partners through an LBO on February 6, 2023, for an undisclosed amount. The company helps organizations transform and innovate on the cloud platform with services including cloud integration, cloud migration, managed services, data, as well as insight services, thereby enabling businesses to realize the full value of the digital cloud.
February 2023	 DIGITECH	 NOVENTIQ	Digitech, a provider of information technology consulting services, was acquired by Noventiq on February 9, 2023, for an undisclosed amount. The company offers migration services, cloud services, technical support, and managed services to the public sector and commercial enterprises, thereby helping its clients optimize their operations by leveraging technology.
January 2023	 original shift	 OSF DIGITAL	Original Shift, a provider of business strategy services intended to fuel sales growth in businesses, was acquired by OSF Digital on January 31, 2023, for an undisclosed amount. The company's services include optimization of key business processes to align with industry practices, expert knowledge in product and pricing, contracting, renewals, and asset management of businesses, enabling clients to enhance their business models and achieve the desired business outcomes.

# 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](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions





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