

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended December 31st, 2022 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 12/31/22	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$132.59	\$132,822.0	\$134,670.0	4.4x	31.0x
ServiceNow	\$388.27	\$79,064.5	\$76,599.5	11.1x	NM
Shopify	\$34.71	\$43,980.5	\$40,511.7	7.7x	NM
Workday	\$167.33	\$42,514.5	\$40,773.0	6.9x	NM
Block	\$62.84	\$34,237.0	\$34,285.3	2.0x	NM
Veeva Systems	\$161.38	\$26,130.9	\$22,164.3	10.7x	42.5x
Zoom Video	\$67.74	\$20,693.7	\$14,736.8	3.4x	29.6x
LivePerson	\$10.14	\$767.0	\$1,114.3	2.2x	NM
Ebix	\$19.96	\$613.5	\$1,214.0	1.1x	7.9x
Median:	\$67.74	\$34,237.0	\$34,285.3	4.4x	30.3x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 4.4x revenue (based on Enterprise Value to Revenue) at the closing of Q4.
- The fourth quarter saw continued cuts to IT spending as overall budgets were slashed amid the economic headwinds. IT budgets are expected to fall over the next several months. Still, there has been some resilience in spending on cloud-based subscription services among SMEs as demand for remote work, employee collaboration, and workforce efficiency remains high. While trying to offer better work benefits and flexibility, leadership teams are looking to keep teams productive and happy to minimize employee turnover. With the hiring shortage, many enterprises view retention and engagement of employees as top needs, but with continued economic uncertainty impacting budget planning for 2023, the solutions may see softening in demand.
- As the public technology markets have cooled, valuations have fallen far from their mid-2021 peaks leading software-focused private equity firms to temper selling activity. The fourth quarter was one of the weakest exit figures for PE since 2009 when PE participation in software was far lower. While the selling activity has significantly slowed, acquisitions in the sector have continued at steady levels. With PE firms still having record levels of cash to put to work, there has been continued interest in acquiring these software companies for a bargain compared to 2021. One example was the acquisition of Coupa Software by Thoma Bravo at a figure 75% lower than its peak stock price.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$M)
2022-12-12	Thoma Bravo	Coupa Software	6,168.2
2022-12-12	Trimble	Transporeon	1,981.2
2022-11-17	PTC	ServiceMax	1,458.0
2022-11-15	Cascade Parent	Nitro Software	325.5
2022-11-11	Thomson Reuters	SurePrep	500.0
2022-11-01	DS Admiral Bidco	TaxAct Holdings	720.0
2022-11-01	Voya Financial	Benefitfocus	359.5
2022-10-27	Thoma Bravo LP/Sunstone Partners Management	UserTesting	1,139.4
2022-10-26	K1 Investment Management	ELMO Software	311.4
2022-10-26	iCIMS	SkillSurvey	180.0
2022-10-25	W.A.G. payment solutions	INELO Poland	290.5
2022-10-06	Arco Platform	INCO	126.6

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 12/31/22	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$88.23	\$1,172,059.4	\$1,057,666.9	3.7x	11.5x
Amazon.com	\$84.00	\$858,333.0	\$926,528.0	1.8x	18.5x
Meta Platforms	\$120.34	\$329,791.8	\$299,679.2	2.5x	6.9x
Netflix	\$294.88	\$133,381.7	\$139,002.0	4.4x	7.0x
Booking Holdings	\$2,015.28	\$82,063.7	\$78,504.5	4.9x	19.1x
Uber	\$24.73	\$48,531.2	\$56,692.7	2.0x	NM
Snap Group	\$8.95	\$14,465.3	\$14,191.5	3.1x	NM
Expedia Group	\$87.60	\$14,039.3	\$17,033.6	1.5x	9.1x
Yelp	\$27.34	\$2,038.0	\$1,609.1	1.4x	16.3x
Cimpress	\$27.61	\$721.2	\$2,373.5	0.8x	9.1x
Groupon	\$8.58	\$272.6	\$341.4	0.5x	NM
Median:	\$84.00	\$48,531.2	\$56,692.7	2.0x	10.3x

**With Elon Musk's take private of Twitter, we are no longer tracking the company. Twitter has been replaced with*

SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 2.0x revenue (based on Enterprise Value to Revenue) at the closing of Q4.
- The rout on Wall Street has hit the internet software sector harder than most, giving discounts to acquirers that were not previously available during the two-year rebound following the pandemic outbreak. A couple of deals have proven to be indicative of the current trends, with Poshmark and ironSource selling at significant discounts. Poshmark has seen its terminal value drop by 80% in the year and a half since its IPO and will be sold for \$1.2B, a far cry from the \$6B garnered during its IPO. ironSource has agreed to sell to Unity Software for just \$4.4B after its post-SPAC life valued it well north of \$10B.
- Elon Musk completed his \$44B take-private transaction of Twitter on October 27th and had a whirlwind of media coverage surrounding the transition. As Elon takes control of the 16-year-old social-networking giant, he has focused on steadying up revenue streams through reassuring advertisers, which make up 90% of their revenue. With negative media coverage affecting advertisers' sentiment and Musk stating that they have reached an all-time high in daily active users, Twitter will need to walk a tightrope to service their debt obligations. S&P Global Ratings and Moody's have already acknowledged the uncertainty of debt service and downgraded the company after the acquisition was completed.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced			
Date	Acquirer Name	Target Name	Enterprise Value
2022-12-12	AutoNation	RepairSmith	190.0
2022-11-22	Azerion Group	Radionomy Group	20.5
2022-11-17	FDJ Group	ZEtoteSystem	181.4
2022-11-16	Park Cities Asset Management	Elevate Credit	58.4
2022-11-03	Trupanion	Royal Blue	
2022-10-31	Veritas Capital	Wood Mackenzie	3,100.0
2022-10-27	StartEngine Crowdfunding	SeedInvest LLC (assets)	24.0
2022-10-17	Ye [fka Kanye West]	Parler	Cancelled
2022-10-14	Kismet Capital	OOO KEH eCommerce	2,352.0
2022-10-03	NAVER	Poshmark	1,416.2
2022-09-30	HCL Technologies	GUVI Geeks Network	1.9

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 12/31/22	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$239.82	\$1,803,326.5	\$1,740,769.7	8.6x	17.7x
Oracle	\$81.74	\$224,621.7	\$304,430.7	6.6x	17.2x
IBM	\$140.89	\$127,201.3	\$171,710.4	3.6x	34.0x
SAP	\$102.74	\$120,851.0	\$132,373.2	4.0x	19.8x
Dassault Systemes	\$35.70	\$47,543.0	\$47,123.8	8.0x	23.7x
Autodesk	\$186.87	\$40,924.5	\$41,551.5	8.5x	40.8x
Constellation Software	\$1,559.49	\$33,047.9	\$34,603.9	5.6x	22.4x
Ansys	\$241.59	\$21,180.7	\$21,275.9	10.5x	31.3x
PTC	\$120.04	\$14,192.7	\$15,451.2	8.0x	27.1x
Tyler Technologies	\$322.41	\$13,675.3	\$14,336.4	7.8x	38.0x
Amdocs	\$90.90	\$11,079.7	\$11,033.6	2.4x	12.5x
Manhattan Associates	\$121.40	\$7,730.9	\$7,395.1	10.0x	NM
Blackbaud	\$58.86	\$2,982.7	\$4,002.5	3.9x	46.3x
Verint Systems	\$36.28	\$2,371.1	\$3,009.6	3.3x	28.6x
Stratasys	\$11.86	\$783.6	\$462.0	0.7x	12.2x
Median:	\$120.04	\$21,180.74	\$21,275.94	6.6x	25.4x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 6.6x revenue (based on Enterprise Value to Revenue) at the closing of Q4.
- Similar to other software sectors, Enterprise Software also saw its deal flow slow drastically. In Q4 2021, there were 26 deals with a publicly available deal value of \$2.76B, compared to the 10 deals and \$61M of deal value in Q4 2022.
- With a talent shortage, high employee turnover, and long recruitment cycles, more companies are focusing on their employee's satisfaction and health. Companies recognize the importance of and need to engage employees to ensure talent retention. The providers like Workday are giving leadership teams the data required to understand the strengths and weaknesses of their culture. Solutions are not just helping companies retain employees but also helping the firms define roles to create a repeatable and easier-to-manage business cycle.
- With commercial marine shipping undergoing a massive change in hopes to improve efficiency and lower delivery time, Agilitas entered the market with their \$41M+ acquisition of Saab's maritime traffic management operations. Agilitas hopes to bring the benefits from their safety and efficiency solutions to a broad customer base around the world.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2022-12-13	Teleo Capital	Sharpen Technologies	
2022-12-09	Valsoft Corporation	Komexo	
2022-12-06	ANSYS	DYNAMore	
2022-11-30	Agilitas Private Equity	Saab (maritime traffic management operations)	41.4
2022-11-10	Wheel Health	GoodRx (backend virtual care technology)	19.5
2022-10-24	TechniaTranscat	JBL Technologies (Dassault Systmes business)	
2022-10-13	Unifonic	Sestek	
2022-10-11	Visual Components	Delfoi (Robotics division)	
2022-10-04	CLO Virtual Fashion	GoVise Technologies	

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 12/31/22	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Snowflake(Database Software)	\$143.54	\$45,277.7	\$42,486.4	22.8x	NM
Verisk Analytics	\$176.42	\$28,307.5	\$30,994.7	10.2x	17.6x
Elastic	\$51.50	\$4,850.1	\$4,665.9	4.8x	NM
Alteryx	\$50.67	\$3,448.8	\$4,063.3	5.6x	NM
Pegasystems	\$34.24	\$2,801.0	\$3,219.9	2.6x	NM
MicroStrategy	\$141.57	\$1,577.9	\$4,019.0	8.0x	NM
PROS Holdings	\$24.26	\$1,092.1	\$1,219.1	4.5x	NM
Domo	\$14.24	\$478.8	\$551.3	1.8x	NM
Median:	\$51.09	\$3,124.9	\$4,041.2	5.2x	17.6x

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 5.2x revenue (based on Enterprise Value) at the closing of Q4.
- A growing data point for hybrid and remote work has been the implementation of online employee productivity tracking, often referred to as “bossware.” Bossware has given insight on employees' productivity outside of the office and can help prevent subpar resources from impacting quality team members. One pitfall of the software can occur if management and employee expectations are not aligned. Employees may focus on attaining the bare minimum to avoid punishments, while employers may undermine the trust and well-being of their workforce. The intersection of privacy concerns will also become a threat to bossware as 83.6% of survey respondents are somewhat likely or very likely to support federal data privacy regulations. If a bossware solution can align employee incentives with management and maintain privacy, these solutions should springboard companies to more holistic discussions around individual development.
- Early in the fourth quarter, M&A in the business intelligence sector surpassed the 2021 level, spurred by artificial intelligence adoption and environmental, and social governance concerns. With 94% of survey respondents viewing AI as important or very important to their digital transformation efforts, M&A in the sector should stay at elevated levels. While the increase in AI adoption has driven deal activity, large companies like Accenture, Google and IBM have also been significant players in climate-related acquisitions focused on carbon measurement and ESG risk management software providers.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2022-12-28	BTC Mobility	SalesDirector.ai	1.2
2022-12-22	NowVertical Group	A10	5.5
2022-12-09	Tecnotree	CognitiveScale (assets)	6.0
2022-10-26	Centric Software	StyleSage	
2022-10-25	ParkHub	Smarking	
2022-10-24	Nimonik	MediaLogic	
2022-10-20	Global Software	Cubeware	
2022-10-19	Volaris Group	Cognyte Software (Situational Intelligence solutions)	47.5

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 09/30/22	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Check Point Software	\$112.02	\$14,613.0	\$12,377.0	5.5x	13.9x
F5 Networks	\$144.73	\$8,903.5	\$8,545.3	3.2x	16.2x
Citrix Systems	\$103.23	\$13,123.5	\$15,777.4	4.8x	27.9x
Trend Micro	\$54.13	\$7,561.4	\$5,833.7	3.4x	9.4x
CommVault Systems	\$53.04	\$2,474.0	\$2,131.7	2.7x	46.6x
Progress Software	\$42.55	\$1,896.8	\$2,267.7	3.9x	12.8x
Radware	\$21.79	\$1,025.4	\$755.5	2.5x	30.2x
Magic Software	\$15.67	\$769.8	\$796.7	1.5x	11.7x
Allot Communications	\$3.92	\$143.2	\$84.7	0.6x	NM
Median:	\$53.04	\$2,474.0	\$2,267.7	3.2x	15.1x

*With TIBCO's acquisition, we have removed Citrix and replaced with VMware

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.2x revenue (based on enterprise value) at the end of Q4.
- As most organizations began to operate with remote employees, service ticket volume skyrocketed, and handling time and costs increased, leading to a decline in user satisfaction. Many enterprises are looking at AI-powered solutions to address the situation and manage the high workload. According to Gartner, by 2025, the 10% of organizations that set up AI-engineering best practices will derive more than three times the value from their AI efforts than the remaining 90% that do not. Implementing automated incident response and natural language processing solutions will help address the traditional ITSM challenges.
- Organizations increasingly demand the benefits and operating model of the public cloud, even for those workloads that remain on-premises. The pressure is now placed on the data center team to deliver service-centric, elastic, and highly scalable solutions with capacity-on-demand and consumption-based pricing. Data center teams have been hit hard by the ongoing supply chain disruptions, with lead times for network equipment now averaging 200 days. Data centers will need to offer container infrastructure and Kubernetes as a service before expanding into hosting other services such as databases or an event bus.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

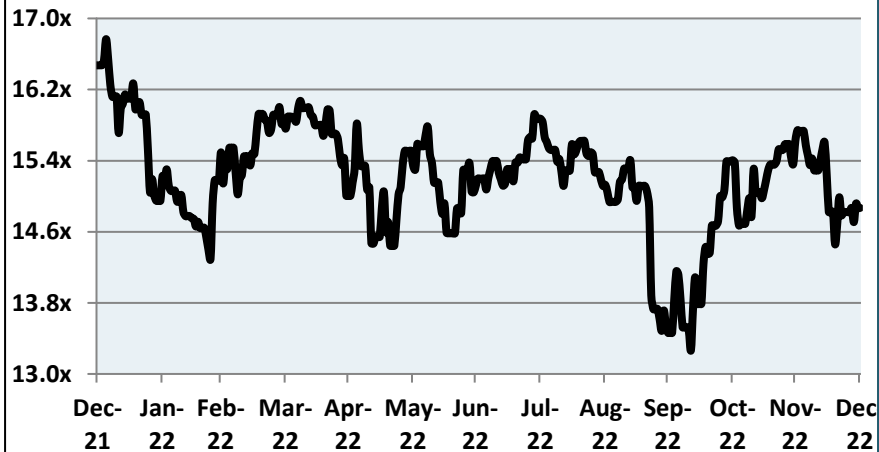
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2022-09-16	Access PaySuite	Pay360	179.3
2022-08-31	ConnectWise	Wise-Sync Australia	
2022-08-25	Open Text	Micro Focus I	2,189.2
2022-08-23	Peaberry Software	AYMLab	
2022-08-11	Qt Group	Axivion	45.6
2022-08-09	Qualitest	ZEN QUALITY ASSURANCE	
2022-07-23	Chain	Measurable Foundation	100.0
2022-07-21	Peaberry Software	Bourbon	
2022-07-15	UMT United Mobility Technology	MEXS	13.1
2022-07-06	N-able	Spinpanel	

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 12/31/22	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$266.84	\$171,124.6	\$166,127.4	2.7x	15.9x
Capgemini	\$166.23	\$29,117.5	\$33,396.3	1.5x	10.7x
CDW	\$178.58	\$24,487.8	\$30,565.9	1.3x	16.2x
NTT Data	\$14.53	\$20,375.9	\$24,123.0	1.1x	6.9x
Booz Allen Hamilton	\$104.52	\$13,939.0	\$16,164.2	1.8x	17.4x
CACI International	\$300.59	\$7,104.6	\$8,861.5	1.4x	13.9x
DXC Technology	\$26.50	\$6,445.5	\$9,671.7	0.6x	3.4x
Perficient	\$69.83	\$2,556.4	\$2,822.5	3.2x	20.0x
ICF International	\$99.05	\$1,888.6	\$2,785.2	1.6x	18.9x
The Hackett Group	\$20.37	\$658.4	\$580.7	2.0x	10.1x
Median:	\$101.79	\$10,521.8	\$12,918.0	1.6x	14.9x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 14.9x EBITDA (based on Enterprise Value to EBITDA) at the closing of Q4.
- The IT Services sector has continued its strong showing with over a 10% increase in deal activity compared to Q4 in 2021, with 157 deals in Q4 2022. Similar to the overall M&A market, mega deals have slowed while small-medium enterprises are continuously being acquired. Interestingly while the total publicly available deal value has fallen from \$4.3B in Q3 of 2021 to 683.5M in Q4 2022, the multiples have slightly increased for IT services firms. With continued economic uncertainty, investors may not be willing to execute billion-dollar deals but should be interested in smaller companies with valuations down from 2021 peaks.
- A growing bifurcation in the IT services industry is being emphasized by economic headwinds and avoidance of capital expenditures. The opportunities currently being pitched are split between optimization, with companies focusing on improving what businesses already have, and modernization, with companies preparing for future expansion. With economic uncertainty, expect more companies to focus on improving their current IT environments and stay away, for now, from large investments into a new framework.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$M)
2022-12-30	UST Global	TCB	6.3
2022-12-22	Axiscades Technologies	Explosoft Tech Solutions	8.7
2022-12-08	DLH Holdings	Grove Resource Solutions]	185.0
2022-12-07	HGS CX Technologies	Teklink International	58.5
2022-11-28	Volatus Aerospace	Empire Drone Company	0.7
2022-11-17	Blackstone	R Systems International	183.9
2022-10-21	Crexendo	Allegiant Networks	9.3
2022-10-13	NTT DATA	Aspient Consulting	
2022-10-06	Endava	Lexicon Digital	
2022-10-05	Arcadis	Dps Group	231.2
2022-10-03	Alpine Power Systems	Evergreen Resources (assets)	

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 12/31/22	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$655.03	\$59,867.6	\$74,137.7	10.4x	25.9x
Digital Realty	\$100.27	\$29,269.8	\$48,427.8	10.6x	14.5x
SAIC	\$110.93	\$6,245.4	\$8,545.0	1.1x	13.8x
ePlus	\$44.28	\$1,185.4	\$1,333.2	0.7x	8.5x
Cancom	\$29.16	\$1,069.7	\$712.7	0.5x	5.7x
NCC Group	\$2.41	\$749.6	\$859.7	2.0x	11.8x
Redcentric	\$1.57	\$248.6	\$318.2	2.3x	10.6x
Sify Technologies	\$1.15	\$214.8	\$424.6	1.1x	5.2x
iomart	\$1.51	\$168.7	\$219.4	1.7x	4.9x
Median:	\$15.79	\$909.6	\$786.2	1.7x	10.6x

SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 10.6x EBITDA (based on Enterprise Value) at the closing of Q4.
- With the new complexity of IT environments, companies are increasingly engaging with managed services providers to help design and manage a mix of applications and procedures within on-premises and cloud environments. The sector is expected to see continued growth, with the aggregate managed services market representing just under \$60B in 2021 and expected to increase to \$100B by 2026. A few of the leading sectors pushing growth in the managed services sector will be disaster recovery, backup and archiving, and managed security services.
- Lumen Technologies' services arm, Lumen Managed and Professional Services, has stepped up its sales efforts as the company is evolving from being network-centered to an IT- and technology-oriented company. Each of Lumen's customer engagements consists of three phases: advisory, project-based implementation, and ongoing support and management. The services team is attempting to start their contact point earlier in each customer's journey by growing their advisory and engineering teams in hopes of retaining the considerable revenue opportunities of ongoing support and management.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2022-12-28	Galaxy Digital	Argo Blockchain (Helios bitcoin mining facility and its related operations)	65.0
2022-12-14	Xobee Networks	Myers Network Solutions	1.7
2022-11-03	Iron Mountain	Xdata Properties	77.8
2022-11-02	Cyber Advisors	KLH	
2022-11-01	Epicor Software Corporation	Evron Computer (professional services assets)	
2022-11-01	Westwood Technology Group	Sentant Networks	
2022-10-25	CloudScale365	Priorpoint	
2022-10-21	iDoc Holdings	Health Media Network	
2022-10-18	ICS	Technical Multimedia Design	
2022-10-17	Cube Infrastructure Managers	firstcolo	
2022-10-14	Tenex Capital	Network Coverage	

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 12/31/2022	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$39.31	\$144,634.1	\$138,470.1	5.1x	18.4x
Automatic Data	\$238.86	\$100,171.9	\$101,381.8	6.2x	25.4x
Infosys	\$18.21	\$76,806.8	\$73,839.5	4.2x	16.7x
Cognizant Technology	\$57.19	\$29,896.1	\$28,180.2	1.5x	7.9x
Wipro	\$4.74	\$26,013.9	\$24,089.3	2.2x	11.1x
CGI Group	\$86.10	\$20,910.4	\$22,685.1	2.3x	11.8x
CSG International	\$57.20	\$1,807.5	\$2,164.5	2.0x	14.5x
Unisys	\$5.11	\$345.0	\$593.7	0.3x	NM
Median:	\$ 48.25	\$ 27,954.99	\$26,134.75	2.2x	14.5x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 14.5x EBITDA (based on Enterprise Value) at the closing of Q4.
- The IT Outsourcing sector slowed deal flow in Q4 compared to the same period in the prior year, with only 52 deals this year, over a 20% drop in activity. While the deal activity slowed, smaller deals still occurred, with the median valuation around \$19M. As M&A declined in the sector, valuations increased compared to the end of Q3, unlike many other sectors we track. The public index chart may look like a significant drop but compared to historical averages of 8-10x EBITDA, valuations are still strong.
- Hiring concerns and wage increases will continue to impact M&A as it has over the past couple of years. In a recent survey by Willis Towers Watson, which included responses from 1,550 US employers, employers plan to increase their salary budgets by 4.6%, the highest expected annual jump in 15 years. This increase leads many outsourcing firms to investigate other nearshore development teams within one or two time zones. The technical education offerings in Latin America have vastly improved. While the cost delta in wages is not like in India 20 years ago, acquirers have been impressed by the quality of talent.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2022-12-20	Investcorp Holdings	Eficode	
2022-12-19	4612 Group	ON Services (Substantially All Assets)	30.0
2022-11-10	Pineapple Energy	SUNation Solar Systems	17.5
2022-11-03	Maxar Technologies	Wovenware	21.0
2022-10-27	Gofore	eMundo	8.1
2022-10-19	Addtronics	Dynamic Design Solutions	
2022-10-14	Lincoln Electric Holdings	Fori Automation	427.0
2022-10-12	SilverEdge Government Solutions	Qvine	
2022-10-11	Urbanimmersive	Breakaway Holdings	6.4
2022-10-07	Rsource	Amplus Group	
2022-10-07	Uptime	Vimanet	

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 12/31/22	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International	\$73.83	\$8,119.5	\$7,649.1	1.1x	8.0x
ManpowerGroup	\$83.21	\$4,478.8	\$4,803.0	0.2x	6.5x
ASGN	\$81.48	\$4,230.8	\$4,996.2	1.1x	10.0x
Kforce	\$54.83	\$1,137.3	\$1,144.8	0.7x	9.5x
RCM Technologies	\$12.34	\$133.3	\$125.6	0.4x	4.1x
Mastech Digital	\$11.01	\$132.8	\$130.8	0.5x	6.4x
Computer Task Group	\$7.56	\$113.9	\$109.0	0.3x	6.6x
Median:	\$54.83	\$1,137.3	\$1,144.8	0.5x	6.6x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 6.6x EBITDA (based on Enterprise Value) at the closing of Q4.
- IT Staffing saw a slight uptick in deal activity in the fourth quarter of this year, completing 6 deals, compared to the 3 deals in the same period last year. Teleperformance’s \$300M acquisition of PSG Global Systems was the only deal with financial metrics. The company was acquired for 4x last calendar year’s revenue, higher than we are used to in the staffing sector. This acquisition primarily focuses on expanding specialized services for the Teleperformance team, especially around PSG Global’s major position in the US healthcare vertical and digital recruitment practices.
- Staffing firms continue to see demand for not only finding new candidates but also advising companies on how to build their own recruiting pipeline. With a broad range of services and tight budgets, companies seek new software to automate redundant tasks. A strong player in the staffing company software sector is Bullhorn. The company provides software to help with CRM, onboarding, executive search, time, and attendance, among other areas. With the resurgence of recruiter-less staffing, Bullhorn will need to continue its investment in its AI and automation plan, which it has successfully improved internally and through a string of acquisitions.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2022-12-12	BGSF	Horn Solutions	
2022-12-06	ADME (CY)	Underscore Talent Management	
2022-11-29	Oxford Global Resources	Hale International Recruitment	
2022-11-02	TorQuest Partners	S.I. Systems	
2022-10-27	Teleperformance	PSG Global Solutions	300.0
2022-10-19	Wilson Human Capital Group	Tracking Talent	

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 12/31/22	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Nvidia	\$146.14	\$368,820.8	\$358,109.4	12.5x	49.2x
International Business ServiceNow	\$140.89	\$127,201.3	\$171,710.4	3.6x	34.0x
ServiceNow	\$388.27	\$79,064.5	\$76,599.5	11.1x	NM
CrowdStrike Holdings	\$105.29	\$24,406.2	\$23,005.2	11.3x	NM
Palantir Technologies	\$6.42	\$13,124.9	\$11,131.4	6.1x	NM
SentinelOne	\$14.59	\$3,991.1	\$3,450.7	9.5x	NM
C3.ai	\$11.19	\$1,195.3	\$396.2	1.5x	NM
Sumo Logic	\$8.10	\$936.5	\$652.7	2.3x	NM
Median:	\$59.94	\$18,765.5	\$17,068.3	7.8x	41.6x

SECTOR HIGHLIGHTS

- The median AI & ML index was trading at 7.8x Revenue (based on Enterprise Value) at the closing of Q4.
- The AI & ML sector has slowed after seeing their valuations soar during the pandemic. Public comps fell from around 30x revenue to 9.2x at the end of Q3 2022. In addition to the lower valuations, the overall M&A deal count has also fallen from 112 deals in Q3 of 2021 to 82 in Q3 of 2022.
- In 2022, two companies began to show the power of AI for everyday usage and entertainment. ChatGPT and DALL.E have exploded in popularity during the year and have helped generative AI grow in the spotlight. ChatGPT is a conversational AI tool that can write poetry and produce imaginary dialogues between people who were not contemporaries, among other literary assignments. DALL.E is an AI image creation program that can extend the subject of paintings, create new images from prompts, and add or remove elements while considering shadows, reflections, and textures. These images and writings can be synthesized not from scratch but by generating predictions based on their training sets. Giving these AI solutions more data to train on has been referred to as approaching artificial general intelligence, or as dangerous to unleash this technology on the internet. In reality, it seems the earliest use cases will be focused on creative experiments where accuracy is not essential.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2022-12-20	Magna International	Veoneer	1,525.0
2022-12-20	Keymed (Medical & Industrial Equipment)	Odin Medical	40.2
2022-12-12	Thoma Bravo	Coupa Software	6,168.2
2022-12-08	Banzai International	Hyros	110.0
2022-12-06	NRG Energy	Vivint Smart Home	5,200.0
2022-12-05	Keywords Studios	Helpshift	60.0
2022-11-17	Blackstone	R Systems International	183.9
2022-11-11	Thomson Reuters	SurePrep	500.0
2022-11-03	Maxar Technologies	Wovenware	21.0
2022-10-27	Thoma Bravo	UserTesting	1,139.4
2022-10-19	Volaris Group	Cognyte Software (Situational Intelligence solutions)	47.5
2022-10-11	Thoma Bravo	ForgeRock	2,300.0

DecisionPoint Recent Deals



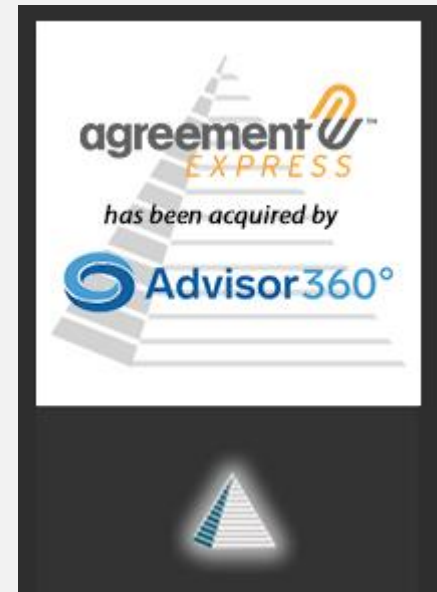
Nov 2022

DecisionPoint advised Ongoing Operations sale Trellance



Nov 2022

DecisionPoint advised Agreement Express on the sale of their payments division to NMI



Dec 2022

DecisionPoint advised Agreement Express on the sale of their wealth management onboarding division to Advisor360

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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