

# DECISIONPOINT

## QUARTERLY VIEWPOINT:

For the Quarter Ended March 31, 2021 and the Latest Twelve Months

Q1 | 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 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce.com	\$211.87	\$197,039.1	\$189,447.3	8.9x	35.0x
Shopify	\$1,099.14	\$135,703.1	\$129,412.0	44.2x	NM
ServiceNow	\$500.11	\$101,261.3	\$97,114.7	21.5x	NM
Square	\$227.05	\$109,476.0	\$100,822.7	10.6x	NM
Workday	\$248.43	\$58,882.6	\$59,046.1	13.7x	NM
RealPage	\$87.20	\$8,839.0	\$9,629.0	8.3x	37.6x
LivePerson	\$52.74	\$3,475.0	\$3,472.1	9.5x	NM
Cornerstone OnDemand	\$43.58	\$2,771.0	\$3,946.9	5.3x	42.3x
Ebix	\$32.03	\$983.5	\$1,657.4	3.0x	10.8x
<b>Median:</b>	<b>\$211.87</b>	<b>\$58,882.6</b>	<b>\$59,046.1</b>	<b>9.5x</b>	<b>36.3x</b>

### SECTOR HIGHLIGHTS

- The median SaaS index was trading at 9.5x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- One of the largest SaaS deals in Q1 was Broadridge Financial Solutions' acquisition of Itiviti for \$2.5B on March 29, 2021. This deal helps cement Broadridge's position as a global Fintech leader. The addition significantly improves Broadridge's Capital Markets franchise and expands its footprint in APAC and EMEA regions.
- One of the growing trends throughout 2020 and into 2021 is transitioning to a platform as a service. These platforms will continuously bring new solution offerings to their company, allowing the client to create or purchase add-ons to the product they initially bought. This path has and will continue to offer a more personalized approach to clients' needs and increase retention and growth rates while giving the client more value for their money.
- In the first quarter of 2021, we continued to see an increase in Vertical SaaS adoption. These applications are completely customizable and have seen tremendous growth in the healthcare industry. The SaaS providers are positioning themselves to improve insight into customer intelligence and business value, leading to a higher standard of quality in vertical SaaS applications over their horizontal counterparts.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

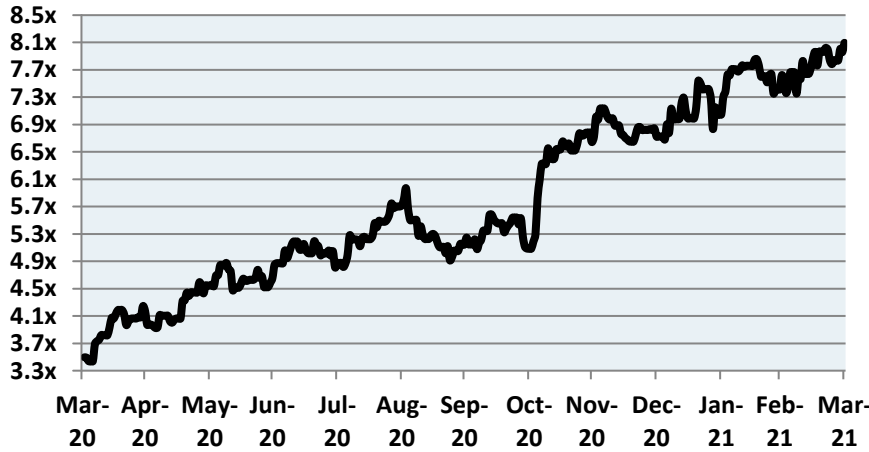
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-29	Broadridge Financial Solutions	Itiviti Group	2,528.2
2021-03-29	Vista Equity Partners Management	Triple Lift	1,700.0
2021-03-11	Lightspeed POS	Vend	276.9
2021-03-09	TOTVS Large Enterprise Technologies	RD Gesto E Sistemas	326.9
2021-03-04	Medallia	Decibel Insight	160.0
2021-03-01	NavSight Holdings	Spire Global	1,637.0
2021-03-01	Tailwind Acquisition	QOMPLX	1,448.0
2021-02-08	Gores Holding VI	Matterport	2,915.0
2021-01-28	Workday	Peakon	700.0
2021-01-19	Citrix Systems	Wrike	2,250.0
2021-01-14	Crescent Acquisition	LiveVox	896.0
2021-01-06	OptumHealth	Change Healthcare	7,869.5

# 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 03/31/21	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Amazon.com	\$3,094.08	\$1,577,980.8	\$1,558,062.6	4.0x	30.8x
Alphabet	\$2,062.52	\$1,512,260.3	\$1,282,499.7	7.0x	21.4x
Facebook	\$294.53	\$850,602.6	\$787,424.2	9.2x	19.9x
Netflix	\$521.66	\$236,942.1	\$239,144.2	9.6x	15.4x
Booking Holdings	\$2,329.84	\$95,896.2	\$96,751.4	14.2x	NM
Uber	\$54.51	\$95,553.8	\$106,023.0	9.5x	NM
Snap	\$52.29	\$76,118.2	\$78,335.2	31.3x	NM
Twitter	\$63.63	\$50,131.6	\$47,798.3	12.9x	NM
eBay	\$61.24	\$43,970.3	\$45,987.5	4.5x	10.6x
Expedia Group	\$172.12	\$24,340.2	\$32,620.0	6.3x	NM
Cimpress	\$100.13	\$2,639.1	\$4,088.8	1.7x	20.6x
Groupon	\$50.55	\$1,445.8	\$1,173.5	0.8x	NM
<b>Median:</b>	<b>\$136.13</b>	<b>\$85,836.0</b>	<b>\$87,543.3</b>	<b>8.1x</b>	<b>20.2x</b>

### SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 8.1x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- Deal activity in the Internet Software and Services industry decreased to 81 deals in Q1 of 2021 from 124 deals in the same period of 2020. The decrease in the deal count was met with a significant rise in total deal value from \$27b to \$56.9b in 2021. This increase in deal value led to a median public revenue multiple of 9.4x and was primarily due to an emphasis on e-commerce as stores shuttered in early 2020 from the pandemic.
- Real Estate internet software has continued to dominate the M&A space in 2021. With Redfin’s acquisition of RentPath, an operator of apartment listing websites, acquirers have now spent \$7.1B in 2021. The real estate market is seeing increased demand as remote work is continuing and interest rates are low.
- Low-code and no-code use will continue to grow as companies look for ways to streamline workflows and reduce workloads for the developers. These no-code and low-code applications will lower the barrier to entry with visual programming interfaces. With companies like Bubble and Airtable growing in popularity, 2021 could see a leader in the industry emerge.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

#### Announced

Date	Acquirer Name	Target Name	Enterprise Value
2021-03-29	AJAX	Cazoo Holdings	8,074.0
2021-03-05	Alma Media	Nettix	205.3
2021-03-04	Reinvent Technology	Hippo Enterprises	6,216.0
2021-02-04	VG Acquisition	23andMe	4,448.0
2021-02-03	FTAC Olympus Acquisition	Payoneer	3,796.0
2021-01-29	TPG Pace Tech Opportunities	Nerdy	1,702.0
2021-01-22	CloudMD Software & Services	Canadian Medical Directory	1.3
2021-01-21	IG Group Holdings	tastytrade	1,000.0
2021-01-19	Proto Labs	3D Hubs	280.0
2021-01-14	Accolade	Innovation Specialists	360.0
2021-01-07	Social Capital Hedosophia	Social Finance	8,651.0

# 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 03/31/21	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$235.77	\$1,802,697.4	\$1,715,658.2	11.2x	23.2x
Oracle	\$70.17	\$215,983.3	\$236,509.7	6.0x	13.4x
SAP	\$122.41	\$144,689.4	\$152,447.0	4.9x	16.2x
IBM	\$133.26	\$119,476.1	\$171,866.3	2.3x	13.7x
Autodesk	\$277.15	\$61,555.0	\$61,107.4	16.1x	NM
Dassault Systemes	\$213.83	\$56,487.1	\$59,119.2	11.6x	31.4x
Ansys	\$339.56	\$29,639.5	\$29,593.6	17.6x	48.8x
Constellation Software	\$1,390.36	\$29,463.9	\$29,421.9	7.4x	25.7x
Tyler Technologies	\$424.53	\$17,629.0	\$16,572.4	14.8x	NM
PTC	\$137.65	\$16,070.0	\$16,874.6	11.0x	42.4x
Amdocs	\$70.15	\$9,272.4	\$8,728.9	2.1x	8.6x
Manhattan Associates	\$117.38	\$7,551.4	\$7,290.5	12.4x	NM
Verint Systems	\$45.49	\$2,964.7	\$3,386.8	2.7x	22.0x
Blackbaud	\$71.08	\$3,461.3	\$3,951.6	4.3x	30.4x
Stratasys	\$25.90	\$1,422.4	\$1,369.0	2.6x	NM
<b>Median:</b>	<b>\$133.26</b>	<b>\$29,463.90</b>	<b>\$29,421.90</b>	<b>7.4x</b>	<b>23.2x</b>

### SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 7.4x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- The Enterprise Software industry in Q1 saw a decrease in deal count, dropping from 345 in Q1 of 2020 to 289 in Q1 of 2021. However, Enterprise Software saw a massive rise in deal value, growing over 200% to \$98.22b, compared to the year prior.
- One of the most prominent growing trends for every company is how to protect their data. The Justice Department reports that there are, on average, 4,000 ransomware attacks daily. With the Solarwinds and Microsoft hack affecting millions worldwide, enterprises are looking towards new applications to improve security and productivity. Companies are working to firm up their security by incorporating them earlier in their development pipelines. Utilizing new tools and services to shift security efforts upfront and save time patching programs later in business operations.
- Native apps will continue to be on the enterprise software developer's radar because of how businesses target smartphone users. While native apps have been heavily relied on, one new method will be developing Progressive Web Apps. Faster loading times, mitigation of bounce rates, and the ability to work on a device as a standalone window will help PWAs to lead the app world.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-29	CM Life Sciences	SomaLogic	1,920.0
2021-03-29	Broadridge Financial Solutions	Itiviti Group	2,528.2
2021-03-29	Vista Equity Partners Management	Triple Lift	1,700.0
2021-03-18	Sylogist	Municipal Accounting Systems	30.3
2021-03-09	TOTVS Large Enterprise Tecnologia	RD Gesto E Sistemas	326.9
2021-03-08	Snap-on	Dealer-FX Group	200.0
2021-02-24	Centro	QuanticMind	30.0
2021-02-16	Antares Vision	rfoxcel	120.0
2021-01-28	Workday	Peakon	700.0
2021-01-14	Crescent	LiveVox	896.0
2021-01-06	OptumHealth	Change Healthcare	7,869.5

# 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 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Verisk Analytics	\$176.69	\$29,210.5	\$32,069.0	11.5x	23.0x
Elastic	\$111.20	\$9,478.3	\$9,620.7	17.4x	NM
Pegasystems	\$114.34	\$9,185.6	\$9,362.3	9.2x	NM
MicroStrategy	\$678.80	\$6,573.5	\$7,018.7	14.6x	NM
Alteryx	\$82.96	\$5,480.2	\$5,591.8	11.3x	NM
Cloudera	\$12.17	\$3,681.7	\$3,629.5	4.2x	NM
PROS Holdings	\$42.50	\$1,840.3	\$1,818.9	7.2x	NM
Domo	\$56.29	\$1,618.9	\$1,700.0	8.1x	NM
<b>Median:</b>	<b>\$97.08</b>	<b>\$6,026.8</b>	<b>\$6,305.3</b>	<b>10.2x</b>	<b>NM</b>

### SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 10.2x revenue (based on Enterprise Value) at the closing of Q1.
- The total deal value in the Business Intelligence Software increased from \$44.92m in Q1 2020 to \$4.85b in Q1 2021.
- According to PR Newswire, there will be rising demands of dashboards for data visualization, which will drive business intelligence and analytics software market growth. The dashboards help remove redundant data to uncover patterns, observations, trends, and methods that help leverage its growth in the market. These dashboard growths will continue to be adopted with e-commerce growth and more SMBs taking a data-driven approach.
- As cyber-attacks become more common in day-to-day business, some companies like Intel 471 are trying to combine the advantage of human expertise and technology that can counter the adversary directly. The company's approach to defining a framework for intelligence objectives, optimizing the gathering of human insight as observations are made, and a sophisticated malware emulating architecture for collecting fine-grained technical evidence, are among the features differentiating Intel 471 in a crowded threat intelligence landscape.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

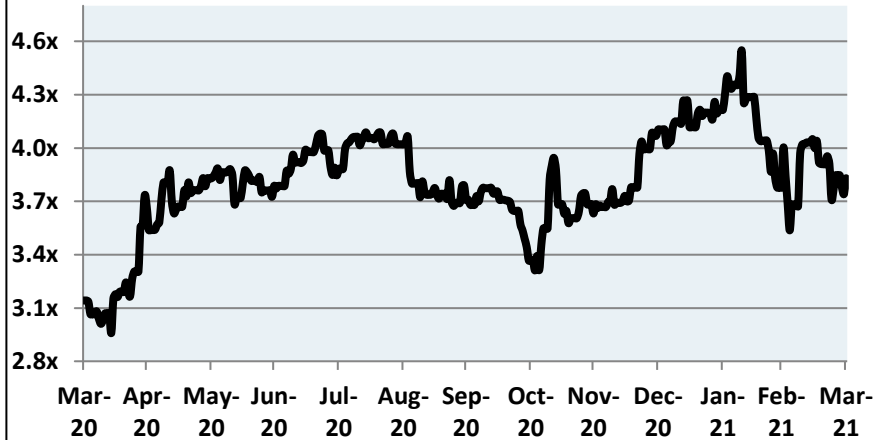
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-31	ThoughtSpot	SeekWell	
2021-03-24	The TIFIN Group	Totum Risk (assets)	
2021-03-23	OneTrust	Convercent	
2021-03-11	Virgin Pulse	Advanced Plan for Health	
2021-03-09	Ideagen	Qualtrax	14.9
2021-03-04	Medallia	Decibel Insight	160.0
2021-03-01	NavSight Holdings	Spire Global	1,637.0
2021-03-01	Tailwind Acquisition	QOMPLX	1,448.0
2021-02-26	Cision	Runtime Collective	450.0
2021-01-12	Elisa	camLine	73.3
2021-01-11	IHS Markit	Capitech Regulation	
2021-01-07	W2O Group	IPM.ai	

# 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 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Check Point Software	\$111.97	\$16,274.8	\$14,010.5	6.8x	15.0x
Citrix Systems	\$140.36	\$17,706.7	\$18,310.6	5.7x	23.9x
F5 Networks	\$208.62	\$12,881.2	\$12,247.0	5.1x	25.0x
Trend Micro	\$50.22	\$7,005.3	\$4,940.7	3.0x	8.5x
CommVault Systems	\$64.50	\$3,001.5	\$2,668.8	3.8x	NM
Progress Software	\$44.06	\$1,996.8	\$2,222.8	4.9x	16.7x
Radware	\$26.08	\$1,250.7	\$923.4	3.7x	55.2x
Magic Software	\$15.54	\$762.2	\$755.4	2.0x	14.5x
Allot Communications	\$15.97	\$559.1	\$475.5	3.5x	NM
<b>Median:</b>	<b>\$50.22</b>	<b>\$3,001.5</b>	<b>\$2,668.8</b>	<b>3.8x</b>	<b>16.7x</b>

### SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.8x Revenue (based on enterprise value) at the end of Q1.
- Public deal value in the Infrastructure Software industry increased heavily in the first quarter. While one more deal was completed in Q1 than the same year prior, the total public deal value grew to \$6.7b from \$766.3m in 2020.
- One continuously growing trend in Infrastructure Software is the adoption of performance monitoring applications. The role of these applications is becoming increasingly crucial for enterprises to maintain reliability and customer satisfaction. As the infrastructure software develops and continues to be an integral part of all businesses, vendors are trying to create solutions that help monitor and manage the increasingly complex operations.
- According to Gartner, by 2023 more than 50% of enterprise-generated data will be created and processed outside the data center or cloud, up from 10% in 2019. Today's modern applications are increasingly architected from the ground up for automated elastic deployment at the edge to centralize data originating from multiple sources. In 2021, we will see continued momentum in edge-first deployments and a wave of technology innovations across the infrastructure stack to address the increased complexity of reliably scaling distributed infrastructure at the edge.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-23	Astadia	Anubex	
2021-02-22	Northern Star	Apex Clearing Holdings	5,650.0
2021-02-18	SailPoint Technologies	Intello	43.0
2021-02-03	Rocket Software	Uniface	225.0
2021-02-01	ABRY	Park Place International	
2021-01-27	DataStax	Kafkaesque Technologies	
2021-01-26	Ivanti	Cherwell Software	450.0
2021-01-20	Montagu Private Equity	ITRS Group	
2021-01-07	Epic Games	RAD Game Tools	
2021-01-05	LLR Partners	Dizzion	



# 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 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$276.25	\$178,621.4	\$170,436.2	3.7x	21.9x
Capgemini	\$170.10	\$29,351.7	\$35,893.6	2.0x	14.8x
CDW	\$165.75	\$24,000.6	\$26,579.9	1.4x	16.8x
NTT Data	\$15.53	\$21,779.9	\$26,678.6	1.2x	8.1x
Booz Allen	\$80.53	\$11,228.0	\$12,445.6	1.6x	15.8x
DXC Technology	\$31.26	\$7,964.7	\$12,181.6	0.7x	NM
CACI International	\$246.66	\$6,284.4	\$7,915.7	1.3x	12.3x
ManTech International	\$86.95	\$3,531.7	\$3,605.8	1.4x	15.8x
Perficient	\$58.72	\$1,909.3	\$2,079.4	3.4x	26.4x
ICF International	\$87.40	\$1,672.4	\$2,088.0	1.4x	17.1x
The Hackett Group	\$16.39	\$531.1	\$452.2	1.9x	34.4x
<b>Median:</b>	<b>\$86.95</b>	<b>\$7,964.7</b>	<b>\$12,181.6</b>	<b>1.4x</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 Q1.
- Q1 saw a 33% drop in deal count compared to the year prior, with 80 deals in the IT Services industry. The decrease in the deal count was met with large deals such as Wipro's acquisition of the Capital Markets Company for \$1.45b. The more significant acquisitions helped the total deal value slightly grow from \$10.5b in 2020 to \$11.7b in 2021.
- A growing trend in the IT Services sector is the transition towards innovative pricing and bidding solutions. Companies are increasingly moving away from disparate bidding processes where many resources might not be fully aware of projects leading to breakdowns during the execution and billing process. Top firms leverage solutions that give them complete visibility into resource's cost, including direct and indirect administrative costs, utilization, and margins, to develop accurate revenue plans and resource prices.
- IT Services firms have to keep up in the super-competitive market and create more open and transparent communication with clients. Historically teams billed on traditional time and materials or fixed-bid kind of engagement, now IT services firms are looking to deliver more value through improved delivery and better efficiencies.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-29	Plurilock Security	Aurora Systems Consulting	1.2
2021-03-22	Greenidge Generation Holdings	Support.com	50.5
2021-03-04	Wipro	The Capital Markets Company	1,450.0
2021-02-22	Securitas	Dansk Brandteknik	17.9
2021-02-16	New Mountain Capital	Aegion	795.8
2021-02-15	Accenture	Edenhouse Solutions	
2021-02-09	BGSF	Momentum Solutionz LLC (assets)	3.8
2021-02-02	Accenture	Future State	45.0
2021-01-29	Happiest Minds Technologies	PGS	8.3
2021-01-27	Peraton	Perspecta	4,724.3
2021-01-06	CGI	Harris, Mackessy & Brennan (Professional Services Division)	

# 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 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$679.59	\$60,082.6	\$72,993.2	12.2x	31.2x
Digital Realty	\$140.84	\$36,973.7	\$56,213.0	14.4x	26.9x
SAIC	\$83.59	\$4,906.7	\$7,412.8	1.1x	13.0x
Cancom	\$57.61	\$2,185.1	\$1,922.3	1.1x	14.8x
ePlus	\$99.64	\$1,336.1	\$1,514.7	1.0x	12.5x
NCC Group	\$3.55	\$992.6	\$1,040.9	3.1x	17.8x
Sify Technologies	\$3.53	\$635.2	\$732.0	2.4x	15.5x
iomart	\$4.30	\$482.7	\$545.5	3.8x	10.2x
Redcentric	\$1.79	\$268.7	\$300.9	2.6x	10.5x
<b>Median:</b>	<b>\$30.95</b>	<b>\$1,164.3</b>	<b>\$1,277.8</b>	<b>2.6x</b>	<b>14.8x</b>

### SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 14.2x EBITDA (based on Enterprise Value) at the closing of Q4.
- The total deal count in the Hosted & Managed Services sector increased on a year-over-year basis from 38 in Q1 of 2020 to 49 total deals in Q1 of 2021.
- Advances in automation enable service providers to streamline managed services operations and allocate resources to solve more complex customer problems. MSPs will extend their services to incorporate professional services, including cloud migration, workload placement, application modernization, DevOps, and security and compliance. Customer expectations are rising along with the complexity of their hybrid cloud environments, driving MSPs to take a more consultative approach with clients to help them understand how technology can solve business problems.
- The quick shift to cloud, coupled with hiring freezes and the talent shortage, will lead many SMBs to allow hosted and managed service providers to handle their cloud capabilities. With the lower prices, better security, and more expertise, many companies are hiring managed services providers to maintain continuity in a time of unpredictability.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-30	Logically	Cerdant	
2021-03-29	Dynamic Quest	BoxMeta	
2021-03-17	5G Networks	Intergrid Group	2.3
2021-03-12	Cerberus Telecom	KORE Wireless Group	903.0
2021-02-26	Node4	Starcom Technologies	20.8
2021-02-22	Starboard Value	Cytxera Technologies	1,833.0
2021-02-11	Apax Partners	The Herjavec Group	275.0
2021-01-19	Logically	NG2 IT Services	
2021-01-19	Digital Fortress	Atmosera	
2021-01-11	Accenture	Real Protect Informatica	
2021-01-06	Harrison Street	Pittock Block	326.0

# 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 3/31/2021	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$43.27	\$103,342.2	\$96,302.1	7.1x	27.8x
Automatic Data	\$188.47	\$81,098.6	\$81,403.2	5.6x	21.4x
Infosys	\$18.63	\$79,605.2	\$76,257.9	5.8x	19.9x
Cognizant Technology	\$78.12	\$42,262.9	\$40,485.6	2.4x	15.8x
Wipro	\$5.64	\$32,639.8	\$25,913.5	3.1x	NM
CGI Group	\$82.93	\$21,804.3	\$23,065.9	2.6x	14.2x
CSG International	\$44.89	\$1,449.0	\$1,694.8	1.7x	10.0x
Unisys	\$25.42	\$1,599.7	\$1,578.2	0.8x	NM
<b>Median:</b>	<b>\$ 44.08</b>	<b>\$ 37,451.37</b>	<b>\$33,199.56</b>	<b>2.8x</b>	<b>17.9x</b>

### SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 17.9x EBITDA (based on Enterprise Value) at the closing of Q1.
- In Q1 2021, the IT outsourcing sector decreased the number of deals with 33 deals from 49 in Q1 2020. This decrease in deal count met higher multiples on deals, growing from 0.8x revenue in 2020 to 5.5x revenue in Q1 of 2021.
- With around 80% of organizations globally leveraging cloud-based services in 2020, 2021 should see companies employ vendors who offer cloud-based solutions or will help transfer their existing infrastructure to the cloud. Enterprises are adopting cloud with specific outcomes in mind but often lack the resources and skills to address them. Moving quickly to the cloud and other software solutions will require third-party expertise as the deficit in engineering and DevOps skills needed to build environments becomes the biggest bottleneck.
- Outsourcing partners are becoming more critical and taking a more significant strategic role in planning, testing, and risk prevention. Long-term cooperation is a growing need in the IT outsourcing industry. With the demand for uninterrupted services, CEOs and decision-makers are looking to partner with reliable and proficient outsourcers for the long term. Adaptability will continue to push outsourcing growth with companies needing to scale up and down, speed up development, and instantly introduce alterations to pre-arranged plans.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-16	Lexitas	Confidential Communications International	
2021-03-08	Platinum Equity	NDC	
2021-02-16	Teneo Holdings	Deloitte (U.K. Restructuring Services business)	
2021-02-10	CM Life Sciences	Mount Sinai Genomics	2,571.0
2021-02-10	WPP	DTI Digital	
2021-02-01	Accenture	Imaginea Technologies	
2021-01-25	SitusAMC Holdings	Assimilate Solutions	
2021-01-22	Kontron Technologies	HC Solutions	0.8
2021-01-15	Accenture	Wolox	
2021-01-06	S.I. Systems	Annex Consulting Group	
2021-01-04	H.I.G. Capital	SMTC Corporation	172.3

# 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 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International	\$78.07	\$8,846.7	\$8,559.9	1.7x	17.7x
ManpowerGroup	\$98.90	\$5,765.9	\$5,308.7	0.3x	20.9x
ASGN	\$95.44	\$5,087.0	\$5,909.6	1.5x	14.8x
Kforce	\$53.60	\$1,146.8	\$1,200.6	0.9x	14.9x
Mastech Digital	\$17.61	\$210.4	\$214.1	1.1x	12.5x
Computer Task Group	\$9.55	\$137.8	\$134.2	0.4x	9.4x
RCM Technologies	\$3.55	\$44.7	\$60.3	0.4x	NM
<b>Median:</b>	<b>\$53.60</b>	<b>\$1,146.8</b>	<b>\$1,200.6</b>	<b>0.9x</b>	<b>14.8x</b>

### SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 14.8x EBITDA (based on Enterprise Value) at the closing of Q1.
- Ettain continued to grow through inorganic means with their acquisition of INT Technologies. INT was the nation's largest certified Veteran-Owned staffing and consulting company and will bring its “long-term relationships and a reputation for providing outstanding customer support” to the Ettain team.
- A trend to follow in the staffing industry will be the transition from project-based staffing to a recurring engagement with AI to supplement candidates. As more businesses need to hire technical positions, like software developers and data scientists, staffing firms turn more toward conversational systems to takeover on FAQs and total communications to reach more qualified applicants. The companies using IT staffing firms will also need to focus on Mobile-First Staffing with useful applications to allow employees to be efficient from wherever they are working.
- The tech talent shortage was widening before the pandemic hit, but during last year the need for talent in computer-related fields has risen by 11%, with posting for computer and information research scientists increasing by as much as 21%. Companies will no longer be able to choose an applicant's location selectively and will need to look throughout the world to find qualified individuals.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2021-03-10	Diversant	Atrilogy Solutions Group	
2021-02-04	ettain group	INT Technologies	

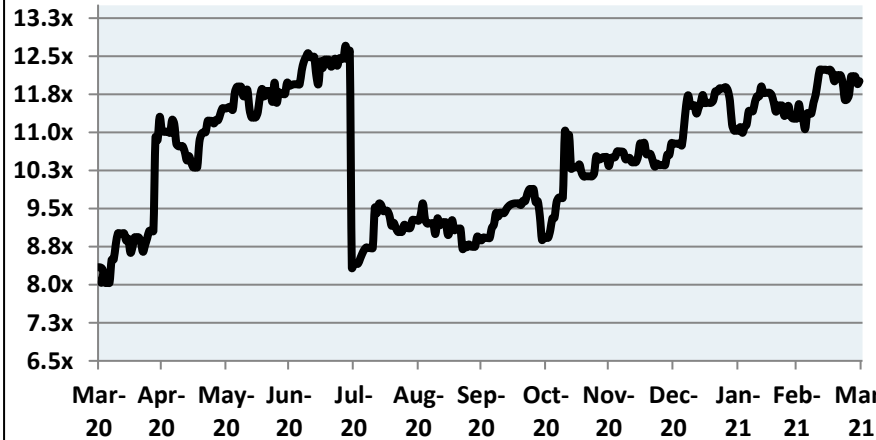
# Services: Value Added Resellers

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

### MARKET PERFORMANCE

#### DP VAR Index EV/EBITDA Multiple

Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Arrow Electronics	\$110.82	\$8,714.3	\$10,210.1	0.4x	9.4x
SYNNEX	\$114.84	\$5,884.1	\$6,068.8	0.2x	5.2x
Avnet	\$41.51	\$4,111.2	\$5,277.5	0.3x	33.2x
ALSO	\$287.69	\$3,688.5	\$3,633.5	0.3x	14.0x
Insight Enterprises	\$95.42	\$3,382.1	\$3,659.9	0.4x	10.9x
PC Connection	\$46.39	\$1,221.7	\$1,132.2	0.4x	13.1x
<b>Median:</b>	<b>\$103.12</b>	<b>\$3,899.8</b>	<b>\$4,468.7</b>	<b>0.3x</b>	<b>12.0x</b>

### SECTOR HIGHLIGHTS

- The median Value Added Reseller index was trading at 12x EBITDA (based on Enterprise Value) at the closing of Q1.
- In Q1, there was a decrease in deal count. The VAR industry saw five deals, all private, in Q1 of 2020 compared to the three deals but \$33.8m in the first quarter of 2021.
- Value-added distributors will need to grow abilities to support vendors. Companies like Exclusive Networks are looking to move forward with a new focus on value-creation distribution. The UK business will be investing in areas to make sure it can create more opportunities for partners. The traditional vendor-led channel with margin passing down has led to larger clients and fewer realized projects on the lower end. Many companies will have the opportunity to grow down market and achieve relationships with the smaller but lucrative companies.
- For many years, partners served as extended sales forces for vendors and held to sets of incentive goals and other requirements to move up the ranks of a tiered partner program. Now, with customers relying more heavily on channel partners due to the complexity of offerings, partners are working toward their branding, marketing, and value.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer	Target	Enterprise Value (\$m)
2021-03-31	Spirit Technology Solutions	Nexgen Australia Group	30.5
2021-03-23	Boxlight	Interactive Concepts	3.3
2021-01-28	Liquid Intelligent Technologies	Quattro Business Solutions (Middle East & African operations)	

# Industry Highlight: Software Development

## Public Comparables

### DP Outsourced Software Developer Index EV/EBITDA Multiple Latest Twelve Months

Company	Stock Price 03/31/21	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Perficient	\$58.72	\$1,909.3	\$2,079.4	3.4x	26.4x
Globant	\$207.61	\$8,245.6	\$8,097.6	9.9x	NM
EPAM Systems	\$396.69	\$23,184.9	\$21,170.1	8.0x	42.0x
Persistent Systems	\$26.17	\$2,000.0	\$1,820.6	3.4x	21.1x
Infosys	\$18.63	\$79,605.2	\$76,243.3	5.8x	19.9x
Atos	\$77.98	\$8,466.4	\$10,846.3	0.9x	6.5x
<b>Median:</b>	<b>\$68.35</b>	<b>\$8,356.0</b>	<b>\$9,472.0</b>	<b>4.6x</b>	<b>21.1x</b>

## Transactions

Announced Date	Acquirer	Target	Enterprise Value (\$m)
2021-03-31	Hitachi	GlobalLogic	8,500.0
2021-03-29	Accenture	Cygni Norrskan	
2021-03-25	Sino-Global Shipping	Super Node	5.0
2021-03-25	BP3 Global	transformAI	
2021-03-18	Dept Holding	Devetry	
2021-02-18	Qualitest	QA InfoTech	
2021-02-18	Deloitte	The Working Group	
2021-02-10	WPP	DTI Digital	
2021-02-01	Sumo Group	PixelAnt Games	0.3
2021-01-28	Specialist Resources Global	Macadamian	
2021-01-22	Kontron Technologies	HC Solutions	0.8
2021-01-19	Cognizant	Magenic Technologies	240.0
2021-01-15	Accenture	Wolox	
2021-01-13	ThoughtWorks	Gemini Solutions	

## DECISIONPOINT DEAL



- DecisionPoint, a leader in M&A advisory services for middle-market technology companies, announced on April 20<sup>th</sup> that its client, Software Development Europe, a North Carolina-based software development firm, has been acquired by 3Pillar, a global leader in software development. The addition of Software Development Europe is the latest in a line of strategic acquisitions and hires by 3Pillar as part of their accelerated growth strategy.

## NAMES TO WATCH IN THE INDUSTRY

- 3Pillar Global:** This US based software development company has been active in the M&A market with 3 acquisitions over the last 18 months. This team with both onshore and offshore assets will continue to grow quickly as more developers are needed through out the world.
- Accenture:** This large Ireland-based IT services, development and consulting firms has always been active in the M&A market with 287 deals and investments since their founding in 1989. Accenture will always be a name to contact, although the multiples offered are normally lower. The median revenue multiple for Accenture's M&A deals has been 2.1x revenue.

## LARGEST DEALS

- The largest deal in the Software Development Industry in Q1 was the Hitachi acquisition of GlobalLogic for \$8.5B announced on March 31, 2021. The acquisition will create synergies across Hitachi's five sectors – IT, Energy, Industry, Mobility and Smart Life by accelerating the advanced digital transformation of social infrastructure at a global scale. Hitachi acquired the firm for 11x trailing revenue and 7.1x projected revenue. Hitachi sees this investment as worthwhile as many analysts believe that digital transformation investment is growing, and the total addressable market will reach \$1.1 trillion by 2025.

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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