



CHESAPEAKE TECHNOLOGY NEWSLETTER

31 Mar 2022



THE CHESAPEAKE GROUP

INVESTMENT BANKING & STRATEGIC ADVISORY

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Note: Market data as of Mar 31, 2022

Section 1:

Fortnightly update

This fortnight in technology...

Infosys to acquire Oddity

Overview:

- On 22 March 2022, Infosys announced that it had entered into an agreement to acquire Oddity, a global leader in next-generation digital services and consulting, for \$55m representing an EV / Sales multiple of 2.2x based on CY 21A financials.
- The move strengthens Infosys' creative, branding and experience design capabilities, and demonstrates its continued commitment to co-create with clients and help them navigate their digital transformation journey.

About Infosys:

- Infosys is a global leader in next-generation digital services and consulting.
- With over 292,000 employees, the company enables clients in more than 50 countries to navigate their digital transformation. The enables enterprises with an AI-powered core coupled with agile digital at scale to deliver unprecedented levels of performance and customer delight.

About Oddity:

- Founded in 2000, Oddity is a digital marketing, experience, and commerce agency. The firm has a comprehensive service portfolio and enables digital transformation for leading German omni-channel, e-commerce retailers, leading FMCG brands and global mobility providers. Offerings include digital-first brand management and communication, in-house production, virtual and augmented reality, experience design and e-commerce services.
- The company's clientele include Porsche, Bosch, Disney, Mercedes Benz, Mini, WWF, Trumpf, Cosnova Beauty, Festo, Weleda, Schneider, Felix, Ritter Sport, Otto, Rolf Benz, Krombacher and Bonprix.
- With more than 300 digital experts in Stuttgart, Berlin, Cologne, Belgrade, Shanghai and Taipei, the firm is one of the largest independent digital agencies from Germany.

Rationale of the transaction:

- Together with Infosys' earlier acquisition of Wongdoody, which offers creative and marketing services, Oddity will help global CMOs, and businesses thrive in a digital commerce world with complementary skills and expertise.
- As part of Infosys' digital experience and design offering, Oddity will become part of Wongdoody and join its network of studios across Seattle, Los Angeles, Providence, Houston, London, and design hubs in five cities in India.
- Oddity's digital commerce and marketing knowledge including its metaverse-ready set up is the perfect complement to Infosys' prowess in technological transformation.
- In terms of financials, Oddity clocked \$25m in revenue in CY 21A, a 26% increase compared to its revenue in CY 20A. The enterprise value of \$55m includes earnout, management incentives and bonuses.

Section 2:

Recent news and press releases

Recent news excerpts – Company specific

IBM to impart digital skill to 12,000 girl students in Nagaland – Economic Times

Mar 25, 2022 — IBM India announced a collaboration with the Nagaland School Education department to introduce digital powered training in more than 250 secondary and higher secondary schools across 15 districts in the northeastern state. The program "IBM Stem" (Science, Technology, Engineering and Math) for Girls program aims to provide 21st-century skills to more than 12,000 girls, a statement said. "The curriculum will align and supplement the state's efforts towards quality education. This program will help enable more than 12,000 girls studying between 8th to 10th grade with access to digital fluency, coding skills training, 21st-century skills, including life and career skills," officials said. The collaboration is part of a three-year program between IBM and Nagaland government, with the QUEST Alliance and YouthNetas an implementation partner, to increase the participation of girl children and women in STEM careers.

Mindtree opens its first development center in Kolkata, charts aggressive hiring plans – Economic Times

Mar 24, 2022 — Mid tier IT services firm Mindtree launched its first development center in Kolkata. This follows the launch of its second delivery center in Pune, last week. Mindtree has been recruiting talent in Kolkata since February 2021 and already employs more than 1,000 professionals in the city including 400 freshers. The company is aggressively adding to its team in Kolkata and expects to double its headcount in the city in the next financial year as it envisages the city to be a digital engineering hub for the company. "Kolkata was a natural choice," said Debashis Chatterjee, CEO and Managing Director of Mindtree. He added that the city has very good access to the talent, good engineering colleges as well as Management Institutes apart from the Indian Statistical Institute.

TCS, IIT-M partner for M Tech program in industrial artificial intelligence – Economic Times

Mar 23, 2022 — Tata Consultancy Services (TCS) has partnered with the Indian Institute of Technology Madras (IIT-M) to launch an M-Tech program in Industrial Artificial Intelligence (AI) for working professionals. IIT-M will offer the 18-month-long course, designed in consultation with TCS, completely online, through live teaching mode and virtual classrooms. It is targeted at upskilling corporate employees in the applications of AI to solve industrial problems. The first cohort of students for the program will be from TCS. The program will have theoretical courses and lab work covering data science and AI. Theoretical courses will cover concepts in fundamental mathematical techniques required for understanding data science algorithms, time series analysis, multivariate data analysis, machine learning, deep learning and reinforcement learning.

IBM Consulting's BPO unit wins vendor invoicing deal from IndianOil – Economic Times

Mar 22, 2022 — IBM Consulting's BPO division has won a vendor invoice management deal from state-owned energy company IndianOil, a press statement said. The Shared Service Centre, from where employees of IndianOil and IBM would resolve vendor issues, make payments, record exceptions and maintain records, would be based in Noida, Uttar Pradesh. The center would be able to process 1.5 million invoices annually. For IndianOil, the outcome of the deal is technology-enabled service delivery at scale. Sandeep Kumar Gupta, Director (Finance), IndianOil, said the Shared Service Centre makes centralized processing for the "accounts payable" function across the country. Also on offer are AI-enabled chatbots for vendors to get updates on invoices and payments

TCS wins Fletcher Building digitization deal, platform to run on Google Cloud – Economic Times

Mar 22, 2022 — Tata Consultancy Services (TCS) said on Monday that it had won a deal from New Zealand-based real estate development company Fletcher Building to build a flexible, Google cloud-based enterprise platform to support long-term growth and innovation. Fletcher Building is partnering with Google Cloud and TCS to implement enterprise-grade, cloud capability to run its mission-critical enterprise workloads to enable greater uptime and flexibility, develop its customer data strategy to create an end-to-end understanding of customer needs and behaviors, and to respond quickly to market changes and opportunities. With operations in New Zealand, Australia and the South Pacific, Fletcher Building has more than 25 different businesses across manufacturing, distribution, retail, home building, and major infrastructure projects.

Recent news excerpts – Company specific (cont'd)

India central to IBM Consulting's strategy, says John Granger – Economic Times

Mar 20, 2022 — India remains at the center of IBM Consulting's strategy to drive growth, a senior executive said. John Granger, senior vice president of IBM Consulting, who was in the country to launch innovation centers in Kochi and Coimbatore, said India was central to how the company executed its strategy. "We are doing three things to make our strategy successful – we're doubling down on the acquisition of talent and, in this context, the centers are really important for us as a significant proportion of our talent is based in India," Granger said. Acquisitions are another area of focus, with IBM having acquired 12 companies in the 20 months since Indian-origin Arvind Krishna took over as its chief executive. The most recent one, Neudesic, has 700 people working in India, or about half its workforce. The other aspect where India is driving the global strategy is through IBM Garage, an end-to-end offering to accelerate digital transformation for clients.

Axtria looks to increase headcount at Bengaluru office to 1,500 by year-end – Economic Times

Mar 17, 2022 — Cloud software and data analytics company Axtria, which helps life sciences-based businesses bring therapeutics to the market faster, looks to increase its headcount at its newly launched Bengaluru office to 1,500 by the end of this year. "Today, we have over 2,500 employees across all locations," Jaswinder Chadha, President & CEO, Axtria told ET. "The current strength of the Bengaluru office is 200 who were hired during the pandemic. We are planning to expand the headcount in the Bangalore office to 1,500 by the end of the year. And 75% of employees are based in India. "He said the team in India does both product development and data analytics. India is one of the largest talent pools that is available and Chadha said this was the reason why Axtria was expanding its footprint in India. In terms of hiring talent, Chadha said that apart from attracting top talent from premier institutions, the company has also been proactive when it comes to perks.

Capgemini to hire over 60,000 employees in India in 2022 – Economic Times

Mar 17, 2022 — French technology firm Capgemini will look at adding about 60,000 new employees in India this year – higher than it did in 2021 – as demand for digital-led solutions rise, its CEO Ashwin Yardi has said. "We are globally about 325,000 employees and half of them are in India, and we continue to see good headcount growth," Yardi told ET. The new hires will be a mix of fresher hiring and lateral talent, with a focus on emerging areas like 5G and quantum, he said. Capgemini in India grew faster than the reported growth for the group in 2021, and Yardi said the demand outlook for the rest of the year remained strong, fueling the hiring drive. The company has also put in place a series of initiatives like quarterly promotion cycles and partnerships with educational institutes to create specific skills. Emerging technologies like quantum, 5G and metaverse are expected to be big growth drivers going forward, and Capgemini is setting up labs to build solutions around these technologies for global customers.

Singapore Exchange selects TCS BaNCS to power NSE IFSC-SGX Connect in Gift City – Economic Times

Mar 16, 2022 — Tata Consultancy Services (TCS) said on Wednesday that its flagship financial platform TCS BaNCS will be deployed by Singapore Exchange (SGX) to power the NSE IFSC-SGX Connect (Gift Connect). The program will connect to NSE IFSC, a fully owned subsidiary of the National Stock Exchange of India (NSE), for trade execution and clearing of Nifty products on behalf of its members in Singapore and globally. SGX selected TCS BaNCS for its multi-broker, low latency capabilities, to serve as the end-to-end solution for its trading, clearing, settlement and risk management operations. "TCS BaNCS will give us a modern, fast, intuitive application interface and real time market data feeds for trading, post trade processing and risk management. This innovative link will bring Singapore and India's capital markets together by providing seamless and efficient access for international participants seeking to trade in NSE IFSC."

TCS wins multi-year deal with Australian government's Western Power – Economic Times

Mar 15, 2022 — Tata Consultancy Services (TCS) has won a multi-year deal from Western Power, an Australian state government-owned energy company to assist in digitally transforming its software systems as part of the business's drive to deliver a cleaner and more resilient energy supply to West Australians. Under the partnership, TCS has been selected as the primary systems integrator across multiple domains including asset management and network operations as well as secondary systems integrator for asset operations, finance, and the corporate domain. TCS will provide services for network reliability, productivity of field services teams, and safety for customers. TCS will also work with Western Power on the Western Australian and Federal government's flagship Distributed Energy Resources Program virtual power plant pilot – Project Symphony.

Recent news excerpts – Industry

Mint **Digitisation in governance key milestone for India: Narayana Murthy**

Mar 26, 2022

N R Narayana Murthy, co-founder and chairman Emeritus Infosys said that bringing the power of digitisation to the citizens residing in the remotest villages of India is what will truly herald India's success in the digitisation initiative. Digitisation in public governance is the most important milestone of progress for our country. He said that for making digitisation work in public governance the first requirement is to enhance the readiness and the enthusiasm of the Indian software service companies to play a larger role in developing, maintaining and upgrading, digitalised systems for Indian government organizations and enhancing the readiness of the government for the successful deployment and adoption of appliances.

Mint **How Indian IT companies are countering employee attrition**

Mar 23, 2022

Attrition has been a cause for concern for some time now as it has been continuously rising. However, brokerage and research firm ICICI Securities believe that crest in terms of attrition has already passed and is expected to taper down in the coming quarters. The Indian IT companies have already elevated their fresher hiring for FY22 and are planning to hire even more freshers in the next 12 months, which will ease pressure on attrition, it said in a note. Further, companies have been communicating with their clients about the cost rise in terms of wage hikes amid high attrition. Clients have been receptive in terms of dialogue and recognized the elevated costs for the IT companies.

Economic Times **Conversational AI will be the foundation for experience delivery in metaverse: Kore.ai's Raj Koneru**

Mar 21, 2022

Conversational AI will potentially become the foundation for experience delivery in the metaverse of the omniverse, Raj Koneru, CEO and founder of conversational AI-first platform Kore.ai told ET while speaking about the company doubling its R&D center in Hyderabad. He said conversational AI is going to replace UI (user interface) based applications and said that the current applications will become conversational. This becomes even more relevant in the Metaverse and Omniverse which he said will exist in some form or the other as a virtual world that will imitate or simulate the real world. He said the applicability of conversational AI becomes even more important when applications themselves become conversational.

Economic Times **Servers running, but snags remain: India's data trade faces several pain points**

Mar 20, 2022

India's data center industry is expected to attract investments worth Rs 70,000-Rs 72,000 crore over the next five to 10 years, driven by large corporate groups and Cloud services providers, according to an estimate by ratings agency Ind-Ra. Much of this growth will be centered around Mumbai and Chennai due to their business and infrastructure advantages, strategic location, and cable landing stations, an analysis by Airtel and realty industry consultancy JLL has shown. The government, too, has made several positive changes to its data center policies over the years. Technology industry lobby group Nasscom has also put forth suggestions to the Telecom Regulatory Authority of India (Trai) and the data center working group of the Ministry of Electronics and IT (MeitY), on how the data center industry must evolve.

Economic Times **Green tech glowing bright on IT radar**

Mar 15, 2022

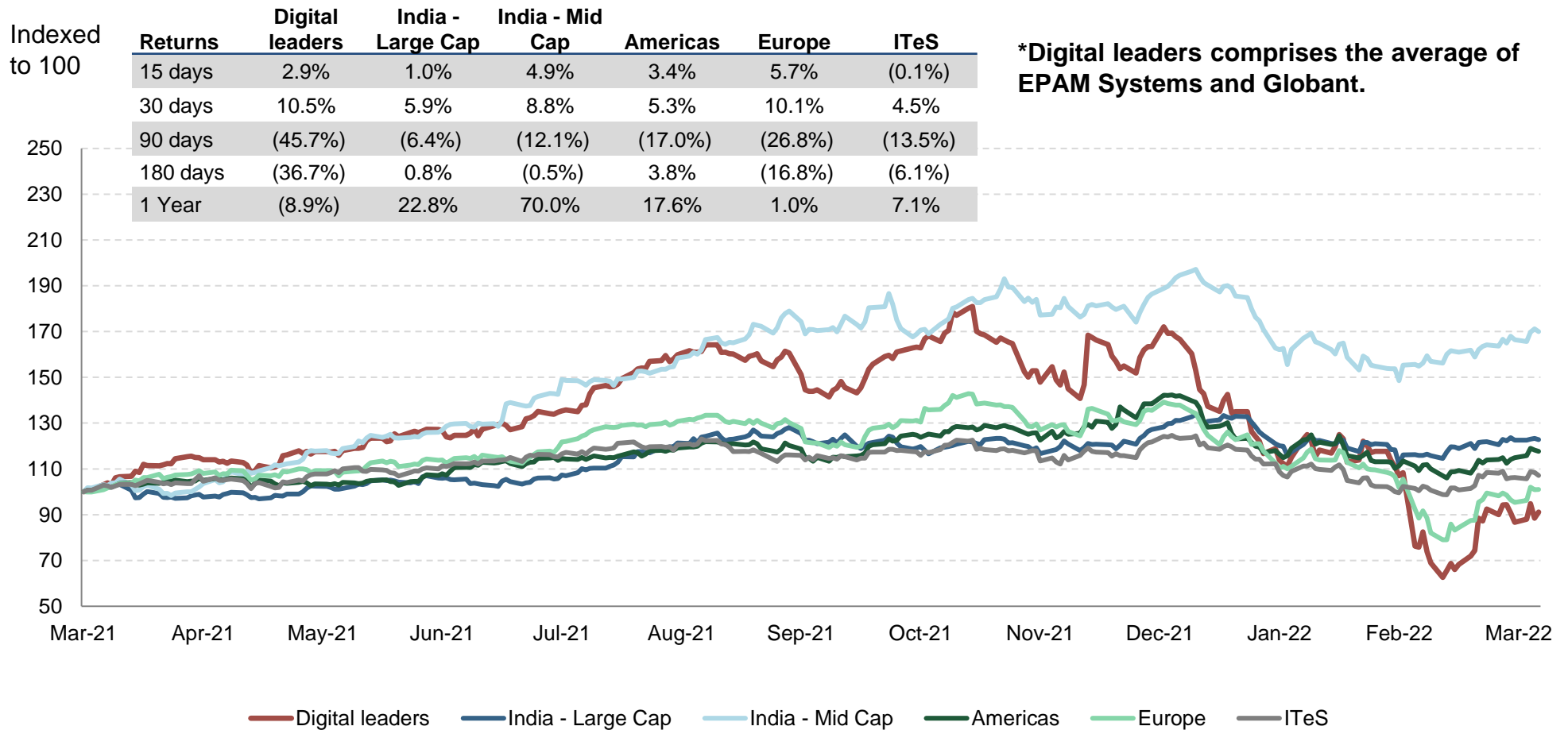
Environmental, social and governance (ESG) targets have emerged as a key differentiator for big IT service providers while pitching for large deals. While adherence to governance norms has largely been driven by regulatory bodies, most companies have voluntarily signed up to meet environmental and social goals, focusing chiefly on gender diversity and sustainability. In addition to 'doing good', technology-led implementation of these ESG guidelines has become an important area of business growth for software services companies, panelists said during a recent discussion conducted by IT industry body Nasscom and The Economic Times.

Section 3:

Valuation overview

Share price evolution – IT / ITeS companies

Over the past 15 days, the valuation of large cap IT services marginally increased by 1.0% while the valuation of mid cap Indian IT services companies increased by 4.9%. Strong guidance from Accenture’s results indicated that spending on change program continues to be robust which is a positive for Indian IT firms.

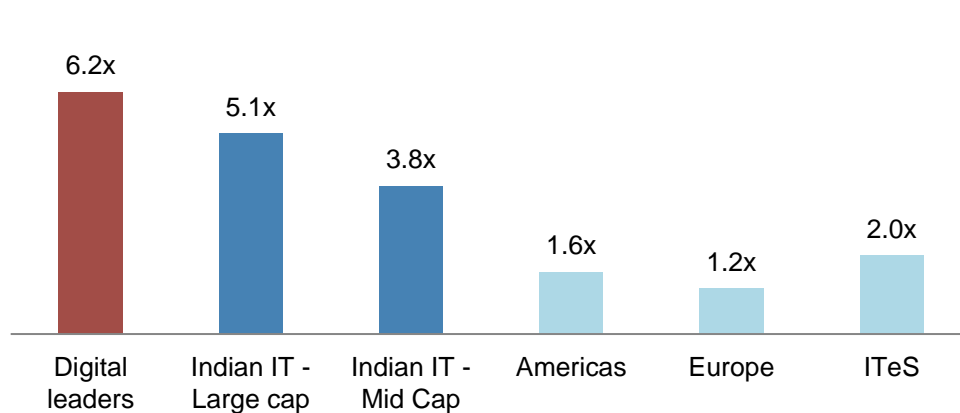


Source: Capital IQ

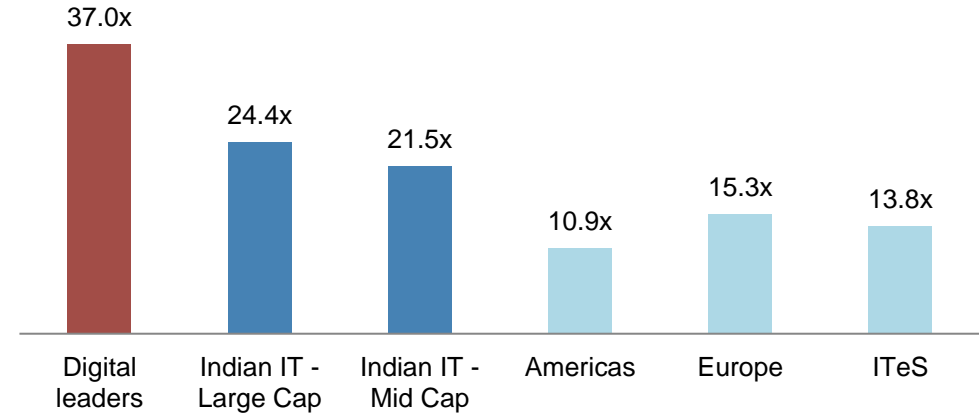
Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)

Valuation summary

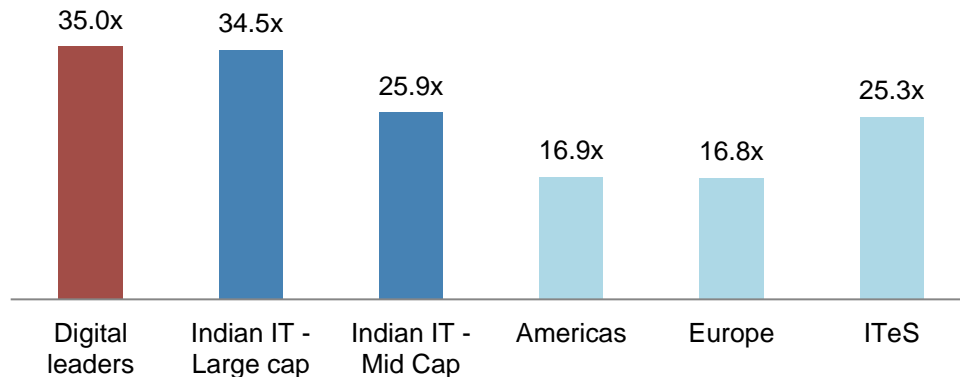
EV / LTM Sales



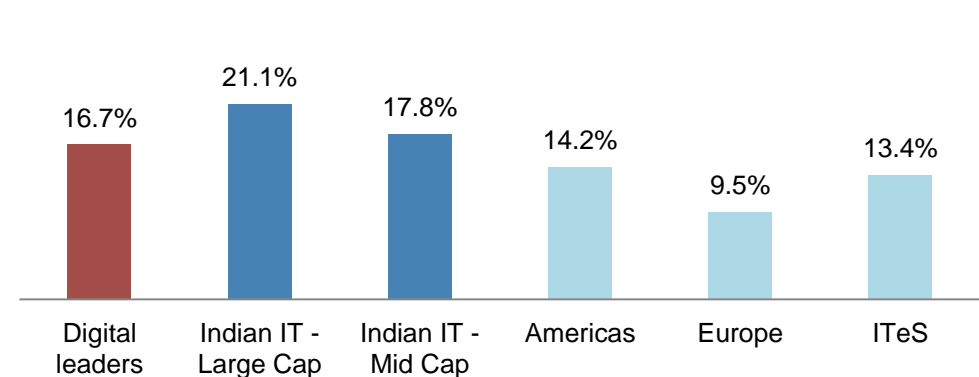
EV / LTM EBITDA



P / E (LTM)



LTM EBITDA Margins



***Digital leaders comprises the average of EPAM Systems and Globant.**

Source: Capital IQ

Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)

Key transactions in March

Overview

Target business description

Transaction rationale

Mar-22



- Target country – Australia
- Deal size – \$217m
- EV / Sales – 2.5x

- Founded in 1996, Arq Group is a digital professional services company.
- The company has deep expertise in mobile, data, analytics and cloud and is one of the fastest growing digital services company in Australia.
- It caters to enterprises and Australian State and Federal governments.
- It is headquartered in Melbourne with offices in Sydney and Brisbane.

- The acquisition scales up NCS NEXT in Australia with compelling end-to-end digital transformation value proposition for clients.
- The deal completes quad of investments in Australia that transforms NCS into regional IT and digital powerhouse across Singapore and Australia.
- ARQ's 560 strong team will increase NCS' headcount in Australia to 1,900 and build a robust tech talent pipeline to support the growing digital transformation needs of clients.

Mar-22



- Target country – United Kingdom
- Deal size – \$231m
- EV / Sales – 9.1x

- Founded in 1990, Incremental Group is a leading digital transformation and data analytics company and Microsoft partner.
- It is one of the leading Microsoft Dynamics Partners in the UK and is also a major player in the data and analytics market.
- It is one of only two partners in EMEA on Microsoft's Global Advisory Board for data analytics.
- It is headquartered in Glasgow with offices in UK, Bulgaria and India.

- With this acquisition, Telefónica Tech UK&I significantly increases its scale in the UK and its offering of Microsoft technologies, including 16 Gold competencies and 5 advanced specializations, consolidating its leading position in the UK market.
- The addition of Incremental's business applications, power apps, data analytics and management capabilities to Telefónica Tech UK&I's cloud services portfolio will enable it to enhance the end-to-end cloud offering for mid-market, large enterprise and government customers.

Mar-22



- Target country – United States
- Deal size – \$16.1bn
- EV / Sales – 4.5x

- Founded in 1923, Nielsen Holdings is a global leader in audience insights, data and analytics.
- The company's offerings include audience measurement, media planning, marketing optimization and content metadata.
- The data collected by the company plays a pivotal role in determining where billions in advertising dollars are spent each year.
- It is headquartered in New York, NY with operations in 55 countries across the globe.

- A group of private equity investors led by Evergreen Coast Capital (Elliott Management) and Brookfield Partners will pay \$28 per share to Nielsen's shareholders, a 60% premium over Nielsen's unaffected stock price as of March 11, 2022.
- The Consortium has secured fully committed debt and equity financing, including an approximately \$5.7bn equity commitment from the Consortium consisting of Evergreen and Brookfield.
- The transaction is subject to approval by Nielsen shareholders and regulatory approvals. There are no financing conditions to the closing of the transaction.

Key transactions in March (cont'd)

Overview

Target business description

Transaction rationale

Mar-22



- Target country – Germany
- Deal size – \$55m
- EV / Sales – 2.2x

- Founded in 2000, Oddity is a digital marketing, experience, and commerce agency.
- Enabling digital transformation for leading German omni-channel, e-commerce retailers, leading FMCG brands and global mobility providers, the firm has a comprehensive service portfolio.
- With more than 300 digital experts in Stuttgart, Berlin, Cologne, Belgrade, Shanghai and Taipei, the firm is one of the largest independent digital agencies from Germany.

- The deal strengthens Infosys' creative, branding and experience design capabilities, and demonstrates its continued commitment to co-create with clients and help them navigate their digital transformation journey.
- Together with Infosys' earlier acquisition of Wongdoody, which offers creative and marketing services, Oddity will help global CMOs, and businesses thrive in a digital commerce world with complementary skills and expertise.
- The acquisition is expected to close during the first quarter of fiscal 2023 (April 2022) subject to customary closing conditions.

Mar-22



- Target country – United States
- Deal size – \$10.7bn
- EV / Sales – 17.7x

- Founded in 2006, Anaplan is a leading cloud-native platform for orchestrating business performance.
- Its platform in-memory data storage and calculation capabilities deliver calculations of data in real time and provide a single source of information for planning, ensuring the consistency, quality, and integrity of the data utilized across the enterprise.
- The company's product is used by over 1,900 leading organization across the globe.
- It is headquartered in San Francisco, CA.

- The all-cash deal for \$66 per share represents a 46% premium to volume weighted average share price of Anaplan for five days ending March 18, 2022.
- *"Anaplan has built a tremendously successful business through product innovation and a rigorous approach to delivering value for their customers and partner ecosystem,"* said Tara Gadgil, a Partner at Thoma Bravo. *"We look forward to working closely with Anaplan's talented and experienced team to continue delivering cloud-native SaaS solutions at scale."*

Mar-22



- Target country – Australia
- Deal size – NA
- EV / Sales – NA

- Founded in 2009, Rubicon Red is a boutique consulting provider.
- It specializes in APSI, integration, intelligent automation and data engineering.
- It offers services spanning the entire development lifecycle including advisory, implementation services, managed services and Solution-as-a-Service.
- It is headquartered in Brisbane with offices in Australian and a development center in India.

- Blending Rubicon Red into KPMG's mid-market business with allow the latter to offer the most advanced technology to clients at a price point that is accessible.
- The deal builds upon KPMG Australia's strategic plan to expand into technology enablement.
- The deal will see Rubicon Red's team of 104 people join KPMG to provide specialist skills in intelligent automation, data engineering and software integration to mid-market organizations.

Key transactions in March (cont'd)

Overview

Target business description

Transaction rationale

Mar-22



- Target country – India
- Deal size – NA
- EV / Sales – NA

- Founded in 2014, Integration Wizards Solutions is a visual artificial intelligence player.
- It works in the field of industrial automation, enterprise mobility, and computer vision and helps enterprises generate, organize, and consume enterprise data efficiently.
- Select clientele:** HPCL, Reliance, Heineken, Xerox, Novo Nordisk and Johnson Controls.
- It is headquartered in Bangalore, India.

- Through this acquisition, SparkCognition plans to expand its IP portfolio to include computer vision capabilities to provide greater value to its industry solutions.
- “With advanced visual AI that can recognize complex scenes and activities we further amplify the value we deliver to our customers while leveraging existing infrastructure investments,”* said Amir Husain, founder and CEO of SparkCognition.
- SparkCognition has been acquisitive in the artificial intelligence space and has acquired three AI businesses last year.

Mar-22



- Target country – Switzerland
- Deal size – \$150m
- EV / Sales – NA

- Founded in 2014, 1plusX is an AI powered data management platform.
- It empowers publishers and advertisers to take control of their first-party assets to drive business results.
- Select clientele:** Axel Springer, BI Garage, Le Figaro, South China Morning Post and Tegna.
- It is headquartered in Zurich, Switzerland with sales offices in Germany and Singapore.

- The combination of TripleLift and 1plusX means publishers and marketers will have a scaled, independent platform that is designed for the privacy-centric future.
- The acquisition also allows both companies to speed their roadmaps and bring new products to market.
- The acquisition of 1plusX gives TripleLift customers yet another powerful tool and it reinforces the company's ongoing commitment to supporting both publishers and advertisers through the coming industry changes.

Mar-22



- Target country – United States
- Deal size – \$40m
- EV / Sales – 1.8x

- Founded in 1999, iOLAP is a specialized provider of end-to-end data and advanced analytics services.
- Its offerings include data ad analytics, artificial intelligence, machine learning, application design and development, and managed services.
- It is headquartered in Frisco, TX with another office in Austin, TX and a development center in Rijeka, Croatia.
- It employs over 230 full time employees.

- The acquisition brings specialist data and analytics capabilities, including artificial intelligence and machine learning, into Elixirr where there is existing demand for these services.
- Elixirr has already worked alongside iOLAP on several client engagements over the past six months, validating the forthcoming success of this partnership.
- “After growing significantly over the last few years, we were looking for a model to ensure we maintain momentum and Elixirr is the perfect partner for this.”* said Chris Jordan, CEO of iOLAP.

Key transactions in March (cont'd)

Overview

Target business description

Transaction rationale

Mar-22



- Target country – United States
- Deal size – \$525m
- EV / Sales – NA

- Founded in 2011, Zimperium is a mobile security platform.
- Its solution provides on-device mobile threat defense backed by machine learning-based protection and a single platform that secures everything from applications to endpoints.
- It has a patented z9 machine learning-based engine that protects mobile devices from device, network, phishing and application attacks.
- It is headquartered in Dallas, TX.

- The investment will enable Zimperium to continue accelerating its growth, both organically and via strategic acquisitions.
- “It’s clear that mobile is the new front line for cybersecurity. We all need to increase our focus on the protection of mobile devices and applications. Liberty Strategic Capital (LSC) is investing in Zimperium because they’ve shown that they can lead the way in this multibillion-dollar market. As the use of mobile devices and the cyber threats against them proliferate, we believe Zimperium has positioned itself as the leader in securing mobile endpoints and applications.”* said Secretary Mnuchin of LSC.

Mar-22

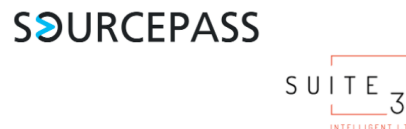


- Target country – United States
- Deal size – \$100m
- EV / Sales – NA

- Founded in 2010, Unbxd is a search personalization company.
- Its intelligent search solutions significantly improve retention and conversions for leading e-commerce retailers/B2C brands in the USA, UK, and Australia.
- Presently, the company empowers 3.5% of all US e-commerce on-site search queries spread over 150+ customers.
- It is headquartered in San Mateo, CA.

- With Unbxd's expertise in product discovery, the investment positions Netcore Cloud's as a leading Digital Experience Platform (DXP) globally.
- Leveraging Unbxd's AI-powered search expertise equips Netcore Cloud to deliver a real-time recommendation to its online eCommerce/app-first brand and retailer.
- Netcore Cloud has confirmed that there will be no change in the company's management, as the founders and key management will continue to build and grow the company post this deal.

Mar-22



- Target country – United States
- Deal size – NA
- EV / Sales – NA

- Founded in 1987, Suite3 is a managed service provider.
- It provides managed network, cloud migration and management, cyber security and IT support services to more than 6,000 managed customer endpoints and 100,000 managed customer inputs.
- The company has over 230 clients spanning more than eight industries, with a strong focus on financial services.
- It is headquartered in Easthampton, MA.

- The acquisition helps Sourcepass to continue on its goal of building a \$500m managed services business over the next five years.
- The deal is part of a planned seven acquisitions Sourcepass is targeting for 2022.
- Sourcepass will gain 30 employees from Suite3 taking the total to about 190 employees. The deal will also help Sourcepass geographically by providing a good stronghold in the Northeastern United States.
- Financial terms of the deal were not disclosed.

Key transactions in March (cont'd)

Overview

Target business description

Transaction rationale

Mar-22



- Target country – Argentina
- Deal size – NA
- EV / Sales – NA

- Founded in 2009, Edrans is a solution provider focused on harnessing the power of cloud for midsize enterprise clients.
- It provides a wide range of enterprise cloud solutions, including strategy, migration, application modernization, development, recurring cloud managed services, devOps-as-a-Service, and cloud cost optimization solutions.
- It is headquartered in Argentina with offices in Spain, Mexico, Uruguay and United States.

- The acquisition brings substantial scale to Netrix's cloud solutions portfolio and adds advanced technical capabilities to better serve the company's growing global customer base.
- Edrans' founding partners, Javier D'Ovidio and Martin Bianco, will continue their oversight of existing Edrans customers and personnel while supporting broader Netrix growth initiatives, including expanding talent acquisition and training capabilities in Latin America and Europe, supporting go-to-market efforts across the combined platform for public cloud solutions.

Mar-22



- Target country – Canada
- Deal size – NA
- EV / Sales – NA

- Founded in 2008, SecureKey Technologies is a global provider of digital identity and authentication solutions.
- Its services are focused on simplifying access to online services while giving control back to consumers by ensuring the information they share with others is only ever with their explicit consent.
- Its solutions enable over 200 million secure digital ID transactions per year globally.
- It is headquartered in Toronto, Canada.

- Combining forces with Avast will help SecureKey to innovate further and faster as the company looks to build a more trustworthy future for all internet users.
- "SecureKey's vision has been to revolutionize the way consumers and organizations approach identity and the sharing of personal information in the digital age. By working closely with governments, financial institutions and businesses, we have an established track record of trusted and mature identity networks that provide consumers with the secure digital capabilities they deserve," said Greg Wolfond, CEO of SecureKey.

Mar-22







- Target country – United States
- Deal size – \$136m
- EV / Sales – 8.5x

- Founded in 2007, Segmint a leader in making account and transaction data usable and meaningful for FIs to deepen customer relationships and grow revenues.
- It serves 147 financial institutions with over 15 million account holders.
- algorithms are derived from analysis of billions of transactions, providing FIs with customer segmentation.
- It is headquartered in Cuyahoga Falls, ON.

- Combining the data sets of Alkami and Segmint will provide a more complete view of the account holder while both training Segmint's current data models for greater precision and expanding tem to additional use cases.
- The acquisition is expected to expand Alkami's total addressable market by approximately \$1 billion and enable new cross-selling opportunities across a larger installed base.
- Alkami expects Segmint's annual recurring revenue under contract at December 31, 2022 to be in the range of \$15m to \$17m.

Key transactions in March (cont'd)

Overview	Target business description	Transaction rationale
<p>Mar-22</p>  <p>PHOENIXHRIS</p> <ul style="list-style-type: none"> Target country – Australia Deal size – \$2m EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2002, PhoenixHRIS is a cloud-based talent management and applicant tracking system. It specializes in management of online recruitment and onboarding. Its solutions have been used globally providing many tangible time and cost efficiencies to companies in all sectors. It currently has agents based in Australia, New Zealand, Asia and Europe. 	<ul style="list-style-type: none"> Offering both an end-to-end suite or by module, PhoenixHRIS bolsters ReadyTech's product suite, with key modules including job requisition, recruitment, video screening, candidate testing and verification and onboarding. "ReadyTech's strengths lie in payroll and the post-onboarding workforce management modules including rostering, time and attendance, and award interpretation. PhoenixHRIS further enhances our capability in talent acquisition and onboarding, enabling us to better serve the growing market need for remote recruitment in the stand up <i>economy</i>." said Daniel Wyner.
<p>Mar-22</p>  <p>SPARQUE.AI</p> <ul style="list-style-type: none"> Target country – Netherlands Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2016, Sparque is a leader in personalized search and AI-based product recommendations for both B2C and B2B commerce scenarios. The AI-based search and recommendation technology is based on software from Spinque B.V., also based in the Netherlands, which in turn emerged from the Dutch National Research Institute for Mathematics and Informatics. It is headquartered in Netherlands. 	<ul style="list-style-type: none"> Intershop will natively integrate the SaaS solution into its own cloud-based e-commerce platform, while SPARQUE.AI will continue operating independently. Intershop has secured the rights of Spinque B.V. to use its technology for e-commerce and, by acquiring SPARQUE B.V., has brought the specialist e-commerce team on board to the profitably growing Intershop team. Current SPARQUE.AI customers include well-known wholesalers, and Intershop customers like MS Schippers, Isero, Wiltec, and Starxx.
<p>Mar-22</p>   <ul style="list-style-type: none"> Target country – United States Deal size – NA EV / Sales – NA 	<ul style="list-style-type: none"> Founded in 2016, Biarca is an ITaaS cloud solutions consulting company. The company has rich experience in security operations, posture management and threat analytics. The firm works directly with their end customers, technology partners and channel partners such as value-added resellers and managed service providers. It is headquartered in San Jose, CA. 	<ul style="list-style-type: none"> This acquisition significantly strengthens KCS's digital transformation portfolio with Security Operations-as-a-Service, DevSecOps and continuous compliance. "KCS has always been at the forefront of technology, accelerating innovation in the cloud for our customers. We recognize the expanding attack surface and ever-evolving threat vectors in the cloud-first world. This integration with Biarca empowers us to secure all combinations of hybrid, multi-cloud <i>environments of our customers</i>," said Vishal Shukla, CEO of KCS.

Appendix I:

Market multiples

Market valuation

Company	Market data					LTM Performance				Growth	Valuation multiples			
	Price \$	52 week High Low		Market cap \$m	EV \$m	Revenue \$m	EBITDA \$m	Net income \$m	EBITDA margin	CAGR 3 years	EV / Sales	EV / EBITDA	P/E	
Digital leaders														
EPAM Systems, Inc.	296.6	717.5	174.8	16,871	15,672	3,758	628	482	16.7%	26.8%	4.2x	24.9x	35.0x	
Globant S.A.	262.1	354.4	204.5	10,948	10,638	1,297	217	96	16.7%	35.4%	8.2x	49.1x	NM	
									Average	16.7%	28.8%	6.2x	37.0x	35.0x
India - Large Cap														
Cognizant Technology Solutions Corporation	89.7	93.1	66.5	47,035	45,971	18,507	3,348	2,137	18.1%	4.7%	2.5x	13.7x	22.0x	
HCL Technologies Limited	15.3	18.4	12.1	41,529	40,276	11,184	2,620	1,665	23.4%	10.0%	3.6x	15.4x	24.9x	
Infosys Limited	25.1	26.1	17.8	105,338	103,437	15,644	4,084	2,908	26.1%	10.7%	6.6x	25.3x	36.2x	
Larsen & Toubro Infotech Limited	81.1	101.5	48.9	14,216	13,845	1,964	369	296	18.8%	15.1%	7.0x	37.5x	48.0x	
Mindtree Limited	56.7	67.0	26.9	9,346	9,043	1,307	257	201	19.6%	11.0%	6.9x	35.2x	46.5x	
Mphasis Limited	44.5	47.2	21.9	8,357	8,282	1,504	257	182	17.1%	12.0%	5.5x	32.2x	45.9x	
Tata Consultancy Services Limited	49.3	54.1	41.0	180,323	173,772	24,812	6,774	5,053	27.3%	7.1%	7.0x	25.7x	35.7x	
Tech Mahindra Limited	19.8	24.2	12.7	17,339	16,240	5,672	1,004	690	17.7%	5.2%	2.9x	16.2x	25.1x	
Wipro Limited	7.8	9.7	5.6	42,642	40,211	9,996	2,143	1,625	21.4%	6.7%	4.0x	18.8x	26.2x	
									Average	21.1%	7.6%	5.1x	24.4x	34.5x
India - Mid Cap														
Accelya Solutions India Limited	12.2	20.2	11.2	183	177	45	12	8	27.4%	(8.8%)	4.0x	14.5x	22.5x	
Birlasoft Limited	6.0	7.8	3.2	1,670	1,548	528	78	58	14.9%	(1.7%)	2.9x	19.7x	29.0x	
Coforge Limited	58.7	81.9	37.5	3,578	3,626	799	130	79	16.3%	16.8%	4.5x	27.9x	45.4x	
Cyient Limited	12.2	16.4	8.8	1,351	1,237	597	105	63	17.7%	(2.8%)	2.1x	11.7x	21.4x	
L&T Technology Services Limited	67.3	79.4	34.0	7,099	7,076	847	172	119	20.3%	6.7%	8.4x	41.2x	NM	
Mastek Limited	43.7	45.5	16.7	1,313	1,241	280	62	37	22.1%	25.3%	4.4x	20.0x	35.5x	
Perficient, Inc.	110.1	148.8	58.7	3,806	4,143	761	140	52	18.4%	15.2%	5.4x	29.6x	NM	
Persistent Systems Limited	62.9	65.8	25.0	4,804	4,642	696	114	84	16.4%	13.8%	6.7x	40.6x	NM	
Sasken Technologies Limited	12.1	20.2	11.2	181	170	58	18	18	31.1%	(6.5%)	2.9x	9.4x	10.3x	
Sonata Software Limited	9.8	12.9	7.0	1,013	938	693	58	48	8.4%	20.6%	1.4x	16.1x	21.0x	
TAKE Solutions Limited	0.4	1.0	0.3	56	93	112	7	(17)	6.0%	(26.4%)	0.8x	13.9x	NM	
Zensar Technologies Limited	4.8	7.9	3.5	1,095	1,007	532	79	50	14.8%	(0.2%)	1.9x	12.8x	21.8x	
									Average	17.8%	7.0%	3.8x	21.5x	25.9x

Market valuation (cont'd)

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price	52 week		Market cap	EV	Revenue	EBITDA	Net income	EBITDA	CAGR	EV / Sales	EV /	P/E
	\$	High	Low	\$m	\$m	\$m	\$m	\$m	margin	3 years	EBITDA		
Americas													
Accenture plc	337.2	415.4	276.3	213,602	212,280	56,695	9,511	6,392	16.8%	10.3%	3.7x	22.3x	33.4x
CGI Inc.	79.8	93.0	78.2	19,264	21,403	9,640	1,701	1,101	17.6%	4.1%	2.2x	12.6x	17.5x
DXC Technology Company	32.6	43.4	29.0	7,977	11,506	16,642	1,922	(610)	11.5%	(7.5%)	0.7x	6.0x	NM
Positivo Tecnologia S.A.	1.9	3.1	1.2	272	395	604	55	35.9	9.0%	7.3%	0.7x	7.2x	7.6x
Sonda S.A.	0.4	0.7	0.3	347	506	1,053	126	41	12.0%	(3.0%)	0.5x	4.0x	8.5x
The Hackett Group, Inc.	23.1	23.4	16.0	729	687	278	51	42	18.5%	1.6%	2.5x	13.4x	17.5x
Unisys Corporation	21.6	28.2	17.1	1,462	1,569	2,054	(342)	(449)	NM	(3.0%)	0.8x	NM	NM
Average									14.2%	4.6%	1.6x	10.9x	16.9x
Europe													
Alten S.A.	152.7	180.8	117.5	5,186	5,145	3,327	362	236	10.9%	8.6%	1.5x	14.2x	21.9x
Atos SE	27.5	78.1	25.8	3,045	5,807	12,327	755	(3,369)	6.1%	0.4%	0.5x	7.7x	NM
Aubay Société Anonyme	66.7	71.2	47.6	884	817	535	63	39	11.8%	5.3%	1.5x	12.9x	22.6x
Cancom SE	62.8	72.4	50.9	2,288	1,707	1,493	115	310	7.7%	(0.5%)	1.1x	14.9x	7.4x
Capgemini SE	225.0	245.7	170.3	38,692	43,722	20,653	2,735	1,316	13.2%	11.0%	2.1x	16.0x	29.4x
Capita plc	0.3	0.7	0.3	459	1,701	4,309	35	304	0.8%	(6.3%)	0.4x	48.5x	1.5x
Indra Sistemas, S.A.	11.2	12.7	8.6	1,976	2,267	3,919	397	163	10.1%	2.5%	0.6x	5.7x	12.1x
Know it AB (publ)	33.5	45.4	27.6	919	924	532	62	32	11.7%	15.3%	1.7x	14.9x	28.6x
Sopra Steria Group SA	187.6	210.9	152.6	3,790	4,614	5,326	505	213	9.5%	4.3%	0.9x	9.1x	17.8x
TietoEVERY Oyj	26.8	35.9	23.7	3,168	3,859	3,213	412	332	12.8%	20.6%	1.2x	9.4x	9.6x
Average									9.5%	5.3%	1.2x	15.3x	16.8x

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price	52 week		Market cap	EV	Revenue	EBITDA	Net income	EBITDA	CAGR	EV / Sales	EV /	P/E
	\$	High	Low	\$m	\$m	\$m	\$m	\$m	margin	3 years	EBITDA		
ITeS													
Conduent Incorporated	5.2	8.3	4.2	1,112	2,507	4,140	383	(28)	9.3%	(8.4%)	0.6x	6.5x	NM
ExlService Holdings, Inc.	143.3	145.1	90.2	4,757	4,791	1,122	201	115	17.9%	8.3%	4.3x	23.9x	41.5x
Firstsource Solutions Limited	1.6	3.1	1.5	1,124	1,261	784	107	61	13.6%	13.2%	1.6x	11.8x	18.5x
Genpact Limited	43.5	53.7	40.8	8,057	9,152	4,022	671	369	16.7%	10.3%	2.3x	13.6x	21.8x
Hinduja Global Solutions Limited	13.5	24.4	10.7	564	598	830	94	74	11.3%	8.6%	0.7x	6.4x	7.7x
StarTek, Inc.	4.4	8.5	3.8	178	427	704	71	2	10.1%	9.5%	0.6x	6.0x	NM
TTEC Holdings, Inc.	82.5	112.3	72.5	3,878	4,698	2,273	330	141	14.5%	14.6%	2.1x	14.2x	27.5x
WNS (Holdings) Limited	85.5	91.3	67.8	4,174	4,080	1,055	148	121	14.0%	9.6%	3.9x	27.5x	34.6x
Average									13.4%	10.9%	2.0x	13.8x	25.3x

Source: Capital IQ

ABOUT US

Founded in 1987, The Chesapeake Group is an independent financial advisory company with over 30 years of history in helping clients – from venture stage to large corporations – achieve their corporate development goals. We are focused on the Technology and Software services sector with significant experience in cross – border transactions. Since our inception, we have advised numerous companies on mergers and acquisitions, capital raising, recapitalization, and strategic alliances. Headquartered in New York, with an additional office in Bangalore. Team of 10 professionals with an average experience of more than 30 years.

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