



# DECISIONPOINT

## QUARTERLY VIEWPOINT:

For the Quarter Ended June 30, 2021 and the Latest Twelve Months

Q2 | 21

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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 06/30/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV/ LTM EBITDA
Salesforce.com	\$244.27	\$228,819.9	\$217,303.0	9.7x	36.3x
Shopify	\$1,462.07	\$184,119.4	\$175,063.7	50.8x	NM
ServiceNow	\$549.55	\$111,591.9	\$107,159.5	22.2x	NM
Square	\$243.80	\$121,600.2	\$108,252.1	8.2x	NM
Workday	\$238.74	\$57,230.5	\$58,133.9	13.0x	NM
Replifel Life Sciences	\$0.31	\$8.9	\$11.3	45.6x	NM
LivePerson	\$63.24	\$4,222.3	\$4,250.8	10.7x	NM
Cornerstone OnDemand	\$51.58	\$3,328.3	\$4,447.9	5.6x	34.1x
Ebix	\$33.90	\$1,036.8	\$1,675.2	2.2x	11.6x
<b>Median:</b>	<b>\$238.74</b>	<b>\$57,230.5</b>	<b>\$58,133.9</b>	<b>10.7x</b>	<b>34.1x</b>

### SECTOR HIGHLIGHTS

- The median SaaS index was trading at 10.7x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- The SaaS industry in Q2 saw an increase in total deals moving from 159 in Q2 of 2020 to 224 in Q2 of 2021. There was also a significant increase in total published value of Q2 deals from \$1.1 billion in 2020 to \$8.95 billion in 2021. This increase may be due to companies recognizing the continued cost-effectiveness of SaaS as an alternative to traditional IT deployment.
- One large transaction in the SaaS industry in Q2 was Bill.com LLC’s acquisition of Divvy Pay Inc. Bill.com paid a total of \$2.5 billion for Divvy Pay. The acquirer is a public accounting SaaS company focused on providing accounting, invoicing, bill payment, and processing SaaS for small and medium-sized businesses. This deal will enable businesses to automatically manage accounts payable, accounts receivable, and corporate card spending all in one place, saving customers valuable time and money.
- A company noting strong demand for their SaaS offerings in Q2 is Hewlett Packard Enterprise, or HPE. The company delivered better-than-expected second quarter earnings and reported that their total SaaS orders were up 41% compared to their “as-a-service” orders in Q2 2020.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-22	Constant Contract	SharpSpring	240.0
2021-06-11	EQS Group	Business Keeper	115.0
2021-06-07	LightSpeed POS	NuORDER	325.1
2021-06-07	LightSpeed POS	Ecwid	500.0
2021-06-03	Tyler Technologies	VendEngine	84.0
2021-06-02	CDK Global	Roadster	360.0
2021-05-27	E2open Parent Holdings	Blujay Solutions	1,757.0
2021-05-24	Sensor Tower	Pathmatics	45.0
2021-05-10	Repay Holdings	Electronic Payment Providers	503.0
2021-05-06	Genius Sports Limited	Second Spectrum	200.0
2021-04-13	Cardlytics	Bridg	350.0

# 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 06/30/21	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$2,441.79	\$1,783,764.2	\$1,549,332.9	7.9x	21.1x
Amazon.com	\$3,440.16	\$1,760,501.9	\$1,746,619.3	4.2x	29.3x
Facebook	\$347.71	\$1,005,403.5	\$933,314.5	9.9x	22.2x
Netflix	\$528.21	\$240,332.8	\$241,365.4	9.1x	14.4x
Snapchat	\$68.14	\$100,474.2	\$107,060.1	38.0x	NM
Booking Holdings	\$2,188.09	\$89,996.1	\$91,342.2	16.2x	45.4x
Uber	\$50.12	\$89,539.4	\$98,445.4	9.4x	NM
Twitter	\$68.81	\$55,786.7	\$52,390.7	13.3x	NM
eBay	\$70.21	\$49,287.4	\$51,835.4	4.6x	11.2x
Expedia Group	\$163.71	\$23,329.2	\$31,150.6	7.4x	NM
Cimpress	\$108.41	\$2,821.2	\$4,320.1	1.8x	16.7x
Groupon	\$43.16	\$1,255.1	\$1,242.6	1.0x	NM
<b>Median:</b>	<b>\$136.06</b>	<b>\$89,767.7</b>	<b>\$94,893.8</b>	<b>8.5x</b>	<b>21.1x</b>

### SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 8.5x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- Deal activity in the Internet Software and Services industry decreased to 99 deals in Q2 of 2021 from 108 deals in the same period of 2020. The decrease in the deal count was met with a significant rise in total deal value from \$19.67b to \$46.17b in 2021. This increase in deal value led to a median public deal revenue multiple of 7.4x and was primarily due to abundant capital markets activity and the continued shift towards digitizing the economy.
- Special Purpose Acquisition Companies (SPAC) dominated the market in the second quarter. Several multi-billion-dollar SPAC deals were announced, with Better Mortgage taking the crown as the most valuable transaction in the sector at just under \$8B.
- The media and entertainment service subsector had an active quarter with several high-value SPAC transactions and acquisitions. Verizon Media was purchased for \$5B by Apollo Global Management; Gamesys, an internet game operator and developer, was acquired for \$2.775B by Bally's; and BuzzFeed was taken public via SPAC for \$1.7B.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced			
Date	Acquirer Name	Target Name	Enterprise Value
2021-06-29	2U Inc.	edX Inc.	800.0
2021-06-24	BuzzFeed	Complex Media	300.0
2021-06-24	Emart	Ebay Inc. (Korea)	3,030.9
2021-06-17	Auction Technology Group	Live Auctioneers LLC.	500.0
2021-06-03	The Blackstone Group	International Data Group	1,300.0
2021-06-02	Etsy Inc.	Depop Limited	1,625.0
2021-05-17	Clarivate Plc.	ProQuest LLC.	5,300.0
2021-05-06	Kahoot! AS	Clever Inc.	435.0
2021-05-03	Apollo Global Management	Verizon Media LLC.	5,000.0
2021-04-19	Kanter Group (Bain Capital)	Market Track LLC.	1,500.0
2021-04-13	Bally's. Corporation	Gamesys Group	2,775.4

# 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 06/30/21	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$270.90	\$2,065,883.4	\$1,982,226.5	12.4x	25.5x
Oracle	\$77.84	\$235,232.5	\$255,734.3	6.3x	14.0x
SAP	\$141.42	\$166,774.2	\$174,436.0	5.5x	18.5x
IBM	\$146.59	\$131,672.9	\$181,094.5	2.5x	13.4x
Autodesk	\$291.90	\$64,882.1	\$65,389.9	16.8x	NM
Dassault Systemes	\$48.67	\$12,873.8	\$65,330.8	12.5x	32.4x
Ansys	\$347.06	\$30,347.7	\$30,166.5	17.3x	48.0x
Constellation Software	\$1,514.13	\$32,086.6	\$32,404.6	7.7x	34.6x
Tyler Technologies	\$452.37	\$18,888.3	\$17,733.2	15.6x	NM
PTC	\$141.26	\$16,572.9	\$17,895.6	11.0x	38.8x
Amdocs	\$77.36	\$10,142.9	\$9,766.5	2.3x	9.7x
Manhattan Associates	\$144.84	\$9,322.5	\$9,043.3	15.3x	NM
Verint Systems	\$45.07	\$2,951.8	\$3,852.2	3.2x	25.5x
Blackbaud	\$76.57	\$3,707.8	\$4,284.1	4.7x	34.2x
Stratasys	\$25.86	\$1,446.5	\$1,175.8	2.3x	NM
<b>Median:</b>	<b>\$141.42</b>	<b>\$18,888.26</b>	<b>\$30,166.54</b>	<b>7.7x</b>	<b>25.5x</b>

### SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 7.7x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- The Enterprise Software industry in Q2 saw slight growth in deals compared to the prior year, increasing from 172 in Q2 2020 to 219 in Q2 2021. The increase in total deal volume met an even higher increase of multiples on deals, growing from a median of 1.8x revenue in 2020 to 11.8x revenue in Q2 2021.
- One of the largest deals in the Enterprise Software announced in Q2 is Panasonic Corporation's acquisition of Blue Yonder Group. Panasonic paid a total of \$5.6 billion to acquire 100% of the target. The acquirer is a well-known developer of innovative technologies and solutions for several applications in a variety of industries, including consumer electronics, automotive, and housing. The target is a supply chain management company providing a digital fulfillment platform driven by AI and commerce solutions. The rationale for this deal was to strengthen Panasonic's portfolio and accelerate its Autonomous Supply Chain mission.
- Enterprise software used as a marketing tool has become increasingly popular. Adobe has been named a leader among enterprise marketing software suites and is one of the main providers of the digital transformation required for businesses to master Customer Experience Management. The company as a whole is currently operating at about \$240 billion in enterprise value.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-28	Thoma Bravo	QAD	2,000.0
2021-06-25	Rockwell Automation	Plex Systems	2,220.0
2021-06-23	Northern Genesis	Embark Trucks	5,158.0
2021-05-28	Gresham Technologies	Electra Information Systems	29.0
2021-05-28	Black Knight	Top of Mind Networks	250.0
2021-05-23	Panasonic	Blue Yonder Group	5,600.0
2021-05-13	Vertex	Taxamo	200.0
2021-05-11	TeamViewer AG	Viscopic	
2021-05-10	Star Peak	Benson Hill	2,008.0
2021-05-04	Global Payments	PayLease	830.0
2021-04-26	Informa	Novantas	243.0

# 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 06/30/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Verisk Analytics	\$174.72	\$28,828.6	\$31,416.4	11.1x	22.4x
Elastic	\$145.76	\$12,711.3	\$12,964.8	21.3x	NM
Pegasystems	\$139.19	\$11,223.6	\$11,494.1	10.8x	NM
MicroStrategy	\$664.50	\$6,380.4	\$8,137.8	16.5x	NM
Alteryx	\$86.02	\$5,711.6	\$5,725.4	11.3x	NM
Cloudera	\$15.86	\$4,787.1	\$4,788.4	5.4x	NM
PROS Holdings	\$45.57	\$1,986.2	\$2,028.3	8.2x	NM
Domo	\$80.83	\$2,420.6	\$2,580.9	11.6x	NM
<b>Median:</b>	<b>\$112.61</b>	<b>\$6,046.0</b>	<b>\$6,931.6</b>	<b>11.2x</b>	<b>NM</b>

### SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 11.2x revenue (based on Enterprise Value) at the closing of Q2.
- The total deal value in the Business Intelligence Software increased from \$133.4m in Q2 2020 to \$5.71b in Q2 2021.
- SelectHub reports that data security will be one of the most pressing issues in the BI Software space as US companies continue to implement data analytics into their marketing strategies. The EU has already implemented data privacy laws, and companies relying on large amounts of customer data will have to ensure that a reasonable level of privacy is established in order to protect customers and maintain a high level of integrity in their models.
- A growing world population coupled with a decrease in the agricultural workforce has necessitated AgriTech innovation, and FarmLogs' crop health technology offers an automated precision agriculture solution to identifying nitrogen deficiencies. Their IoT-enabled software utilizes satellite imagery and machine learning algorithms to gather crop data and increase farming efficiency.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-23	Future First Technologies Limited	EagleSoft Pty Ltd	1.8
2021-06-23	Catapult Group International Limited	SBG Sports Software Limited	30.1
2021-06-11	EQS Group AG	Business Keeper GmbH	115.0
2021-06-09	Khosla Ventures Acquisition Co.	Valo Health LLC	2,810.9
2021-05-24	Sensor Tower Inc.	Pathmatics Inc.	45.0
2021-05-17	Siemens Aktiengesellschaft	Supplyframe Inc	700.0
2021-05-07	LifeSci Acquisition II Corp.	Science 37 Inc.	1,300.0
2021-05-06	Genius Sports Limited	Second Spectrum Inc.	200.0
2021-05-05	Valmont Industries Inc.	Prospera Technolgies Ltd.	300.0
2021-04-06	Skyfii Limited	Crowd Vision Limited	8.0
2021-04-05	Invitae Corporation	Genosity Incorporated	200.0

# 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 06/30/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Check Point Software	\$116.13	\$16,255.3	\$13,835.3	6.6x	14.8x
Citrix Systems	\$117.27	\$14,748.4	\$17,731.6	5.6x	29.6x
F5 Networks	\$186.66	\$11,575.8	\$11,232.0	4.6x	24.2x
Trend Micro	\$52.65	\$7,342.0	\$5,368.4	3.2x	9.1x
CommVault Systems	\$78.17	\$3,646.8	\$3,227.6	4.5x	NM
Progress Software	\$46.25	\$2,086.1	\$2,271.2	4.8x	16.8x
Radware	\$30.78	\$1,464.7	\$1,115.2	4.3x	NM
Magic Software	\$16.17	\$793.2	\$774.2	2.0x	13.9x
Allot Communications	\$19.83	\$698.7	\$608.7	4.4x	NM
<b>Median:</b>	<b>\$52.65</b>	<b>\$3,646.8</b>	<b>\$3,227.6</b>	<b>4.5x</b>	<b>15.8x</b>

### SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 4.5x Revenue (based on enterprise value) at the end of Q2.
- Public deal value in the Infrastructure Software industry increased heavily in the second quarter. The number of deals completed in Q2 2021 was 37, compared to just 22 in Q2 2020. The total publicly available deal value grew to \$7b from \$780.54m in 2020.
- Across industries, businesses are looking for ways to leverage artificial intelligence and machine learning systems. AIOps, or artificial intelligence for IT operations, brings analytics and AI capabilities to corporate IT departments. This up-and-coming technology uses big data and machine learning to monitor infrastructure and track errors throughout systems.
- With much of the world working remotely due to the pandemic, enterprises have faced unprecedented challenges in securing digital environments. As an increasing number of businesses maintain some type of work-from-home policy (and others transition entirely remote), we will likely see increased development in remote-first software solutions; particularly in the verticals of communications, cybersecurity, and hybrid workspaces.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-30	Converge Technology Solutions Corp.	Infinity Systems Software Inc.	
2021-06-24	Visa Inc.	Tink AB	2,144.3
2021-06-23	Hitachi Vantara LLC	Io-Tahoe LLC	
2021-06-22	NetApp Inc.	Data Mechanics	
2021-06-22	Repay Holdings Corp	Kontrol Payables	8.0
2021-06-22	Converge Technology Solutions Corp.	ExactlyIT Inc.	26.4
2021-06-10	Resolve Systems LLC	Ayehu Software Technologies Ltd.	35.0
2021-06-08	Bain Capital Private Equity LP	ExtraHop Networks Inc.	900.0
2021-05-02	TPG Capital	Boomi Inc.	4,000.0
2021-04-29	International Busines Machines Corp.	Turbonomic Inc.	2,000.0



# 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 06/30/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$294.79	\$190,570.2	\$180,922.3	3.8x	21.3x
Capgemini	\$192.79	\$33,266.4	\$39,715.6	2.2x	16.3x
CDW	\$174.65	\$25,210.7	\$27,999.8	1.5x	17.4x
NTT Data	\$15.68	\$21,986.9	\$26,412.8	1.2x	8.1x
Booz Allen	\$85.18	\$11,814.7	\$13,216.2	1.7x	16.5x
DXC Technology	\$38.94	\$9,896.2	\$14,257.2	0.8x	4.9x
CACI International	\$255.12	\$6,468.4	\$8,101.8	1.4x	11.9x
ManTech International	\$86.54	\$3,522.5	\$3,635.1	1.4x	15.5x
Perficient	\$80.42	\$2,617.7	\$2,809.8	4.4x	44.0x
ICF International	\$87.86	\$1,679.5	\$2,106.4	1.4x	15.7x
The Hackett Group	\$18.02	\$586.2	\$497.4	2.1x	34.8x
<b>Median:</b>	<b>\$86.54</b>	<b>\$9,896.2</b>	<b>\$13,216.2</b>	<b>1.5x</b>	<b>16.3x</b>

### SECTOR HIGHLIGHTS

- The median IT Services index was trading at 16.3x EBITDA (based on Enterprise Value to EBITDA) at the closing of Q2.
- Q2 saw a 14% increase in deal count compared to the year prior, with 99 deals in the IT Services industry. The increase in the deal count came with large deals such as Allied Universal's acquisition of G4S plc for \$5.3b. The total public deal volume for the quarter was \$9.45b and a median size of \$260.55m.
- A growing trend in the IT Services sector is the heightened focus on cybersecurity threats. Digital transformation accelerated during the COVID-19 pandemic, creating more opportunity for cyber threats. More companies are investing in security measures and services after several large-scale ransomware attacks during Q2.
- The IT Services industry is no exception to the growing talent shortage problem facing technology sectors. In order to meet the growing demand for talent, IT service providers will need to compete with their comparable companies and offer effective training programs.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-30	Apex Systems LLC.	Avaap USA LLC.	86.0
2021-06-04	Gigcapital4 Inc.	BigBear.ai	1,697.0
2021-06-03	Science Applications International Inc.	Halfaker & Associates LLC.	250.0
2021-05-12	Amdocs Limited	Source Group Inc.	75.0
2021-05-05	Mastec Inc.	Intren LLC.	420.0
2021-05-05	Knowit AB	Cybercom Group AB	260.5
2021-05-04	Booz Allen Hamilton Inc.	Liberty IT Solutions LLC.	725.0
2021-04-19	Tech Mahindra Limited	DigitalOnUs Inc.	120.0
2021-04-13	Dustin Group AB	Central Bpoint Holdings	505.5
2021-04-12	ProAct IT Group AB	Conoa AB	12.2
2021-04-06	Allied Universal	G4S plc	5,300.0

# 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 06/30/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$802.60	\$71,699.9	\$84,745.4	13.8x	35.0x
Digital Realty	\$150.46	\$41,659.8	\$58,697.8	14.1x	47.4x
SAIC	\$87.73	\$5,154.1	\$7,527.8	1.0x	15.4x
Cancom	\$60.69	\$2,339.6	\$1,950.2	1.1x	16.3x
ePlus	\$86.69	\$1,163.1	\$1,222.8	0.8x	9.5x
NCC Group	\$4.07	\$1,138.9	\$1,302.7	3.8x	22.2x
Sify Technologies	\$3.62	\$651.4	\$748.1	2.3x	15.9x
iomart	\$3.71	\$416.1	\$481.4	3.3x	9.3x
Redcentric	\$1.99	\$299.7	\$333.1	2.9x	11.6x
<b>Median:</b>	<b>\$32.38</b>	<b>\$1,151.0</b>	<b>\$1,262.8</b>	<b>2.9x</b>	<b>15.9x</b>

### SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 15.9x EBITDA (based on Enterprise Value) at the closing of Q2.
- The total deal count in the Hosted & Managed Services sector slightly decreased on a year-over-year basis from 35 in Q2 of 2020 to 32 total deals in Q2 of 2021. However, public deal value in the sector saw huge increases from \$1b in Q2 2020 to \$11.14b in Q2 2021.
- Leased datacenters continue to see steady merger activity, with this sector's largest public deal being The Blackstone Group's \$10b acquisition of QTS Realty Trust. Overall, competition in the sector is fierce and consolidation efforts are expected to continue as datacenter providers attempt to minimize churn, develop new features for customers, and attract new business away from other providers.
- This quarter, blockchain- and cryptocurrency mining-focused services saw an increase in acquisition activity. Most notable was Riot Blockchain Inc.'s \$651m purchase of Whinstone US Inc.'s datacenter and Bitcoin mining assets. While the media hype has slightly decreased, only time will tell if cryptocurrencies are a brand-new core asset class or a financial fad.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-24	3D Pioneer Systems Inc.	Host Group of Companies Pty. Ltd.	9.2
2021-06-22	Converge Technology Solutions Corp.	ExactlyIT Inc.	26.4
2021-06-15	Telstra Broadcast Services Pty. Ltd.	MediaCloud Pty. Ltd.	
2021-06-14	HostPapa Inc.	Losoe Foot Computing Limited	
2021-06-10	Palatine Private Equity	FourNet	
2021-06-07	The Blackstone Group Inc.	QTS Realty Trust Inc.	10,000.0
2021-05-19	Welltel Limited	Strencom Ltd.	
2021-05-03	Switch Inc.	Data Foundry Inc.	420.0
2021-04-14	AdEPT Technology Group PLC	Datrix Limited	12.3
2021-04-09	Dynamic Quest LLC	Integrated Solutions	
2021-04-09	Sverica Capital Management LP	WinWire Technologies Inc.	

# 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 6/30/2021	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$45.04	\$168,445.2	\$162,523.2	7.4x	26.3x
Infosys	\$21.28	\$90,452.7	\$87,429.8	6.4x	22.7x
Automatic Data	\$198.62	\$85,257.6	\$84,980.1	5.8x	22.3x
Wipro	\$7.35	\$41,585.2	\$36,976.1	4.4x	NM
Cognizant Technology	\$69.26	\$37,209.9	\$36,085.5	2.1x	13.1x
CGI Group	\$90.64	\$23,520.4	\$24,711.6	2.7x	14.8x
Unisys	\$25.31	\$1,604.0	\$1,624.1	0.8x	NM
CSG International	\$47.18	\$1,520.4	\$1,810.5	1.8x	10.8x
<b>Median:</b>	<b>\$ 46.11</b>	<b>\$ 39,397.55</b>	<b>\$36,530.84</b>	<b>3.6x</b>	<b>18.6x</b>

### SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 18.6x EBITDA (based on Enterprise Value) at the closing of Q2.
- In Q2 2021, the IT outsourcing sector decreased the number of deals with 50 deals, down from 63 in Q2 2020. While deal counts are slightly down, the global shortage of strategic tech talent, combined with a strong market appetite for technology companies, led to increased valuations and multiples across the sector.
- Globally, the number of software engineers available to fill available development jobs is lacking; the US currently has over 1M open IT jobs. This widespread shortage has likely boosted both M&A activity and valuations, as strong development teams are hard to come by and expensive to build from scratch. Thus, many strategics benefit from acquiring existing companies instead of building-out their own teams.
- The COVID-19 pandemic has drastically changed work-from-home procedures and caused most businesses to become more familiar with remote communications and development processes. As such, concerns surrounding offshore and nearshore development teams should decrease in the coming years as this newfound familiarity eases fears related to the effectiveness of remote teams, online data security, and communication ability.
- After the global supply chain and work disruptions caused by COVID, companies are increasingly likely to localize operations (to a reasonable, cost-dependent extent). Should such a trend emerge, it would most likely benefit nearshore regions (Mexico/LatAm) while harming offshore hubs (Eastern Europe, India, Philippines).

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-29	The Planet Group LLC	OmniPoint US LLC	
2021-06-21	KPIT Technologies Ltd.	PathPartner Technology Pvt.Ltd.	20.0
2021-06-16	Larsen & Toubro Infotech Ltd.	Cuelogic Technologies Pvt.Ltd.	8.4
2021-06-15	Checkout Ltd. (Checkout.com)	Icefire Finance OU	
2021-05-18	NTT Data Inc.	Nexient LLC	
2021-05-10	LIV Capital Acquisition Corp.	AgileThought Inc.	490.9
2021-04-27	Siemens Digital Industries Software	TimeSeries Germany GmbH	
2021-04-26	Futuris Technology Services Inc.	Computer Deductions Inc.	4.5
2021-04-19	MVB Financial Corp.	Trabian Technology Inc.	
2021-04-19	Qualitest	Olenick & Associates Inc.	

# 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 06/30/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International	\$88.97	\$10,051.6	\$9,823.7	2.0x	19.6x
ManpowerGroup	\$118.91	\$6,834.4	\$6,340.0	0.3x	19.3x
ASGN	\$96.93	\$5,176.1	\$5,886.9	1.5x	14.6x
Kforce	\$62.93	\$1,338.5	\$1,396.1	1.0x	16.3x
Mastech Digital	\$14.95	\$179.9	\$183.2	0.9x	13.6x
Computer Task Group	\$9.67	\$141.0	\$138.9	0.4x	9.7x
RCM Technologies	\$4.12	\$48.8	\$71.5	0.5x	NM
<b>Median:</b>	<b>\$62.93</b>	<b>\$1,338.5</b>	<b>\$1,396.1</b>	<b>0.9x</b>	<b>15.4x</b>

### SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 15.4x EBITDA (based on Enterprise Value) at the closing of Q2.
- Ettain continued to grow through inorganic means with their acquisition of Bradford & Galt. Bradford & Galt provides IT staffing, electronic medical records (EMR) go-live support, training, and related consulting services for businesses in the US. Ettain targeted B&G due to its 100+ highly talented professionals with similar values. Bradford and Galt has a strong presence in the Midwest and Southeast regions of the US.
- The IT staffing industry represents the cross-roads of the debate between virtual, in-person, or hybrid work models. A Robert Half survey found that 74% of respondents wanted to work virtually more often than before the pandemic.
- The tech talent shortage was widening before the pandemic hit. Going into 2020, there was already a need for more tech talent, but pandemic-related changes to the economy accelerated the digital shift, creating two challenges to the IT staffing industry. As more companies shift to digitally integrate their business model, more technology professionals will be required to assist this process. Additionally, virtual work environments allow individuals to switch jobs more easily, creating more opportunities and more difficulty for employers to retain talent.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-06-29	The Planet Group LLC	OmniPoint	
2021-05-12	Ettain Group	Bradford & Galt Incorporated	

# Services: Value Added Resellers

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP VAR Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 06/30/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Arrow Electronics	\$113.83	\$8,799.8	\$10,494.9	0.3x	8.3x
SYNNEX	\$121.76	\$6,248.7	\$6,220.0	0.3x	7.1x
Avnet	\$40.08	\$3,996.9	\$5,168.5	0.3x	14.3x
ALSO	\$289.36	\$3,709.9	\$3,655.0	0.3x	14.1x
Insight Enterprises	\$100.01	\$3,571.1	\$3,810.9	0.5x	11.1x
PC Connection	\$46.27	\$1,217.9	\$1,128.2	0.4x	14.1x
<b>Median:</b>	<b>\$106.92</b>	<b>\$3,853.4</b>	<b>\$4,489.7</b>	<b>0.3x</b>	<b>12.6x</b>

### SECTOR HIGHLIGHTS

- The median Value Added Reseller index was trading at 12.6x EBITDA (based on Enterprise Value) at the closing of Q2.
- In Q2, there was a decrease in deal count. The VAR industry saw four deals in Q2 of 2021 compared to six deals in Q2 of 2021.
- As VARs continue to invest more in cybersecurity, they will have to ensure that various existing offerings are integrated safely to minimize any security gaps. PC Connection offers security technology integration as a service to streamline security operations and minimize the potential of security breaches. Efficiency and safety work together relative to cybersecurity, and VARs will have to prioritize services like those offered by PC Connection.
- Cloud computing and hosting are improving efficiencies for VARs by reducing the need for manual upgrades of services and maintenance of product catalogs and customer information. VARs can rely on cloud-based solutions to streamline these outdated processes and cut down costs. The SaaS providers regularly update their solutions to improve integration for their VAR customers.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer	Target	Enterprise Value (\$m)
2021-06-07	Mobile communications America Inc.	Two-Way Radio Inc.	
2021-05-18	Peak-Ryzex Inc.	Bar Code Direct Inc.	
2021-05-04	Sheridan Capital Partners	DAS Health Ventures	
2021-04-09	Sole Source Capital LLC	Peak-Ryzex Inc.	

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.



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