



Sectorwatch: Digital Transformation

February 2020

Digital Transformation

February 2020

- Sector Dashboard [4]
- Public Basket Performance [5]
- Operational Metrics [7]
- Valuation Comparison [10]
- Recent Deals [13]
- Appendix [14]

Overview

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. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



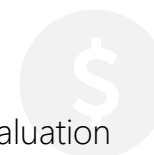
Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth

↓ -0.7%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin

↓ -2.6%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

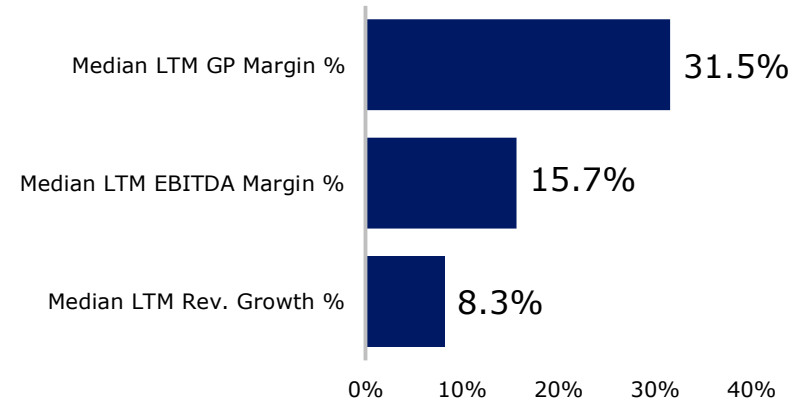
Profitability Momentum

↑ 0.02%

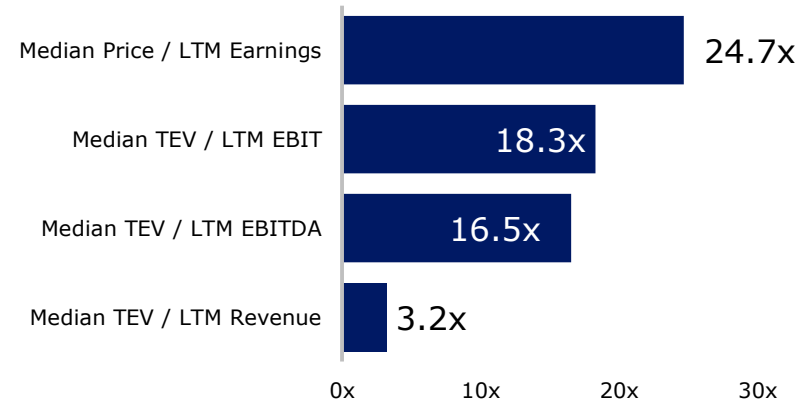
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



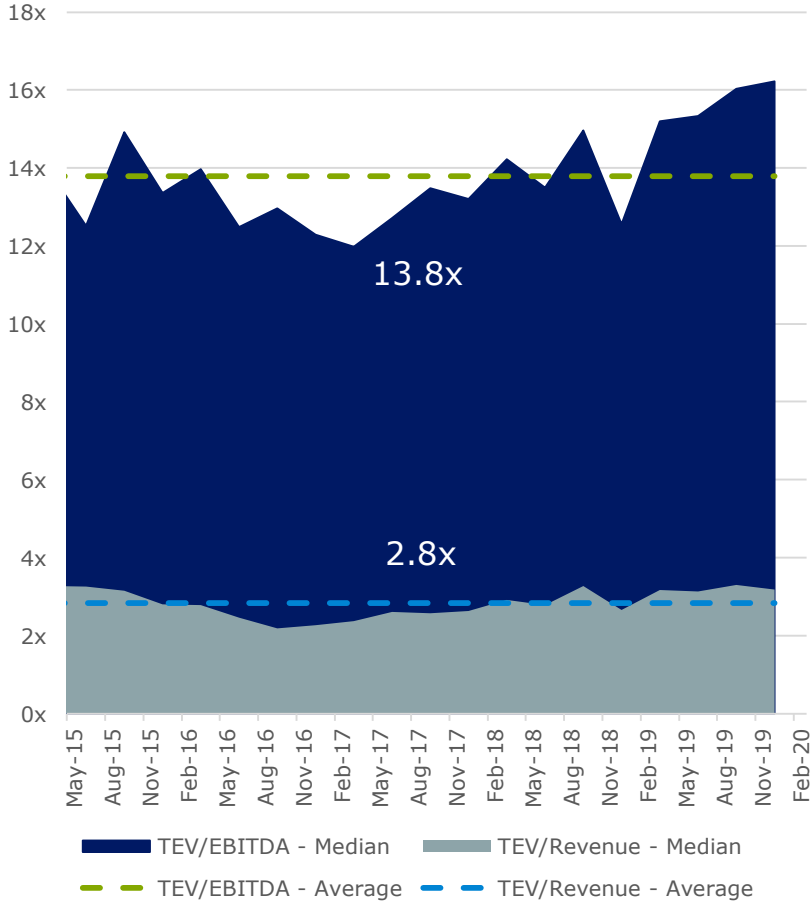
Public Basket



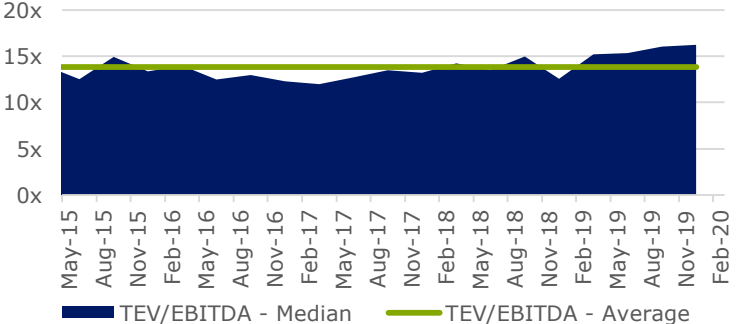
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Endava plc	2,693	421	23%	28%	9%	6.4	69.6	5,754	73
Globant S.A.	4,543	659	26%	39%	17%	6.9	41.0	11,855	56
EPAM Systems, Inc.	11,755	2,294	24%	35%	15%	5.1	27.9	36,700	63
Capgemini SE	22,976	15,851	7%	12%	13%	1.5	11.7	219,300	72
WPP plc	23,685	19,984	1%	18%	11%	1.2	9.8	134,281	149
Cognizant Technology Solutions Corporation	35,276	16,783	4%	37%	20%	2.1	10.0	292,500	57
Infosys Limited	44,765	12,642	10%	32%	24%	3.6	15.0	228,123	55
Accenture plc	127,770	43,968	5%	31%	16%	2.9	18.1	492,000	89
Average	34,183	14,075	13%	29%	16%	3.7	25.4	177,564	77
Median	23,330	14,247	8%	32%	16%	3.2	16.5	176,791	67

share price as of 25Feb20

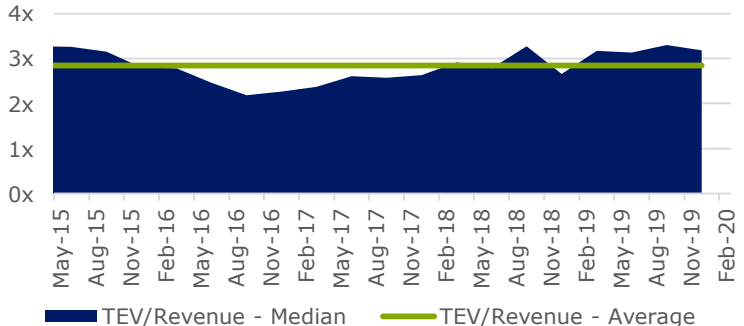
Public Basket Valuation Trends



Public EBITDA Multiples over Time



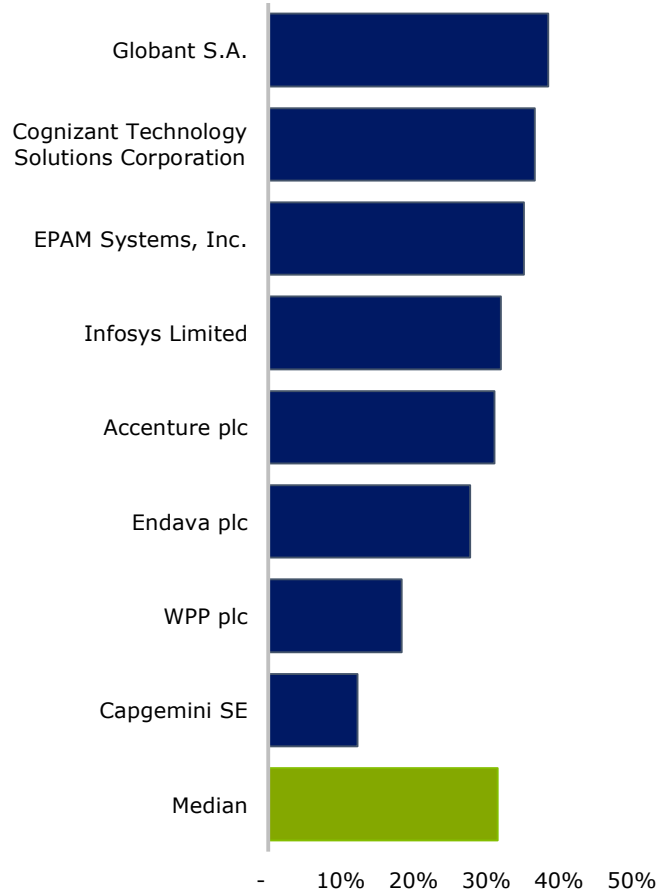
Public Revenue Multiples over Time



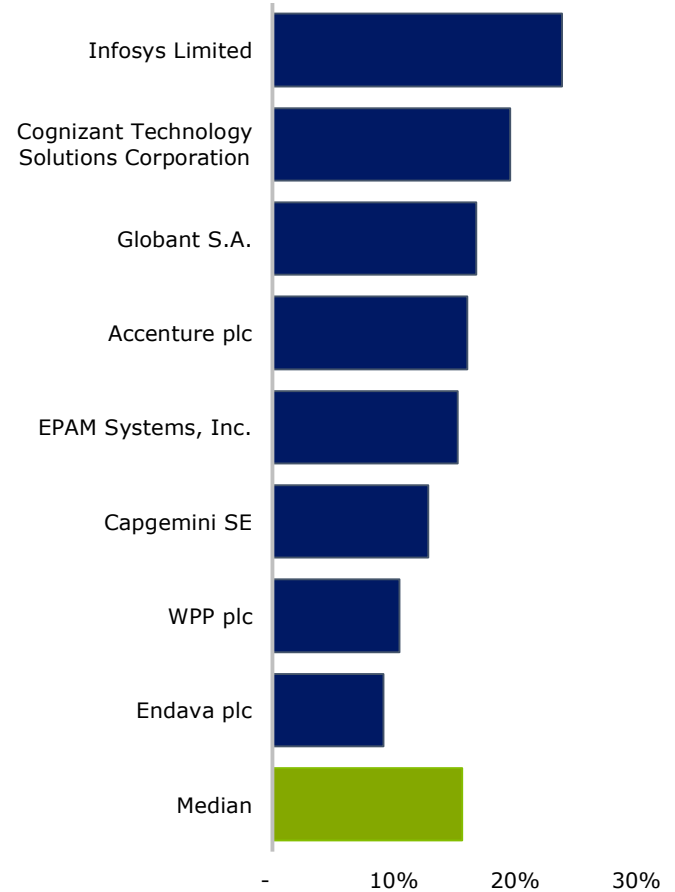
Operational Metrics



LTM Gross Profit Margin %



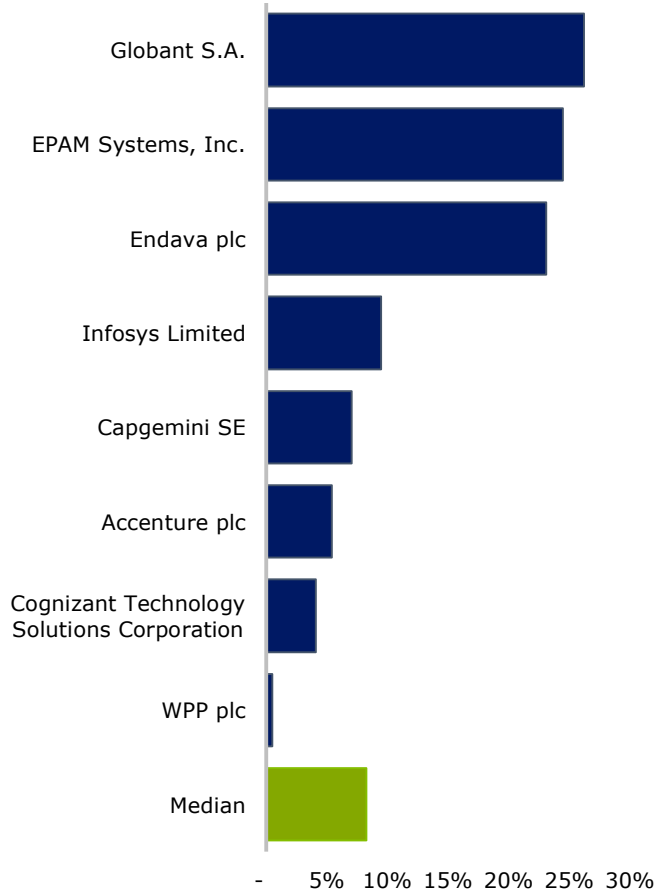
LTM EBITDA %



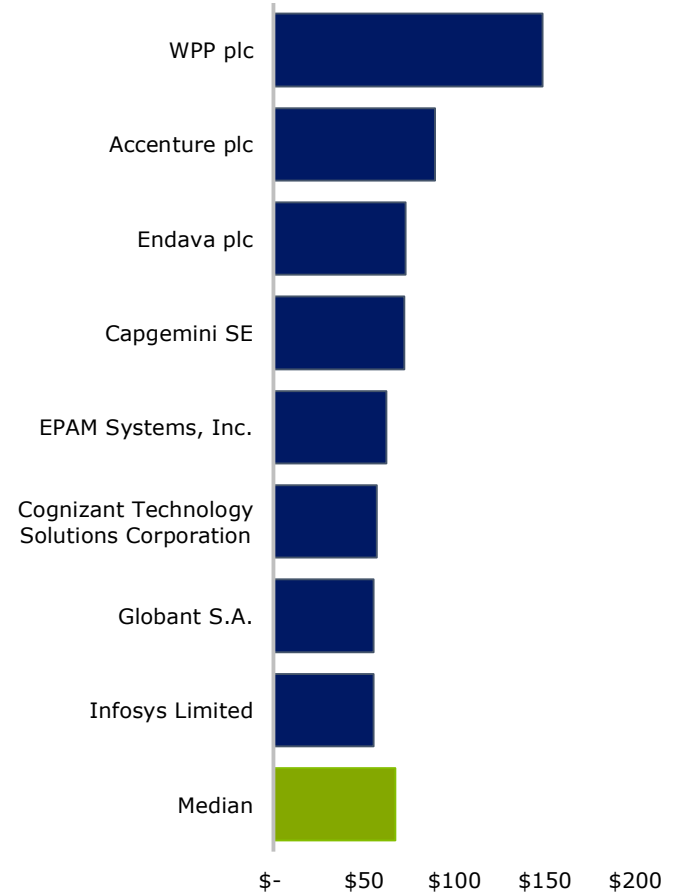
Operational Metrics



LTM Revenue Growth %



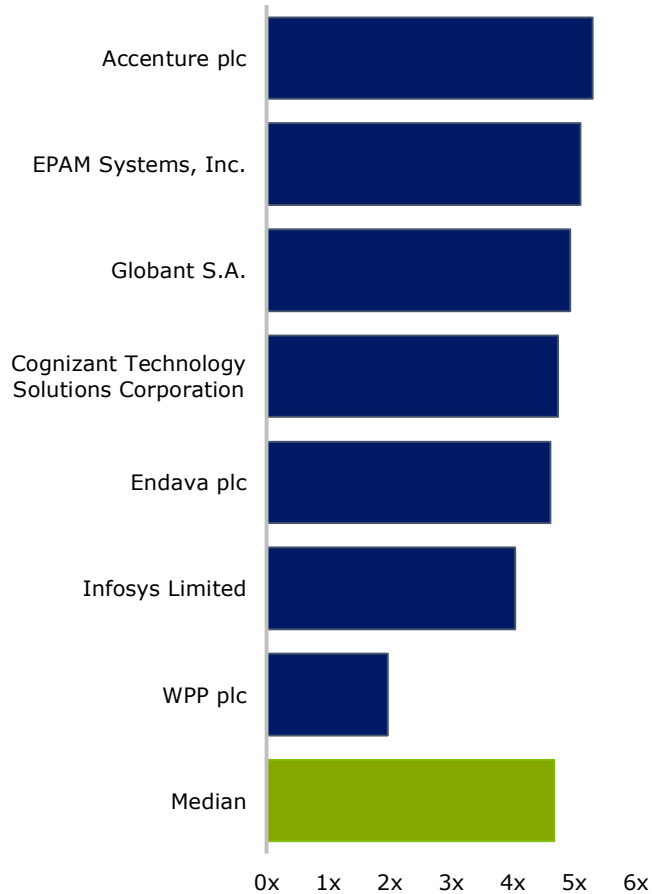
LTM Revenue per Full Time Employee x 000's



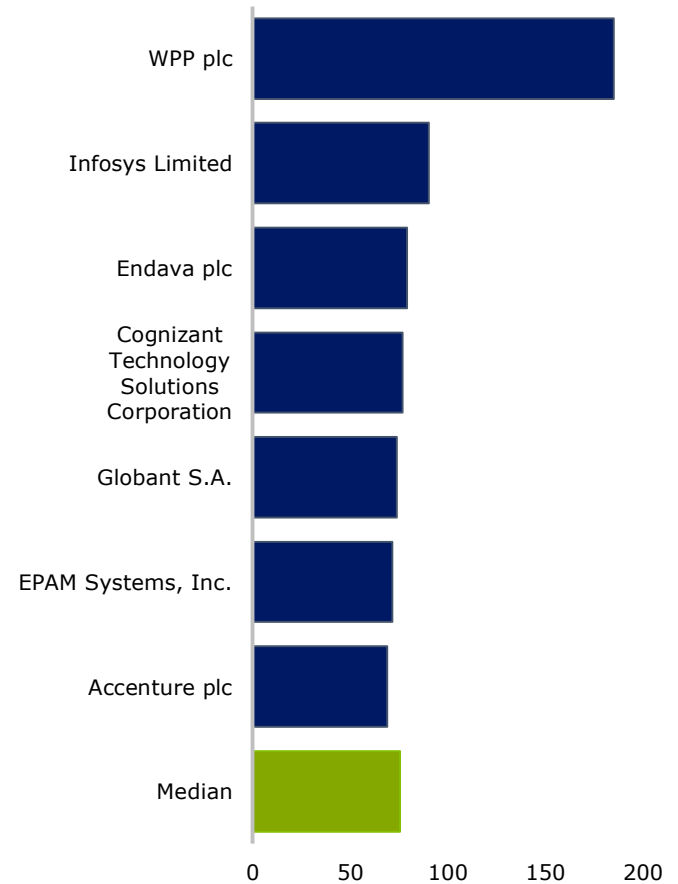
Operational Metrics



Accounts Receivable Turnover



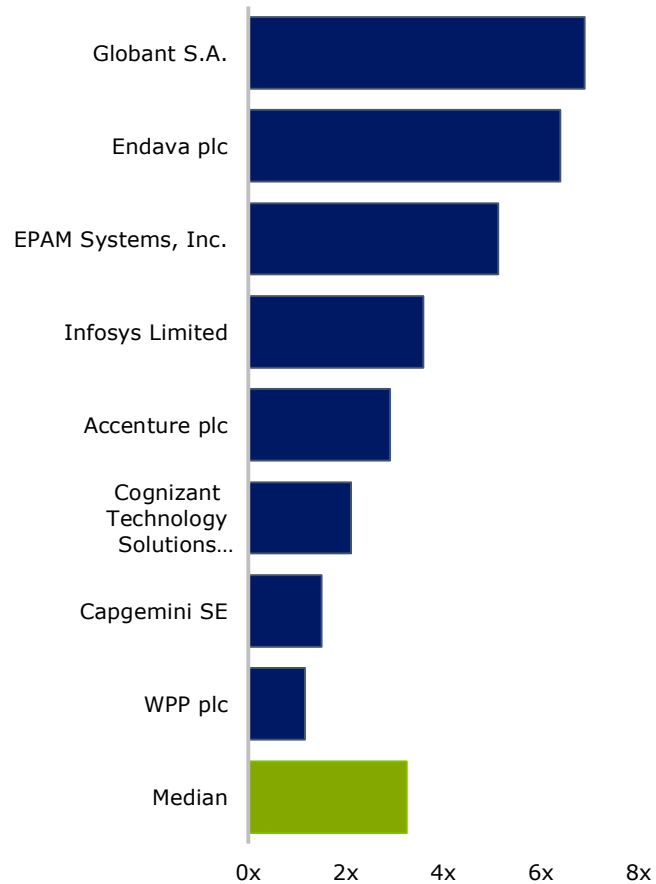
Average Days Sales Outstanding



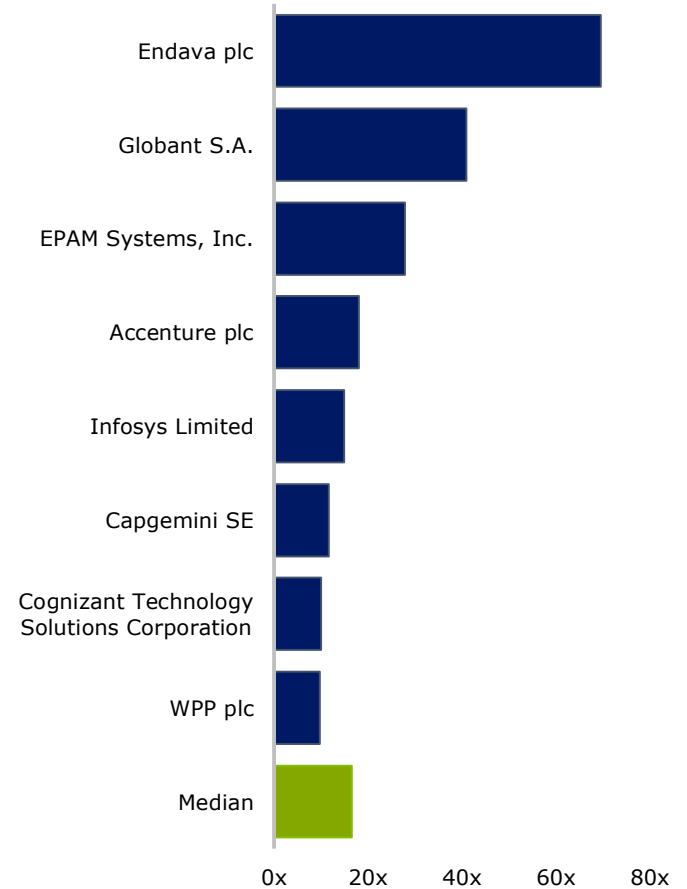
Valuation



TEV / LTM Revenue



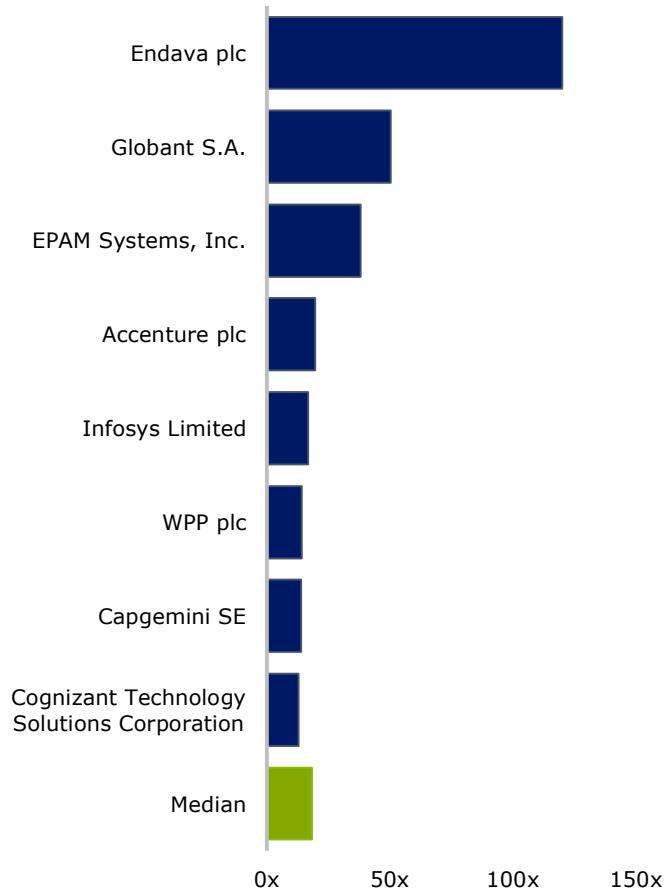
TEV / LTM EBITDA



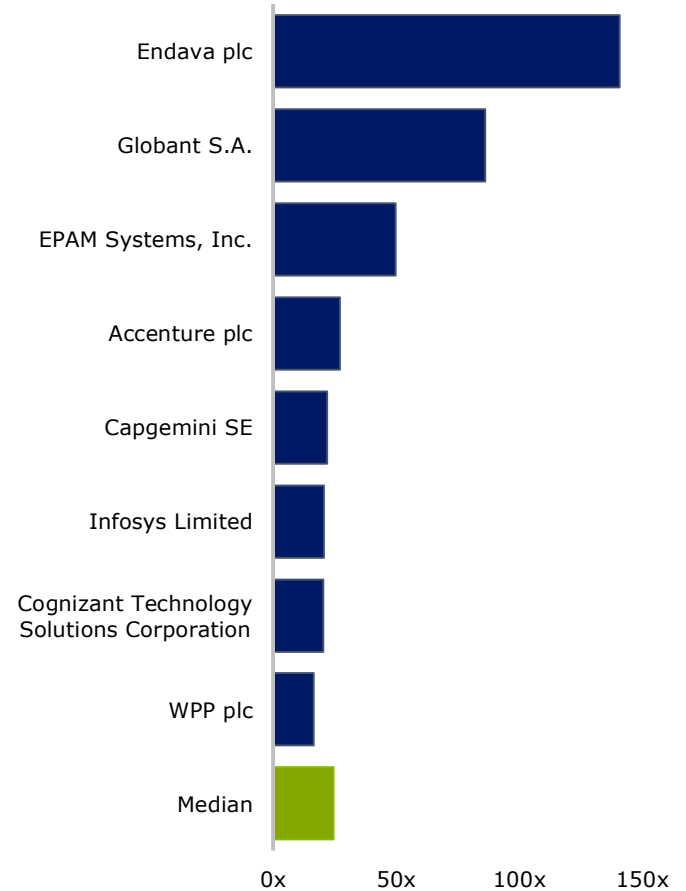
Valuation



TEV / LTM EBIT



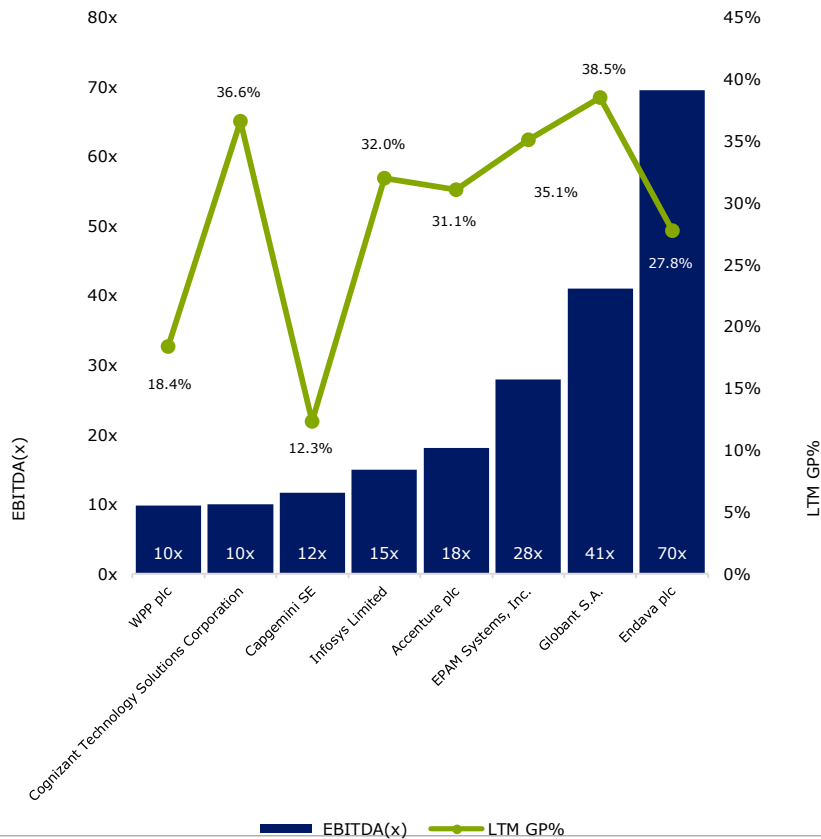
Price / LTM Earnings



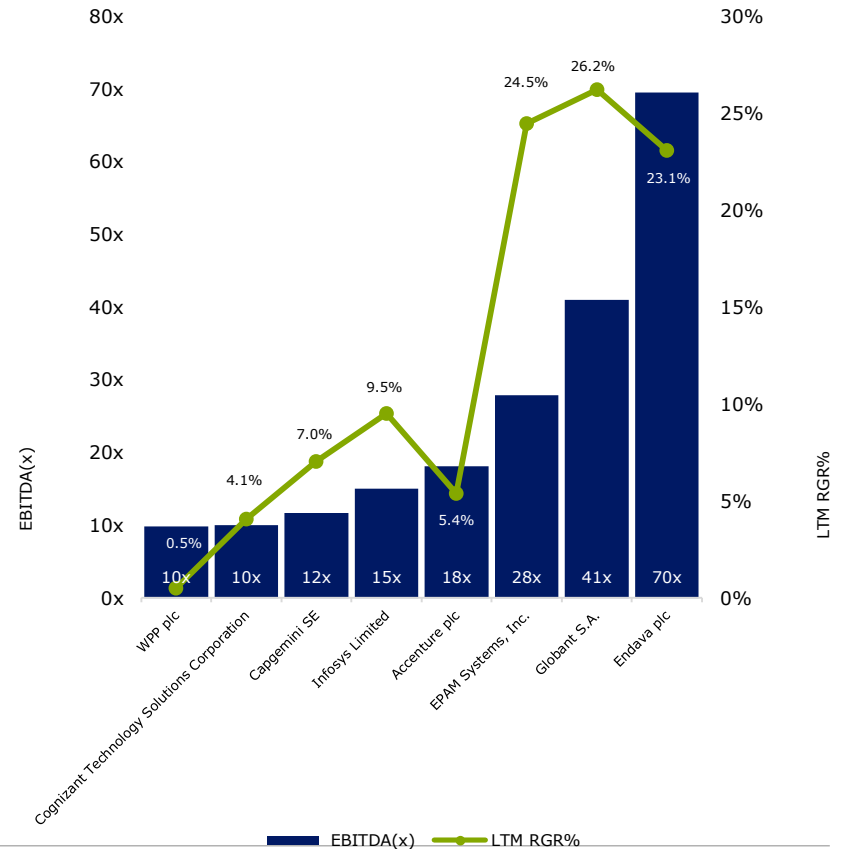
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value (\$m)	Target Revenue (\$m)	TEV / Revenue (X)	TEV / EBITDA (X)
12-Jan-20	Incentive Technology Group, LLC	ICF Incorporated, L.L.C.	255.00	90.00	2.8	-
20-Dec-19	Altran Technologies S.A.	Goldman Sachs International	-	3475.60	-	-
18-Dec-19	Maven Wave Partners LLC	Atos SE	-	-	-	-
17-Dec-19	Exozet Berlin GmbH	Endava plc	-	-	-	-
13-Dec-19	Proact IT Group AB (publ)	Carey Trustees Ltd	-	359.87	-	-
22Nov19	SpireMedia, Inc.	Kin and Carta plc	34.85	9.40	3.7x	-
5-Nov-19	Born Commerce Pvt Ltd/Born Group Pte Ltd	Tech Mahindra Ltd.	120.00	-	-	-
5-Nov-19	Naya Pai Technologies Ltd	EPAM Systems, Inc.	-	-	-	-
4-Nov-19	Onica Inc.	Rackspace Hosting, Inc.	-	-	-	-
1-Nov-19	Intuitus Limited	Endava plc	-	-	-	-
15-Oct-19	Rightpoint Consulting, LLC	Genpact USA, Inc.	270.00	100.00	2.7	18.0
9-Oct-19	Essex Technology Group, Inc.	Converge Technology Solutions Corp.	-	52.00	-	-
9-Aug-19	Belatrix Global Corporation	Globant S.A. (NYSE:GLOB)	69.00	-	-	-
30-Jul-19	Mad*Pow Media Solutions LLC	Tech Mahindra (Americas), Inc.	16.71	14.70	1.7	-
1-Jul-19	COMPETENTUM USA, Ltd.	EPAM Systems, Inc.	14.20	-	-	-
19-Jun-19	Tieto Oyj (nka:TietoEVRY Oyj)	Solidium Oy	137.54	1796.52	2.2	20.4
18-Jun-19	Zenith Technologies Limited	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH)	144.19	84.80	8.0	-
13-May-19	Assets of Sundog Interactive, Inc.	Perficient, Inc.	-	-	-	-
2-May-19	Advanced Broadcast Solutions, Inc.	Key Code Media, Inc.	-	-	-	-
12-Apr-19	Epsilon Data Management, LLC	Publicis Groupe Holdings B.V.; MMS USA Investments, Inc.	4400.00	1900.00	2.3	8.2
6-Apr-19	NIIT Technologies Limited	Hulst B.V.	292.24	531.74	2.1	12.6
29-Mar-19	Droga5, LLC	Accenture Interactive	-	-	-	-
18-Mar-19	Mindtree Limited	Larsen & Toubro Limited	476.47	968.61	2.3	14.3
13-Mar-19	Strong-Bridge Holdings, Inc.	HCL America, Inc.	45.00	45.60	1.0	-
5-Mar-19	Touchtown, Inc.	Uniguest Inc.	-	-	-	-
1-Mar-19	Microsoft Business Unit of SADA Systems, Inc.	Core BTS, Inc.	-	-	-	-
21-Feb-19	Happy Marketer Private Ltd.	Dentsu Aegis Network Ltd.	-	4.85	-	-
15-Jan-19	Brillio, LLC	Bain Capital Private Equity, LP	-	-	-	-
6-Jan-19	Luxoft Holding, Inc.	DXC Technology Company	2072.15	904.44	2.2	20.6

Digital Transformation

February 2020

APPENDIX:
Public Basket
Constituents

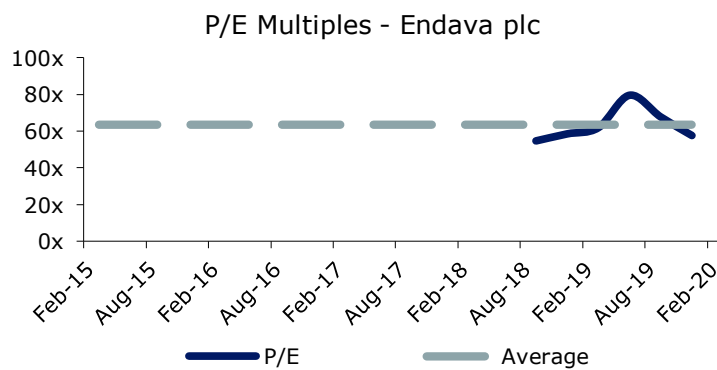
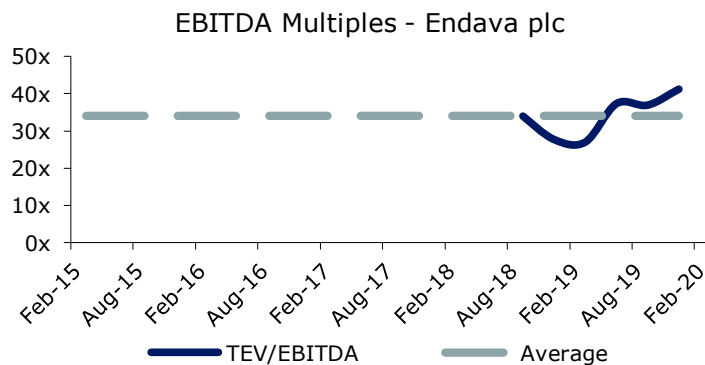
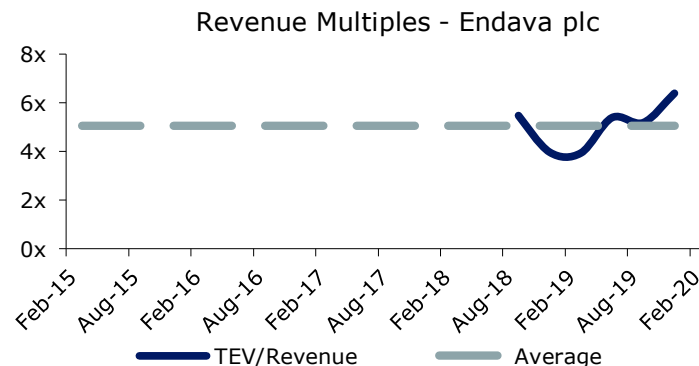
Public Basket



Endava plc

Endava plc provides technology services for clients in the consumer products, healthcare, logistics, and retail verticals in Europe, Latin America, and the United States. It offers strategy, creative and user experience, insights through data, mobile and Internet of Things, architecture, smart automation, software engineering, test automation and engineering, continuous delivery, cloud, applications management, and smart desk services across the digital evolution, agile transformation, and automation solution areas. The company was founded in 2000 and is headquartered in London, United Kingdom.

Date	Key Development Headline
12/16/19	Endava plc (NYSE:DAVA) acquired Exozet Berlin GmbH from German Startups Group GmbH & Co. KGaA (XTRA:GSJ) and others.
11/3/19	Endava plc (NYSE:DAVA) acquired of Intuitus Limited.
8/30/19	WorldPay (UK) Limited completed the acquisition of Endava Technology SRL from Endava plc (NYSE:DAVA).
6/2/19	WorldPay (UK) Limited agreed to acquire Endava Technology SRL from Endava plc (NYSE:DAVA) for £6 million.



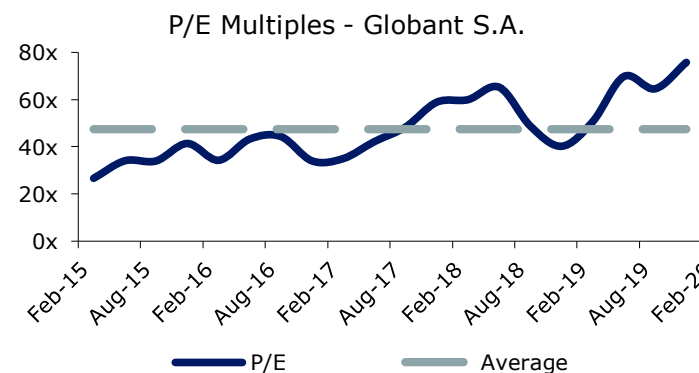
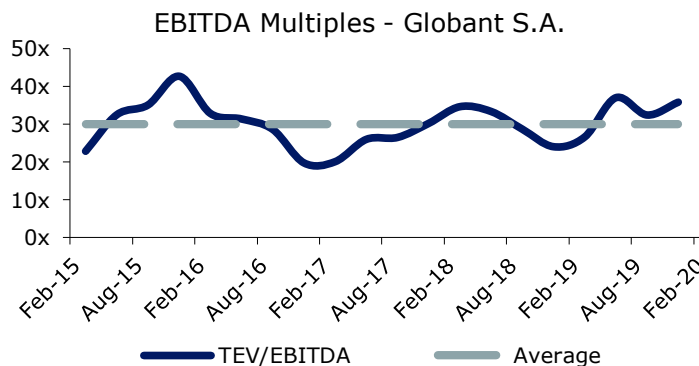
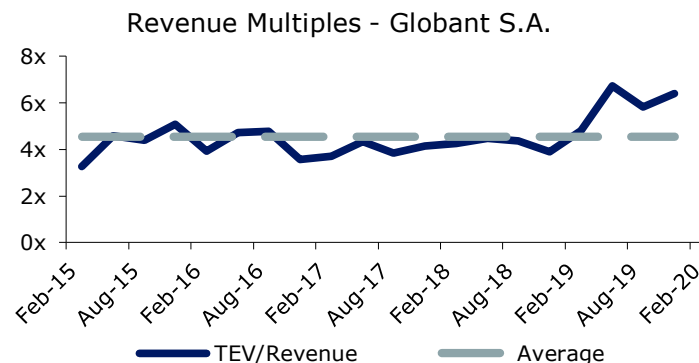
Public Basket



Globant S.A.

Globant S.A., a technology services company, provides services related to application development, testing, infrastructure management, and application maintenance worldwide. The company offers machine learning, pattern recognition, natural language understanding, future of organizations, customer insight, behavioral change, product innovation, design thinking, product management discovery and delivery, and product coaching services. It also provides process appraisal, automated, process evolution, delivery management, agile consultancy, management consulting, user experience, visual and service, industrial design, mobile engineering, fast prototyping, and mobile and product strategy services. In addition, the company offers game engineering and experience, digital platform, virtual and augmented reality, graphics engineering, 3D and 2D art, e-Sports, data architecture, data science, distributed platform, data integration, data visualization, and blockchain services. Globant S.A. was founded in 2003 and is based in Luxembourg City, Luxembourg.

Date	Key Development Headline
8/11/19	Globant S.A. (NYSE:GLOB) acquired Belatrix Global Corporation S.A. for \$65 million.
1/31/19	Globant S.A. (NYSE:GLOB) completed the acquisition of Avanzo (Bermuda) Limited.



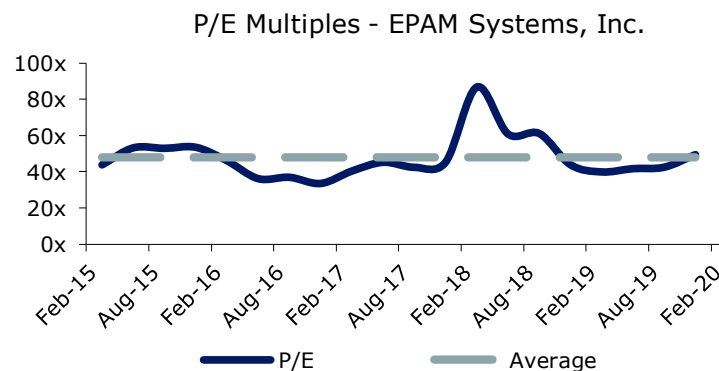
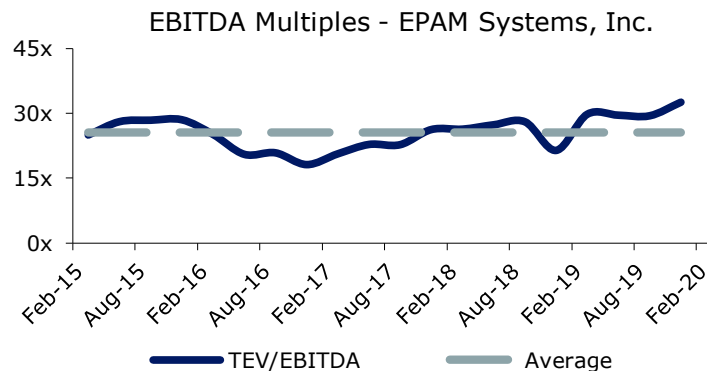
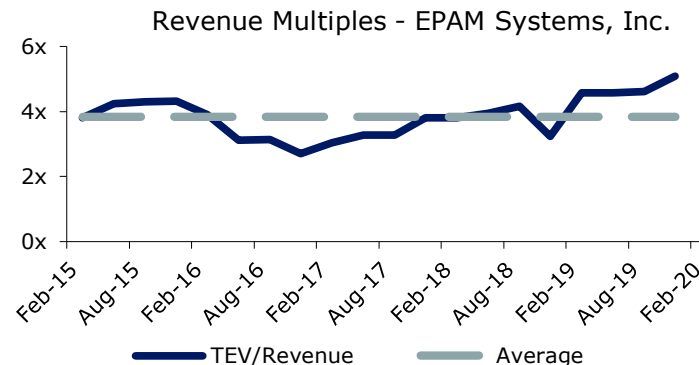
Public Basket



EPAM Systems, Inc.

EPAM Systems, Inc. provides software product development and digital platform engineering services primarily in North America, Europe, Asia, and Australia. It offers software product development services, including product research, customer experience design, prototyping, program management, component design and integration, lifecycle software testing, product deployment, end-user customization, performance tuning, product support and maintenance, managed services, and porting and cross-platform migration. The company provides custom application development services, such as business and technical requirement analysis, user experience design, solution architecture creation and validation, development, component design and integration, quality assurance and testing, deployment, performance tuning, support and maintenance, legacy applications re-engineering/refactoring, porting and cross-platform migration, and documentation. The company was founded in 1993 and is headquartered in Newtown, Pennsylvania.

Date	Key Development Headline
11/4/19	EPAM Systems, Inc. (NYSE:EPAM) acquired NAYA Technologies.
7/1/19	EPAM Systems, Inc. (NYSE:EPAM) acquired Competentum-USA Ltd. for \$14.2 million.
5/9/19	EPAM To Seek Investments
5/8/19	EPAM Systems, Inc. (NYSE:EPAM) acquired testCloud.de GmbH for approximately \$17.3 million.



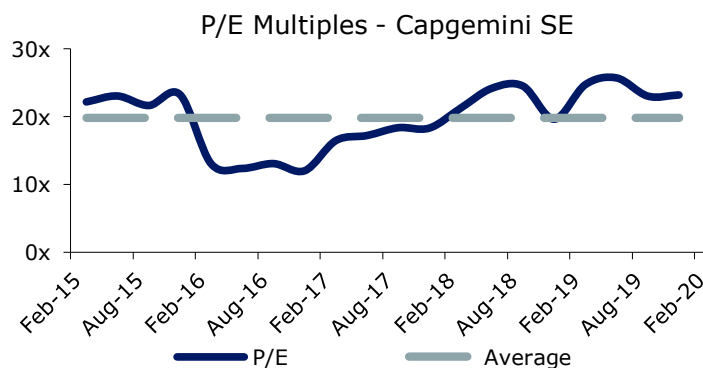
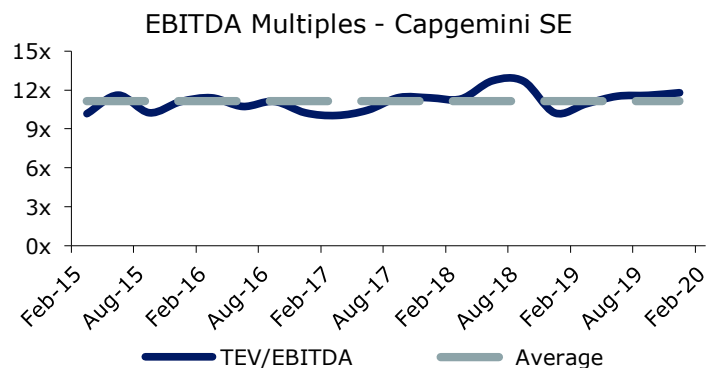
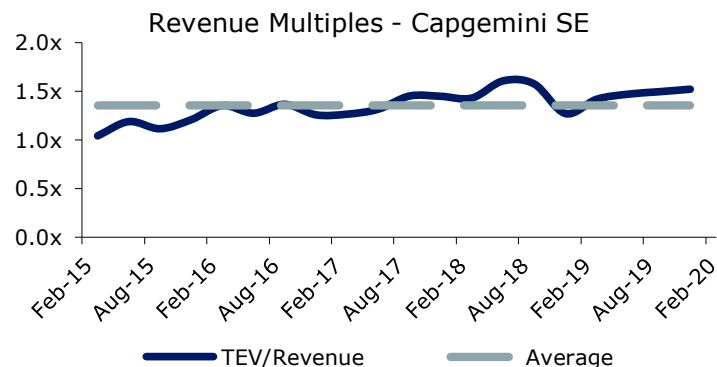
Public Basket



Capgemini SE

Capgemini SE provides consulting, technology, and digital transformation services. It addresses clients' opportunities in the world of cloud, digital, and platforms, as well as enables organizations to realize business ambitions through an array of services from strategy to operations. The company's Consulting Services segment offers strategy and transformation consulting services primarily in digital transformation that enhance the performance of organizations based on intimate client relationships, and the knowledge of client industries and processes. Its Technology & Engineering Services segment provides assistance and support to internal IT teams of client companies. Capgemini SE was founded in 1967 and is based in Paris, France.

Date	Key Development Headline
2/17/20	Capgemini SE (ENXTPA:CAP) entered into an agreement to acquire Advectas AB.
2/9/20	Capgemini SE (ENXTPA:CAP) completed the acquisition of 54.7% stake Altran Technologies S.A. (ENXTPA:ALT) from Altamir SCA (ENXTPA:LTA), Apax Partners SAS, Elliott Management Corporation and others for €2 billion.
6/24/19	Altran Technologies S.A., Capgemini SE - M&A Call
6/23/19	Capgemini SE (ENXTPA:CAP) entered into an agreement to acquire Altran Technologies S.A. (ENXTPA:ALT) from Altamir SCA (ENXTPA:LTA), Apax Partners SAS, Elliott Management Corporation and others for €3.7 billion.
4/3/19	Capgemini to Enter into Alliance Partnership with Autodesk, Inc. for the Deployment of a Comprehensive BIM Platform



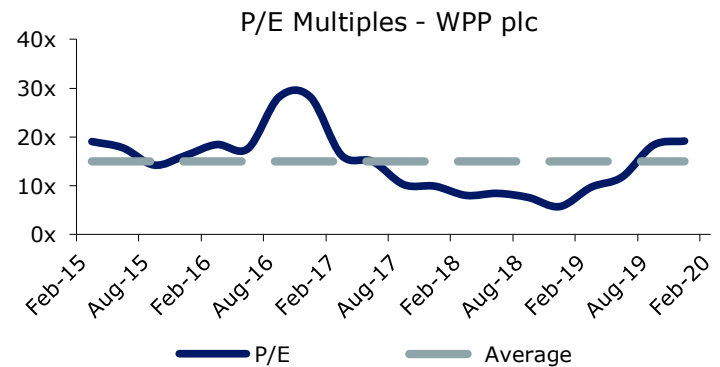
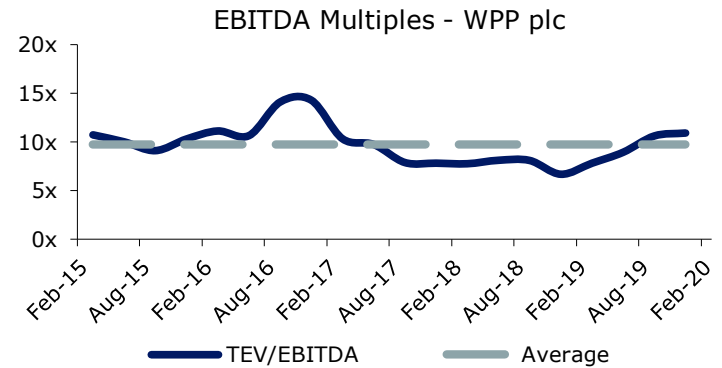
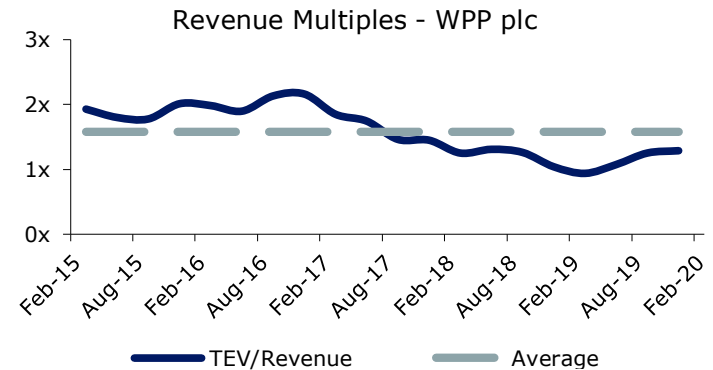
Public Basket



WPP plc

WPP plc, a creative transformation company, provides communications, experience, commerce, and technology services worldwide. The company operates through four segments: Advertising and Media Investment Management; Data Investment Management; Public Relations & Public Affairs; and Brand Consulting, Health & Wellness and Specialist Communications. It offers advertising, content, media investment, and public relations and public affairs services; and branding and design, service design, and platforms and applications. The company also creates direct-to-consumer platforms and helps clients navigate marketplaces; and provides online and offline commerce solutions. In addition, it provides data management, marketing technology consulting, and systems integration services. WPP plc was founded in 1985 and is based in London, the United Kingdom.

Date	Key Development Headline
2/10/20	WPP plc (LSE:WPP) acquired an additional 21% stake in The & Partners London Limited from Johnny Hornby and his management team.
12/15/19	Bruin Sports Capital LLC agreed to acquire unknown majority stake in Two Circles Limited from WPP plc (LSE:WPP).
12/4/19	Bain Capital Private Equity, LP completed the acquisition of 60% stake in Kantar from WPP plc (LSE:WPP).



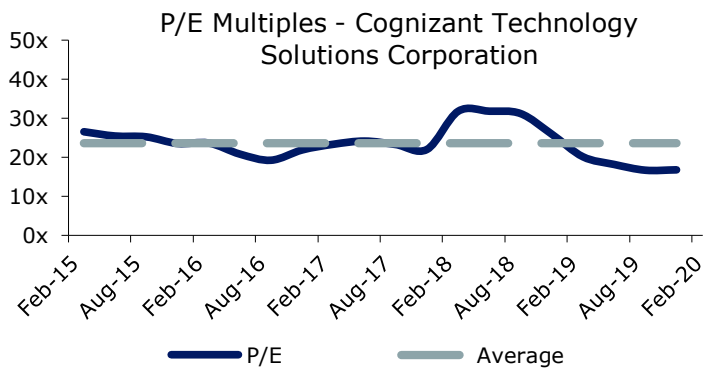
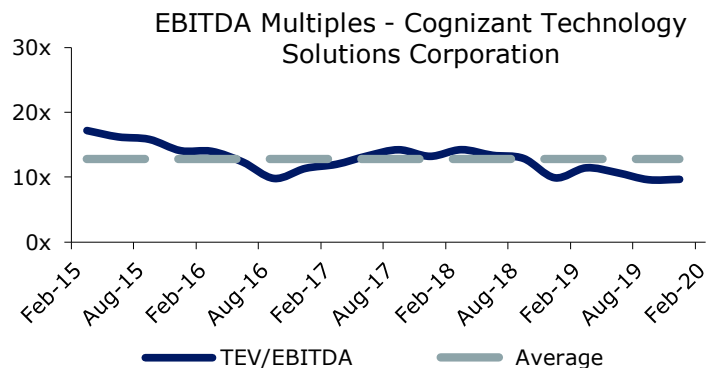
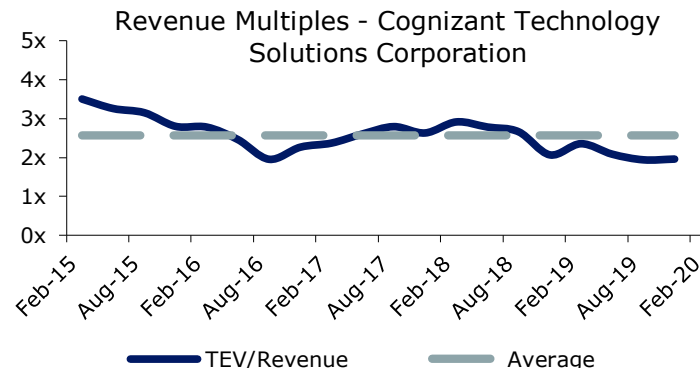
Public Basket



Cognizant Technology Solutions Corporation

Cognizant Technology Solutions Corporation, a professional services company, provides consulting and technology, and outsourcing services worldwide. The company operates through four segments: Financial Services; Healthcare; Products and Resources; and Communications, Media and Technology. It offers business, process, operations, and technology consulting services; application design and development, and systems integration services; application testing, consulting, and engineering services; and enterprise information management services. The company was founded in 1994 and is headquartered in Teaneck, New Jersey.

Date	Key Development Headline
2/2/20	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) acquired Code Zero Consulting.
10/30/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Contino LTD from Columbia Capital, L.P., Top Tier Capital Partners, LLC and others for approximately \$240 million.
10/15/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) entered into an agreement to acquire Contino LTD from Columbia Capital, L.P., Top Tier Capital Partners, LLC and others.
8/12/19	Cognizant Technology Solutions To Seek Acquisitions
7/30/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Zenith Technologies Ltd. from GE UK Group and other shareholders.



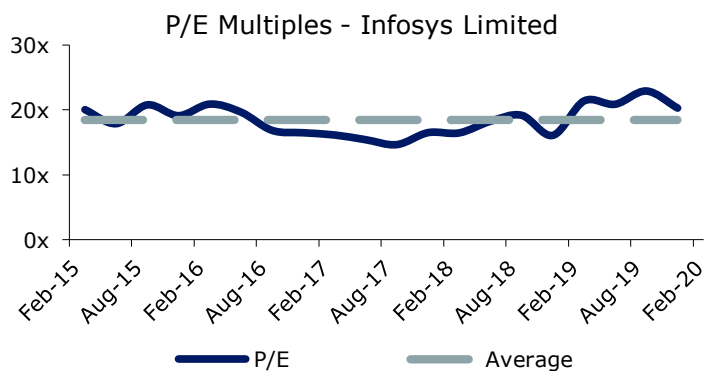
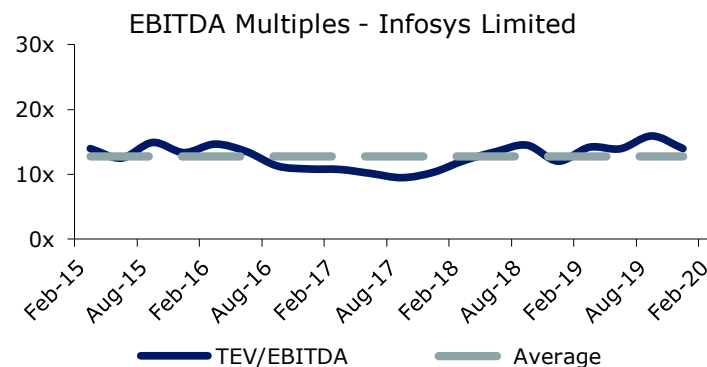
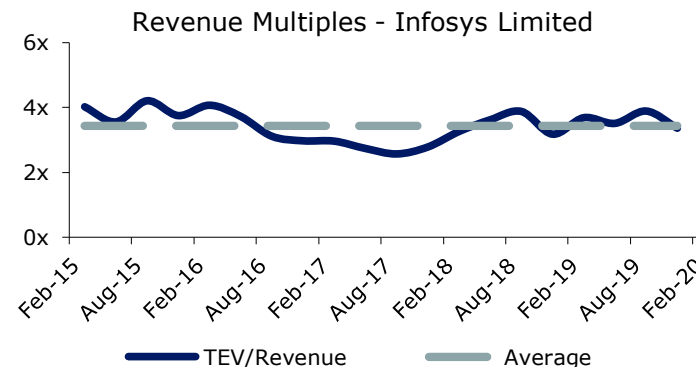
Public Basket



Infosys Limited

Infosys Limited, together with its subsidiaries, provides consulting, technology, and outsourcing services in North America, Europe, India, and internationally. It provides business information technology services, including application development and maintenance, independent validation, infrastructure management, and business process management services, as well as engineering services, such as engineering and life cycle solutions; and consulting and systems integration services comprising consulting, enterprise solutions, systems integration, and advanced technologies. The company's products include Finacle, a banking solution that provides analytics, core banking, consumer e-banking, corporate e-banking, Islamic banking, mobile banking, origination, payments, SME enable, treasury, wealth management, and youth banking solutions. Infosys Limited was founded in 1981 and is headquartered in Bengaluru, India.

Date	Key Development Headline
2/9/20	Infosys Limited (NSEI:INFY) entered into a definitive agreement to acquire Simplus from Salesforce Ventures, Inc., other institutional investors, founders, key employees for \$200 million.
10/9/19	Infosys Enters into Strategic Partnership with Eishtec
8/22/19	Infosys and University of Illinois Urbana-Champaign Enter a Strategic Partnership for Precision Medicine
7/12/19	Infosys To Seek Acquisitions
5/9/19	Infosys Seeks Acquisitions



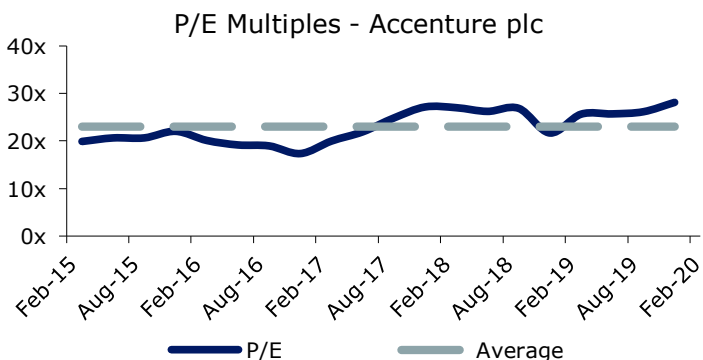
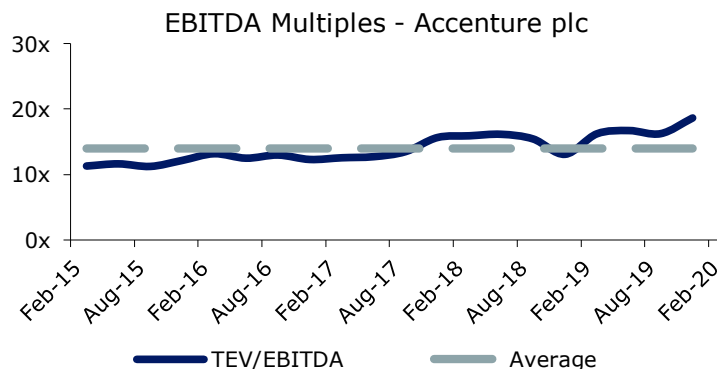
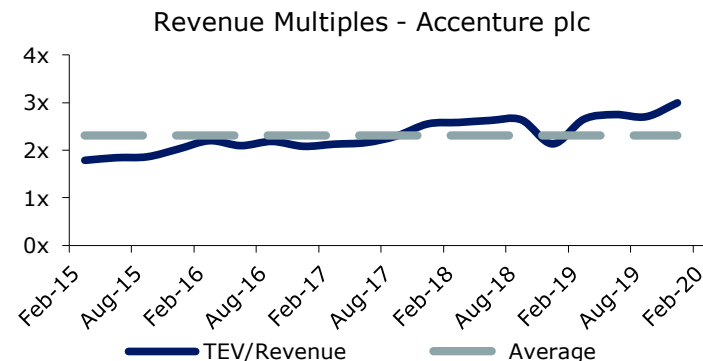
Public Basket



Accenture plc

Accenture plc provides consulting, technology, and outsourcing services in Ireland and internationally. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, develop industry-specific solutions, and enhance efficiencies and business results for communications, media, high tech, software, and platform companies. The company's Financial Services segment offers services that address profitability pressures, industry consolidation, regulatory changes, and the need to continually adapt to new digital technologies for banking, capital markets, and insurance industries. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
2/18/20	Accenture plc (NYSE:ACN) acquired VanBerlo.
2/16/20	Accenture plc (NYSE:ACN) acquired Icon Integration Pty Ltd.
2/10/20	Accenture plc (NYSE:ACN) completed the acquisition of maihiro GmbH.
2/2/20	Accenture plc (NYSE:ACN) agreed to acquire Mudano.
1/30/20	Accenture plc (NYSE:ACN) agreed to acquire Workday, Salesforce and U.S. MuleSoft Practices from Sierra-Cedar Group Inc.



CONTACT INFO

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. Securities offered through 7M Securities LLC.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
John Cooper, Director	704.973.3996	john@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Coordinator	704.409.9912	emily@7mileadvisors.com
Marty Johnson, Senior Associate	704.973.3999	marty@7mileadvisors.com
Sydney Scadden, Senior Associate	704.973.3998	sydney@7mileadvisors.com
Garth Martin, Senior Associate	704.973.3997	garth.martin@7mileadvisors.com
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Dennis Fox, Associate	704.706.9168	dennis@7mileadvisors.com
Rory Julyan, Associate	704.981.2520	ror@7mileadvisors.com
Daniel Kim, Associate	704.912.4584	daniel@7mileadvisors.com
Olufunke Abass, Associate	704.285.8171	olufunke@7mileadvisors.com