

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended June 30th, 2023 and the Latest Twelve Months

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Market Leader for Mid-Market Technology M&A:

This Quarterly ViewPoint covers trends, public valuation multiples, and relevant M&A activity for the software and services sectors. To illustrate general capital market and M&A trends within these sectors, DecisionPoint has selected a group of representative public comparables and transactions. This data is provided for informational purposes only. All data represents publicly available information.

DecisionPoint is a unique leader in M&A advisory services for middle-market technology companies and their venture capital investors in the software, services, and healthcare IT sectors.



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Software: Software as a Service (SaaS)

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$211.26	\$209,939.6	\$204,863.2	6.4x	38.7x
ServiceNow	\$561.97	\$114,586.1	\$111,819.8	14.7x	NM
Shopify	\$64.60	\$82,310.5	\$79,156.6	13.4x	NM
Workday	\$225.89	\$58,104.8	\$55,883.2	8.6x	NM
Block	\$66.57	\$39,552.5	\$36,063.2	1.9x	NM
Veeva Systems	\$197.73	\$32,148.0	\$28,124.4	12.9x	56.2x
Zoom Video	\$67.88	\$20,608.8	\$14,692.1	3.3x	61.2x
Ebix	\$25.20	\$776.0	\$1,352.8	1.3x	9.0x
LivePerson	\$4.52	\$336.7	\$702.5	1.4x	NM
Median:	\$67.88	\$39,552.5	\$36,063.2	6.4x	47.4x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.4x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- In the application software M&A market this quarter, there were 370 deals completed at a median deal value of \$16.4M. Several large players contributed to a surge in consolidation as they sought to expand their market share and diversify their offerings through strategic acquisitions. Notably, Valsoft Corporation, an operator of a holding company intended to provide software and related technology services, has acquired five SaaS businesses since April of this year. These deals further expand Valsoft's portfolio as they aim to grow vertical software businesses.
- The largest SaaS deal of the second quarter was IBM's acquisition of Apptio for \$4.6B in cash. As was the case with its 2021 acquisition of Turbonomics, IBM is doubling down on its desire to capitalize on the hype and market potential surrounding the usage of AI in operations. Apptio provides AI-based IT business management, ERP SaaS, and related APIs for businesses in the U.S. With this acquisition, IBM expands its cloud-based offerings and helps its customers manage their technology investments more effectively.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-26	IBM	Apptio	4,600.0
2023-06-26	Thomson Reuters	Casetext	650.0
2023-06-20	Neptune Retail Solutions	Quotient Technology	394.7
2023-06-14	TimeTarget	intelliHR	52.0
2023-05-31	Veritone	Broadbean Technology	52.0
2023-05-25	Applied Intuition	Embark Technology	69.3
2023-05-16	Edenred	Reward Gateway	1,439.4
2023-05-15	Fanatics	PointsBet USA	150.0
2023-05-09	Multiplan	Benefits Science	157.7
2023-05-08	Recursion Pharmaceuticals	Valence Discovery	47.5
2023-04-18	Charlesbank Capital Partners	Maltego Technologies	100.0

Software: Internet Software and Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Internet Software & Services Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$120.97	\$1,575,865.2	\$1,441,309.9	5.1x	17.2x
Amazon.com	\$130.36	\$1,333,973.9	\$1,414,485.7	2.7x	29.0x
Meta Platforms	\$286.98	\$764,945.2	\$725,588.8	6.2x	20.2x
Netflix	\$440.49	\$198,726.3	\$202,425.5	6.3x	10.1x
Booking Holdings	\$2,700.33	\$106,170.2	\$97,899.0	5.4x	17.0x
Uber	\$43.17	\$85,817.0	\$95,445.6	2.8x	NM
Snap Group	\$11.84	\$18,930.6	\$19,025.1	4.2x	NM
Expedia Group	\$109.39	\$17,587.6	\$18,261.3	1.5x	11.2x
Median:	\$125.67	\$152,448.3	\$150,162.3	4.6x	17.1x

SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 4.6x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- The deal volume significantly increased in Q2 2023, despite challenges in accessing financing due to central bank rate hikes. Deal volume increased from 80 deals in Q1 to 136 in Q2. Private equity deals accounted for 20% of deals in the sector as buyout firms sought to deploy capital. Total deal value was \$3.47 billion for the quarter.
- The median multiple in Q2 2022 was 4.5x, and spending reached \$50.22 billion. A significant contributor to this was Elon Musk's \$44.0 billion buyout of Twitter. While deal volume increased in Q2 2023, there were fewer mega deals. Competition in social media continues to grow as companies, like Snap, experiment with AI and new platforms are released, such as Meta's text-based Threads.
- While the sector performed well in equity markets during the year, several internet software companies reported decreases in ad revenues, a tell-tale sign of companies shifting focus from growth to the bottom line. To combat high inflation and increased borrowing costs, businesses are scaling back spending. Google parent Alphabet posted a drop in ad revenue, its first since Q2 of 2020 during the pandemic.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-26	Quorum Information Technologies Inc.	VINN Automotive Technologies Limited	0.6
2023-06-15	Betsson AB	betFirst	126.2
2023-06-13	Entain plc	STSHolding	943.3
2023-06-02	Aurum PropTech Limited	NestAway Technologies Private Limited	10.9
2023-05-24	Tradeweb Markets Inc.	Yieldbroker Pty. Limited	83.1
2023-05-24	Vertex Labs	Digital Studio	12.0
2023-05-24	Valnet Inc. [Valsef Capital]	Hardcore Gamer	
2023-05-19	360training.com Inc.	Safety Provisions	
2023-05-16	Twitter Inc. [NYSE: TWTR]	Laskie, Inc.	
2023-05-14	Aristocrat Leisure Limited	NeoGames S.A.	1,007.2
2023-04-28	Hyatt Hotels Corporation	Smith Global Ltd.	66.2
2023-04-04	Novacap Investments Inc.	7Hops.com Inc. [dba Static Media]	

Software: Enterprise Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Enterprise Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$340.54	\$2,547,750.0	\$2,488,183.9	12.0x	25.3x
Oracle	\$119.09	\$329,403.3	\$404,018.1	8.1x	21.9x
SAP	\$136.00	\$159,658.3	\$165,029.4	5.1x	26.2x
IBM	\$133.81	\$122,358.4	\$165,855.6	2.7x	23.1x
Dassault Systemes	\$44.15	\$58,885.4	\$57,738.1	9.6x	29.1x
Autodesk	\$204.61	\$44,451.5	\$44,283.6	8.7x	38.3x
Constellation Software	\$2,071.19	\$43,891.7	\$45,678.7	6.4x	30.3x
Ansys	\$330.27	\$28,869.0	\$28,977.7	13.5x	38.3x
Tyler Technologies	\$416.47	\$17,664.5	\$18,227.5	9.8x	47.7x
PTC	\$142.30	\$16,877.9	\$18,640.6	9.4x	30.2x
Manhattan Associates	\$199.88	\$12,618.8	\$12,229.5	15.1x	NM
Amdocs	\$98.85	\$11,880.6	\$11,871.9	2.5x	13.5x
Blackbaud	\$71.18	\$3,687.3	\$4,741.1	4.5x	NM
Verint Systems	\$35.06	\$2,290.5	\$2,877.2	3.2x	21.6x
Stratasys	\$17.76	\$1,189.1	\$946.3	1.5x	23.1x
Median:	\$136.00	\$28,868.98	\$28,977.67	8.1x	26.2x

SECTOR HIGHLIGHTS

- In Q2, The median Enterprise Software index was trading at 7.3x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- Deal activity slightly increased this quarter going from 294 transactions in Q2 of 2022 to 306 in Q2 of 2023. The total deal value was \$7.2 billion, and the median deal value was \$11.6 million. There were two megadeals this quarter with Edenred SA acquiring Reward Gateway UK Ltd. for \$1.4B and IBM Corp. acquiring Apptio Inc. for \$4.6B. IBM explained that technology is changing at a rapid rate and to optimize their clients' investments, and it is important to have Apptio's offerings to capitalize on their AI and tech advancements.
- Artificial intelligence and machine learning seem to be getting more impactful each quarter. New features from AI have automated tasks to improve the performance of enterprise software. There are new benefits offered to software that can include optimizing cloud resources, detecting and preventing security threats, and improving the performance of applications. It was common to see an acquisition this quarter that happened because of the centralized focus on AI.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-26	International Business Machines Corporation	Apptio Inc.	4,600.0
2023-06-26	Thomson Reuters Corporation	Casetext, Inc.	650.0
2023-06-20	Neptune Retail Solutions	Quotient Technology Inc.	394.7
2023-06-20	Simulations Plus Inc	Immunetrics, Inc	15.5
2023-06-14	TimeTarget Pty Limited	intelliHR Limited	52.0
2023-06-08	Tanla Platforms Limited	ValueFirst Digital Media Pvt.	42.0
2023-06-08	Pemba Capital Partners Pty Limited	SMSF Administration Solutions Pty Ltd	5.3
2023-06-01	Lemonsoft Oyj	Finvoicer Group Oyj	6.6
2023-05-31	Veritone Inc.	Broadbean Technology Limited	52.0

Software: Business Intelligence Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP BI Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Snowflake(Database Software)	\$175.98	\$56,521.1	\$53,672.9	23.7x	NM
Verisk Analytics	\$226.03	\$35,418.1	\$35,586.9	15.0x	26.2x
Elastic	\$64.12	\$6,138.2	\$5,923.7	5.5x	NM
MicroStrategy	\$342.42	\$4,157.8	\$6,954.3	13.9x	NM
Pegasystems	\$49.30	\$4,051.4	\$4,419.2	3.5x	NM
Alteryx	\$45.40	\$3,133.6	\$3,772.6	4.2x	NM
PROS Holdings	\$30.80	\$1,400.8	\$1,548.5	5.5x	NM
Domo	\$14.66	\$506.9	\$590.0	1.9x	NM
Median:	\$56.71	\$4,104.6	\$5,171.4	5.5x	26.2x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 5.5x revenue (based on Enterprise Value) at the closing of Q2.
- Nasdaq's \$10.7 billion acquisition of Adenza Group was the largest deal by value in the second quarter. Adenza Group develops cutting-edge cloud-based software solutions for financial markets. Their comprehensive platform combines a range of integrated trading and risk management processing systems. By integrating Adenza's technology, Nasdaq can enhance and streamline their operations and achieve greater efficiency in their stock exchange operations. This acquisition allows Nasdaq to offer a wider variety of solutions and strengthens their position within the worldwide financial system.
- As the adoption of business intelligence solutions increases among companies of all sizes, these organizations are using consumer data to efficiently make informed choices. Comprehensible BI dashboards translate customer information, patterns, and user behavior into simple visuals, allowing company leaders to make data-driven decisions and predictions. These valuable insights enable teams with potentially limited technical experience to understand data so they can effectively target specific customer segments with tailored content.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-19	Kings Entertainment Group	Bright AI Technologies	1.6
2023-06-19	Scout 24	Sprengnetter Group	109.4
2023-06-12	Nasdaq	Adenza Group	10,700.2
2023-05-31	Stripe	Okay Software	
2023-05-16	Hypemarks	Vesta	
2023-05-11	OneMagnify	RXA	
2023-05-09	MultiPlan Corporation	Benefits Science	157.7
2023-04-20	Cisco Systems	Smartlook.com	
2023-04-19	Nextiva	Simplify360	12.0
2023-04-18	Charlesbank Capital Partners	Itego Technologies	100.0
2023-04-11	BlackRock	AutoAlert	

Software: Infrastructure Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Infrastructure Software Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
VMware	\$143.69	\$61,500.6	\$66,553.8	4.9x	19.8x
Check Point Software	\$125.62	\$15,597.5	\$13,010.4	5.5x	14.5x
F5 Networks	\$146.26	\$8,853.8	\$8,391.9	3.0x	16.3x
Trend Micro	\$47.96	\$6,707.1	\$4,800.5	2.8x	10.4x
CommVault Systems	\$72.62	\$3,243.5	\$2,918.4	3.7x	NM
Progress Software	\$58.10	\$2,565.6	\$3,204.4	4.9x	17.3x
Radware	\$19.39	\$863.6	\$587.3	2.0x	NM
Magic Software	\$13.19	\$648.1	\$650.2	1.1x	8.0x
Allot Communications	\$3.16	\$117.5	\$85.6	0.8x	NM
Median:	\$58.10	\$3,243.5	\$3,204.4	3.0x	15.4x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.0x revenue (based on enterprise value) at the end of Q2.
- The second quarter remained slow, with 16 total deals. Private equity continued to play a role accounting for three acquisitions. Though the value of most transactions was not disclosed, the largest valued deal of the quarter was Tata Communications Ltd.'s acquisition of Kaleyra Inc. for \$113M. This transaction was designed to help the buyer broaden its positioning as a global CPaaS provider and accelerate DIGO, a cloud-based platform for enhanced customer, partner and employee communications. Tata Communications plans to build intelligent, intuitive, and innovative multi-channel communication solutions.
- Cloud computing has continued to play a significant role in software infrastructure. Scalability, cost-effectiveness and flexibility have allowed infrastructure companies to expand their software's features. Security is also a top priority for these businesses therefore, more investments are being made to protect customers from cybersecurity attacks. The advancements of AI can aid these companies in detecting security threats.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-08	Tata Communications	Kaleyra	235.9
2023-06-21	iOCO Solutions	SpectoLabs	
2023-06-15	Virtual Instruments	OpsCruise	
2023-06-07	Finsemble	Glue42	
2023-06-06	Dizzion	Mainframe2	
2023-06-01	biXroute	MEVlink	
2023-05-25	Erisbeg Holdings	PageOne Communications	
2023-05-18	Inspirit	Punch Technologies	
2023-05-03	Databricks	Okera	
2023-05-21	HearAtLastHoldings	Get Push Money	

Services: IT Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Services Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Accenture	\$308.58	\$197,143.6	\$189,936.6	3.0x	18.4x
Capgemini	\$188.60	\$33,198.1	\$36,043.7	1.6x	11.1x
CDW	\$183.50	\$25,167.0	\$30,420.6	1.3x	15.4x
NTT Data	\$13.86	\$19,438.8	\$38,012.4	1.5x	9.7x
Booz Allen Hamilton	\$111.60	\$14,811.2	\$17,275.1	1.9x	26.6x
CACI International	\$340.84	\$8,034.0	\$9,744.0	1.5x	14.3x
DXC Technology	\$26.72	\$6,118.6	\$9,460.4	0.7x	10.3x
Perficient	\$83.33	\$3,057.8	\$3,285.1	3.6x	18.2x
ICF International	\$124.39	\$2,365.6	\$3,153.0	1.7x	19.0x
The Hackett Group	\$22.35	\$688.8	\$651.1	2.3x	11.5x
Median:	\$118.00	\$11,422.6	\$13,509.6	1.6x	14.8x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 14.8x EBITDA (based on Enterprise Value to EBITDA) at the closing of Q2.
- RS Group's acquisition of Distrelec was by far the largest deal of the quarter, at an enterprise value of \$401.9 million. Distrelec operates as a distributor specializing in electronics and industrial products for maintenance professionals. RS Group will significantly enhance its distribution network in continental Europe, paving the way for increased market presence. Moreover, the collaboration between the two companies presents a promising cross-selling opportunity, enabling them to leverage each other's customer bases for profitable outcomes.
- Short-term expectations in the IT services industry remain tempered due to concerns over a potential recession, high interest rates, and lingering supply chain challenges. The market experienced a minor slowdown in Q2 compared to Q1, likely influenced by the uncertainty surrounding a potential recession. As we transition into the second half of the year, volatility is expected to persist, but large players in the industry should be able to take advantage of relatively low multiples in the M&A space.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-26	Infosys	Danske	2.0
2023-06-12	Dada Auto	Sinopower	6.1
2023-06-08	PEI-Genesis	Bel Stewart	5.0
2023-06-05	iomart Group	Extrinsica Global	9.6
2023-05-31	Epsilon Net	DIGINET	1.7
2023-05-19	eMuhdra	Ikon	6.1
2023-05-04	NCAB Group	Phase 3 Technologies	23.5
2023-04-27	RS Group	Distrelec	401.9
2023-04-17	Azets Insight	Solteq	16.5
2023-04-12	Lee Equity Partners / Twin Point Capital	TESSCO Technologies	83.2
2023-04-11	Columbus Global	ICY Security	5.8

Services: Hosted & Managed Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Hosted Services Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$783.94	\$72,414.5	\$87,687.0	11.6x	28.8x
Digital Realty	\$113.87	\$34,437.6	\$55,036.4	11.2x	23.3x
SAIC	\$112.48	\$6,225.8	\$8,141.3	1.1x	12.0x
ePlus	\$56.30	\$1,500.6	\$1,582.2	0.8x	8.8x
Cancom	\$30.15	\$1,069.9	\$669.7	0.5x	6.2x
NCC Group	\$1.22	\$380.4	\$481.2	1.1x	7.0x
Sify	\$1.88	\$349.1	\$578.6	1.4x	7.3x
Redcentric	\$1.62	\$257.6	\$327.2	2.3x	9.8x
iomart	\$2.18	\$244.0	\$293.3	2.1x	7.1x
Median:	\$16.16	\$725.1	\$624.1	1.4x	8.8x

SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 8.8x EBITDA (based on Enterprise Value) at the closing of Q2.
- Cloud-based infrastructure is being used for application development and deployment as well as for the expansion of container technologies in cloud environments. Containers, which are software in the cloud that store sensitive data, are continuing to be adopted. One survey indicating that 45% of databases and data services run on container service Kubernetes, a software that enables data management automation. As a result, container security has become a leading concern for IT departments because containers are vulnerable to attack if they are not properly secured. As more companies utilize the cloud and data centers continue to be built in the US, data protection and security will remain key selling points for services.
- Regarding regulation, the General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA) have ushered in the adoption of third-party data security tools to ensure privacy compliance. The recent €1.2 billion fine imposed on Meta by the Irish Data Protection Commission showcases the strict enforcement of these regulations. In response, enterprises are investing in data mapping solutions to track and manage personal data within their organizations.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-28	Solutions Jumpstudio Inc. [dba Likuid.com]	NTN Holdings, LLC [dba HostMantis.com , fka plexihost.com]	
2023-04-20	One Equity Partners LLC	Liquid Web Inc. [Madison Dearborn Partners	

Services: IT Outsourcing

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Outsourcing Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 6/30/2023	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Tata Consultancy Services	\$40.23	\$147,218.6	\$142,501.5	5.1x	19.2x
Automatic Data	\$219.79	\$91,597.5	\$92,292.6	5.4x	22.3x
Infosys	\$16.27	\$68,140.8	\$66,034.9	3.6x	14.8x
Cognizant Technology	\$65.28	\$33,619.2	\$32,154.1	1.7x	9.1x
Wipro	\$4.74	\$26,018.5	\$23,210.7	2.1x	NM
CGI Group	\$105.42	\$25,267.4	\$26,683.7	2.6x	13.5x
CSG International	\$52.74	\$1,634.8	\$2,008.9	1.8x	11.4x
Unisys	\$3.98	\$269.9	\$448.8	0.2x	NM
Median:	\$ 46.49	\$ 29,818.85	\$ 29,418.90	2.3x	14.2x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 14.2x EBITDA (based on Enterprise Value) at the closing of Q2.
- The IT outsourcing market has continued to grow as a result of increasing demand for cloud-based IT services and the improving availability of skilled IT workers in offshore markets. In Q2, there were 79 deals completed, which is slightly up from the 62 completed in Q1. Nearshoring, the outsourcing of IT services to countries geographically close to the client company, has gained traction recently as companies look to combat global supply chain uncertainties. Several Indian IT outsourcing companies, such as Infosys and Wipro, have been nearshoring in Mexico for over a decade, and many more are planning to follow.
- The largest deal of this quarter was AdvancedAdvT's acquisition of Capita's five software businesses for \$41M in cash. AdvancedAdvT operates as a special purpose acquisition company, formed for the purpose of entering a merger, asset acquisition, or similar business combination with one or more businesses. The five businesses of Capita primarily provide software development and business process outsourcing services. This acquisition will allow AdvancedAdvT to deliver strong new organic growth in both existing sectors as well as new areas, including data analytics and digital transformation opportunities.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

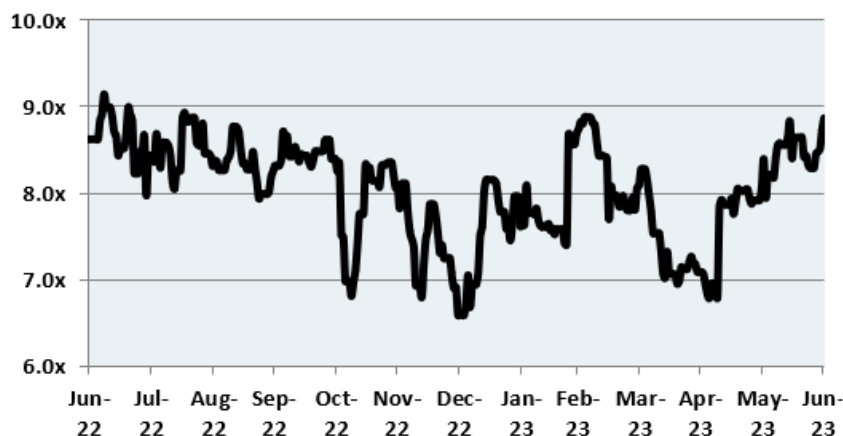
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-27	eYantra Ventures	Prismberry Technologies	0.7
2023-06-09	Endava	DEK Corporation	
2023-06-08	AdvancedAdvT	Capita (five software businesses)	41.0
2023-06-08	Kovo HealthTech	Kairos Billing Solutions	0.2
2023-06-07	R Systems International	Velotio Technologies	33.8
2023-06-07	Allata	3XM Group	
2023-05-19	SHIFT Growth Capital	CIMTECH	3.6
2023-05-12	AnyMind Japan	PT Digital Distribusi Indonesia	
2023-04-26	rfXcel	SmartPoint Technologies	8.6
2023-04-24	Capital Appreciation	Daniel Solutions	4.7
2023-04-08	Lumina Datamatics	diacriTech Technologies	2.6

Services: IT Staffing

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Staffing Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Robert Half International	\$75.22	\$8,146.8	\$7,780.2	1.1x	8.9x
ManpowerGroup	\$79.40	\$4,136.7	\$4,579.7	0.2x	7.1x
ASGN	\$75.63	\$3,832.6	\$4,756.3	1.0x	9.7x
Kforce	\$62.66	\$1,268.1	\$1,315.0	0.8x	12.8x
RCM Technologies	\$18.40	\$186.8	\$174.0	0.6x	6.2x
Mastech Digital	\$9.88	\$119.4	\$109.5	0.5x	7.7x
Computer Task Group	\$7.61	\$116.0	\$117.5	0.4x	10.0x
Median:	\$62.66	\$1,268.1	\$1,315.0	0.6x	8.9x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 8.9x EBITDA (based on Enterprise Value) at the closing of Q2.
- The IT staffing market cooled off in 2023. The net percent of IT staffing firms reporting positive year-over-year revenue growth was 20%, down from 44% in December of last year. In addition, bill rates have decelerated from their record-high levels in mid-2022, pulling back down to their pre-pandemic levels. As a result of this, layoffs have hit the IT staffing industry, with 42% of IT staffing respondents reporting their companies had laid off temporary staff on assignment at the request of clients since the fourth quarter. Based on these trends, firms are taking a more cautious approach in the first half of this year.
- The most notable IT staffing deal of this quarter was New Mountain Capital's acquisition of ALKU, a provider of IT staffing and consulting services for businesses and government agencies. This transaction will enable ALKU to draw on a deep network of contacts and knowledge that will support their continued industry-leading growth through New Mountains Capital's expertise in human capital management.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-21	Tandym Group	Aetia Information Technology	
2023-06-05	Atrium Staffing	Gibbs Hybrid International	
2023-05-18	INSPYR Solutions	Ntelicor	
2023-04-25	New Mountain Capital	ALKU	

Artificial Intelligence & Machine Learning

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP AI & ML Index EV/Revenue Multiple

Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/23	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Nvidia	\$423.02	\$1,055,540.7	\$1,041,619.4	40.3x	NM
International Business ServiceNow	\$133.81	\$122,358.4	\$165,855.6	2.7x	23.1x
CrowdStrike Holdings	\$561.97	\$114,586.1	\$111,819.8	14.7x	NM
Palantir Technologies	\$146.87	\$34,587.0	\$32,717.9	13.4x	NM
SentinelOne	\$15.33	\$32,332.1	\$29,910.2	15.1x	NM
C3.ai	\$15.10	\$4,265.4	\$3,717.9	7.8x	NM
	\$36.43	\$4,001.9	\$3,483.1	13.1x	NM
Median:	\$133.81	\$34,587.0	\$32,717.9	13.4x	23.1x

SECTOR HIGHLIGHTS

- The median AI & ML index was trading at 13.4x Revenue (based on Enterprise Value) at the closing of Q2.
- Chat GPT and other large language models (LLMs) grew in popularity during Q2. Revenue multiples continued to grow, expanding from a median of 10.0x at the end of Q1 to 13.0x at the end of Q2. As businesses look to develop their own chatbots and AI models to interact with customers or enhance enterprise operations, the availability of such solutions continues to grow. Data implementation and security are also important trends to watch in AI. This catalyst was particularly observed when Databricks, a data management software company, acquired MosaicML, a private company focused on assisting clients in building to build customizable AI using Chat GPT and internal data, for \$1.3 billion. Look for enterprise data integration in AI models to take a front seat as 60% of CIOs plan to adopt AI across departments by 2025 (Pitchbook). Towards the end of the quarter, shortly after Chat GPT reached an all-time high in usage in May, visits on Chat GPT were down 10% worldwide. This is likely a result of students, who often use the software to assist with homework or papers, being out of class for the summer.
- While M&A activity in the sector is low, VC funding has remained high, increasing valuations. For example, Mistral AI, a French AI start-up raised €105 million after just one month of operations.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-06-26	Databricks Inc.	Mosaic ML, Inc. [dba MosaicML]	1,300.0
2023-04-24	Voices.com Inc.	Voices.ai	

Our team of professionals brings a unique combination of technological, financial, and operational experience to our clients and their transactions. With backgrounds and deal experience spanning Wall Street investment banks, multi-billion dollar corporations, and high growth start-ups, we have an exceptional understanding of how to successfully achieve our clients' strategic initiatives.



DecisionPoint

3420 Toringdon Way
Suite 350

Charlotte, NC 28277

Phone: 704.248.1111

Fax: 704.248.1121

www.decisionpointint.com

Research Inquiries Can Be Directed To:

Henry Haskins

Senior Associate

hhaskins@decisionpointint.com

704.412.9860