

# Market Update

## IT Services & Software in Western Europe

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Following a notable decline in Q4 2022, global M&A activity struggled to regain momentum and decelerated again in Q1 2023. The first quarter of the year tracked global deal volumes of \$559 billion, the third-lowest level of global M&A deal volume in the last 10 years.

The slowed activity was largely reflective of market sentiment and a product of widespread uncertainty, continued supply chain issues, surging inflation across developed and emerging countries alike, and the Russia-Ukraine conflict.

However, M&A activity exhibited a degree of dispersion across end markets as buyers continue to pursue thematic strategies and inorganic growth initiatives. Specifically, the tech, digital, media, and marketing sectors continued to demonstrate strength relative to the broader market with a modest decline in activity of 3% from Q1 2022. Verticals that provided strong support for the broader sector included digital services, AdTech/MarTech, and content & production.

### Sector Coverage Team



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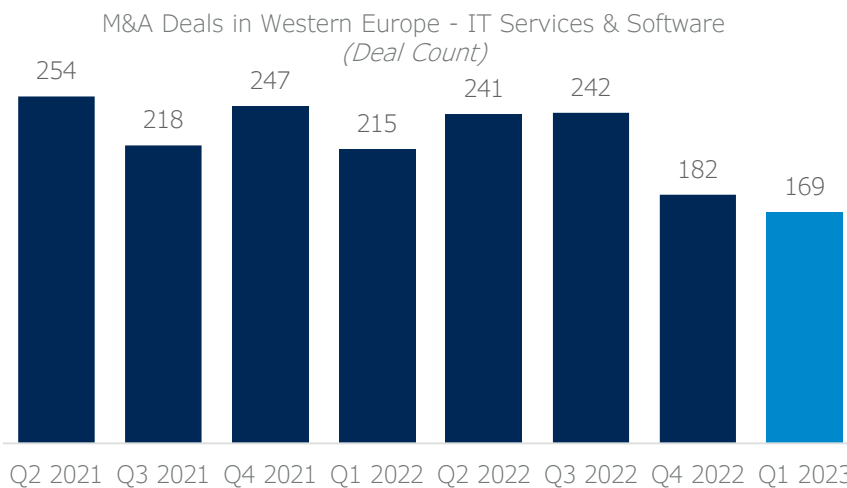
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7MA has completed numerous M&A transactions for companies with outsourced operations and delivery centers in Western Europe and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic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

## Dentsu Acquired Salesforce Consulting Partner Omega CRM



Dentsu, one of the largest advertising agencies in the world acquired Omega CRM Consulting, a Spanish company with more than 20 years of specialization in CRM and marketing services. The consultancy will join Merkle, a leading technology-enabled, data-driven customer experience management (CXM) company within Dentsu. The acquisition of Omega demonstrates Dentsu’s commitment to enabling clients to deliver best-in-class, differentiated and connected experiences across the entire customer journey. It aligns with the company’s stated ambition of reaching 50 percent of net revenue generated by Customer Transformation & Technology, encompassing the fast growth areas of customer experience and commerce.

The full Omega team will join Merkle, making it one of the largest CRM agencies in Spain, with more than 750 employees serving more than 400 clients across large advertisers, IBEX 35, and Fortune 500 companies.

**Date:** February 13, 2022

**Deal Type:** M&A

**Buyer HQ:** Spain

**Target HQ:** U.K.

## WPP Acquired Social Influencer Marketing Agency Obviously



Obviously is a technology-led social influencer marketing agency based in New York, with operations in San Francisco and Paris. It offers a full stack of end-to-end services, including marketing strategy, influencer identification, content creation, campaign management, and robust reporting and analysis. Its proprietary next-generation tech platform increases campaign efficiency and enables the company to service large-scale complex campaigns for enterprise clients, including Google, Ford, Ulta Beauty and Amazon.

Obviously’s team of nearly 100 people will join VMLY&R’s network, accelerating the WPP agency’s investment in award-winning data and social media work.

**Date:** December 1, 2022

**Deal Type:** M&A

**Buyer HQ:** U.K.

**Target HQ:** US, France

## Western Europe Transactions Verticals in Q1 2023



Cybersecurity



AI



SaaS



Big Data

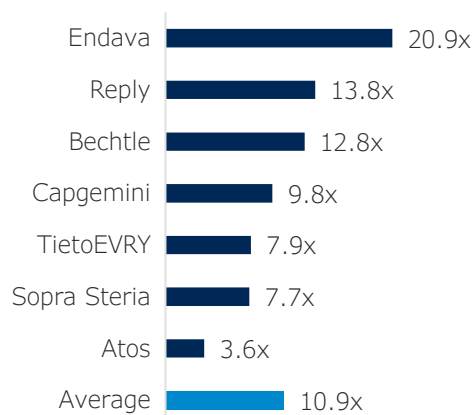
## Western Europe Most Active Investors in Q1 2023



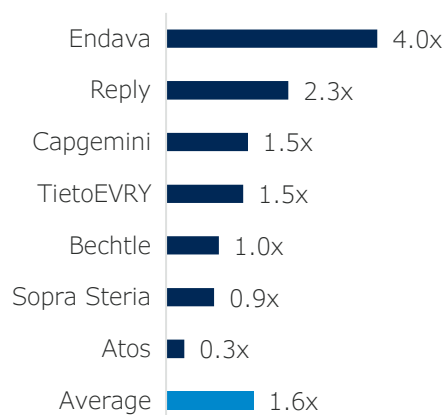
## Publicly-traded IT Services &amp; Software Companies - Western Europe – Q1 2023

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
Capgemini	35,629	3,618	23,126	21.1%	26.5%	15.6%	1.5x	9.8x	359,567	10
Bechtle	6,292	491	6,338	13.6%	17.5%	7.8%	1.0x	12.8x	14,046	45
Sopra Steria	4,865	630	5,363	8.9%	12.1%	11.7%	0.9x	7.7x	49,690	10
Reply	4,622	335	2,009	27.2%	15.2%	16.7%	2.3x	13.8x	13,467	34
TietoEVRY	4,470	568	3,079	3.7%	30.4%	18.5%	1.5x	7.9x	24,320	18
Atos	4,091	1,146	11,924	4.6%	30.0%	9.6%	0.3x	3.6x	110,797	4
Endava	3,681	176	926	36.3%	33.7%	19.0%	4.0x	20.9x	12,111	30
<b>Average</b>	<b>9,093</b>	<b>995</b>	<b>7,538</b>	<b>16.5%</b>	<b>23.6%</b>	<b>14.1%</b>	<b>1.6x</b>	<b>10.9x</b>	<b>83,428</b>	<b>22</b>
<b>Median</b>	<b>4,622</b>	<b>568</b>	<b>5,363</b>	<b>13.6%</b>	<b>26.5%</b>	<b>15.6%</b>	<b>1.5x</b>	<b>9.8x</b>	<b>24,320</b>	<b>18</b>

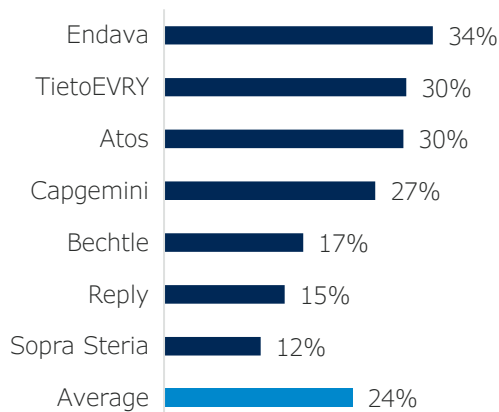
## TEV / EBITDA X



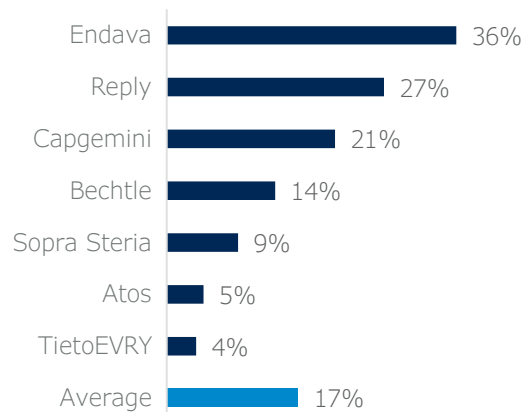
## TEV / Revenue X














## Gross Margin %



## Revenue Growth YoY



## Q1 2023 M&amp;A Transactions

Date	Target	Buyer / Investor	Description
March 27, 2023	 <b>optimind.</b> <small>manage risk, build your future</small>	 <b>accenture</b>	<b>Optimind</b> is a Paris-based consulting firm that provides advisory services and solutions to insurance firms, banks, and other corporate clients. <b>Accenture</b> will make use of Optimind's risk management value chain offering, which covers the spectrum from strategy to finance, quantitative modeling to compliance, and mapping to continuity plans.
March 2, 2023	 <b>B<sup>2</sup></b>	 <b>Capital A</b> <small>INVESTMENT PARTNERS</small>	<b>Brainsquare</b> is a Belgian IT service provider that offers application development, business integration, and managed services with worldwide presence in 6 locations and 200+ employees. This investment from <b>Capital A Investment Partners</b> will allow the company to build new customer partnerships by leveraging offshore capabilities and increasing cybersecurity offering.
March 1, 2023	 <b>QA Consultants</b>	 <b>ALLEN</b>	<b>QA Consultants</b> is an award-winning North American provider of software testing and quality engineering solutions. It is the trusted services company for businesses and government, supported by leading practitioners and approaches. This acquisition bolsters the number of <b>ALLEN</b> employees in North America to almost 3,000, with a global employee base of over 52,000.
February 16, 2023	 <b>forthpoint</b>	 <b>BLEND360</b>  <b>RECOGNIZE</b>	<b>ForthPoint</b> is a data engineering, data science, and business intelligence solutions firm based in Scotland with clients in industries such as energy, logistics, manufacturing, financial services, and more. This acquisition will further strengthen <b>Blend360's</b> global data capability and enable the combined company to expand into European markets.
January 3, 2023	 <b>Enterprise Blueprints</b>	 <b>BAIN &amp; COMPANY</b>	<b>Enterprise Blueprints</b> is a provider of enterprise and solution architecture consulting services based in London, U.K. The company supports organizations at various stages from startups to global corporations across an extensive suite of technology architecture services including strategy, resilience, data, cloud, security, and cost optimization. The acquisition strengthens <b>Bain's</b> pre-existing enterprise technology services.

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

Acuant,  
an Audax portfolio company  
**HAS ACQUIRED**  
Hello Soda

UNION  
**ACQUIRED BY**  
Valtech

IC CONSULT  
GROUP  
**HAS ACQUIRED**  
Kapstone LLC

UNIGUEST<sup>®</sup>  
**HAS ACQUIRED**  
Planet eStream

Intelligence Partner  
**ACQUIRED BY**  
SoftwareONE

UNIGUEST<sup>®</sup>  
**HAS ACQUIRED**  
Otrum

IC CONSULT  
GROUP  
**HAS ACQUIRED**  
ICSynergy

eSource Capital  
**ACQUIRED**  
Daxos

