

# DECISIONPOINT

## QUARTERLY VIEWPOINT:

For the Quarter Ended September 30th, 2023 and the Latest Twelve Months

Q3 | 23

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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 09/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$202.78	\$200,752.2	\$197,707.9	6.0x	29.7x
ServiceNow	\$558.96	\$114,176.5	\$111,492.8	13.9x	NM
Shopify	\$54.57	\$69,580.1	\$66,354.9	10.5x	NM
Workday	\$214.85	\$55,806.2	\$52,902.4	7.9x	NM
Block	\$44.26	\$26,575.3	\$23,112.0	1.2x	NM
Veeva Systems	\$203.45	\$33,097.7	\$28,875.1	12.9x	54.0x
Zoom Video	\$69.94	\$21,213.3	\$15,106.1	3.4x	37.3x
Ebix	\$9.88	\$304.5	\$902.2	1.0x	6.4x
LivePerson	\$3.89	\$289.4	\$674.3	1.5x	NM
<b>Median:</b>	<b>\$69.94</b>	<b>\$33,097.7</b>	<b>\$28,875.1</b>	<b>6.0x</b>	<b>33.5x</b>

### SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.0x revenue (based on Enterprise Value to Revenue) at the closing of Q3.
- During Q4 of 2022 through Q2 2023 major companies such as Salesforce and Zoom Video announced several rounds of layoffs. Salesforce cut 8,000 jobs starting in January, nearly 10% of headcount. Fast-forward to Q3, and Salesforce has announced they are hiring 3,300 employees, over 40% of the positions cut, with its subsidiary Slack also picking up hiring speeds. Salesforce and its leadership are projecting that the next few quarters will see higher growth with further implementation of AI in its and other platforms. While others have not announced such large hiring rounds, two others have announced notable hiring processes, Samsara and Monday. Both companies held hiring primarily flat over the past 12 months and are looking to accelerate sales.
- Zoom is one of the companies hoping to take advantage of the AI surge by announcing their new AI digital assistant. Similar to offerings from Google and Microsoft, Zoom's AI Companion will be able to help pre-call by finding relevant emails and documents and by writing up key points and next steps post-call. Unlike Google and Microsoft charging for their AI assistants, Zoom will be including its new capabilities in all paid subscriptions. Hoping the free access will speed up adoption, they will also update with features such as in-call Q&A with the virtual assistant and summarization of SMS threads and calls with Zoom phone to further entice new users.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-08-27	XPENG	DiDi Global (assets related to DiDi's Smart EV project)	482.8
2023-08-14	MSCI	The Burgiss Grou	697.0
2023-08-08	Roper Technologies	Syntellis Performance Solutions	1,250.0
2023-08-07	ExactCare Pharmacy	Tabula Rasa HealthCare	268.9
2023-08-03	Sprout Social	Tagger Media	140.0
2023-07-26	Sun Life Financial	Dialogue Health Technologies	201.8
2023-07-19	TPG Capital'	Nextech Systems	1,400.0
2023-07-17	Perseus Operating Group	Optimal Blue	700.0
2023-07-17	Johnson Controls International	FM:Systems Group	455.0
2023-07-14	Goldman Sachs Asset Management	Kahoot!	1,725.0
2023-07-06	Thermo Fisher Scientific	CorEvitas	912.5
2023-07-06	YouGov	GfK (consumer panel business)	343.2

# 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 09/30/23	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$130.86	\$1,688,617.4	\$1,566,538.7	5.4x	18.3x
Amazon.com	\$127.12	\$1,309,526.7	\$1,386,536.5	2.6x	22.8x
Meta Platforms	\$300.21	\$792,404.3	\$755,260.8	6.3x	20.1x
Netflix	\$377.60	\$170,484.9	\$175,748.9	5.5x	8.6x
Booking Holdings	\$3,083.95	\$118,189.3	\$109,416.8	5.7x	17.7x
Uber	\$45.99	\$93,250.4	\$100,643.6	2.9x	NM
Expedia Group	\$103.07	\$16,547.7	\$16,481.6	1.3x	7.6x
Snap	\$8.91	\$14,181.6	\$14,930.7	3.3x	NM
Yelp	\$41.59	\$3,012.7	\$2,556.7	2.0x	21.0x
Cimpress	\$70.01	\$1,838.0	\$3,445.1	1.1x	14.1x
Groupon	\$15.32	\$468.6	\$654.7	1.2x	NM
<b>Median:</b>	<b>\$103.07</b>	<b>\$93,250.4</b>	<b>\$100,643.6</b>	<b>2.9x</b>	<b>18.0x</b>

### SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 2.9x revenue (based on Enterprise Value to Revenue) at the closing of Q3.
- Similar to Salesforce, Meta, Amazon, and Alphabet expect dramatic demand increases with the rise of AI, ML, and VR. The three stocks have accounted for much of the S&P 500's growth. With Meta up over 150%, Alphabet up over 50%, and Amazon up nearly 50% since the start of the year. These companies are helping drive the overall stock market. In addition to these 3, Apple, Microsoft, Nvidia, and Tesla, all of which are investing heavily in AR, ML, and VR, are pushing markets higher.
- Meta has had an eventful year, with their stock up over 50%, the introduction of their new VR headset, Quest 3, and the release of Threads. Threads, Meta's version of Twitter, rushed out of the gates with huge user adoption. The company reached 10 million users in 7 hours and quickly acquired 100 million five days after launch. After those five days, much of the excitement surrounding the platform faded. Since the company reached 100 million five days after the launch, only 30 million new sign-ups have occurred. Daily active users peaked in late July at around 50 million, with only about 10 million now. Meta has expanded its revenue lines over the years and should be able to handle any burn related to Threads. Still, it needs to quickly turn the market sentiment around with all the other social media offerings available.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value
2023-08-10	General Atlantic Service	Arco Platform	928.8
2023-09-27	Flutter Entertainment	Max Bet	149.7
2023-09-22	Arealink	LIFULL SPACE	7.8
2023-08-29	MPS Interactive Systems	Liberate Learning	6.0
2023-08-22	RDE	CardCash Exchange	31.0
2023-08-21	Idox	Emapsite.Com	20.1
2023-08-07	Vivid Seats [NYSE:SEAT]	Wavedash	61.0
2023-07-27	Defaqto	MI Capital Research	5.1
2023-07-07	WRNN-TV Associates	iMedia Brands	50.0
2023-07-03	Better Collective	Playmaker HQ	15.0
2023-07-03	Phreesia	Comsort	4.7

# 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 09/30/23	Market Cap.	Enterprise Value (EV)	EV / LTM Revenue	EV / LTM EBITDA
Microsoft	\$315.75	\$2,359,284.0	\$2,294,656.9	10.8x	22.5x
Oracle	\$105.92	\$294,987.5	\$367,483.7	7.2x	19.2x
SAP	\$129.72	\$152,555.3	\$149,453.7	4.6x	21.8x
IBM	\$140.30	\$128,594.6	\$171,890.2	2.8x	23.8x
Dassault Systemes	\$37.28	\$49,722.3	\$48,509.4	8.1x	24.5x
Autodesk	\$206.91	\$44,899.5	\$44,821.8	8.6x	39.0x
Constellation Software	\$2,078.35	\$44,043.4	\$46,134.4	6.1x	31.2x
Ansys	\$297.55	\$25,999.5	\$26,205.6	12.1x	36.1x
PTC	\$141.68	\$16,854.9	\$18,487.8	9.0x	29.8x
Tyler Technologies	\$386.14	\$16,422.3	\$17,035.2	9.0x	43.7x
Manhattan Associates	\$197.66	\$12,429.9	\$12,048.6	14.2x	NM
Amdocs	\$84.49	\$10,105.7	\$10,147.9	2.1x	11.7x
Blackbaud	\$70.32	\$3,660.0	\$4,655.5	4.4x	NM
Verint Systems	\$22.99	\$1,498.0	\$2,126.6	2.4x	16.1x
Stratasys	\$13.61	\$918.3	\$755.8	1.2x	26.2x
<b>Median:</b>	<b>\$140.30</b>	<b>\$25,999.47</b>	<b>\$26,205.60</b>	<b>7.2x</b>	<b>24.5x</b>

### SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 7.2x revenue (based on Enterprise Value to Revenue) at the closing of Q3.
- Microsoft has continued its long innovation history by implementing AI virtual assistant, Copilot. With over a billion users worldwide, Microsoft has decided to fully embed the new offering into its full suite of offerings. The Copilot solution is able to write notes in Teams meetings, analyze data in Excel files, and create passages in Word while only costing \$30 per user per month. The new offering will compete with Google and Zoom's AI assistants but will benefit from being fully embedded in the Office 365 suite.
- M&A in enterprise software continued its lower activity levels with 13 total deals in Q3 2023. While it is one of the lowest Q3 levels since 2017, it is still above the 8 deals completed in Q3 of 2022. The two largest deals with publicly available valuation information were C-Beyond's acquisition of Automatique & Industrie and Entain's acquisition of ASF at \$22.5M and \$106M, respectively.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-09-25	N. Harris Computer	Dexco	
2023-09-07	Bridgepoint Development Capital	Sinari Invest	
2023-09-05	PlanScout	Stuart Software Solutions	
2023-08-22	Sidus Space	Exo-Space (assets)	
2023-08-07	Uptick	FireMate Software	
2023-07-21	Datamine Corporate	Sodep Sistemas	
2023-07-19	C-Beyond	Automatique & Industrie	22.5
2023-07-17	Entain	ASF	106.0
2023-07-14	Valsoft Corporation	Forms Express	

# 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 09/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Snowflake	\$152.77	\$49,408.9	\$46,924.3	19.2x	NM
Verisk Analytics	\$236.24	\$36,213.4	\$37,043.9	16.1x	27.2x
Elastic	\$81.24	\$7,844.5	\$7,629.9	6.9x	NM
MicroStrategy	\$328.28	\$4,248.3	\$6,800.7	13.6x	NM
Pegasystems	\$43.41	\$3,580.3	\$3,886.8	3.0x	NM
Alteryx	\$37.69	\$2,623.5	\$3,274.9	3.6x	NM
PROS Holdings	\$34.62	\$1,582.1	\$1,736.8	6.0x	NM
Domo	\$9.81	\$343.9	\$423.0	1.3x	NM
<b>Median:</b>	<b>\$62.33</b>	<b>\$3,914.3</b>	<b>\$5,343.7</b>	<b>6.4x</b>	<b>27.2x</b>

### SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 6.4x revenue (based on Enterprise Value) at the closing of Q3.
- Many companies have implemented business intelligence solutions over the past few years with Power BI, Tableau and Qlik leading in market share. While business intelligence solutions have become common place in most medium and large businesses, new AI components from Microsoft and Google may impact users' needs for these solutions. Copilot can create dashboards similar to Power BI with just a few click as can Google AI assistant. While Qlik, Power BI and Tableau, among others, can currently do far more, investment in more AI and ML capabilities will help fend off any market grab by AI companies.
- Deal activity remained reasonably steady compared to Q3 2022 with 57 this year and 68 in 2022. While deal count was down deal value had increased to over \$3B company from nearly \$500M in 2022. The increase in deal value was primarily due to Roper's \$1.25B acquisition of AI-based performance management software for higher ed, healthcare and financial sector, Syntellis Performance Solutions, and Thermo Fisher's acquisition of CorEvitas for \$913M.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

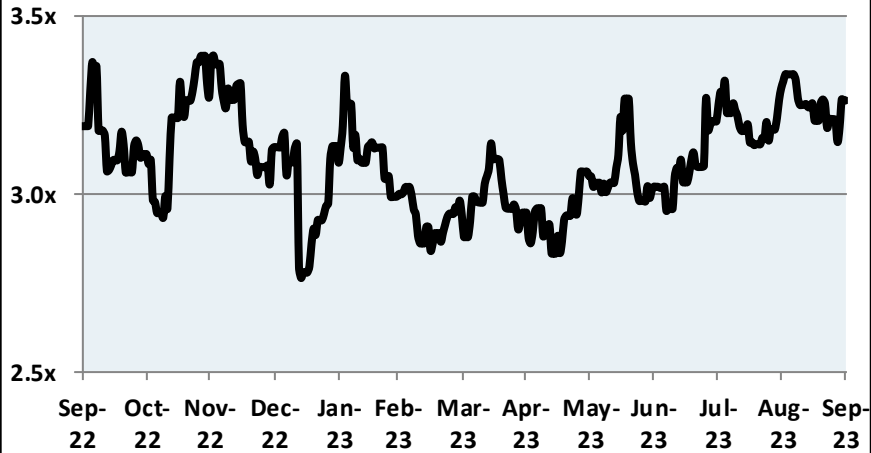
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-09-18	Elixirr International	Responsum	5.6
2023-09-15	TH1NG	IIOOTE	0.2
2023-08-25	CTOS Digital	PT Prime Analytics	0.5
2023-08-14	MSCI	The Burgiss Group	697.0
2023-08-14	Definitive Healthcare	Populi	52.0
2023-08-08	Roper Technologies	Syntellis Performance Solutions	1,250.0
2023-08-07	ExactCare Pharmacy	Tabula Rasa HealthCare	268.9
2023-07-17	Bluesight	Medacist Solutions Group	
2023-07-17	PNE	Bitbloom	
2023-07-10	Francisco Partners	Macrobond Financial	
2023-07-07	Symphony Technology	Wrike	
2023-07-06	Thermo Fisher Scientific	CorEvitas	912.5

# 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 09/30/23	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
VMware	\$166.48	\$71,669.5	\$76,317.3	5.6x	22.0x
Check Point Software	\$133.28	\$16,305.3	\$14,007.5	5.9x	15.4x
F5 Networks	\$161.14	\$9,738.6	\$9,158.3	3.3x	17.6x
Trend Micro	\$37.95	\$5,280.7	\$3,334.3	1.9x	7.4x
CommVault Systems	\$67.61	\$3,008.1	\$2,704.1	3.4x	NM
Progress Software	\$52.58	\$2,324.7	\$2,922.4	4.3x	15.5x
Radware	\$16.92	\$747.2	\$428.7	1.5x	NM
Magic Software	\$11.24	\$552.1	\$586.5	1.0x	7.1x
Allot Communications	\$2.18	\$81.6	\$60.2	0.6x	NM
<b>Median:</b>	<b>\$52.58</b>	<b>\$3,008.1</b>	<b>\$2,922.4</b>	<b>3.3x</b>	<b>15.5x</b>

### SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.3x revenue (based on enterprise value) at the end of Q3.
- Infrastructure software has continued to improve over the past few years, and one of the most significant improvements has been in observability tools. Monitoring and observability software, while expensive, has helped minimize outages and improve efficiency. While specific tools can monitor and diagnose root-level problems, more broadly used tools can alert team members to issues while keeping costs low. These tools can help teams predict and resolve problems to minimize impact to customer usage and overall profitability.
- The largest company in our index, VMware, announced they were being acquired by Broadcom in May of 2022. While it has been over a year since the announcement, the deal has not been completed as the U.K.'s Competition and Market Authority investigated the acquisition. The CMA approved the acquisition in mid-August and sent both shares higher. With VMware, Broadcom will accelerate the adoption of cloud technologies while giving VMware the capital and capabilities to fund its R&D ambitions.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-09-21	Recast Software	Liquit	
2023-09-18	Quadient	Daylight Automation	
2023-09-14	WhoGoHost	Sendchamp Global	
2023-09-06	Netskope	Kadiska	
2023-09-05	ECI Partners	Commify UK	323.2
2023-08-02	Zetron	Eagle Newco	14.7
2023-07-31	Francisco Partners Management	New Relic [NYSE: NEWR]	6,095.5
2023-07-19	Dell Technologies	Moogsoft	100.0
2023-07-18	Main Capital Partners	Patchmanager	
2023-07-13	FMG Suite	ionlake	

# 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 09/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$307.11	\$196,204.4	\$188,037.4	2.9x	16.8x
Capgemini	\$175.12	\$30,988.4	\$34,387.2	1.4x	10.5x
CDW	\$201.76	\$27,631.0	\$32,778.4	1.5x	16.8x
NTT Data	\$13.42	\$18,819.6	\$36,722.0	1.3x	9.0x
Booz Allen Hamilton	\$109.27	\$14,461.5	\$17,228.8	1.8x	24.9x
CACI International	\$313.93	\$7,350.0	\$9,069.0	1.4x	12.8x
DXC Technology	\$20.83	\$4,653.4	\$8,508.8	0.6x	13.3x
ICF International	\$120.81	\$2,296.4	\$3,088.6	1.6x	17.8x
Perficient	\$57.86	\$2,122.2	\$2,376.9	2.6x	13.5x
The Hackett Group	\$23.59	\$699.4	\$681.3	2.3x	12.4x
<b>Median:</b>	<b>\$115.04</b>	<b>\$10,905.8</b>	<b>\$13,148.9</b>	<b>1.5x</b>	<b>13.4x</b>

### SECTOR HIGHLIGHTS

- The median IT Services index was trading at 13.4x EBITDA (based on Enterprise Value to EBITDA) at the closing of Q3.
- IT services have maintained their high valuations since the pandemic, with the need to augment teams with the ongoing tech talent shortage and the need for immediate return on investment in uncertain economic times. With high salary, recruitment, and training costs, most firms turn to analytics firms to implement solutions rather than hiring their business analysts. Similarly, businesses would rather rely on security firms that remain current on all necessary security measures and scale up during emergencies over internal resources. This trend carries over to the software side, where most software is not one size fits all, and thus, teams are turning to customized solutions that can better help their needs. Whether it is security, data analytics, or automation solutions, companies tend to look at service firms to help customize platforms to ensure user adoption and effectiveness of tech investments.
- M&A activity continued its strong activity in the third quarter. With 221 deals and a total deal value of \$6.3B, IT Services firms remain a high-value target in the tech sector. The strong demand for IT services firms continues to drive high valuations. As PE-backed consolidation continues, the valuations are expected to remain elevated for the coming quarters with strategics re-entering the market following the low activity levels in 2022.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-09-18	Kontron	Altimate	12.4
2023-09-14	WT Microelectronics	Future Electronics	3,800.0
2023-08-28	SHIFT Growth Capital	Human System	9.6
2023-08-23	Parsons	Sealing Technologies	175.0
2023-08-23	Dycom Industries	Bigham Cable Construction	127.0
2023-08-09	Cegeka	Computer Task Group	168.5
2023-08-08	GTCR	ADT (commercial fire and security segment)	1,612.5
2023-08-08	Transcat	Axiom Test Equipment	38.0
2023-07-19	Mastek	BizAnalytica	16.7
2023-07-14	Netum Group	Buutti	11.1
2023-07-12	HCL Technologies UK	ASAP Holding	275.5

# 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 09/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$726.26	\$67,557.4	\$82,813.0	10.7x	26.9x
Digital Realty	\$121.02	\$37,232.4	\$58,241.9	11.4x	23.2x
SAIC	\$105.54	\$5,783.6	\$7,649.8	1.0x	8.3x
ePlus	\$63.52	\$1,692.5	\$1,873.2	0.9x	9.2x
Cancom	\$26.68	\$949.5	\$1,001.1	0.7x	10.0x
NCC Group	\$1.44	\$449.1	\$548.3	1.4x	18.6x
Sify Technologies	\$1.83	\$339.8	\$569.4	1.4x	7.1x
Redcentric	\$1.53	\$243.9	\$329.7	1.9x	18.5x
iomart	\$1.95	\$220.1	\$268.2	1.9x	6.5x
<b>Median:</b>	<b>\$14.32</b>	<b>\$699.3</b>	<b>\$785.3</b>	<b>1.4x</b>	<b>10.0x</b>

### SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 10.0x EBITDA (based on Enterprise Value) at the closing of Q3.
- As with the other tech sectors DecisionPoint follows, the Hosted & Managed Services sector expects to see a growth of automation in the coming years. From security needs to repeatable daily tasks, many MSPs are looking for robotic process automation (RPA) products to help their clients. While the space is crowded, and there might not be a one-size-fits-all solution for clients, many are partnering with RPA, IoT and MSSP companies to ensure clients are cared for. While the RPA teams can automate some tasks the combination with IoT and MSSPs firms can better protect their clients' physical and virtual spaces.
- M&A activity has slowed in the Hosted & Managed Services sector compared to Q3 2022 but is still higher than other sectors. 35 deals were announced in Q3 2023, the largest being Atturra Holdings' \$32M acquisition of Cirrus Networks, 7.4x TTM EBITDA. Compared to the 45 deals in Q3 2022, activity has slowed, but the sector is still seeing deals occur, especially with private equity firms, which account for over a third of deals in the quarter. These firms are primarily looking for the contracted recurring revenue of MSPs that is not found in traditional IT services.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-09-11	Atturra Holdings	Cirrus Networks Holdings	31.9
2023-09-06	Atturra Holdings	Sabervox	3.2
2023-07-20	inTec Business Solutions	Sweethaven Computers	
2023-07-13	Novatech	Carolina Business Equipment	
2023-07-12	Montefiore Investment	oXya SASU	
2023-07-12	Thrive Operations	IT Freedom	
2023-07-11	IT Solutions Consulting	Umbrella Managed Systems	
2023-07-11	Advanced Business Methods	True IT	
2023-07-10	Ideal Integrations	thinkCSC	
2023-07-07	ThelPGuys.Net	JDL Technologies	

# 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 9/30/2023	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$42.41	\$155,171.0	\$150,452.2	5.3x	19.9x
Automatic Data	\$240.58	\$100,009.1	\$100,352.9	5.8x	23.5x
Infosys	\$17.25	\$72,039.5	\$70,210.2	3.8x	NM
Cognizant Technology	\$67.74	\$34,649.0	\$33,597.5	1.7x	10.1x
Wipro	\$4.88	\$26,939.8	\$22,278.5	2.0x	10.2x
CGI Group	\$99.23	\$23,690.5	\$25,054.0	2.4x	12.5x
CSG International	\$51.12	\$1,574.8	\$1,956.6	1.7x	10.2x
Unisys	\$3.45	\$234.4	\$378.1	0.2x	NM
<b>Median:</b>	<b>\$ 46.76</b>	<b>\$ 30,794.41</b>	<b>\$29,325.74</b>	<b>2.2x</b>	<b>11.4x</b>

### SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 11.4x EBITDA (based on Enterprise Value) at the closing of Q3.
- Many companies are turning to new areas for their outsourced IT needs. With India's prices increasing and uncertainty in Eastern Europe, Latin America is becoming a hotbed of IT services and software. With solid talent markets and evolving technical education systems, many countries such as Ecuador, Mexico, and Costa Rica are seeing significant development of technical resources. The lower costs compared to India and time zone alignment with the United States have allowed for a flourishing of IT firms and growth in acquisitions. Expect Latin America to continue its growth over the coming years with high-quality employees, favorable tax incentives, and rising prices.
- With other countries accelerating their technical education programs, powerhouses in the outsourcing sector, such as India and China, are having to upskill their employees as costs rise. With Mexico charging similar prices to Indian resources, Indian firms will need to improve their skills to compete with the more convenient cost centers. Many companies like UNext are partnering with companies to improve the skills of their employees in areas of AI, ML, or specialized areas such as Kubernetes.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-09-15	MultiMetaVerse Holdings	TaoMee	14.0
2023-09-14	GXO Logistics	PFSweb	
2023-09-06	Align Technology	Cubicure	
2023-09-05	Solitron Devices	Micro Engineering	
2023-08-25	BIGG Digital Assets	TerraZero Technologies	
2023-08-07	MyPlanAdvocate Insurance Solutions	Eversurance	
2023-07-26	Marlowe	IMSM	
2023-07-21	Jonas Software AUS	Corum Group (Pharmacy Software business)	
2023-07-04	NOTE	DVR	335.0
2023-07-03	Incap	Pennatronics	220.0
2023-07-13	Exhicon Events Media	Impluse India Private	1.0

# 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 09/30/23	Market Cap.	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
Robert Half International	\$73.28	\$7,876.6	\$7,342.5	1.1x	9.4x
ASGN	\$81.68	\$4,088.1	\$4,952.3	1.1x	10.3x
ManpowerGroup	\$73.32	\$3,768.6	\$4,548.1	0.2x	7.9x
Kforce	\$59.66	\$1,190.8	\$1,239.5	0.8x	13.4x
RCM Technologies	\$19.54	\$188.3	\$173.5	0.7x	6.9x
Computer Task Group	\$10.33	\$158.4	\$165.9	0.5x	18.3x
Mastech Digital	\$9.00	\$106.7	\$88.8	0.4x	11.9x
<b>Median:</b>	<b>\$59.66</b>	<b>\$1,190.8</b>	<b>\$1,239.5</b>	<b>0.7x</b>	<b>10.3x</b>

### SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 10.3x EBITDA (based on Enterprise Value) at the closing of Q3.
- The IT Staffing market took a hit at the end of 2022 and continued depressed valuations through Q1 of 2023. This coincides with the large-scale layoffs and hiring freezes occurring in the face of economic uncertainty. As concerns faded, many companies lifted their freezes and saw increased demand. The lack of talent caused companies to turn to staffing agency partners to fill positions, pushing valuations in the sector higher.
- Third-quarter deal activity in the IT Staffing sector has remained consistent over the past few years. Q2 2023 had 8 total deals, the highest quarterly value since the beginning of 2018, except for Q3 2022, which had 11 deals announced. As the staffing sector remains highly competitive, expect more M&A deals to be announced as companies look to differentiate services from the broader crowd of staffing services.
- Some firms are turning to smaller service contracts as temporary fixes for their clients. A version of this trend are flexi-roles that can last for days to months. These roles may be as simple as 4-hour support windows for a specific country during weekends to ad hoc services in niche areas as required. This service allows IT Staffing firms to build a reliable reputation with and flexibility for the client while charging higher rates for short-term solutions.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-09-26	Surestaff	Cardinal Staffing Services	
2023-09-21	Beleven	Agena Tech Talent	
2023-09-13	Cherry Bekaert	Cordia Recruiting and Staffing	
2023-08-22	24 Seven	The Cydio Group	
2023-08-01	Design Group Staffing	Hire Technologies (ProVision business unit)	3.4
2023-07-18	Futuris Company	Insigma	
2023-07-11	Metova	Central Standard Talent	
2023-07-10	Aequor Technologies	Collab Infotech	

# 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 09/30/23	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Nvidia	\$434.99	\$1,083,777.6	\$1,069,356.3	32.7x	86.3x
International Business ServiceNow	\$140.30	\$128,594.6	\$171,890.2	2.8x	23.8x
CrowdStrike Holdings	\$558.96	\$114,176.5	\$111,492.8	13.9x	NM
Palantir Technologies	\$167.38	\$39,820.6	\$37,623.6	14.2x	NM
SentinelOne	\$16.00	\$34,673.5	\$31,651.6	15.5x	NM
C3.ai	\$16.86	\$4,830.0	\$4,278.6	8.2x	NM
C3.ai	\$25.52	\$2,859.8	\$2,268.1	8.3x	NM
<b>Median:</b>	<b>\$140.30</b>	<b>\$39,820.6</b>	<b>\$37,623.6</b>	<b>13.9x</b>	<b>55.0x</b>

### SECTOR HIGHLIGHTS

- The median AI & ML index was trading at 13.9x Revenue (based on Enterprise Value) at the closing of Q3.
- Many manufacturing firms, looking for ways to free up employees and lower costs, are turning to the abilities of generative AI to assist in routine tasks. For example, computer-aided design platforms and processes should see a strong use case for the abilities of generative AI. While many companies will not outright rely on the design created by the program, they can ask for suggestions and initial ideas. According to 451 Research, 31% of manufacturing companies already use generative AI for support around cost, configuration, and materials.
- With the arrival of ChatGPT, a new sense of excitement surrounded the tech markets, with nearly every company having to include the implementation of generative AI in their technical roadmap. While the enthusiasm is there, many companies are not rushing to push AI technologies out to their clients or many customer-facing roles. According to a survey done by 451 Research, more than 63% of respondents responded they would apply AI and ML to internal uses such as IT operations, security, and operations. Only a few respondents indicated that their primary reason for implementing were customer-facing roles such as Customer Services (9%), Marketing (7%), and Sales (6%).

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2023-08-30	Ai Software	LumenVox	
2023-07-19	Gema	SoundAware	

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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