

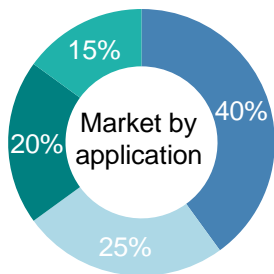
## FORTNIGHTLY NEWSLETTER – 15 MAR 2024

### HYPER-PERSONALIZATION: CRAFTING UNIQUE JOURNEYS FOR CUSTOMERS

**\$18.9bn** | 2023 Hyper-personalization market size

**14.8%** | CAGR (2023 – 2033)

**\$74.8bn** | 2033 Hyper-personalization market size



■ Website    ■ Display Ads  
■ Social Media    ■ Others

#### **Overview:**

- Hyper-personalization is a cutting-edge approach that tailors individual experiences to a granular level.
- It goes beyond traditional personalization by leveraging data, artificial intelligence (AI), and machine learning (ML) to create highly customized interactions.
- Hyper-personalization occurs in real time to respond to customers' real lives. An offer that may have been relevant the day before, may not be appropriate anymore. The real power of hyper-personalization is being able to adapt experiences to fit customers' ever-changing needs, to interpret customer behavior in the moment, and have relevant conversations.

#### **Redefining customer expectations:**

- As per a research by Twilio, a customer engagement platform, 62% of customers expect personalization and 49% of consumers say they will become repeat buyers / users if personalization is offered.
  - The race towards delivering the most hyper-personalized smartphone experience is intensifying. Companies are increasingly exploring innovative ways they can engage with users on greater personal level.
  - With traditional marketing segmentation aimed at similar groups, a customer may be sent irrelevant offers on channels that they do not interact on. Overtime, a customer gets annoyed with this and a competitor steps in with a more attractive offer or communication.
  - Hyper-personalization helps to predict a customer's behavior by analyzing their data signals and anticipating a moment of need before it occurs.
- There are essential components for achieving hyper-personalization. The first step is data collected about customers, which includes demographic data, transaction history, browsing behavior, social media surveys, purchase history, etc., which is followed by data analysis.
  - Generative AI takes personalization beyond reactive adjustments and actions, enabling businesses to predict and generate content tailored to anticipate future customer behaviors and preferences. This includes creating custom promotional offers, personalized shopping guides, or unique user experiences. By doing so, generative AI adds another layer of proactiveness to personalization, significantly enhancing customer engagement and taking the personalization aspect to new heights by adding a Generative Experience.

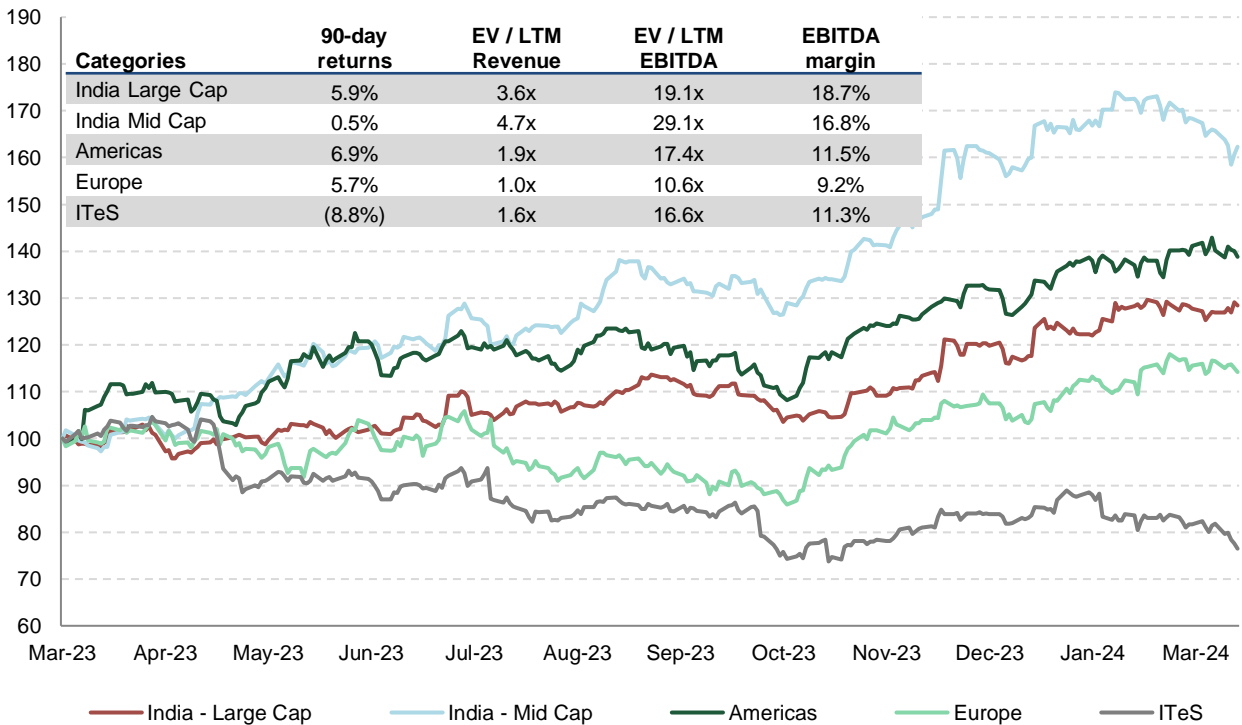
#### **Industry examples:**

- Demand for tailored offerings accelerated during the pandemic. Delivering an intimate, hyper-personalized experience not only increases customer retention and strengthens loyalty, but it also drives revenue growth. As per McKinsey, companies that excel at personalization generate 40% more revenue.
- Netflix leverages AI algorithms to recommend personalized content based on users' viewing history and preferences. Amazon analyzes user behavior, purchase history, and browsing patterns to suggest relevant products, along with personalized emails and targeted advertising.
- Starbucks uses real-time data to send users unique offers based on their preferences, activity and past purchases. TastryAI partners with wineries to offer customer individualized wine recommendations.

# Market performance

## MARKET METRICS (AS OF 15 MAR 2024)

Indexed to 100



### HIGHLIGHTS:

















- Over the past 15 days, the valuation of Indian large cap players remained flat, while that of Indian mid cap players decreased by 3.6%.
- Core IT services business has slowed down with revenue growth of 3.8% in FY24 almost half of 8.4% growth in FY23. However, engineering research & development (ER&D) services are a growth hotspot that a lot of IT firms are looking to bank on. Due to growing demand for advanced technologies, IT firms are acquiring semiconductor R&D companies as a strategic response.
- IT sector is likely to miss its target to double its workforce by 2030 due to the ongoing cyclical slump in demand for technology services as well as the long-term threat of AI-induced job losses. By 2030, the industry might employ ~7.5m personnel which is up only by 2.1m from current level of 5.4m.
- Valuation of **Cognizant** dropped by ~4.7% over the last two weeks. The company cancelled contracts of over 40 employees who were working as subcontractors for Google's YouTube Music. The team went on strike in February of last year demanding better pay and changes to Google's return-to-work policy. Cognizant has given the team seven weeks of pay and opportunities to find another role within Cognizant. The company also called its India employees to work from office three times in a week.
- Coforge's** valuation decreased by ~6.7% over the last two weeks. The company announced that its board will meet to consider plans to raise funds. If approved, the funds will be raised through issuance of equity shares or any other eligible securities through permissible modes, including but not limited to a private placement, a qualified institutions placement, preferential issue or any other method.
- Valuation of **LTIMindtree** fell by ~2% over the past two weeks as the company CFO Vinit Teredesai resigned to explore opportunities outside the L&T growth. Vipul Chandra, who was the head of treasury operations at L&T will replace Teredesai from April 2024. The company signed an agreement with Global Digital, a wholly owned subsidiary of Saudi Aramco to set up a joint venture with an initial investment of \$12.3m for providing IT services in the Middle East and Northern Africa (MENA) region.
- Capita** fell by 32.7% as the company posted annual net loss of \$227mn and wider cash outflows on costs related to cyber attack and business exits in 2023. In response, the company noted that it would take cost cutting measures worth \$127m, which includes cutting 900 jobs, which allows them to save \$76m on an annualized basis from 1Q FY24.

# Recent Transactions (1/2)

## KEY DEALS











- **Publicis Sapient acquires Spinnaker SCA:** Publicis Sapient acquired Spinnaker SCA, a supply chain services firm that provides end-to-end supply chain strategy, planning and execution consulting services. Spinnaker will strengthen Publicis' capabilities in agile digital supply chain transformation and enhance Publicis' capabilities around AI / ML analytics, supply chain digital twins, data solutions, warehouse management, transportation management and expanded digital sustain services.
- **Accenture Song acquires The Lumery:** Accenture Song acquired The Lumery, a marketing technology consultancy. The acquisition will strengthen the marketing transformation capabilities of Accenture Song and expand its CRM and personalization offerings in Australia.
- **Zendesk acquires Ultimate.ai:** Zendesk acquired Ultimate.ai, a customer support automation platform. Zendesk will integrate Ultimate's bots with CRM, order management systems and other back-end business apps. Ultimate brings "reasoning APIs" technology that can make choices and plan activities. The aim of the acquisition is to bring automation capabilities to Zendesk's 100,000 customers.

## LATEST DEALS

Date	Buyer	Target	Transaction details	Target expertise
Mar-24	 zscaler	 Avalor	<ul style="list-style-type: none"> <li>▪ Deal size – \$310m</li> <li>▪ EV / Sales – NA</li> </ul>	Israel-based data security platform.
Mar-24	 zendesk	 ultimate.ai	<ul style="list-style-type: none"> <li>▪ Deal size – NA</li> <li>▪ EV / Sales – NA</li> </ul>	Germany-based customer support automation platform.
Mar-24	 CLOUDFLARE	 NEFELI NETWORKS	<ul style="list-style-type: none"> <li>▪ Deal size – NA</li> <li>▪ EV / Sales – NA</li> </ul>	Berkeley, CA-based software for managing and operating large-scale networks.
Mar-24	 CROWDSTRIKE	 FLOW.	<ul style="list-style-type: none"> <li>▪ Deal size – \$115m</li> <li>▪ EV / Sales – NA</li> </ul>	Israel-based data security posture management (DSPM) provider.
Mar-24	 Accenture Song	 (THE LUMERY)	<ul style="list-style-type: none"> <li>▪ Deal size – NA</li> <li>▪ EV / Sales – NA</li> </ul>	Australia-based marketing technology consultancy.
Mar-24	 PÜRSE	 reachfive	<ul style="list-style-type: none"> <li>▪ Deal size – NA</li> <li>▪ EV / Sales – NA</li> </ul>	France-based social data marketing platform.
Mar-24	 SIG	 Acreation	<ul style="list-style-type: none"> <li>▪ Deal size – NA</li> <li>▪ EV / Sales – NA</li> </ul>	Japan-based IT consulting services provider.
Mar-24	 BainCapital TECH OPPORTUNITIES	 iress Mortgage software business	<ul style="list-style-type: none"> <li>▪ Deal size – \$108m</li> <li>▪ EV / Sales – NA</li> </ul>	UK-based mortgage software and originations business of Iress.

Continued on the next page

# Recent Transactions (2/2)

Date	Buyer	Target	Transaction details	Target expertise
Mar-24	 Asia-Pacific Strategic Investments Limited	<b>Zweispac</b>	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	Singapore-based AI solutions provider.
Mar-24	 XTGLOBAL	<b>networkobjects</b>	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	Plano, TX-based technology consulting firm.
Mar-24	 BAIN & COMPANY	 PIPERLAB	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	Spain-based AI and ML solutions provider.
Mar-24	 HAVAS Play	 WILD ERNESS	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	UK-based social marketing specialist.
Mar-24	 VOOBAN	 stratejia	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	Canada-based digital and analytical solutions provider.
Mar-24	 Battery	 truecontext	<ul style="list-style-type: none"> <li>Deal size – \$119m</li> <li>EV / Sales – 4.8x</li> </ul>	Canada-based no-code workflow platform.
Mar-24	 PUBLICIS GROUPE	 spinnaker SCA	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	Boulder, CA-based supply chain services firm.
Mar-24	 DENTONS GLOBAL ADVISORS	 99GROUP	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	India-based specialty media company.
Mar-24	 NEX NIPPON EXPRESS	 Groovenauts	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	Japan-based game cloud service provider.
Mar-24	 PARTECH	<b>Stuzo</b>	<ul style="list-style-type: none"> <li>Deal size – \$189m</li> <li>EV / Sales – 4.7x</li> </ul>	Philadelphia, PA-based digital engagement software provider.
Mar-24	 cadence	 BETA SIMULATION SOLUTIONS	<ul style="list-style-type: none"> <li>Deal size – \$1.2b</li> <li>EV / Sales – NA</li> </ul>	Switzerland-based custom computer programming services provider.
Mar-24	 swisscom	 camptocamp	<ul style="list-style-type: none"> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	Switzerland-based developer and integrator of open-source solutions.



# Appendix - Market Multiples

Company	Market data					LTM Performance					Growth CAGR 3 years	Valuation multiples		
	Price \$	52 week High	Low	Market cap \$m	EV \$m	Revenue \$m	EBITDA \$m	Net income \$m	EBITDA margin	EV / Sales		EV / EBITDA	P/E	
<b>India - Large Cap</b>														
Tata Consultancy Services Limited	50.9	50.9	37.6	184,148	179,965	28,691	7,361	5,390	25.7%	9.3%	6.3x	24.4x	34.2x	
Infosys Limited	19.7	20.8	14.9	81,593	80,091	18,552	4,250	2,952	22.9%	12.2%	4.3x	18.8x	27.6x	
HCL Technologies Limited	19.9	20.3	12.6	53,810	51,684	13,075	2,699	1,897	20.6%	9.3%	4.0x	19.1x	28.4x	
Cognizant Technology Solutions Corporation	75.3	79.8	57.1	37,502	36,206	19,353	3,417	2,126	17.7%	5.1%	1.9x	10.6x	17.6x	
Wipro Limited	6.2	6.5	4.3	32,533	30,080	10,901	1,985	1,356	18.2%	9.0%	2.8x	15.2x	24.0x	
LTMIndtree Limited	62.7	76.3	50.6	18,554	17,684	4,243	747	552	17.6%	36.8%	4.2x	23.7x	33.6x	
Tech Mahindra Limited	15.5	16.9	12.2	13,647	13,278	6,348	657	338	10.4%	7.2%	2.1x	20.2x	40.4x	
Mphasis Limited	30.0	33.7	20.3	5,671	5,531	1,589	262	188	16.5%	6.7%	3.5x	21.1x	30.1x	
<b>Average</b>										<b>18.7%</b>	<b>9.5%</b>	<b>3.6x</b>	<b>19.1x</b>	<b>29.5x</b>

<b>India - Mid Cap</b>														
L&T Technology Services Limited	65.4	67.6	40.3	6,913	6,728	1,043	207	151	19.8%	11.1%	6.5x	32.5x	45.7x	
Persistent Systems Limited	101.6	106.8	51.3	7,471	7,394	1,140	187	124	16.4%	27.6%	6.5x	39.5x	NM	
CoForge Limited	73.8	81.3	43.7	4,561	4,678	1,080	145	84	13.4%	20.5%	4.3x	32.3x	NM	
Perficient, Inc.	60.3	96.3	51.5	2,107	2,398	907	162	99	17.8%	14.0%	2.6x	14.9x	21.3x	
Cyient Limited	24.0	28.7	11.4	2,658	2,677	846	142	79	16.8%	14.5%	3.2x	18.9x	33.7x	
Sonata Software Limited	8.8	10.4	4.6	2,448	2,445	1,001	80	37	7.9%	21.5%	2.4x	30.8x	NM	
Birlasoft Limited	9.1	10.3	3.1	2,514	2,355	618	90	67	14.6%	8.9%	3.8x	26.1x	37.6x	
Happiest Minds Technologies Limited	9.6	12.3	9.3	1,421	1,348	190	37	28	19.2%	23.5%	7.1x	36.8x	NM	
Latent View Analytics Limited	5.4	6.5	3.8	1,117	1,010	74	15	18	20.4%	NA	13.7x	66.9x	NM	
Zensar Technologies Limited	6.7	7.5	3.2	1,515	1,375	587	99	73	16.9%	NA	2.3x	13.9x	20.6x	
Mastek Limited	31.7	37.6	18.1	978	1,010	359	61	34	17.0%	18.5%	2.8x	16.6x	29.0x	
R Systems International Limited	5.5	6.9	2.9	646	661	202	30	17	15.0%	0.0%	3.3x	21.8x	38.4x	
Aceclaya Solutions India Limited	20.1	24.8	13.0	300	288	59	21	16	34.5%	12.2%	4.9x	14.0x	19.1x	
InfoBeans Technologies Limited	4.6	6.2	4.5	112	101	44	5	2	12.1%	21.3%	2.3x	19.1x	NM	
Sasken Technologies Limited	18.0	21.7	9.5	274	264	48	5	9	10.4%	(7.7%)	5.5x	52.6x	29.0x	
<b>Average</b>										<b>16.8%</b>	<b>20.4%</b>	<b>4.7x</b>	<b>29.1x</b>	<b>30.5x</b>

<b>Americas</b>														
Accenture plc	374.6	386.9	246.2	234,871	231,615	64,588	11,304	6,880	17.5%	13.0%	3.6x	20.5x	34.1x	
CGI Inc.	116.8	118.5	89.1	26,880	28,258	10,941	1,920	1,241	17.5%	4.8%	2.6x	14.7x	21.7x	
EPAM Systems, Inc.	298.9	314.6	203.3	17,284	15,360	4,691	675	417	14.4%	20.8%	3.3x	22.7x	41.4x	
Globant S.A.	216.6	249.7	137.1	9,332	9,342	2,096	313	159	14.9%	37.1%	4.5x	29.9x	NM	
DXC Technology Company	20.6	28.5	19.1	3,774	7,720	13,872	465	(465)	3.4%	(8.6%)	0.6x	16.6x	NM	
Thoughtworks Holding, Inc.	2.5	8.2	2.5	794	1,032	1,127	34	(69)	3.0%	11.9%	0.9x	30.5x	NM	
Grid Dynamics Holdings, Inc.	12.6	14.2	8.1	955	709	313	8	(2)	2.5%	41.1%	2.3x	NM	NM	
The Hackett Group, Inc.	24.2	25.1	17.4	667	681	291	59	34	20.3%	7.4%	2.3x	11.5x	19.5x	
Unisys Corporation	4.9	8.1	2.6	332	507	2,015	(258)	(431)	NM	(0.2%)	0.3x	NM	NM	
Sonda S.A.	0.4	0.5	0.4	391	673	1,483	118	43.5	7.9%	10.5%	0.5x	5.7x	9.0x	
Positivo Tecnologia S.A.	1.6	2.0	1.2	225	410	715	97	38	13.5%	29.2%	0.6x	4.2x	5.9x	
<b>Average</b>										<b>11.5%</b>	<b>8.3%</b>	<b>1.9x</b>	<b>17.4x</b>	<b>21.9x</b>

<b>Europe</b>														
Capgemini SE	242.8	247.9	163.4	41,507	46,663	24,894	3,051	1,838	12.3%	8.7%	1.9x	15.3x	22.6x	
Alten S.A.	147.3	173.8	114.9	5,087	5,136	4,497	407	258	9.1%	16.4%	1.1x	12.6x	19.7x	
Endava plc	36.6	80.0	36.0	2,131	1,954	975	132	87	13.6%	23.1%	2.0x	14.8x	24.6x	
Sopra Steria Group SA	250.4	258.7	168.6	5,051	6,684	6,417	618	203	9.6%	7.2%	1.0x	10.8x	24.9x	
TietoEVRY Oyj	22.0	33.2	20.5	2,607	3,615	3,152	360	190	11.4%	(2.6%)	1.1x	10.0x	13.7x	
Indra Sistemas, S.A.	20.3	20.3	11.9	3,533	3,804	4,857	420	227	8.7%	8.5%	0.8x	9.1x	15.5x	
Cancom SE	28.4	36.8	22.9	1,011	1,002	1,517	56	30	3.7%	0.5%	0.7x	18.0x	33.5x	
Atos SE	2.5	16.3	2.3	275	3,960	12,365	853	(1,211)	6.9%	(1.4%)	0.3x	4.6x	NM	
Aubay Société Anonyme	44.2	53.2	32.1	576	508	579	53	39	9.2%	6.6%	0.9x	9.6x	15.0x	
Capita plc	0.2	0.5	0.2	291	1,034	3,585	277	(227)	7.7%	(6.2%)	0.3x	3.7x	NM	
Know it AB (publ)	15.9	23.3	10.8	437	531	707	67	24	9.5%	19.8%	0.8x	7.9x	18.3x	
<b>Average</b>										<b>9.2%</b>	<b>5.0%</b>	<b>1.0x</b>	<b>10.6x</b>	<b>20.9x</b>

<b>ITeS</b>														
Genpact Limited	33.1	46.2	31.6	5,986	6,901	4,477	726	631	16.2%	6.5%	1.5x	9.5x	9.5x	
ExService Holdings, Inc.	29.9	35.7	25.2	4,949	4,929	1,631	280	185	17.1%	19.4%	3.0x	17.6x	26.8x	
WNS (Holdings) Limited	52.4	93.2	52.4	2,453	2,568	1,301	207	164	15.9%	12.4%	2.0x	12.4x	15.0x	
Firstsource Solutions Limited	2.3	2.6	1.3	1,612	1,768	748	84	63	11.2%	5.2%	2.4x	21.1x	25.7x	
TTEC Holdings, Inc.	11.0	37.7	10.4	521	1,499	2,463	241	8	9.8%	8.1%	0.6x	6.2x	NM	
Conduent Incorporated	3.3	3.8	2.5	689	1,830	3,722	235	(296)	6.3%	(3.7%)	0.5x	7.8x	NM	
Hinduja Global Solutions Limited	9.5	14.0	9.5	443	565	551	14	8	2.5%	(8.9%)	1.0x	41.5x	NM	
<b>Average</b>										<b>11.3%</b>	<b>3.6%</b>	<b>1.6x</b>	<b>16.6x</b>	<b>19.2x</b>

# Contact us

## ABOUT US

Founded in 1987, The Chesapeake Group is an independent financial advisory company with over 35 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 25 years.

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