

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended March 31st, 2023 and the Latest Twelve Months

Q1 | 23

1. Market Leader for Mid-Market Technology M&A	3
2. Software	
I. Software as a Service (SaaS)	4
II. Internet Software & Services	5
III. Enterprise Software	6
IV. Business Intelligence Software	7
V. Infrastructure Software	8
3. Services	
I. IT Services	9
II. Hosted & Managed Services	10
III. IT Outsourcing	11
IV. IT Staffing	12
3. Sector to Watch	
I. Artificial Intelligence & Machine Learning	13

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.



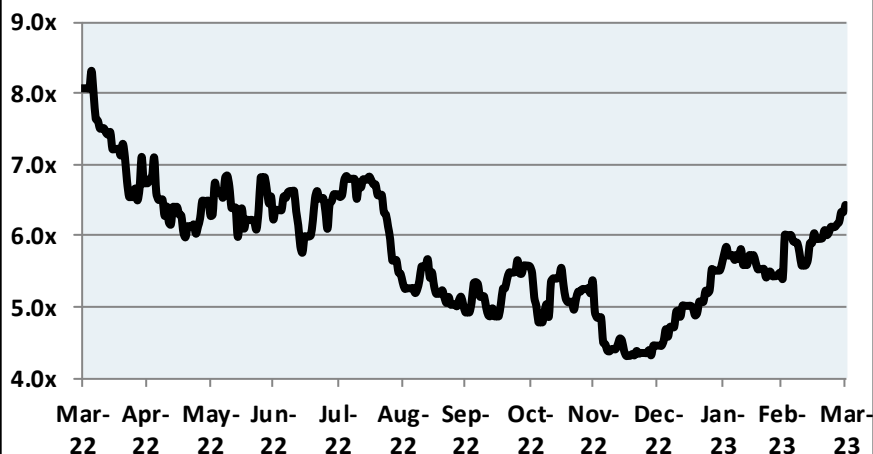
The information in this Quarterly ViewPoint was prepared by DecisionPoint Advisors, LLC ("DecisionPoint"). DecisionPoint has issued the material contained within this report for informational purposes only. The material contained within this report is not and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe for any investment. Information presented was obtained from various sources that are believed to be reliable. DecisionPoint makes no guarantees, representations or warranties and accepts no responsibility or liability as to the accuracy or completeness of the information provided. Opinions, estimates, and analyses in this report do not necessarily reflect the opinions of DecisionPoint and are subject to change without notice. DecisionPoint has no obligation to update, modify, or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

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 03/31/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$199.78	\$199,180.7	\$201,360.0	6.4x	45.3x
ServiceNow	\$464.72	\$94,586.8	\$92,290.2	12.7x	NM
Shopify	\$47.94	\$60,704.9	\$57,544.0	10.3x	NM
Workday	\$206.54	\$52,630.3	\$50,621.5	8.1x	NM
Block	\$68.65	\$39,744.8	\$38,023.7	2.2x	NM
Veeva Systems	\$183.79	\$29,854.3	\$26,329.2	12.2x	53.5x
Zoom Video	\$73.84	\$22,464.4	\$16,380.7	3.7x	49.4x
Ebix	\$13.19	\$405.7	\$979.0	0.9x	6.4x
LivePerson	\$4.41	\$328.6	\$685.6	1.3x	NM
Median:	\$73.84	\$39,744.8	\$38,023.7	6.4x	47.3x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.4x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- Application software has become the dominant player in the M&A market, with the number of vendors actively striking deals growing from 500 in 2019 to almost 1,100 in 2022. Software powerhouses like Apteon have actively searched the market and completed 20 acquisitions in the past two years. Application Software accounted for 31% of deal value and 35% of deal volume in 2022. With valuations unlikely to recover, application software may not maintain its share of total deal value, but it will most likely continue to be one of the higher volume areas.
- The largest deal of the first quarter was Silver Lake Management and CPP Investments taking Qualtrics private at \$18 a share. The deal is expected to close in the second half of the year and represented a significant multiple for the current economic environment but was still 40% lower than its IP price. The deal comes after 66% of customer experience and commerce vendors included in 451 Research’s survey indicated they have seen a rise in customer expectations over the last 12 months.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-14	Blackstone	Cvent Holding	4,150.5
2023-03-13	Silver Lake Management	Qualtrics International	12,249.2
2023-03-13	Symphony Technology Group	Momentive Global	1,416.3
2023-02-16	WiseTech Global	Blume Global	414.0
2023-02-14	The Descartes Systems Group	Windigo Logistics	138.0
2023-02-13	NatWest Group	Cushon Money	173.8
2023-02-08	Welsh Carson Anderson & Stowe	ImageTrend	400.0
2023-01-24	WiseTech Global	Envase	230.0
2023-01-20	Thoma Bravo	Magnet Forensics	1,229.2
2023-01-18	Altor Equity Partners/Marlin Equity Partners	Meltwater	541.8
2023-01-10	BioNTech	InstaDeep	441.6
2023-01-09	Vista Equity Partners	Duck Creek Technologies	2,600.0

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 03/31/23	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$103.73	\$1,364,973.5	\$1,245,998.5	4.4x	14.6x
Amazon.com	\$103.29	\$1,052,421.8	\$1,128,531.5	2.2x	30.2x
Meta Platforms	\$211.94	\$572,661.9	\$535,337.0	4.6x	14.4x
Netflix	\$345.48	\$155,911.7	\$162,153.0	5.1x	8.1x
Booking Holdings	\$2,652.41	\$106,234.3	\$100,499.9	5.9x	21.4x
Uber	\$31.70	\$62,605.2	\$71,831.7	2.3x	NM
Snap Group	\$11.21	\$18,029.1	\$17,962.9	3.9x	NM
Expedia Group	\$97.03	\$15,694.7	\$18,732.4	1.6x	12.1x
Yelp	\$30.70	\$2,253.4	\$1,850.7	1.6x	17.5x
Cimpress	\$43.82	\$1,146.2	\$2,755.6	0.9x	15.9x
Groupon	\$4.21	\$127.0	\$195.1	0.3x	NM
Median:	\$97.03	\$62,605.2	\$71,831.7	2.3x	15.2x

SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 2.3x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- The internet software and services industry slowed in Q1; however, not as drastically as some of the other sectors we cover. Deal activity in Q1 2023 was down 44% compared to the same period in 2022, with 80 and 143 deals, respectively. While publicly available data showing a total deal value of \$689M for the quarter and a median multiple of 3.3x trailing sales seem lower than usual, the median multiple of Q1 2022 was 3.7x and spending of \$29.75B. While deal value was down, the mega deals were suppressed the most, while smaller deals at similar multiples occurred at a steady rate.
- Meta platforms started a resurgence in the first quarter of 2023, coinciding with several rounds of layoffs. With over 20,000 positions terminated, close to a quarter of the company, the Meta leaders are attempting to focus on profitability. Since the beginning of the year, Meta Platforms has seen its stock price rise nearly 70%. Realty Labs is still having a massive impact on its P&L with a \$16B annualized loss and a YoY decrease of 50% in revenue. Meta still has a strong core business and can generate record profits from other segments, but until they can right the Realty Labs ship, expect the company to continue its volatile streak.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced			
Date	Acquirer Name	Target Name	Enterprise Value
2023-03-16	European Energy Exchange	UAB GET Baltic	6.8
2023-03-13	Kiliaro AB (publ)	Sosyopix nternet	5.5
2023-03-06	WW International	Weekend Health	131.3
2023-03-06	Digital Media Solutions [NYSE:DMS]	GDMgroup Asia [Customer Direct Group]	35.0
2023-03-06	Freedom Holding	LD Micro	8.3
2023-03-01	Xometry	Tridi Teknoloj	3.8
2023-02-16	CDON (publ)	Fyndiq	69.0
2023-02-07	Auction Technology Group	Vintage Software	40.0
2023-02-01	Mondee Holdings	Orinter Tours and Travelers	40.0
2023-01-12	Golden Matrix Group	Meridian Gaming	337.1
2023-01-03	Wag! [NASDAQ:PET]	Clicks and Traffic (Assets)	9.0

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 03/31/23	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$288.30	\$2,161,961.7	\$2,106,667.6	10.3x	21.9x
Oracle	\$92.92	\$255,878.7	\$334,416.6	7.0x	18.5x
SAP	\$126.56	\$148,704.0	\$154,018.6	4.7x	23.0x
IBM	\$131.09	\$119,589.4	\$164,263.5	2.7x	23.4x
Dassault Systemes	\$41.30	\$55,039.6	\$55,156.8	9.3x	23.5x
Autodesk	\$208.16	\$45,378.9	\$45,303.2	9.1x	38.1x
Constellation Software	\$1,878.54	\$39,809.1	\$41,391.1	6.3x	25.4x
Ansys	\$332.80	\$29,116.7	\$29,142.4	14.1x	41.2x
PTC	\$128.23	\$15,167.1	\$16,328.4	8.4x	27.0x
Tyler Technologies	\$354.64	\$15,036.4	\$15,693.0	8.5x	40.4x
Amdocs	\$96.03	\$11,607.5	\$11,695.7	2.5x	13.4x
Manhattan Associates	\$154.85	\$9,818.7	\$9,396.4	12.2x	NM
Blackbaud	\$69.30	\$3,573.7	\$4,560.1	4.3x	NM
Verint Systems	\$37.24	\$2,433.0	\$3,040.4	3.4x	23.9x
Stratasys	\$16.53	\$1,099.1	\$804.5	1.2x	19.3x
Median:	\$128.23	\$29,116.67	\$29,142.39	7.0x	23.5x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 7.0x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- Deal activity slowed tremendously on a YoY basis, with only 13 deals occurring in the Enterprise Software industry during Q1 2023 compared to the 31 deals in 2022. Publicly available deal values also dropped from \$2.75B and median multiple of 2.3x trailing sales in Q1 2022 to just \$900K of publicly available deal values in 2023. Unfortunately, this lower deal activity is expected to continue with economic uncertainty keeping strategics out of M&A.
- As Citrix was taken private last year, we have removed the company from our public index. At the time of the announcement, the idea was to merge Citrix with TIBCO, another Vista-owned software powerhouse. Under new leadership, the plan is to operate the businesses independently with the holding company Cloud Software Group. The move should give Citrix the flexibility to return to its core strengths and recover its lost market share. Had the original plan been kept in place, while challenging, Citrix would have been in a good position to establish an end-to-end workspace and differentiate their offerings.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-31	Onefile [N. Harris Computer]	The Data Group (Tracker MI system assets)	
2023-03-21	Gray Matters Data	WaveDancer	0.9
2023-03-16	Bianor Holding	Databreathe	
2023-02-22	Fives	Dizisoft SARL	
2023-01-26	Vencora Canada	Quarzo Tecnologa	
2023-01-18	AROBS Transilvania Software	Centrul de Soft GPS	
2023-01-17	Equistone Partners Europe	Nexus Vehicle Management	
2023-01-17	Greentube Internet Entertainment Solutions	Alteatec IT Solutions	
2023-01-10	Insider	Insider; fka SORUN Bilgi Teknolojileri	

Source: 451 Research, Pitchbook



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 03/31/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Snowflake(Database Software)	\$154.29	\$49,176.9	\$46,400.2	22.5x	NM
Verisk Analytics	\$191.86	\$30,492.1	\$33,541.3	13.4x	19.3x
Elastic	\$57.90	\$5,496.8	\$5,306.1	5.2x	NM
Alteryx	\$58.84	\$4,031.1	\$4,687.7	5.5x	NM
Pegasystems	\$48.48	\$3,972.8	\$4,388.6	3.3x	NM
MicroStrategy	\$292.32	\$3,309.4	\$5,778.5	11.6x	NM
PROS Holdings	\$27.40	\$1,240.4	\$1,383.2	5.0x	NM
Domo	\$14.19	\$483.8	\$556.7	1.8x	NM
Median:	\$58.37	\$4,002.0	\$4,996.9	5.3x	19.3x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 5.3x revenue (based on Enterprise Value) at the closing of Q1.
- Thoma Bravo’s acquisition of Magnet Forensics was the largest deal by value in the first quarter. Magnet Forensics provides AI-based digital investigation SaaS and related APIs to businesses, law enforcement, and services agencies globally. Thoma Bravo will bring together the complementary capabilities of Magnet and Grayshift to create a leader in digital forensics and cyber security. With the increasingly critical aspect of investigations, the combined company will be in a great position to expand market share and accelerate the innovation of new solutions.
- Companies large and small continuously implement business intelligence solutions, but as adoption grows in other departments, sales and marketing teams are noticing the importance of customer data (i.e., when budget decisions are made, who makes decisions, which departments are prioritized). Using a dashboard to check patterns and user behaviors, it becomes easy to make informed decisions. These insights will allow teams to target different segments of customers with focused content and tell employees' spending patterns and motivations of clients.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-09	Marlin Equity Partners	Tennaxia	
2023-03-07	APEX Analytix	ESG Enterprise	
2023-02-27	Quantexa	Aylien	
2023-02-12	Trajan Group Holdings	Sierra Analytics (HDEaminer Software Business)	0.4
2023-02-09	RQM+	Giotto.ai (Giotto Compliance)	
2023-02-07	Infillion	Phonic	
2023-02-06	OrderEase	Last Call Analytics	
2023-01-25	Corlytics	ING Groep (SparQ)	5.4
2023-01-20	Thoma Bravo	Magnet Forensics	1,229.2
2023-01-19	Versaterm	Visual Labs	
2023-01-18	Altor Equity Partners AB / Marlin Equity Partners LLC	Meltwater	541.8

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 03/31/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
VMware	\$124.85	\$53,168.6	\$59,834.1	4.5x	18.0x
Check Point Software	\$130.00	\$16,838.3	\$14,665.9	6.3x	15.9x
F5 Networks	\$145.69	\$8,846.8	\$8,410.3	3.1x	17.4x
Trend Micro	\$48.56	\$6,796.2	\$4,905.3	2.9x	9.9x
CommVault Systems	\$56.74	\$2,605.1	\$2,266.7	2.9x	49.9x
Progress Software	\$57.45	\$2,542.0	\$3,203.8	5.2x	16.1x
Radware	\$21.54	\$968.1	\$706.3	2.4x	NM
Magic Software	\$13.18	\$647.7	\$681.6	1.2x	8.9x
Allot Communications	\$2.69	\$99.5	\$60.0	0.5x	NM
Median:	\$56.74	\$2,605.1	\$3,203.8	2.9x	16.1x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 2.9x revenue (based on enterprise value) at the end of Q1.
- The infrastructure software M&A market was one of the only industries with increased deal activity. While there were no mega deals in the first quarter of this year, like the Citrix take private in 2022, total deals increased from 15 in Q1 2022 to 21 in Q1 2023. Private Equity firms and their portfolio companies continued to close deals in the sector with 5 in each period and will continue to shop the market for bargain deals.
- As economic uncertainty continues to linger in the M&A market, many companies are taking a closer look at their spending and seeking ways to eliminate repetitive tasks. One of the most significant areas for reducing costs is back-office operations. With the pressure to "do more with less," human resources, governance and compliance, and enterprise resource planning are anticipated to see an increase in dealmaking. Automating tedious and repetitive processes in human resources, such as skill verification and reference checking, could lead to a reduction in personnel expenses and a boost in employee satisfaction. So far, compliance technology has had a strong start in 2023 and is on track to surpass the M&A records set in 2022. The enterprise resource planning sector has also seen an increase in consolidation activities, with Avlara and Coupa being acquired by Vista and Thoma Bravo, respectively.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

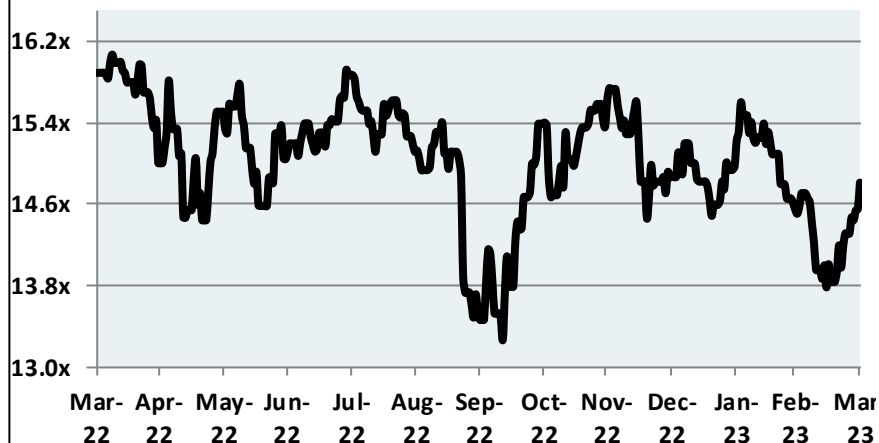
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-30	Partner One Capital	Stromasys	
2023-03-27	Valsoft Corporation	Professional Computing Resources (assets)	
2023-03-21	SmartBear Software	Aspecto	
2023-03-20	Hewlett Packard Enterprise	OpsRamp	
2023-03-20	Spotler Group	Wireless Services	
2023-03-16	ThreatLocker	HyperQube Technologies (assets)	
2023-03-15	Raintank	Pyroscope	
2023-03-14	Topcon Positioning Systems	Digital Construction	
2023-02-21	F24 Nordics	FramWeb	
2023-02-03	Smart Energy Water	3Insys	

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 03/31/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$285.81	\$182,833.6	\$178,158.4	2.8x	17.1x
Capgemini	\$186.19	\$32,773.6	\$35,629.2	1.5x	11.0x
CDW	\$194.89	\$26,699.9	\$32,652.6	1.4x	16.2x
NTT Data	\$13.00	\$18,229.8	\$36,659.9	1.5x	10.1x
Booz Allen Hamilton	\$92.69	\$12,326.7	\$14,966.2	1.7x	18.1x
CACI International	\$296.28	\$7,008.4	\$8,712.6	1.3x	13.4x
DXC Technology	\$25.56	\$6,078.2	\$9,787.6	0.7x	3.6x
Perficient	\$72.19	\$2,651.6	\$2,897.7	3.2x	16.4x
ICF International	\$109.70	\$2,087.9	\$2,820.0	1.6x	17.9x
The Hackett Group	\$18.48	\$590.7	\$533.1	1.8x	9.1x
Median:	\$101.20	\$9,667.5	\$12,376.9	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 Q1.
- The private equity firm EQT completed the two largest deals of the quarter. Their \$1.5B acquisition of SK Shieldus was their first in Korea, just weeks after EQT opened a new office in Seoul. Shieldus, a physical and cyber security market leader, was acquired for 1.6x revenue or 6.8x EBITDA. The other deal was a combined acquisition by EQT and Public Sector Pension Investment Board for Radius Global Infrastructure. The deal was a take private at \$15 a share, representing a relatively high 22.1x TTM revenue multiple.
- The IT Services M&A market remained hot with 101 total deals and \$3.99B in Q1 2023 compared to the 99 total deals and \$1.13B in deal value in Q1 2022.
- As inflation persists and a continued conservative outlook on company spending, more small software and IT services providers find it challenging to raise money. Many companies plan to enter new markets or M&A, with 47% of respondents in 451 Research's survey answering that it was their top priority. With M&A multiples lower across the market and the growing number of companies needing money, larger incumbents should have an excellent opportunity to scour the M&A market.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-20	ABL Group	AGR	32.9
2023-03-14	Epsilon Net	OROSIMO	1.5
2023-03-08	Pye-Barker Fire & Safety	Amherst Alarm	
2023-03-01	EQT	SK Shieldus	1,517.4
2023-03-01	EQT AB	Radius Global Infrastructure	1,429.3
2023-02-16	Zetron	GeoConex	8.4
2023-02-10	Dicker Data	Connect Security Products	
2023-02-06	KGPCo	Further	
2023-01-30	Onninen	Elektroskandia Norge	
2023-01-25	Ricardo	E3-Modelling	23.4
2023-01-17	KKR	S&P Global (Engineering Solutions Business)	975.0

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 03/31/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$721.04	\$66,211.7	\$81,464.1	11.2x	28.2x
Digital Realty	\$98.31	\$29,288.4	\$49,333.9	10.5x	21.6x
SAIC	\$107.46	\$6,050.0	\$8,355.5	1.1x	13.5x
ePlus	\$49.04	\$1,310.2	\$1,526.1	0.8x	8.9x
Cancom	\$34.35	\$1,259.9	\$896.1	0.6x	7.2x
NCC Group	\$1.27	\$394.7	\$495.4	1.2x	7.2x
Redcentric	\$1.67	\$265.2	\$334.7	2.4x	10.1x
Sify Technologies	\$1.26	\$234.8	\$444.4	1.1x	5.5x
iomart	\$1.54	\$172.5	\$223.7	1.7x	4.9x
Median:	\$18.01	\$827.3	\$695.8	1.2x	8.9x

SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 8.9x EBITDA (based on Enterprise Value) at the closing of Q1.
- Given the rise in security breaches worldwide, several organizations are now turning to managed security services (MSS) for assistance in maintaining their environments and safeguarding their data. This has led to a need for modernization of operations and offerings to address such problems. Compared to conventional MSS such as managed firewall, newer MSS offerings include SOC as a service and extended detection and response. Although many traditional IT services and MSS providers still hold a significant market share with their standard offerings, cloud migrations and cloud security might expand conventional MSPs and IT services companies into the new offerings and protections.
- The drive for modernization during the pandemic positively and negatively impacted the hosted and managed services market. While companies saw increased service demand, many traditional technology providers, like Kyocera, Konica Minolta, and Brother, needed to recapture lost revenues and decided to enter the market. With the entrance of these new providers, not only will the technical staff of smaller MSPs need to be stronger and have experts in certain areas, the sales and marketing teams will need a refined focus and more resources to fend off any advances of the new behemoths in the market.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-23	QuadraNet Enterprises	BlackMesh	
2023-03-22	Blacknight Internet Solutions	MyHost Internet Services Limited	
2023-03-15	Webtasy	STORK R (Hosterdam)	
2023-02-20	Holium	ThirdEarth	
2023-01-31	HostPapa	Deluxe (web hosting and logo design businesses)	

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 3/31/2023	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$39.05	\$143,250.9	\$142,970.2	5.2x	18.8x
Automatic Data	\$222.63	\$93,048.2	\$94,224.3	5.7x	23.0x
Infosys	\$17.39	\$73,049.0	\$70,426.7	3.9x	16.0x
Cognizant Technology	\$60.93	\$31,622.7	\$30,064.3	1.5x	8.5x
Wipro	\$4.45	\$24,421.1	\$22,003.0	2.0x	NM
CGI Group	\$96.30	\$23,209.6	\$24,786.7	2.4x	12.7x
CSG International	\$53.70	\$1,680.7	\$2,015.6	1.8x	13.1x
Unisys	\$3.88	\$262.5	\$477.2	0.2x	5.4x
Median:	\$ 46.37	\$ 28,021.86	\$27,425.50	2.2x	13.1x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 13.1x EBITDA (based on Enterprise Value) at the closing of Q1.
- The IT outsourcing market has continued to grow with tightening budgets forcing companies to search for lower-priced high-quality services. Historically, most IT outsourcing took place in India, and new countries like Costa Rica, Guatemala, and the Philippines are growing their technical education to tap into this market. The Philippines is quickly becoming a sought-after location with over 1 million technical specialists, mostly focused in 5 main cities. The government strongly backs the outsourcing industry by creating and funding the Technical Education and Competencies Development Authority. Companies like Google, IBM, and Facebook are among the over 700 companies outsourcing in the country.
- Cognizant completed its 11th acquisition since the start of 2021 with its acquisition of Mobica, a provider of IoT, augmented reality, AI, and ML software engineering and development services. With the addition, Cognizant will significantly grow its development teams in Eastern Europe and improve its robust IoT and product engineering capabilities.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

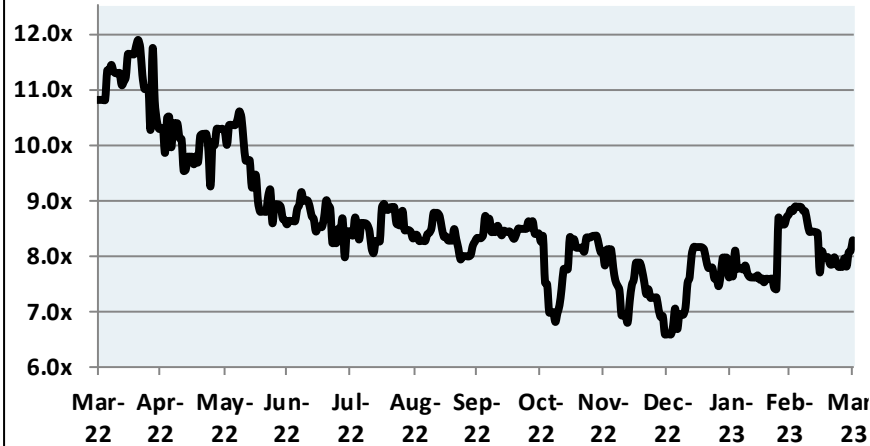
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-21	Powerbridge	DTI Group	14.0
2023-02-23	TGS Esports	Lazarus Esports (IP and assets)	
2023-02-17	Altor Equity Partners	VTU Group	
2023-02-15	Element 84	Azavea	
2023-02-10	Sproule Holdings	SGS SA (Subsurface Consultancy Business in Netherlands)	
2023-02-07	Sparus Holdings	TruCheck	
2023-02-06	GamesPad	Aguascalien3D	
2023-01-26	Encora Digital	Excellarate [Frontenac Company]	
2023-01-23	Cognizant Technology Solutions	Mobica	335.0
2023-01-11	APCT	Advanced Circuits	220.0
2023-01-03	Co-operators Financial Services	Smart Employee Inc.	38.0

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 03/31/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV/ LTM EBITDA
Robert Half International	\$80.57	\$8,795.9	\$8,256.5	1.1x	8.8x
ManpowerGroup	\$82.53	\$4,357.6	\$4,816.2	0.2x	7.2x
ASGN	\$82.67	\$4,241.0	\$5,127.1	1.1x	10.2x
Kforce	\$63.24	\$1,296.6	\$1,331.6	0.8x	12.5x
Mastech Digital	\$12.33	\$148.8	\$141.3	0.6x	8.3x
RCM Technologies	\$11.56	\$120.7	\$118.1	0.4x	3.8x
Computer Task Group	\$7.25	\$109.9	\$107.4	0.3x	7.6x
Median:	\$63.24	\$1,296.6	\$1,331.6	0.6x	8.3x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 8.3x EBITDA (based on Enterprise Value) at the closing of Q1.
- The IT staffing market, like most tech markets, had a fantastic 2021 and 2022, with market growth of 16% and 17%, respectively. The market is expected to cool, especially after the slow end of 2022, with projected 8% growth. While nearly every industry grew, Staffing for healthcare firms increased drastically. With increasing rates for outsourced services and a rising number of cyberattacks in the industry, many healthcare organizations want to internalize some operations to enhance their security. The IT staffing needs will remain elevated as more cloud migrations and complex environment development occur, with the healthcare industry expected to stay near the top of demand levels.
- With the recent layoffs in the headlines, many look at the tech labor market as if it were in the wrong place, while most companies say their layoffs were a reaction to over-hiring in the COVID boom. The market expects to add 174,000 in 2023, down from the 186,300 jobs added in 2022 due to layoffs. The layoffs have impacted employees' morale and sent some to other industries to insulate from market conditions. The changes have affected most verticals in the IT industry; however, even with the sour outlook, according to Revelio Labs, over 70% of laid-off software engineers are finding jobs within three months. IT staffing firms may soon see an increase if recession fears subside, but if the market conditions continue, expect another few quarters of softening demand similar to Q4 2022.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-02-23	ON Search Partners	Olympus Search Partners	
2023-02-01	Westerwood (WG) Global	NSTAR Global Services	
2023-01-10	Wilson Human Capital Group	Personify	

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 03/31/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Nvidia	\$277.77	\$696,369.4	\$684,826.9	25.4x	NM
International Business ServiceNow	\$131.09	\$119,589.4	\$164,263.5	2.7x	23.4x
CrowdStrike Holdings	\$464.72	\$94,586.8	\$92,290.2	12.7x	NM
Palantir Technologies	\$137.26	\$32,000.7	\$30,476.7	13.6x	NM
Palantir Technologies	\$8.45	\$17,439.1	\$15,449.6	8.1x	NM
SentinelOne	\$16.36	\$4,544.9	\$4,125.3	9.8x	NM
C3.ai	\$33.57	\$3,631.4	\$2,999.5	11.2x	NM
Sumo Logic	\$11.98	\$1,411.7	\$1,167.2	3.9x	NM
Median:	\$82.33	\$24,719.9	\$22,963.1	10.5x	23.4x

SECTOR HIGHLIGHTS

- The median AI & ML index was trading at 10.5x Revenue (based on Enterprise Value) at the closing of Q1.
- Artificial intelligence's growth and acceptance accelerated recently with the announcement of Chat GPT4 and Microsoft's announcement of Copilot testing. Both will soon revolutionize the way day-to-day work happens. However, some remain concerned with the privacy of the user's data. OpenAI and Microsoft have tried to alleviate concerns, but certain countries, including Italy, have banned the use of AI tools like Chat GPT until they feel comfortable with the security of their citizen's and users' data. Even companies such as Apple have paused AI development in recent history after privacy concerns. While users' anxiety will not go away overnight, corporations gaining a better understanding of their vulnerabilities and ways to containerize their AI and ML models and users' data might be the first step but could also limit the models' capabilities.
- AI and ML M&A deal activity remained high, with 115 deals in the first quarter, down slightly from 133 in the same period in 2022. Conversely, while the deal count was down, the total deal value was up to \$14.7B and a median TTM revenue deal multiple of 8.6x, higher than \$6.1B and 3.7x TTM revenue of Q1 2022.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-03-13	Silver Lake Management LLC/Canada Pension Plan Investment Board	Qualtrics International	12,249.2
2023-03-13	Entain	Tiidal Gaming NZ	8.2
2023-02-16	WiseTech Global	Blume Global	414.0
2023-02-07	Royal Bank of Canada	OJO Canada	
2023-02-03	TeamSystem	Growens (MailUp, Contactlab, and Acumbamail)	76.5
2023-01-26	OpenWeb Technologies	Jeeng	100.0
2023-01-25	Corlytics	ING (SparQ)	5.4
2023-01-24	WiseTech Global	Envase	230.0
2023-01-20	Thoma Bravo	Magnet Forensics	1,229.2
2023-01-11	Cambridge Cognition Holding	Winterlight Labs	8.5
2023-01-10	BioNTech	InstaDeep	441.6

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

Associate

haskins@decisionpointint.com

704.412.9860