

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended June 30, 2024 and the Latest Twelve Months

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Market Leader for Mid-Market Technology M&A:

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

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



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Software: Software as a Service (SaaS)

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$257.10	\$252,793.6	\$243,975.9	6.8x	23.9x
ServiceNow	\$786.67	\$162,405.1	\$158,730.9	16.7x	NM
Shopify	\$66.05	\$85,497.4	\$81,067.8	10.9x	NM
Workday	\$223.56	\$59,806.0	\$55,493.5	7.3x	NM
Block	\$64.49	\$39,820.6	\$34,786.6	1.5x	41.0x
Veeva Systems	\$183.01	\$30,005.3	\$24,874.6	10.0x	33.8x
Zoom Video	\$59.19	\$18,427.7	\$10,999.6	2.4x	9.3x
Upland Software	\$2.49	\$77.8	\$435.3	1.5x	NM
LivePerson	\$0.58	\$47.4	\$440.7	1.2x	NM
Median:	\$66.05	\$39,820.6	\$34,786.6	6.8x	28.8x

Note to Reader: Most private companies will receive a 15-30% size and liquidity discount compared to public multiples

SECTOR HIGHLIGHTS

- The median Software As A Service index was trading at 6.8x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- Over the past two to three years, the Software as a Service (SaaS) sector has experienced sustained growth, largely driven by the ongoing digital transformation across various industries. Companies like Salesforce, Microsoft, and Adobe have increasingly adopted cloud-based solutions due to their scalability, flexibility, and cost-effectiveness, leading to significant market expansion. The COVID-19 pandemic further accelerated this trend, as the shift to remote work and hybrid models heightened the demand for collaboration and productivity SaaS tools, including video conferencing platforms like Zoom, project management software like Asana and Trello, and virtual collaboration tools like Slack and Microsoft Teams.
- Recent key acquisitions underscore the strategic importance and high valuations within the SaaS sector. For example, Salesforce's acquisition of Slack in 2021 for around \$27.7 billion highlighted the critical role of collaboration tools in the SaaS ecosystem. In a similar vein, Adobe's 2022 announcement to acquire Figma for \$20 billion showcased the substantial value placed on design and collaboration software. Thoma Bravo, a prominent private equity firm, has also been very active, purchasing companies like Proofpoint for \$12.3 billion in 2021 and Anaplan for \$10.7 billion in 2022.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/Rev	Enterprise Value (\$m)
2024-06-26	Chime	Salt Labs (Human Capital Services)		
2024-06-25	Akami Technologies	Noname Security	12.8	
2024-06-24	Vista Equity Partners	Model N	4.9	1,126.0
2024-06-07	Arrowroot Capital	Camms	3.8	
2024-06-04	Databricks	Tabular	2.2	
2024-05-22	EQT	Avetta		
2024-05-22	Capza	ATCORE Technologies		
2024-05-16	Asiainfo Security	SafeDog	8.3	
2024-05-06	DocuSign	Lexion		
2024-05-02	Blackstone	RIMES Technologies		
2024-04-12	Cisco Systems	Isovalent		
2024-04-08	Amadeus IT Group	Vision-Box	4.6	

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 06/30/24	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$182.15	\$2,303,195.7	\$2,178,112.3	6.8x	20.9x
Amazon.com	\$193.25	\$2,043,183.9	\$2,060,692.7	3.5x	21.6x
Meta Platforms	\$504.22	\$1,329,250.0	\$1,258,484.3	8.8x	19.4x
Netflix	\$674.88	\$301,541.3	\$297,776.8	8.5x	13.2x
Uber	\$72.68	\$153,313.7	\$158,705.3	4.1x	NM
Booking Holdings	\$3,961.50	\$141,468.1	\$135,868.9	6.2x	20.3x
Expedia Group	\$125.99	\$18,392.5	\$18,781.0	1.4x	10.6x
Snap	\$16.61	\$27,057.8	\$28,238.5	5.9x	NM
Yelp	\$36.95	\$2,741.8	\$2,141.7	1.6x	12.1x
Cimpress	\$87.61	\$2,360.2	\$3,794.3	1.2x	9.3x
Groupon	\$15.30	\$504.9	\$679.6	1.3x	22.3x
Median:	\$125.99	\$141,468.1	\$135,868.9	4.1x	19.4x

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SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 4.1x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- Similar to Q1, User-generated content (UGC) has maintained steady growth and received positive reviews. With UGC becoming more prevalent on social media platforms like YouTube, TikTok, and Instagram, marketing has become valuable and more accessible than ever before. According to 84% of consumers, UGC in marketing campaigns increases overall trust in brand. Additionally, Internet software and services companies are increasingly developing and offering IoT platforms that enhance connectivity, manage data, and monitor devices. The widespread adoption of IoT devices has significantly increased the number of connected devices in manufacturing and smart homes. This trend has prompted internet software developers to innovate applications for remote monitoring, inventory management, and home automation.
- The demand for SaaS platforms continued to grow, with significant product launches. Adobe unveiled "Adobe Experience Cloud 2024," featuring advanced AI-driven marketing automation and real-time customer data integration. The adoption of SaaS solutions is driven by their scalability, cost-effectiveness, and support for remote and hybrid work environments. Continuous innovation in SaaS drives competition among providers, fostering the development of advanced solutions that enhance business capabilities and industry growth.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2024-06-05	Oblong	Dwellwell Analytics	30.0
2024-05-06	DASAN Zhone Solutions	Netcomm Wireless	10.0
2024-05-03	Uniti Group	Windstream	
2024-05-01	Trifork Holding	Spantree Technology Group	95.0
2024-04-30	SES	Intelsat	3,100.0
2024-04-10	Last One Mile	Citv	

Source: 451 Research, Pitchbook; "47 Most Important User-Generated Content Statistics for 2024 (and Why They Matter)." CrowdRiff, 18 June 2024

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 06/30/24	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$446.95	\$3,337,263.9	\$3,321,767.1	14.0x	26.7x
Oracle	\$141.20	\$398,607.6	\$465,870.4	8.8x	22.2x
SAP	\$202.94	\$239,723.4	\$232,827.3	6.7x	39.3x
IBM	\$172.95	\$160,147.2	\$202,700.3	3.3x	14.4x
Constellation Software	\$2,877.31	\$60,974.5	\$63,610.5	7.2x	37.6x
Autodesk	\$247.45	\$53,511.1	\$53,952.6	9.6x	40.3x
Dassault Systemes	\$37.80	\$50,569.3	\$48,315.1	7.4x	24.8x
Ansys	\$321.50	\$28,122.6	\$27,845.6	12.5x	41.5x
PTC	\$181.67	\$21,821.8	\$23,694.5	10.6x	35.3x
Tyler Technologies	\$502.78	\$21,578.1	\$21,785.8	10.9x	NM
Manhattan Associates	\$246.68	\$15,427.2	\$15,032.3	15.6x	NM
Amdocs	\$78.92	\$9,181.8	\$9,450.2	1.9x	11.3x
Blackbaud	\$76.17	\$4,116.4	\$4,991.0	4.4x	27.4x
Verint Systems	\$32.20	\$2,054.2	\$2,630.9	2.9x	18.1x
Stratasys	\$8.39	\$581.2	\$447.2	0.7x	NM
Median:	\$181.67	\$28,122.65	\$27,845.62	7.4x	27.1x

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SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 7.4x revenue (based on Enterprise Value to Revenue) at the closing of Q2.
- The sector is marked by several key trends and innovations. The growth of cloud-based enterprise solutions has made software more accessible and scalable, enabling organizations to adopt solutions without significant upfront infrastructure investments. Furthermore, the integration of AI and machine learning into enterprise software has led to improved automation, predictive analytics, and enhanced user experiences. Additionally, low-code and no-code platforms are gaining popularity, allowing business users to develop custom applications without extensive programming skills, which fosters greater agility within organizations.
- Recent M&A highlights the relatively high valuations in the sector. For example, Oracle's 2022 acquisition of Cerner for \$28.3 billion underscored the growing intersection of technology and healthcare through digital health solutions. In 2023, ServiceNow acquired Swarm64, a data platform that enhances its capabilities in enterprise automation and analytics. These acquisitions reflect the ongoing consolidation within the enterprise software sector as companies seek to broaden their service offerings and adapt to changing market demands.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise EV/Rev	Value (\$m)
2024-06-30	Thomas Bravo	Everbridge	3.90	1,800.0
2024-06-12	PartnerOne	Cincom Systems		
2024-05-09	Pango Israel	Gett		175.0
2024-05-08	CapVest Partners	Sherpany		
2024-05-06	Centrelane Partners	Inkling		
2024-05-02	Blackstone	Civica		2,500.0
2024-04-23	Charlesbank Capital Partners	Truefill		
2024-04-03	X2Engine	Identifid		
2024-04-01	Workday	Hiredscore		

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 06/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Snowflake	\$135.09	\$44,628.0	\$41,984.0	13.9x	NM
Verisk Analytics	\$269.55	\$39,125.8	\$41,211.8	15.1x	28.4x
MicroStrategy	\$1,377.48	\$23,721.2	\$27,969.4	57.1x	NM
Elastic	\$113.91	\$11,844.4	\$11,095.7	8.8x	NM
Informatica	\$30.88	\$9,124.6	\$10,019.1	6.2x	42.9x
Pegasystems	\$60.53	\$5,165.0	\$5,105.8	3.6x	47.4x
PROS Holdings	\$28.65	\$1,328.7	\$1,514.6	4.9x	NM
Domo	\$7.72	\$282.7	\$367.1	1.1x	NM
Median:	\$87.22	\$10,484.5	\$10,557.4	7.5x	42.9x

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SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 7.5x revenue (based on Enterprise Value) at the closing of Q2.
- The sector has also seen several key trends and innovations. The integration of AI and machine learning into BI tools has led to more advanced analytics, predictive insights, and automated decision-making. Cloud-based BI solutions have gained popularity, providing scalability and flexibility while minimizing the need for on-premises infrastructure. Additionally, self-service BI tools have empowered business users to independently access and analyze data, reducing dependence on IT departments and fostering a more data-driven culture within organizations.
- There has been multiple large scale acquisitions that show the potential of this sector for years to come. For instance, Salesforce's acquisition of Tableau in 2019 for approximately \$15.7 billion highlighted the growing demand for advanced data visualization and analytics tools. Similarly, Google's purchase of Looker in 2019 for \$2.6 billion demonstrated the value placed on integrated BI platforms that enhance data analysis and reporting capabilities. More recently, in 2021, Qlik acquired Big Squid, a predictive analytics company, to enhance its BI platform with advanced machine learning capabilities.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/Rev	Enterprise Value (\$m)
2024-06-28	KBJ	SOA People	0.30	6.4
2024-06-27	LLYC	Zeus Vision		
2024-06-07	Camms	Arrowroot Capital	3.80	150.0
2024-05-28	Accenture	SirfinPA		
2024-05-21	Deal Technologies	Sysvision		
2024-05-08	Kohlberg Kravis Roberts	Intricity		
2024-05-02	KKR Accelerator	Grupo BIT		
2024-04-24	Lightyear Capital	Ampli Fi Loyalty		
2024-04-21	Zoologico Santa Fe	Coyote Analytics		
2024-04-18	BV Investment Partners	Zero Variance		
2024-04-08	Amadeus IT Group	Vision-Box	4.60	347.4
2024-04-03	Horizon Capital	C2 Solutions		

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 06/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
NetApp (Systems and	\$128.80	\$27,434.4	\$25,907.3	4.1x	17.6x
Check Point Software	\$165.00	\$19,284.0	\$17,027.2	7.0x	18.2x
F5 (IT Consulting and	\$172.23	\$10,301.1	\$9,458.0	3.4x	13.2x
Trend Micro	\$40.64	\$5,536.8	\$4,005.6	2.3x	9.2x
CommVault Systems	\$121.57	\$5,482.8	\$5,020.2	6.0x	NM
Progress Software	\$54.26	\$2,429.6	\$2,968.3	4.2x	15.4x
Radware	\$18.24	\$771.5	\$457.9	1.8x	NM
Magic Software	\$9.57	\$469.6	\$491.0	0.9x	6.4x
Allot Communications	\$2.32	\$88.5	\$79.3	0.8x	NM
Median:	\$54.26	\$5,482.8	\$4,005.6	3.4x	14.3x

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SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.4x revenue (based on Enterprise Value) at the closing of Q2.
- The infrastructure software market is projected to grow from \$238.51 billion in 2023 to \$249.79 billion in 2024, with a compound annual growth rate (CAGR) of 4.7%. This growth is driven by factors such as the modernization of legacy systems, the rise in remote work, and increased concerns around cybersecurity. Key trends include the adoption of containerization and microservices architecture, the focus on zero-trust security models, and the expansion of edge computing. Major players like IBM, Microsoft, and Oracle continue to lead the market, with significant investments in hybrid and multi-cloud environments, user-centric infrastructure design, and serverless computing.
- North America holds the largest market share due to the presence of leading companies like Dell Technologies, Hewlett Packard Enterprise, and IBM. The region benefits from substantial investments in data center infrastructure and modernization. The Asia-Pacific region is expected to see the highest growth rate, driven by increased investments in digital infrastructure and cloud-based solutions. Key regional developments include Microsoft's \$1 billion investment in Malaysia for new data centers and the European Commission's \$2.24 billion Digital Europe Programme to bolster digital technology adoption.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise EV/Rev	Enterprise Value (\$m)
2024-06-27	Nokia	Infinera	14.9	22,809.0
2024-06-03	Becton Dickinson and Company	Edwards Lifesciences		4,153.5
2024-05-13	Kyndryl Holdings	Skytap		
2024-05-09	AppDirect	Builtfirst		
2024-05-08	FleetCor Technologies	Paymerang		475.0
2024-05-08	ServiceNow	Intella App		
2024-04-30	SES	Intelsat		3,100.0
2024-04-24	IBM	HashiCorp		5,121.4

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 06/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$303.41	\$193,347.0	\$189,986.0	2.9x	18.3x
Capgemini	\$198.85	\$35,275.3	\$36,965.2	1.5x	11.3x
CDW	\$223.84	\$30,436.6	\$35,079.6	1.7x	18.3x
NTT Data Group	\$14.70	\$20,607.9	\$40,549.7	1.3x	9.0x
Booz Allen Hamilton	\$153.90	\$20,132.6	\$23,005.6	2.2x	19.2x
CACI International	\$430.13	\$9,763.2	\$11,440.1	1.6x	15.4x
DXC Technology	\$19.09	\$3,794.7	\$7,340.4	0.5x	4.5x
ICF International	\$148.46	\$2,819.7	\$3,459.9	1.8x	16.7x
Perficient	\$74.79	\$2,749.5	\$2,932.7	3.3x	20.4x
The Hackett Group	\$21.72	\$602.5	\$619.0	2.0x	11.7x
Median:	\$151.18	\$14,947.9	\$17,222.9	1.7x	16.1x

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SECTOR HIGHLIGHTS

- The median IT Services index was trading at 16.1x EBITDA (based on Enterprise Value to EBITDA) at the closing of Q2. This marks a significant uptick following a steady decline in Q1.
- In Q2 2024, there were numerous acquisitions of managed service providers (MSPs) and cloud solutions providers. Overall deal activity has remained steady compared to Q1, with Accenture leading the industry by announcing or completing eleven acquisitions. These companies provide a variety of solutions, including cloud services, 5G network services, and data consulting. Accenture's strengthened 5G offerings will play a pivotal role in shaping technological advancements and digital transformation driving growth in the healthcare and telecommunications sectors. Expect deal activity in the IT services market to maintain and strengthen in the coming quarters.
- Providers like Palo Alto Networks and Check Point Software have been actively expanding their cybersecurity portfolio following the rise in sophisticated cyber threats. Additionally, IT service providers are integrating edge solutions to support industries such as manufacturing, healthcare, and retail. Companies such as Dell Technologies and HPE are leading the way in this effort, providing edge computing services that facilitate faster data processing and enhance decision-making at the network's edge.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

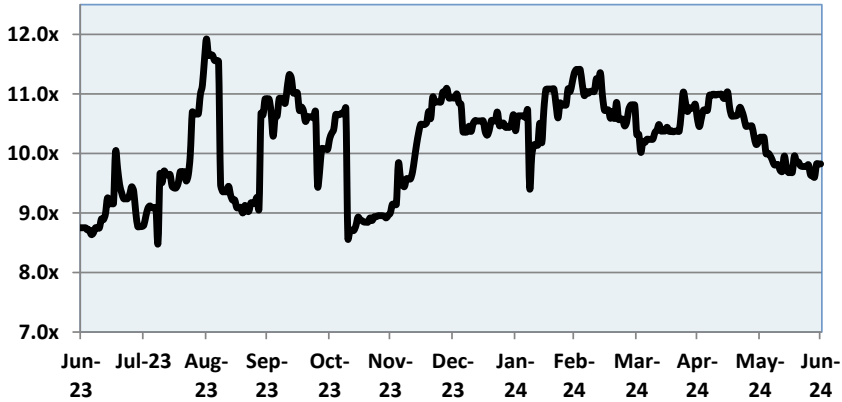
Announced Date	Acquirer Name	Target Name	EV/ EBITDA	Enterprise Value (\$m)
2024-06-20	Rhodium Digital	Silveredge		
2024-06-10	Morui Tech	Vertisystem		
2024-06-10	Cognizant Technology Solutions	Belcan		1,330.0
2024-05-09	Happiest Minds	Aureus Tech Systems		8.5
2024-05-01	Bell Buckle Holdings	Green Mantis		
2024-04-30	Zetagrid	Adisyn		
2024-04-15	Accenture	Cognosante		
2024-04-13	Akamai Technologies	Noname Security		450.0
2024-04-03	B. Riley Financial	Nogin		

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 06/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$756.60	\$71,470.7	\$87,580.7	10.5x	26.4x
Digital Realty	\$152.05	\$47,667.4	\$69,076.8	12.6x	20.3x
SAIC	\$117.55	\$6,233.1	\$8,192.2	1.1x	9.6x
ePlus	\$73.68	\$1,968.5	\$1,874.1	0.8x	9.8x
Cancom	\$34.54	\$1,273.5	\$967.7	0.5x	7.4x
NCC Group	\$1.93	\$600.4	\$711.1	1.8x	NM
Redcentric	\$1.72	\$275.6	\$362.8	1.8x	23.2x
iomart	\$1.62	\$183.3	\$235.1	1.5x	5.2x
Sify Technologies	\$0.44	\$175.5	\$439.9	1.0x	5.3x
Median:	\$18.24	\$937.0	\$839.4	1.5x	9.7x

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SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 9.7x EBITDA (based on Enterprise Value) at the closing of Q2.
- On April 18, 2024, during the SAS Innovate conference in Las Vegas, SAS announced the expansion of its hosted managed services to Amazon Web Services (AWS). This strategic move allows customers to deploy and manage their investments in SAS technology more flexibly. By leveraging SAS's expertise, customers can benefit from enhanced installation, configuration, security, operation, and maintenance of SAS platforms on AWS. This expansion aims to reduce costs, increase speed and security, and facilitate innovation.
- The hosted and managed services market is projected to reach \$731.08 billion by 2030, driven by trends like increased adoption of cloud services and automation. In 2024, significant growth is expected in managed security services, reflecting the rising need for robust cybersecurity measures amidst increasing cyber threats. Additionally, small and medium-sized enterprises (SMEs) are increasingly adopting managed services to improve operational efficiency and reduce costs. Key trends shaping the industry include the integration of AI for better decision-making, and the ongoing shift towards hyper-converged infrastructure to simplify IT management and improve scalability. As the market evolves, companies are focusing on strategic acquisitions and partnerships to expand their service offerings and strengthen their market position.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/ EBITDA	Enterprise Value (\$m)
2024-06-14	Petards Group	Affini Technology		
2024-06-12	DataStrike	MiCore Solutions		
2024-06-07	Chenega	SecuriGence		
2024-06-04	ITCM	Value Logic		
2024-05-29	AnyMind Group	Arche Digital		
2024-05-01	The 20 MSP	Level 10 Technology		
2024-04-03	Xcyte Digital	A+ Conferencing		

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 6/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy Services	\$46.78	\$170,612.5	\$165,087.0	5.7x	21.4x
Automatic Data Processing	\$238.69	\$98,758.0	\$97,701.8	5.2x	17.8x
Infosys	\$18.77	\$77,813.9	\$75,361.9	4.1x	NM
Cognizant Technology	\$68.00	\$34,153.0	\$32,843.5	1.7x	10.1x
Wipro	\$6.17	\$32,733.4	\$29,301.5	2.7x	NM
CGI Group	\$99.67	\$23,423.9	\$24,040.0	2.2x	11.6x
CSG International	\$41.17	\$1,221.2	\$1,689.3	1.4x	9.0x
Unisys	\$4.13	\$282.7	\$444.7	0.2x	NM
Median:	\$ 43.98	\$ 33,443.19	\$ 31,072.50	2.5x	11.6x

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SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 13.9x EBITDA (based on Enterprise Value) at the closing of Q2. EBITDA margins experienced a decline in April but showed rapid improvement in June.
- M&A activity has remained consistent with Q1, with 53 deals recorded this quarter, highlighting a sustained period of low transaction volume. Among the notable transactions, Cognizant Technology Solutions stood out by completing one of the largest acquisitions, acquiring Belcan for \$1.3 billion.
- There is a growing emphasis on strategic partnerships aimed at advancing technology through the integration of artificial intelligence(AI) and machine learning(ML). Companies like IBM and Accenture have been at the forefront, leveraging AI/ML to offer predictive analytics, automated customer support, and enhanced cybersecurity solutions. There has been significant expansion in emerging markets, particularly in Southeast Asia and Latin America. IT outsourcing firms are increasingly establishing delivery centers in these regions to capitalize on the growing demand for digital transformation services and to utilize cost-effective talent pools.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/ EBITDA	Enterprise Value (\$m)
2024-06-25	CompuGroup Medical	Pridok		38.2
2024-06-25	Synechron	Chamonix IT Solutions		86.3
2024-06-17	Lemonsoft	Spotilla		
2024-06-13	Petards Group	Affini Technology	4.40	3.6
2024-05-30	Cadence Design Systems	Beta Simulation Solutions		
2024-05-01	Coforge	Cigniti	11.53	0.4
2024-04-25	Happiest Minds	PureSoftware		93.1
2024-04-16	Eleco	Vertical Digital		
2024-04-12	J Lease Co	AVIS		

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 06/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half	\$63.98	\$6,742.9	\$6,413.6	1.0x	11.2x
ASGN	\$88.17	\$4,047.0	\$4,992.2	1.1x	11.1x
ManpowerGroup	\$69.80	\$3,470.8	\$4,035.9	0.2x	13.9x
Kforce	\$62.13	\$1,200.6	\$1,267.5	0.9x	15.3x
Kelly Services	\$21.41	\$768.6	\$610.9	0.1x	7.2x
RCM Technologies	\$18.72	\$155.1	\$168.6	0.6x	6.7x
Mastech Digital	\$7.50	\$87.1	\$72.6	0.4x	NM
Median:	\$62.13	\$1,200.6	\$1,267.5	0.6x	11.1x

Note to Reader: Most private companies will receive a 15-30% size and liquidity discount compared to public multiples

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 11.1x EBITDA (based on Enterprise Value) at the closing of Q2.
- While elevated multiples might suppress M&A activity, the latter half of 2024 shows promise for a resurgence. The sector is poised for growth, with private equity showing continued interest, especially in specialized niches like IT and healthcare staffing. This suggests that despite the high valuations, larger firms might pursue inorganic growth to meet increasing customer demand and enhance their service portfolios.
- In this quarter, the IT staffing industry has demonstrated significant resilience and growth. Historically valued within a 4-6x TTM EBITDA range, current multiples have surged to levels akin to those seen during the pandemic peak. This increase is attributable to several factors, including the recovery from the layoffs of 2022 and early 2023 and the heightened demand for AI and ML developers. Additionally, the industry is expected to experience modest growth throughout 2024, with many firms projecting a 10-20% increase amid economic stabilization. Companies are increasingly relying on well-established staffing agencies with extensive talent pools to meet their growing needs for skilled employees. This trend is anticipated to persist over the next twelve to eighteen months, as firms continue to internalize talent and third-party service providers expand their workforce to keep pace with demand.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/ EBITDA	Enterprise Value (\$m)
2024-06-17	Hands on ICT	Prodicom (Managed Services and IT Staffing)		
2024-06-13	RiDik	Shell Infotech		
2024-06-08	Brightwater Recruitment	Sabeo		
2024-06-03	Kelly Services	Motion Recruitment Partners		

Artificial Intelligence & Machine Learning

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP AI & ML Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 06/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Nvidia	\$123.54	\$3,080,778.8	\$3,018,678.2	37.8x	60.9x
ServiceNow	\$786.67	\$162,405.1	\$158,730.9	16.7x	NM
International Business	\$172.95	\$160,147.2	\$202,700.3	3.3x	14.4x
CrowdStrike	\$383.19	\$94,274.9	\$90,377.1	27.5x	NM
Palantir Technologies	\$25.33	\$59,363.2	\$52,842.4	22.6x	NM
SentinelOne	\$21.05	\$6,320.0	\$5,834.2	8.7x	NM
C3.ai	\$28.96	\$3,456.7	\$2,867.6	9.2x	NM
Median:	\$123.54	\$94,274.9	\$90,377.1	16.7x	37.6x

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SECTOR HIGHLIGHTS

- The median AI & ML index was trading at 16.7x revenue (based on Enterprise Value) at the closing of Q2.
- In Q2 2024, the AI and ML market saw continued rapid growth. The global AI market size is projected to grow from \$214.6 billion in 2024 to \$1,339.1 billion by 2030, with a CAGR of 36.8%. Key advancements include the adoption of smaller, more efficient models due to rising cloud computing costs and hardware shortages. Techniques like Low Rank Adaptation (LoRA), quantization, and Direct Preference Optimization (DPO) are gaining traction, enhancing model optimization and cost-effectiveness. Major investments in generative AI and autonomous AI technologies are driving market expansion across various sectors, including healthcare, finance, and retail.
- North America remains the leading market for AI, driven by significant investments from hyper scalers like IBM and Microsoft. The U.S. AI market alone was valued at \$42.0 billion in 2023, with a projected CAGR of 25.6% through 2030. Key sectors benefiting from AI include healthcare, BFSI (banking, financial services, and insurance), and advertising & media. In the Asia-Pacific region, China leads AI research and development, supported by substantial investments in smart cities and autonomous transport. The region is expected to record the highest CAGR in the coming years.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/Rev	Enterprise Value (\$m)
2024-06-26	Fractal Analytics	Eugenie.ai		
2024-06-04	Joby Aviation	Xwing		
2024-05-20	Markets EQ	Helios Life Enterprises		
2024-05-16	Hyundai Motors Group	Motional		4,436.4
2024-05-06	DocuSign	Lexion		165.0
2024-04-29	Prowly	Brand24	3.1	21.7
2024-04-23	ComplyAdvantage	Golden		

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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