



CHESAPEAKE TECHNOLOGY NEWSLETTER

31 Aug 2022



THE CHESAPEAKE GROUP

INVESTMENT BANKING & STRATEGIC ADVISORY

Table Of Contents

Fortnightly update	Section 1
Recent news / press releases	Section 2
Valuation overview	Section 3
Appendices	
Market valuation	Appendix I

Note: Market data as of Aug 31, 2022

Section 1:

Fortnightly update

This fortnight in technology...

NTT Data acquires Natuvion

Overview:

- On 30 August 2022, NTT Data Business Solutions, NTT Data's SAP consulting arm, announced that it had acquired a majority stake in Walldorf, Germany-based SAP Data Transformation Partner, Natuvion.
- The acquisition strengthens NTT Data's SAP transformation and cloud migration expertise.

About NTT Data:

- Headquartered in Tokyo, Japan and part of the NTT Group, NTT Data is a global provider of IT and business services. It provides consulting, industry solutions, business process services, digital & IT modernization and managed services.
- The company has clients in over 50 countries across the globe.

About Natuvion:

- Founded in 2014, Natuvion is an SAP consulting services provider.
- An SAP Data Transformation Partner, it provides data migration, data transformation, data integration, data protection, data security and data quality services.
- It has over 250 employees across Germany, Austria, Switzerland, Slovakia, US and Australia.
- It is headquartered in Walldorf, Germany.

Rationale of the transaction:

- With this acquisition, NTT Data expands its SAP S/4HANA transformation expertise.
- NTT Data and Natuvion have been functioning as partners to implement complex SAP S/4HANA transformation projects since 2020.
- The addition of Natuvion, a part of an exclusive group of four transformation experts globally operating under SAP's guidance as part of SAP's Selective Data Transition Engagement, significantly bolsters NTT Data's SAP consulting credentials.
- Commenting on the transaction Norbert Rotter, CEO of NTT Data Business Solutions and SVP of NTT Data Corporation, Tokyo said, *"By acquiring a majority stake in Natuvion we are deepening the successful collaboration between the two companies and further strengthening our leading market position in the area of cloud migration globally. Clients around the world are continuing to invest in SAP technologies such as SAP S/4HANA and SAP cloud solutions. The type of migration involved requires a great deal of experience. Our new colleagues' exclusive relevant transformation know-how and the Natuvion Group's corporate culture are a very good fit for us. We will market Natuvion's automation solutions worldwide and make them available within the NTT/NTT DATA group."*



Section 2:

Recent news and press releases

Recent news excerpts – Company specific

Accenture names Hilary O’Meara Country Managing Director for Ireland – Press Release

Aug 31, 2022 — Accenture has named Hilary O’Meara Country Managing Director for Ireland, effective from Jan. 1, 2023. She succeeds Alastair Blair who will retire from Accenture in early 2023. In her role as Country Managing Director, Hilary will have overall responsibility for the continued growth and success of Accenture’s business in Ireland. Accenture has been operating in Ireland for over 50 years and is a major local employer with over 5,500 people serving clients across multiple industries. Ireland is also home to The Dock, Accenture’s flagship R&D and Global Innovation Centre, as well as Accenture’s Corporate Services Hub which services the firm’s internal operations globally.

Coforge announces opening of CoE for metaverse, Web3 innovations in India – Business Standard

Aug 30, 2022 — Digital services and solutions provider Coforge on Tuesday announced the opening of a center of excellence (CoE) for the Metaverse and Web3 technologies in India. The company plans to train and upskill over 1,000 employees to deliver on the Metaverse and Web3 requirements of its customers. The new center in Greater Noida will promote inter-disciplinary research and identify various use-cases using the metaverse and its intersection with new-age digital technologies. "We are excited to engage with the Metaverse, Web3, and related technologies to tap the countless opportunities for innovation they offer in our core verticals of BFSI and travel and hospitality and in new verticals like retail, manufacturing, healthcare, and public sector," said Sudhir Singh, CEO, and Executive Director of Coforge.

Cognizant eyes over 20% growth from emerging global markets: CEO Brian Humphries – Financial Express

Aug 27, 2022 — IT services major Cognizant Technology Solutions aims to accelerate growth in its international business, known as global growth markets, which includes markets like Australia, Japan, Middle East, and India. "Global growth markets is about 26% of Cognizant’s revenue today. Our ambition is to grow at 20% plus in those regions. We are already growing in mid-teens, and we expect to accelerate that going forward," Brian Humphries, chief executive officer, Cognizant said in an exclusive interview with FE. To enable this growth, Cognizant is ‘refreshing’ its leadership team in many countries by bringing in diverse talents, Humphries said. Some of the leaders include Jane Livesey, who is the CEO for Australia and New Zealand at Cognizant and Anne-Sofie Risasen, head of Nordics at Cognizant. "We also brought in local leaders, our new head of Japan, who joined us about 18 months ago," he said.

Employees will get 100% variable pay for June quarter, no delay: TCS – Business Standard

Aug 25, 2022 — TCS on Tuesday said that it would be paying 100 per cent variable pay for its 600,000-plus employees for the first quarter, according to media reports. "We have come across completely incorrect reports on our compensation. Variable pay is either paid in month one or two as per the normal process, and there is no delay...100 per cent variable pay is being paid for Q1," TCS said in a statement, Moneycontrol reported. The clarification came days after reports surfaced that India’s largest IT firm had delayed the June variable compensation payout by a month for some employees. On August 20, Economic Times reported that the Tata Group company had delayed the variable payout for C3A, C3B, C4, and equivalent grades by a month. These are assistant consultants, associate consultants, and consultant levels employees. According to an internal email accessed by ET, the money due to be paid in July will be paid by August-end.

Tech Mahindra Cerium opens development centre at Kochi Infopark – BusinessLine

Aug 24, 2022 — Tech Mahindra Cerium, a global design company for the VLSI and Embedded Software space, has launched a development center at Infopark. TechM Cerium, Head of Engineering, Jaykumar Gorla, inaugurated the event. The Development Centre is located in the “Vismaya” tower at Infopark Phase 1. "As we are about to complete ten successful years in 2023, our main aim is to enhance our operations and achieve more growth in smaller cities," said Gorla during the inauguration. The newly launched development center in Kochi can accommodate 300 people in the initial stage and has plans to leverage the talent available in B cities across India by looking at more offices.

Recent news excerpts – Company specific (cont'd)

For Mphasis, softness in mortgage segment is a dampener – Mint

Aug 24, 2022 — The near-term outlook for tier-II IT services provider Mphasis is not very encouraging. This is despite the company's deal win momentum and deal pipeline being steady. Relatively higher exposure to the mortgage segment is seen as a dampener, especially in the backdrop of rising interest rates in the US. Also, the company's management has cautioned against some pockets of weakness such as deferment in spending by some clients and furloughs by a few others. In an interaction with analysts at Emkay Global Financial Services Ltd, the company's management said it is not experiencing a slowdown in demand environment. Note that the company's management has guided for EBIT (earnings before interest and tax) margin to be in the range of 15.25-17% through all four quarters of FY23.

South African investment bank taps TCS arm for digital transformation – Mint

Aug 22, 2022 — Tata Consultancy Services, on Monday that South Africa's Absa Corporate and Investment Bank (CIB) has appointed the Indian IT giant to digitally transform its investment banking services. TCS will offer its 'BaNCS' platform to enable on-cloud trading and investment services for Absa CIB's clients. The companies, in a joint statement, said that as part of the agreement, TCS will power Absa CIB's front- and mid-end operational services, which include trade management, clearing and settlement of trades, and other "operational and administrative" services for asset managers, stock brokers and other users of Absa's service. TCS says that its BaNCS platform is used across 450 locations around the world, and covers "more than 1 billion" accounts for banking networks globally.

CoreStack collaborates with Birlasoft for delivery of multi-cloud management solutions to enterprises globally – Press Release

Aug 18, 2022 — CoreStack, a global multi-cloud governance provider that empowers enterprises to unleash the power of the cloud by enabling continuous and autonomous cloud governance at scale, today announced a global partnership with Birlasoft, part of the USD 2.8 billion diversified CK Birla Group, and a global enterprise digital and IT services company. CoreStack's AI-powered NextGen Cloud Governance solution will enable Birlasoft to integrate industry-leading cloud management capabilities into Birlasoft's infrastructure management platform, "iSight" and further enhance Birlasoft's offering in the Cloud Management and Operations space. Birlasoft's iSight empowers enterprises to manage, monitor and operate IT services landscape, through an automated platform. It encompasses Cloud Management, IT Operation Management, Workplace Automation and IT Service Management.

Wipro bags deal from UK government treasury, to deliver service integration – Wipro

Aug 18, 2022 — IT company Wipro Limited has bagged a multi-year contract to deliver service integration and management services to the UK government treasury. The service will enable seamless integration of IT services across multi-functional suppliers and partners, enhancing the user experience across HMT and its arm's length bodies, according to a statement on Thursday. Wipro and Her Majesty's Treasury (HMT) will collaborate to enable end-to-end SIAM (Service Integration And Management) services, from strategy, design, and implementation to running business-as-usual services such as day-to-day coordination of service integration across HMT's vendors. "I am looking forward to working with Wipro in shaping and delivering the next generation of IT services at HM Treasury. This new partnership will support the department by improving end-to-end IT services by delivering more responsive services for our users," HM Treasury Chief Information Officer Huw Stephens said.

Accenture and Changi Airport Group extend collaboration to enhance traveler experience – Press Release

Aug 18, 2022 — Accenture and Changi Airport Group (CAG) are expanding their collaboration for the next three years to further transform operations and enhance the experience for travelers visiting Singapore Changi Airport. The expanded collaboration builds on a partnership between Accenture and CAG that began in 2019 with the establishment of a digital factory, known as DIVA — for digital, innovation, ventures and analytics — designed to enable CAG to develop, experiment and launch new digital products and services. Under the new agreement, the two organizations will leverage innovative technologies such as extended reality, machine learning, Internet of Things and edge computing to enable Changi to seamlessly engage travelers at various touchpoints, from before they arrive at the airport to after they leave.

Recent news excerpts – Industry

Press Release
Aug 31, 2022

Gartner predicts conversational AI will reduce contact center agent labor costs by \$80 billion in 2026

By 2026, conversational artificial intelligence (AI) deployments within contact centers will reduce agent labor costs by \$80 billion, according to Gartner. Worldwide end-user spending on conversational AI solutions within contact centers is forecast to reach \$1.99 billion in 2022. “Gartner estimates that there are approximately 17 million contact center agents worldwide today,” said Daniel O’Connell, VP analyst at Gartner. “Many organizations are challenged by agent staff shortages and the need to curtail labor expenses, which can represent up to 95% of contact center costs. Conversational AI makes agents more efficient and effective, while also improving the customer experience.”

Mint
Aug 28, 2022

Soaring attrition, employee cost overload put IT companies in a bind

The net hiring by top Indian IT companies surpassed the 50,000-mark in the June quarter as deal flow continued from key markets but soaring attrition, margin pressures, HR cost overload and employee-related challenges have put the industry in a bind. Sector experts, striking a note of caution, say the war for IT talent may continue till the time industry-ready manpower pool is expanded significantly. With IT companies compelled to fill vacant positions to serve incoming demand, and non-tech firms on the prowl for tech talent to serve the needs of their digitally-savvy consumers, market watchers believe that employee-related issues will keep the IT industry poised on the razor's edge.

Press Release
Aug 24, 2022

India application software spending to grow 15% in 2022: Gartner

End-user spending on enterprise application software in India is forecast to total \$4.7 billion in 2022, an increase of 14.8% from 2021, according to Gartner. “Driven by the digital transformation agenda, Indian enterprises will continue to expand the share of software spending in their broader IT spending. Organizations are increasingly relying on software to operate all aspects of business,” said Neha Gupta, vice president analyst at Gartner. However, the growth in software spending will be lower in 2022 than in 2021. “The volatile global macroeconomic situation has increased business uncertainty. Organizations will continue to put new long-term projects on hold selectively and cut the scope of high-cost projects and instead look to “quick win” projects that either have a shorter return on investment (ROI) or provide a competitive edge,” said Gupta.

Press Release
Aug 23, 2022

Slower overall spending mixed with a turbulent economy will make 2023 planning difficult to navigate: Forrester

According to Forrester’s 2023 Planning Guides, released today, business leaders who plan for “business as usual” modest spending increases in the year ahead will fall short. Indeed, due to an unpredictable and turbulent economy, leaders will need to tackle planning with discipline and precision in order to trim waste, experiment, and make bold, smart investments. Designed to help technology, marketing, digital, customer experience (CX), product, and sales executives prioritize their resources and investments for the year ahead, Planning Guides will be available for all 15 services included in the Forrester Decisions portfolio. Using data-driven insights, Planning Guides will enable functional leaders to prioritize spending that maximizes revenue growth, profitability, and resilience.

BusinessLine
Aug 22, 2022

Deeptech start-ups raise \$2.7 billion in 2021: NASSCOM

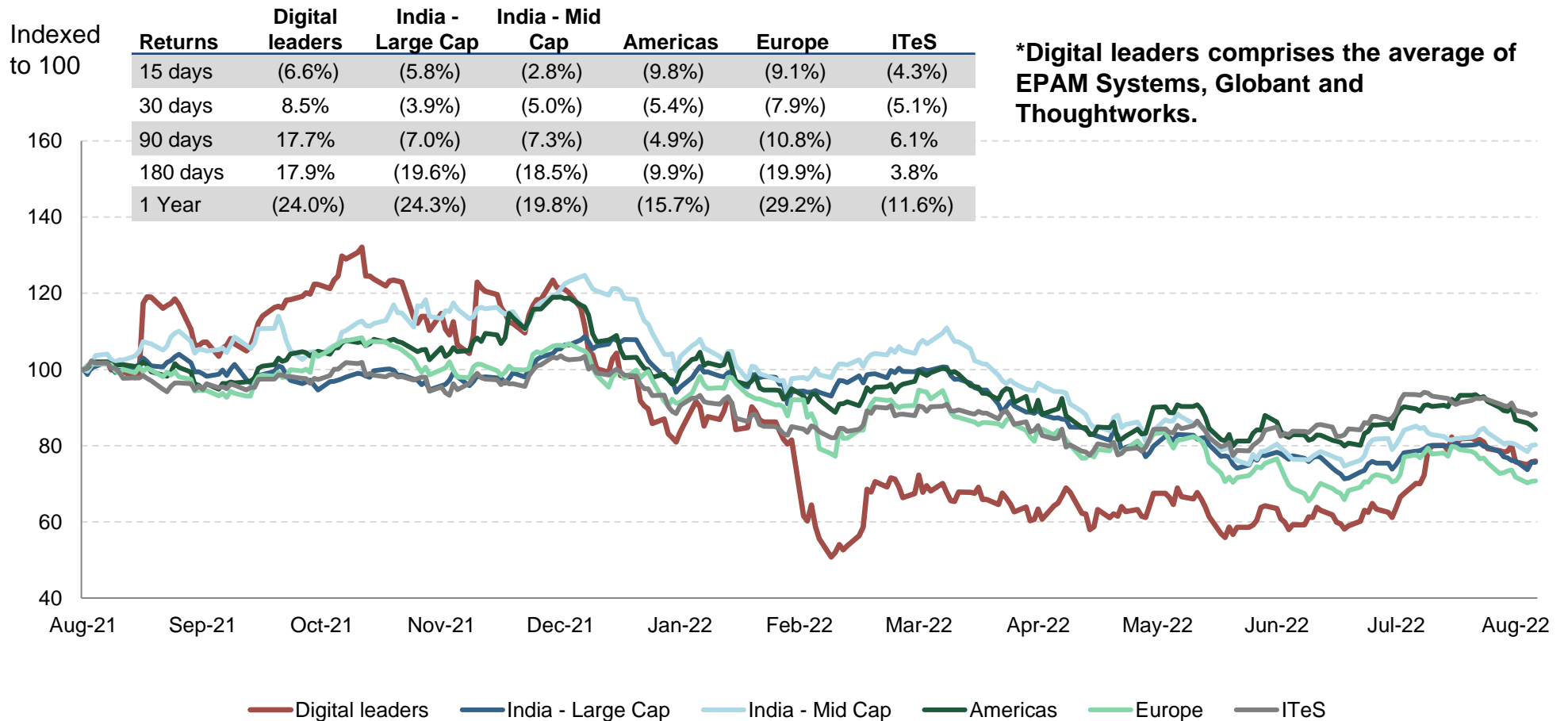
Deeptech start-ups witnessed 1.6 times the growth in equity investment in 2021 over the previous year, with over 270 unique start-ups raising \$2.7 billion in 319 deals in 2021, according to the latest report by NASSCOM. Artificial intelligence, Big Data, and Analytics were the top technologies to raise equity investments. Increased interest from equity investors and venture capital firms led to strong fundamentals for scaled start-ups, and seed stage start-ups. According to the report, seed stage start-ups saw 2.3 times jump in equity investments in 2021, raising \$186 million. With over 3,000 deeptech start-ups as of 2021, the ecosystem grew at a rate of 53% compounded annual growth rate (CAGR) in the last 10 years, growing at par with the Indian tech start-ups. The ecosystem added over 210 new deeptech start-ups in the calendar year 2021.

Section 3:

Valuation overview

Share price evolution – IT / ITeS companies

Over the past 15 days, the valuation of large cap IT services companies decreased by c.6% and that of mid cap IT services companies decreased by c.3%. Stock price of Happiest Minds soared 11% after ICICI Securities initiated coverage on it calling it a “Chronicle of Consistent Value Creation”.

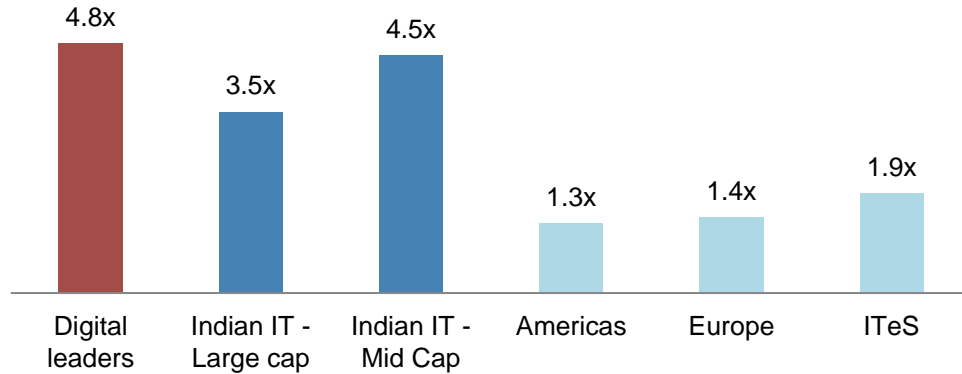


Source: Capital IQ

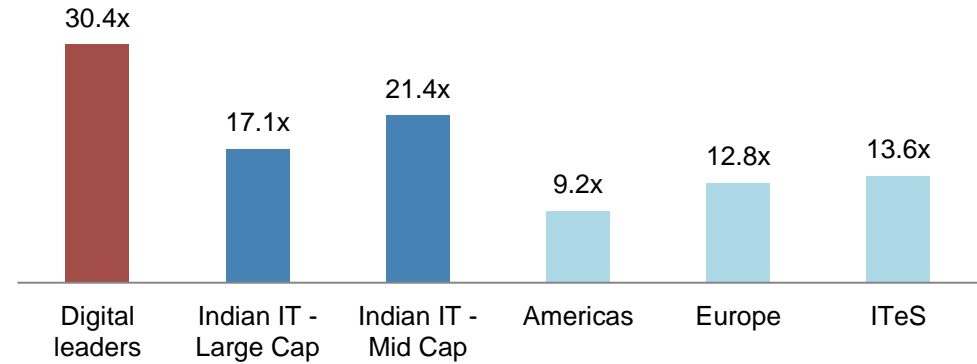
Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)

Valuation summary

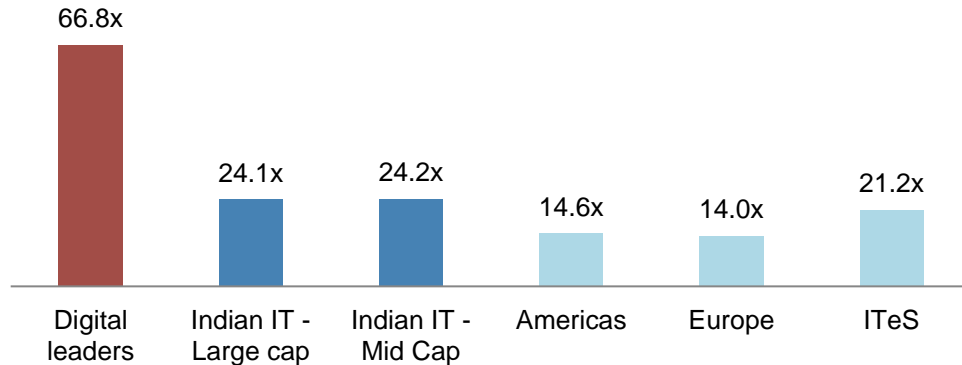
EV / LTM Sales



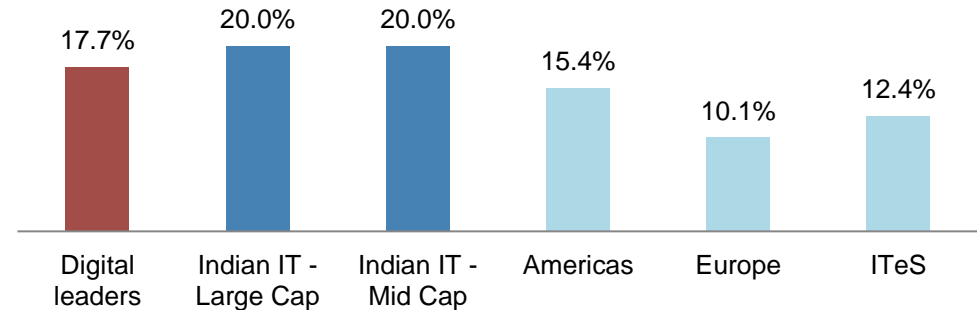
EV / LTM EBITDA



P / E (LTM)



LTM EBITDA Margins



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

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 August

Overview

Target business description

Transaction rationale

Aug -22

NTT DATA

Natuvion

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

- Founded in 2014, Natuvion is an SAP consulting services provider.
- An SAP Data Transformation Partner, it provides data migration, data transformation, data integration, data protection, data security and data quality services.
- It has over 250 employees across Germany, Austria, Switzerland, Slovakia, US and Australia.
- It is headquartered in Walldorf, Germany.

- With this acquisition, NTT Data expands its SAP S/4HANA transformation expertise.
- NTT Data and Natuvion have been functioning as partners to implement complex SAP S/4HANA transformation projects since 2020.
- The addition of Natuvion, a part of an exclusive group of four transformation experts globally operating under SAP's guidance as part of SAP's Selective Data Transition Engagement, significantly bolsters NTT Data's SAP consulting credentials.

Jul -22

CORE

CompanyNet

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

- Founded in 1996, CompanyNet is a managed services provider.
- A Microsoft Gold partner, the company provides managed services as well as workplace transformation services.
- **Select clients:** Scottish Water, Wimbledon, the Walt Disney Company and the Scottish Government
- The company has 25 employees.
- It is headquartered in Edinburgh, UK.

- CompanyNet strengthens Core's technical expertise and provides geographic expansion into Scotland, with offices in Edinburgh and Glasgow.
- It results in greater value proposition for clients of both companies as they have access to additional service and project delivery capabilities.
- The companies look forward to a successful integration for continued development and growth.
- The deal was completed with a funding package from ThinCats.

Jul -22

HARRIS

NEXJ
SYSTEMS

- Target country – Canada
- Deal size – \$10m
- EV / Sales – 0.5x

- Founded in 2001, NexJ is a customer relationship management (CRM) software company.
- It provides intelligent customer management software to the financial services industry.
- Its clientele includes Wealth Management, Private Banking, Corporate and Commercial Banking, and Insurance firms.
- The company's software has users in over 60 countries.
- It is headquartered in Toronto, Canada.

- As per the terms of the agreement, each NexJ share will be acquired for a cash consideration of CAD 0.55 (\$0.42), on a fully diluted basis, representing a c.45% premium to the closing price of the NexJ shares on the Toronto Stock Exchange on August 26, 2022, and an c.35% premium to the volume weighted average price of the NexJ shares over the last 20 trading days.
- With the financial backing from this transaction, NexJ will continue to focus on building world-class CRM and Integrated Advisor Desktop (IAD) solutions for various segments of its clientele.

Key transactions in August (cont'd)

Overview

Aug -22

opentext™



- Target country – United Kingdom
- Deal size – \$6.0bn
- EV / Sales – 2.2x

Target business description

- Founded in 1976, Micro Focus is an enterprise software and services company.
- It provides mission-critical enterprise software and supporting services.
- It has thousands of global organizations as customers, including many of the largest companies in the Fortune Global 500.
- The company is headquartered in Newbury, UK.

Transaction rationale

- OpenText benefits from Micro Focus' strong customer roster and the skills and experience of Micro Focus' management team and employees.
- Micro Focus nearly doubles OpenText's TAM to \$170bn and supports FCF expansion.
- The acquisition broadens and deepens OpenText's touchpoints with customers including many of the Fortune 500.
- It adds capabilities in application development, application modernization, analytics and IT operations to OpenText.

Aug -22



APPLICA

- Target country – Poland
- Deal size – \$175m
- EV / Sales – NA

- Founded in 2012, Applica is an AI software company.
- It provides an AI platform for text and document understanding which utilizes unstructured data for advanced analytics and machine learning.
- It has c.100 employees.
- The company is headquartered in Warsaw, Poland and has offices in London, UK and New York, NY.

- Applica will enable Snowflake's customers to more easily leverage unstructured data in the Snowflake Data Cloud.
- With c.80% of the world's data being unstructured, Applica will help Snowflake customers gain competitive advantage by helping derive customer insights from massive volumes of unstructured data.
- Applica's team and superior technology will create opportunities for Snowflake's customers and partners to get more value from all data types.

Aug -22



aptos

Planning and PLM division

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

- Founded in 1972, Atlanta, GA-based Aptos is an enterprise software company.
- Aptos' planning and PLM division comprises solutions for merchandise financial planning (MFP), PLM, assortment planning (AP), and allocation, forecasting and replenishment (AFR).
- It has hundreds of established customers, including global fashion brands.
- Its operations are mainly based in Milan, Italy.

- The deal will augment Aptean's cloud-based software offerings for the apparel, luxury, fashion and specialty retail industries, and broaden its fashion and apparel footprint.
- The addition of the products acquired from Aptos will complement Aptean's ERP and shop floor control (SFC) offerings for the apparel industry with tools that support the entire apparel merchandise lifecycle from concept to shelf, providing visibility and real-time insights into financial planning, design, purchasing, distribution and delivery.

Key transactions in August (cont'd)

Overview

Aug -22

II:II SYSTEMS



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

Target business description

- Founded in 1978, Sungard Availability Services is a cloud infrastructure and managed services company.
- Its cloud managed services business an established cloud management practice that provides cloud managed services for hybrid and multi-cloud environments.
- It has blue-chip enterprises as its clients.
- Sungard Availability Services is headquartered in Wayne, PA.

Transaction rationale

- As part of the deal, Tiger Infrastructure Partners-backed 11:11 will add a team of highly skilled employees specializing in cloud management, customer service, AWS and Azure professional services and cybersecurity.
- 11:11 will also keep part of Sungard's back-office and administrative teams.
- The acquisition will expand 11:11's reach to 13 additional cloud points of presence.
- Terms of the transaction were not disclosed.

Aug -22

Præcipio Consulting

COYOTECREEK[™]

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

- Founded in 1998, Coyote Creek is a systems integration services company.
- It provides implementation, engineering services for the Atlassian platform as well as enterprise transformation services including DevOps consulting and IT service management.
- It is an Atlassian Platinum Solution Partner.
- **Select clients:** VSCO, Fugro, Mitchell International
- The company is headquartered in Morgan Hill, CA.

- Coyote Creek will augment Praecipio's service suite and builds upon its reputation as a cloud-first, enterprise-level strategic advisor that helps organizations connect business and IT to become more responsive and adaptive.
- Together, Coyote Creek and Praecipio will become one of the largest North American Atlassian Platinum Solution Partners.
- The acquisition of Coyote Creek aligns with Praecipio's long-term strategy to deepen its broad, scalable set of capabilities across agile, DevOps, and Enterprise Service Management practices and ecosystem of tools.

Aug -22

Xebia



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

- Founded in 2010, 47 Degrees an application development services company.
- It provides design, development, and deployment of applications and has expertise in functional programming languages and related technologies, like Scala, Kotlin, Spark, Kafka, and Akka.
- The company has top-tier companies as its clients.
- It is headquartered in Seattle, WA with additional offices in Spain, the UK, and Colombia.

- 47 Degrees will strengthen Xebia's foothold in the functional programming domain.
- 47 Degrees' strong expertise in Scala, Kotlin as well as functional Java will cement Xebia's presence in the global market and expand its functional programming expertise to Rust, Clojure, and Haskell.
- The transaction is line with Xebia's goal to become one of the most significant end-to-end providers of all functional programming needs.

Key transactions in August (cont'd)

Overview

Aug -22



- Target country – United States
- Deal size – \$1.6bn
- EV / Sales – 4.7x

Target business description

- Founded in 1965, Computer Services (CSI) is an enterprise software and managed services company.
- It provides core processing, digital banking, managed cybersecurity, cybersecurity compliance, payments processing, print and electronic document distribution, and regulatory compliance solutions.
- Its clientele includes financial institutions as well as corporations.
- The company is headquartered in Paducah, KY.

Transaction rationale

- Centerbridge Partners and Bridgeport Partners will acquire CSI in an all-cash transaction at \$58.00 per share, representing a 53% premium to CSI's closing stock price on August 19, 2022, the last full trading day before the agreement was announced, and a premium of 54.4% over CSI's 30-day volume-weighted average share price.
- Post the closing of the transaction, CSI plans to continue its tradition of excellence and continue to invest in its product roadmap to bring more solutions to market faster.

Aug -22



- Target country – United States
- Deal size – \$12m
- EV / Sales – NA

- Founded in 2018, Spinnakar is an IT channel distributor.
- It is focused on storage, cloud, security and data management businesses across Europe, the Middle East and South Africa.
- It has over 15 vendor partners, including Cloudian, Deep Instinct, Rubrik, Virtuozzo and most notably, Vast Data.
- The company is headquartered in Windsor, UK.

- Spinnakar expands Wayside's reach in EMEA and strengthens product offerings in storage, cloud, security and data management.
- The acquisition is expected to be accretive to Wayside's gross margin and EPS.
- The founder and CEO of Spinnakar, Gerard Brophy, will continue at the helm of Spinnakar's EMEA business and will integrate with Wayside's European business units, Climb UK and Grey Matter.

Aug -22



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

- Founded in 2010, Ephesoft is an enterprise software company.
- It provides intelligent document processing (IDP) solutions for enterprises.
- The company's software is available over the cloud or as on-premises deployments.
- It is headquartered in Irvine, CA with regional offices throughout the US, EMEA and Asia Pacific.

- Ephesoft strengthens TA Associates and Clearlake-baked Kofax's position in the Intelligent Automation software market and enhances its IDP capabilities.
- With global coverage and cloud solutions, the consolidated entity will provide organizations with value-add solutions to accelerate deployments.
- Kofax will continue supporting Ephesoft's products and customers, and Ephesoft founder and CEO, Ike Kavas, will continue leading Ephesoft's organizational efforts.
- Financial terms of the transaction were not disclosed.

Key transactions in August (cont'd)

Overview

Aug -22



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

Target business description

- Founded in 2004, Foothills Consulting Group (FCG) is an IT services company.
- It provides business process improvement, enterprise application integration, data engineering and analytics, project execution, and cybersecurity services.
- The company operates across Southern California.
- It is headquartered in Burbank, CA.

Transaction rationale

- With FCG, Eliassen Group further enhances talent solutions services and expands its west coast presence.
- The combination of FCG with Eliassen Group will also provide Eliassen Group clients with a wider range of services and access to an even greater professional network of proven candidate talent and experience.
- The acquisition of FCG aligns with Eliassen Group's ongoing focus on transformational growth and enhancing stakeholder experience with an expansion of its west coast presence.

Aug -22



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

- Founded in 2011, The Service Corporation (TSC) is a customer support services company.
- It provides B2B customer support services with expertise in the Zendesk platform.
- The company targets to deliver the market's best CX through a modern, cloud-focused service desk.
- The company is headquartered in Stockholm, Sweden.

- TSC significantly develops Vaimo's customer service expertise for the benefit of our clients worldwide and positions it as one of the top global experts on Zendesk.
- The acquisition builds on Vaimo's objective of driving success in ecommerce.
- It also broadens Vaimo's customer service solutions and enables it to provide B2C, B2B, and D2C clients with specialized customer service solutions.

Aug -22



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

- Founded in 1999, SWAT Systems is a managed services provider.
- It provides managed IT, cybersecurity, and communication services.
- It has organizations across several end-markets as clients.
- The company forms relationships with clients to understand their organizations and support their technology needs.
- It is headquartered in Seattle, WA.

- SWAT Systems is a fits well with the existing people-centric approach at Riverside Partners-backed Convergence Networks and further strengthens its deep bench of technical talent and geographic reach.
- The acquisition marks the next phase of growth for Convergence Systems and Riverside Partners will continue to support the combined entity.
- Top management Jason Hagens and Dave Blake as well as the entire SWAT Systems team will join Convergence Networks.
- Financial terms of the transaction were not disclosed.

Key transactions in August (cont'd)

Overview

Aug -22



- Target country – Australia
- Deal size – \$16m
- EV / Sales – 1.5x

Target business description

- Founded in 2009, Transpire Technology is a digital product agency.
- It provides solid design-led, mobile-first and cloud-native software development services.
- Its clientele includes Vodafone, Virgin Australia and ASX200 listed companies.
- The company recorded a revenue of AUD 15.5m (\$10.9m) in the fiscal year ending June 2022.
- It is headquartered in Melbourne, Australia.

Transaction rationale

- Transpire will accelerate CI&T's growth in Australia and the APAC region.
- It augments CI&T's delivery strength by c.100 digital specialists.
- The purchase price of AUD 23.4 million (\$16.4m) is subject to customary adjustments, such as changes in working capital and net debt position.
- The transaction is expected to close during the third quarter of 2022.

Aug -22



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

- Founded in 2017, Estatic is a data services company.
- It provides property data licensing services.
- The company has structured and verified information on over 155 million properties and access to full historical and real-time insights on every property in the US.
- It is headquartered in Boulder, CO.

- Estatic fortifies ATTOM's competitive positioning in the enterprise data licensing marketplace, along with the consumer and investor real estate market.
- The deal comes on the back of ATTOM's recent acquisitions of GeoData Plus, Home Junction, and the divestiture of RealtyTrac, allowing ATTOM to fully focus on accelerating the growth of its already-successful data licensing business, while solidifying ATTOM's mission to increase real estate transparency, and showcasing its steadfast investment in data and people.

Aug -22



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

- Founded in 1991, Vantage Point Solutions Group is a managed services provider.
- It provides network and IT support, managed IT, help desk, cloud services, VoIP, and website and application development services.
- It has clients in Maryland, DC, Delaware and Virginia.
- The company has 18 employees.
- It is headquartered in Salisbury, MD.

- The addition of Vantage Point Solutions Group furthers Airiam's reach as a national cybersecurity provider to small to medium-sized enterprises (SMEs).
- As per the terms of the deal, Vantage Point Solutions Group's principals Doug Church and Dana Seiler, along with all of the company's employees, will join Airiam.
- While Church will assume the role of a Vice President, Seiler will take on a consulting role.
- Terms of the deal were not disclosed.

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.	426.5	717.5	174.8	24,467	23,324	4,462	750	366	16.8%	29.7%	5.2x	31.1x	66.8x
Globant S.A.	210.8	354.4	167.5	8,805	8,597	1,552	289	128	18.6%	39.0%	5.5x	29.8x	NM
Thoughtworks Holding, Inc.	13.2	34.4	13.1	4,094	4,368	1,225	(82)	(150)	NM	NA	3.6x	NM	NM
Average									17.7%	40.2%	4.8x	30.4x	66.8x
India - Large Cap													
Cognizant Technology Solutions Corporation	63.2	93.1	63.2	32,708	31,959	19,253	3,492	2,260	18.1%	5.4%	1.7x	9.2x	14.5x
HCL Technologies Limited	11.8	18.4	11.1	31,993	30,946	11,786	2,599	1,796	22.1%	9.6%	2.6x	11.9x	17.8x
Infosys Limited	18.8	26.1	17.8	78,813	76,843	16,973	4,152	2,948	24.5%	11.9%	4.5x	18.5x	26.7x
Larsen & Toubro Infotech Limited	58.4	101.5	48.4	10,242	9,859	2,117	386	308	18.2%	14.3%	4.7x	25.5x	33.3x
Mindtree Limited	41.6	67.0	34.8	6,863	6,468	1,437	288	225	20.0%	11.1%	4.5x	22.5x	30.4x
Mphasis Limited	26.8	47.2	26.1	5,045	4,858	1,605	260	189	16.2%	11.5%	3.0x	18.7x	26.7x
Tata Consultancy Services Limited	40.4	54.1	37.5	147,877	143,849	25,197	6,609	4,910	26.2%	4.9%	5.7x	21.8x	30.1x
Tech Mahindra Limited	13.5	24.2	12.2	11,900	11,249	5,968	937	676	15.7%	5.4%	1.9x	12.0x	17.6x
Wipro Limited	5.2	9.7	4.9	28,468	27,078	10,424	1,986	1,462	19.1%	6.6%	2.6x	13.6x	19.5x
Average									20.0%	7.4%	3.5x	17.1x	24.1x
India - Mid Cap													
Accelya Solutions India Limited	14.1	18.7	10.8	211	200	46	14	9	30.4%	(8.8%)	4.3x	14.2x	23.1x
Birlasoft Limited	4.0	7.8	3.9	1,131	1,000	549	78	60	14.3%	11.5%	1.8x	12.8x	19.0x
Coforge Limited	44.8	81.9	41.5	2,730	2,776	861	141	87	16.4%	15.9%	3.2x	19.6x	31.4x
Cyient Limited	10.7	16.4	9.3	1,177	1,085	598	101	66	16.8%	(3.8%)	1.8x	10.8x	17.8x
Happiest Minds Technologies Limited	13.0	20.6	10.3	1,853	1,782	149	33	26	22.0%	30.9%	12.0x	54.2x	NM
InfoBeans Technologies Limited	8.3	10.7	4.8	201	197	40	10	7	23.9%	32.9%	4.9x	20.6x	27.5x
Latent View Analytics Limited	4.6	9.4	4.0	929	832	56	16	18	28.4%	NA	14.9x	52.6x	NM
L&T Technology Services Limited	46.7	79.4	37.3	4,934	4,926	872	171	128	19.7%	4.3%	5.6x	28.7x	38.4x
Mastek Limited	23.9	45.5	23.8	718	664	283	61	38	21.5%	23.5%	2.3x	10.9x	18.7x
Perficient, Inc.	78.1	148.8	78.0	2,702	3,091	852	163	77	19.2%	17.1%	3.6x	18.9x	35.2x
Persistent Systems Limited	44.2	65.8	39.4	3,379	3,348	805	135	95	16.7%	18.1%	4.2x	24.9x	35.6x
Sasken Technologies Limited	10.4	20.2	9.3	156	149	54	16	14	28.9%	(9.7%)	2.8x	9.6x	11.3x
Sonata Software Limited	6.8	9.7	6.0	936	844	767	63	50	8.2%	18.9%	1.1x	13.4x	18.6x
Zensar Technologies Limited	2.9	7.9	2.9	656	571	571	74	49	12.9%	(1.6%)	1.0x	7.7x	13.3x
Average									20.0%	10.4%	4.5x	21.4x	24.2x

Market valuation (cont'd)

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
Americas													
Accenture plc	288.5	415.4	268.7	182,465	179,868	59,590	10,043	6,628	16.9%	11.8%	3.0x	17.9x	27.5x
CGI Inc.	79.5	93.0	74.1	18,420	20,769	9,804	1,721	1,126	17.6%	2.4%	2.1x	12.1x	16.4x
DXC Technology Company	24.8	38.8	24.3	5,696	9,677	15,831	2,963	542	18.7%	(8.0%)	0.6x	3.3x	10.5x
Positivo Tecnologia S.A.	2.3	2.9	1.0	309	515	873	86	40.6	9.9%	20.6%	0.6x	6.0x	7.6x
Sonda S.A.	0.4	0.5	0.3	354	555	1,038	110	31	10.6%	(5.7%)	0.5x	5.0x	11.3x
The Hackett Group, Inc.	20.5	24.8	18.2	650	591	291	55	45	18.9%	3.8%	2.0x	10.8x	14.3x
Unisys Corporation	9.3	26.5	9.2	631	860	1,989	(45)	(224)	NM	(8.2%)	0.4x	NM	NM
Average									15.4%	5.2%	1.3x	9.2x	14.6x
Europe													
Alten S.A.	124.0	180.8	102.0	4,211	4,172	3,327	358	236	10.7%	8.6%	1.3x	11.7x	17.8x
Atos SE	10.2	55.1	9.9	1,129	4,096	11,476	438	(3,487)	3.8%	(3.3%)	0.4x	9.4x	NM
Aubay Société Anonyme	49.1	71.2	48.2	652	591	535	57	39	10.7%	5.3%	1.1x	10.4x	16.7x
Cancom SE	28.1	72.4	28.1	990	745	1,329	94	283	7.1%	(7.6%)	0.6x	7.9x	3.5x
Capgemini SE	174.2	245.7	159.2	29,969	35,373	21,051	2,778	1,444	13.2%	10.4%	1.7x	12.7x	20.8x
Capita plc	0.3	0.7	0.3	507	1,380	3,743	(201)	(31)	NM	(9.2%)	0.4x	NM	NM
Endava plc	101.0	170.1	83.0	5,621	5,536	799	143	95	17.9%	31.0%	6.9x	38.7x	NM
Indra Sistemas, S.A.	7.9	12.7	7.9	1,391	1,683	3,787	274	161	7.2%	0.5%	0.4x	6.1x	8.6x
Knowit AB (publ)	25.3	45.4	25.0	692	737	596	62	42	10.4%	19.5%	1.2x	11.9x	16.5x
Sopra Steria Group SA	139.0	210.9	136.8	2,819	3,630	5,121	465	225	9.1%	1.6%	0.7x	7.8x	12.5x
TietoEVRY Oyj	25.7	35.9	22.9	3,044	3,763	2,992	332	201	11.1%	18.0%	1.3x	11.3x	15.2x
Average									10.1%	3.6%	1.4x	12.8x	14.0x

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
ITeS													
Conduent Incorporated	4.1	7.5	4.0	883	2,046	3,981	321	107	8.1%	(6.4%)	0.5x	6.4x	8.2x
ExlService Holdings, Inc.	167.7	178.4	113.5	5,545	5,643	1,262	217	127	17.2%	10.0%	4.5x	26.0x	43.7x
Firstsource Solutions Limited	1.4	2.9	1.2	920	1,124	748	94	62	12.6%	9.9%	1.5x	11.9x	14.9x
Genpact Limited	47.0	53.7	38.4	8,620	9,981	4,246	654	343	15.4%	9.0%	2.4x	15.3x	25.1x
Hinduja Global Solutions Limited	18.8	24.4	11.0	787	382	427	36	767	8.5%	(16.0%)	0.9x	10.5x	1.0x
Startek, Inc.	4.2	6.3	2.6	171	410	686	58	7	8.4%	2.8%	0.6x	7.1x	23.1x
TTEC Holdings, Inc.	52.4	112.3	52.2	2,471	3,426	2,372	290	102	12.2%	14.7%	1.4x	11.8x	24.3x
WNS (Holdings) Limited	84.3	91.3	68.5	4,057	3,973	1,152	197	138	17.1%	11.8%	3.4x	20.1x	29.3x
Average									12.4%	8.5%	1.9x	13.6x	21.2x

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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