



# CHESAPEAKE TECHNOLOGY NEWSLETTER

31 Oct 2022



THE CHESAPEAKE GROUP

*INVESTMENT BANKING & STRATEGIC ADVISORY*

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*Note: Market data as of Oct 31, 2022*

# Section 1:

Fortnightly update

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# This fortnight in technology...

## KKR to acquire Ness Digital Engineering

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### Overview:

- On 27 October 2022, KKR announced that it had signed a definitive agreement to acquire Ness Digital Engineering, a global full-lifecycle digital services transformation company, from The Rohatyn Group (TRG) for over \$500m.

### About KKR:

- KKR is a leading global investment firm that aims to generate attractive investment returns by following a patient and disciplined investment approach.
- It sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds.
- KKR has made this investment from its Asia Fund IV which has a fund size of \$14.7bn and targets investment in information technology, consumer products and services, manufacturing, TMT industries.

### About Ness Digital Engineering:

- Founded in 1998, Ness is a leading provider of end-to-end digital transformation services that specializes in building digital software products and platforms.
- Ness helps organizations envision, build, and continually evolve their digital platforms to enter new markets, capture new revenue, and gain operational efficiencies. The Company offers a wide range of digital practices that include cloud engineering, data and analytics, experience design, intelligence engineering, and salesforce for businesses across sectors.
- It is headquartered in Teaneck, NJ and employs over 4,000 personnel across North America, Europe, Middle East and Asia. Ness was acquired for \$307m in Jun-11 by Citi Venture Capital, who were later acquired by TRG in Dec-13.

### Rationale of the transaction:

- Ness adds to KKR's portfolio of technology investments, which includes, Cloudera, a provider of enterprise-grade, Yayoi, a software developer, distributor, and support service provider for small and medium-sized enterprises in Japan, Probe CX, a provider of outsourced customer experience and business process outsourcing solutions in Australia, MYOB, an Australian online business management company and Jio Platforms in India.
- *"Digital transformation and adoption is a critical strategy for businesses of all sizes worldwide. Against this backdrop, KKR believes that Ness is well-positioned for growth, supported by its exceptional, experience-led product engineering heritage."* said Gaurav Trehan, Partner and CEO of KKR India.
- *"We look forward to leveraging KKR's global platform and strong investment and operational expertise to deliver more innovative solutions to help our customers keep up with the pace of digitalization required by the accelerated online economy,"* said Ranjit Tinaikar, CEO of Ness.

## Section 2:

Recent news and press releases

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# Recent news excerpts – Company specific

## **Accenture Federal Services Awarded Prime Role on \$650M Department of Veterans Affairs Healthcare Innovation Contract – Press release**

**Oct 31, 2022** — Accenture Federal Services (AFS), a subsidiary of Accenture (NYSE: ACN), has earned a spot on a Department of Veterans Affairs (VHA) contract that will deliver innovative healthcare technology solutions that can be scaled into clinical production. The Accelerating VA Innovation and Learning (AVAIL) contract provides VHA and the Office of Healthcare Innovation and Learning (OHIL) with the ability to fast-track the design, development, and testing of healthcare innovations. The AVAIL contract has a ceiling of \$650 million. Accenture Federal Services will now compete for task orders on this five-year indefinite-delivery, indefinite quality contract vehicle. “The VHA is the largest integrated health care system in the United States and has long been a pioneer of healthcare innovation,” said Shawn Roman, Accenture Federal Services’ VA Client Account Lead.

## **Infosys veteran Ravi Kumar to play key role in top-deck succession at Cognizant: Analysts – Economic Times**

**Oct 28, 2022** — Ravi Kumar S, Cognizant’s newly appointed president for Americas, is likely to play a key role in the core succession team at the Teaneck, New Jersey-based software exporter amid a serious attempt to bolster executive leadership after a troubling period of top-deck attrition, analysts said. Cognizant said last week that the Infosys veteran would replace interim chief for Americas Surya Gummadi and oversee business across the United States, Canada, and Latin America. Ravi Kumar, who is expected to join in January, will manage over 70% of the company’s business and build efficiencies across major verticals in a tightly contested market, even as macroeconomic headwinds and a tight labor scene threaten margins.

## **IBM India warns employees against moonlighting, says it puts client assets at risk – Economic Times**

**Oct 26, 2022** — Global technology major IBM has warned its Indian employees against moonlighting, saying the practice creates a “conflict of interest” as it could put critical client data and commercial assets at risk. “...if you advance a personal interest, whether directly or indirectly, at the expense of IBM’s interest, it is treated as serious conflict of interest and violation of trust,” a note said. The clarification comes amid a heated debate on the practice of tech workers in India taking up side jobs in addition to their regular jobs, which seems to have divided the industry with many firms criticising the trend and others accepting it. “IBM’s policy is also fundamentally important to trust our clients place in IBM when they entrust us with the transformation, access and management of critical commercial assets including data and systems,” the note added.

## **Moonlighting unacceptable, action taken against few employees found engaging in it: Happiest Minds – Economic Times**

**Oct 23, 2022** — Mid-tier IT company Happiest Minds Technologies has said moonlighting is unacceptable as it amounts to a violation of the job contract and that “few” employees found engaging in such practices have been fired over the last 6-12 months. The company - which recently logged a stellar 33.7% year-on-year growth in net profit in the second quarter and 31.1% rise in its total income - had about 4,581 employees as of September 30, 2022. Happiest Minds asserted that moonlighting is not very prevalent within the company but did not divulge the exact number of employees against whom action had been taken on the issue. The issue of moonlighting or dual employment has emerged

## **Infosys confirms 10-13% hike; embarks on wage cost battle – Mint**

**Oct 20, 2022** — Infosys, India’s second-largest IT services company, has confirmed that a large part of its employees have received 10-13% salary hikes, with a section of top performers receiving 20-25% increments. However, with falling attrition rates, Infosys is also trying to rein in wage costs by increasing utilization levels, reducing lateral hires and lowering the number of on-site employees. The increments will depend on an employee’s grade, with the senior management receiving lower salary hikes as their salaries are higher. In May, Mint reported about Infosys’s plan on salary increments to retain employees. Mint had written earlier that rival Wipro has rolled about 10% average increments, 15% for top performers and quarterly promotions for its employees.

# Recent news excerpts – Company specific (cont'd)

## Persistent Systems targets to double revenues – Economic Times

**Oct 20, 2022** – Mid-tier IT company Persistent Systems said it is targeting to double the revenues in four years to \$2 billion. "We will aim to be a \$2 billion revenue company in four years," chief executive Sandeep Kalra said, a day after the company achieved its \$1 billion in annualised revenue by posting a 40% rise in topline to \$255 million in the September quarter. Kalra said the company's quarterly revenues stood at \$125 million three years ago, and the rate of doubling will take longer at four years now, given that it will be a bigger size. Chief financial officer Sunil Sapre said the demand for services continued to be robust, the pipeline was also strong and the company will target sustaining the momentum. It reported a total contract value of \$367 million in the quarter.

## Wipro appoints Suzanne Dann as head of Americas 2 – Economic Times

**Oct 20, 2022** – Wipro said that it appointed Suzanne Dann as the chief executive of its Americas 2 business effective immediately. Dann will also join the Wipro executive board. For the Bengaluru-based company, Americas 2 comprises financial services, manufacturing, energy & utilities and hi-tech industry in both the US and Canada. In her new role, Dann will focus on increasing bookings, large deal signings and revenue in high-growth strategic areas, according to an exchange filing. She took over the role from Angan Guha. Prior to joining Wipro, Dann held the corporate vice president role at US-based IT services firm Avanade and had a 15-year stint at IBM prior to that. The appointment comes amid a series of top-level changes at India's fourth largest IT firm. Capgemini veteran Amit Choudary joined the company as president and chief operating officer and a member of the executive board earlier this month.

## appoints Suzanne Dann as head of Americas 2 – Economic Times

**Oct 20, 2022** – Tata Consultancy Services said that it has won a cloud transformation deal from UK-based supermarket retailer Sainsbury's. Deal financials and duration were not disclosed. As a part of the new multi-year partnership, TCS will consolidate and modernise Sainsbury's IT infrastructure landscape into a hybrid cloud stack using TCS Enterprise Cloud. Additionally, the company will provide end-to-end managed services for modern workplace services, network connectivity, and security. TCS has been a strategic partner to Sainsbury's for over a decade across numerous business-critical transformation programmes. This is expected to help Sainsbury's speed up time to market, create new revenue streams, and reduce time to respond to emerging business scenarios. Sainsbury's plans to reinvest the savings to achieve its strategic priorities of offering value to customers through innovation and lower costs.

## SAP launches Industry Knowledge Exchange in collaboration with AWS – Economic Times

**Oct 20, 2022** – German technology major SAP said today it has launched the SAP Industry Knowledge Exchange (SAP IKEX) in collaboration with Amazon Web Services (AWS) aimed at driving inclusive digital transformation and sustainable development. The exchange will bring together enterprises, consulting firms, and academia across 25 industries enabling technological co-innovation, sharing of best practices, and deliberation on regulatory policies, it said. Companies like Maruti Suzuki, Philips India, More Retail and Bombay Shaving Company will be a part of this initiative. The knowledge exchange confluence will set up an industry board for each sector which will help identify sectoral challenges and drive engagement. It will also facilitate collaboration between multiple stakeholders and help improve regulatory and policy inputs from industry bodies such as the Confederation of Indian Industries (CII), Indian Pharmaceutical Alliance (IPA), and Automotive Component Manufacturers Association (ACMA).

## Tech Mahindra sign MoU with Gujarat government to hire 3,000 professionals – Economic Times

**Oct 18, 2022** – Tech Mahindra has signed a memorandum of understanding (MoU) with the Government of Gujarat to promote the IT and ITeS sector in the state and hire over 3,000 professionals in the state over the next 5 years. In the first 7 months from the launch of the IT/ITeS policy, the Gujarat state government has signed MoUs with 15 domestic and global IT companies with a proposed investment of over Rs 9,400 crore that will generate approximately 26,750 high skilled IT employment opportunities. "The Government is committed to support businesses to improve the ease of doing business (EODB) in the state. In line with this, the MoU with Tech Mahindra will not only help us enable the same but also result in the overall development of the city," said Chief Minister, Government of Gujarat, Bhupendra Patel.

# Recent news excerpts – Industry

Times of India  
Oct 26, 2022

## Smaller tech firms open to moonlighting, subject to disclosures

Even as top-tier IT services companies fret about moonlighting, mid-tier technology companies and tech startups are having open discussions with employees to inspire confidence among moonlighters to disclose side projects and reset expectations. Companies like Zoho, Kissflow, and M2P Fintech have had company-wide discussions on moonlighting to clarify that the practice is acceptable as long as the company's intellectual property is not compromised. They have asked staff to talk to their managers should there be any ambiguity. Cisco India is among the big tech firms where employees can undertake projects in the same domain with appropriate disclosures and approvals, as long as they don't work for a competitor.

Economic Times  
Oct 25, 2022

## Regulating digital platforms CCI's big challenge, says retiring chairman Ashok Kumar Gupta

Regulating digital platforms will be a key challenge for India's anti-trust regulator in the future, said Ashok Kumar Gupta, Competition Commission of India (CCI) chairman said. In fast-moving digital markets, protracted litigations and delayed interventions could prove to be "expensive or even futile", he said, making a case for the need for CCI to take preventive steps through 'ex-ante' regulations to ensure competition concerns are addressed adequately in the digital platforms. Gupta said leading digital platforms these days control a lot of critical digital infrastructure, and the sheer size of these platforms literally provided them with rule-making powers.

Economic Times  
Oct 20, 2022

## Open innovation models in tech driving rapid solutioning, business growth: Nasscom report

Innovation is a key factor in charting out the growth trajectory for India's technology sector, and open innovation programmes are increasingly being included in agendas to drive business growth, according to industry body Nasscom's report. The report mooted key measures to develop a strong open innovation ecosystem in the country. Indian enterprises and startups are increasingly leveraging external knowledge and ecosystem for their innovation management strategies said the new report by the National Association of Software and Services Companies (NASSCOM) in partnership with Aventeum Advisors. The report highlighted that a vibrant collaboration model built by corporates, academia, investors and associations is gradually shaping the open innovation ecosystem in India.

Economic Times  
Oct 20, 2022

## Net hiring by IT service majors dipped 24% during H1

Net employee addition by the top IT service providers has dropped by about one-fourth in the first two quarters of the current fiscal year and is expected to fall by almost half for the full year as the next two quarters are historically weak for the \$227 billion software exports industry. This comes as the sector is facing geopolitical turmoil in Europe and macroeconomic concerns in the United States. Tata Consultancy Services (TCS), Infosys, Wipro and HCL Tech have reported around 81,700 net headcount additions during the first half, down almost 24% from 107,616 net hires during the same time in the previous financial year, an ET analysis showed. Analysts said that net addition in the July-September quarter has also been fewer compared to the sequential first quarter.

Economic Times  
Oct 19, 2022

## India key growth driver amid strong demand for cloud services: SAP's Scott Russell

India is an "innovation engine" for the world and a key driver of growth for SAP, said a top executive at the German technology major, with business expanding rapidly on the back of strong demand for cloud-based services. The enterprise software maker clocked triple digit growth in India for three of four quarters in 2021. Terming India "one of the fastest growing markets (for SAP) in enterprise and mid-market segment," Scott Russell, executive board member, customer success, said in an exclusive interview with ET, "(Indian firms) are trying to expand their business in other parts of the world, and we are able to get the benefit of that."

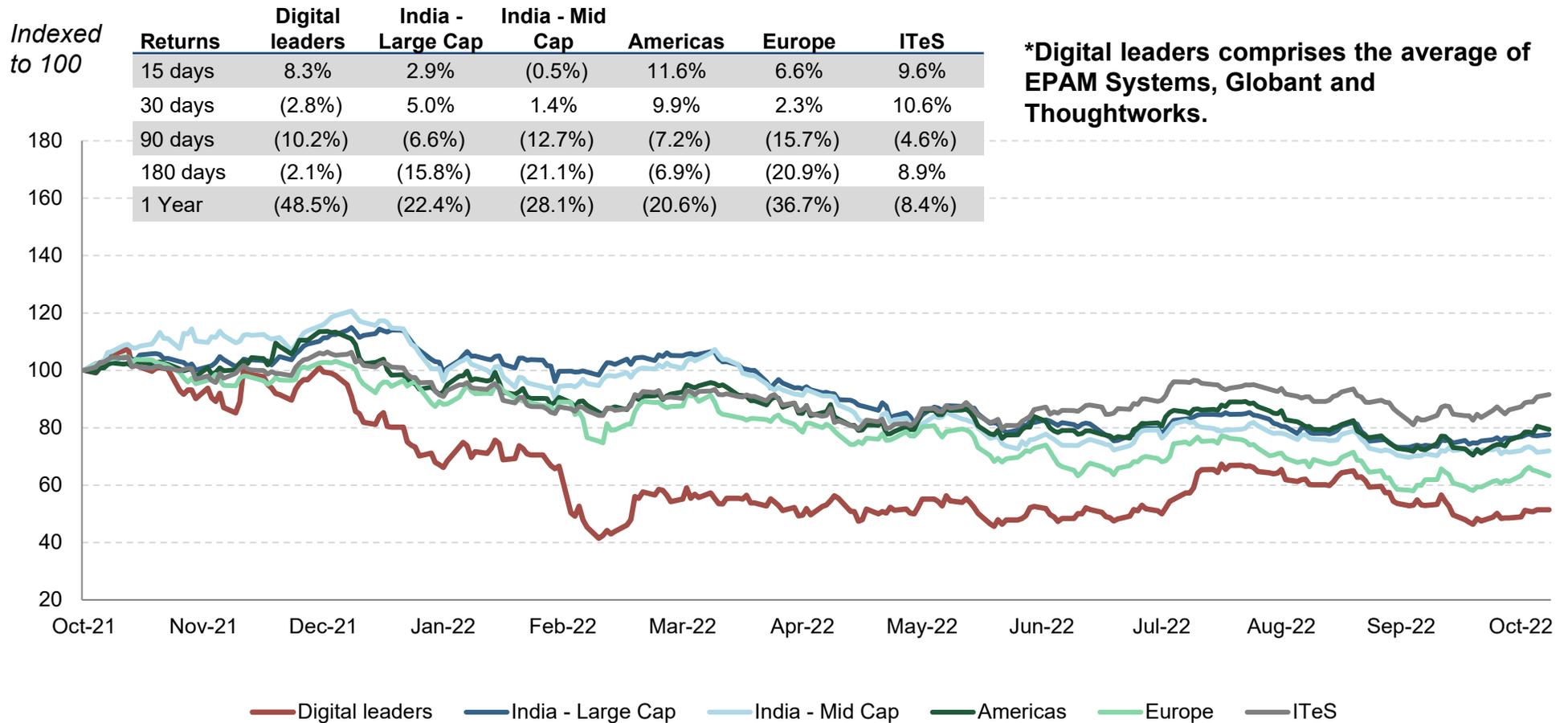
# Section 3:

## Valuation overview

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# Share price evolution – IT / ITeS companies

Over the past 15 days, the valuation of large cap IT services companies increased by c.3%. Stock price of TCS, Wipro and Cognizant have risen after the IT majors announced annual salary hikes for their staff to curb attrition in the face of increasing macroeconomic headwinds and a tight labor market.

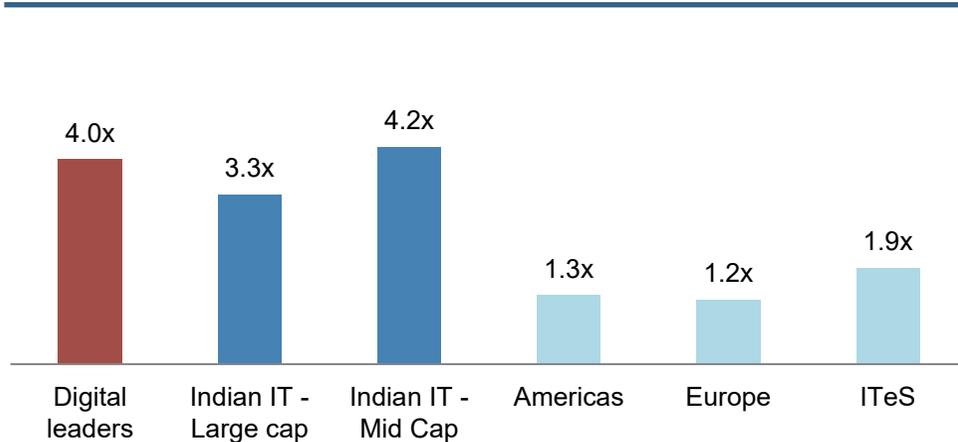


Source: Capital IQ

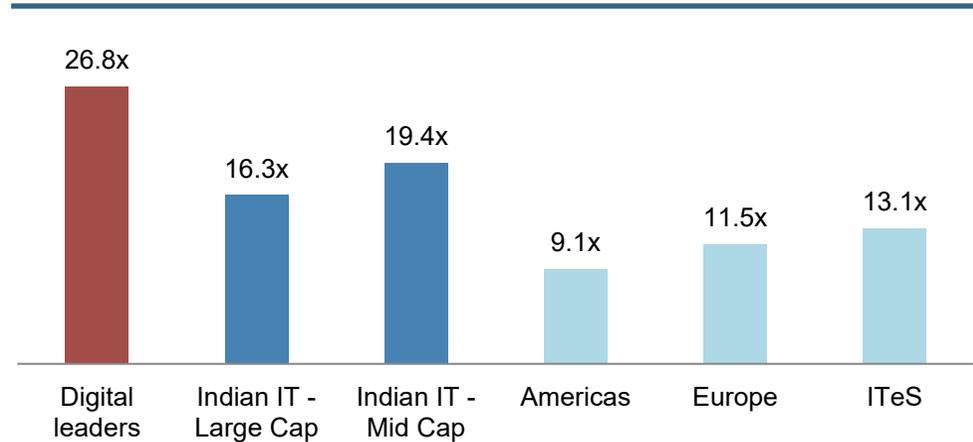
Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)

# Valuation summary

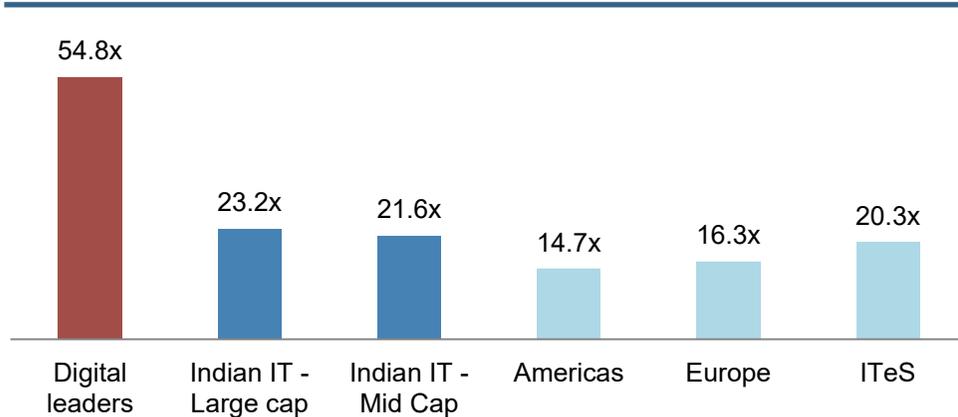
## EV / LTM Sales



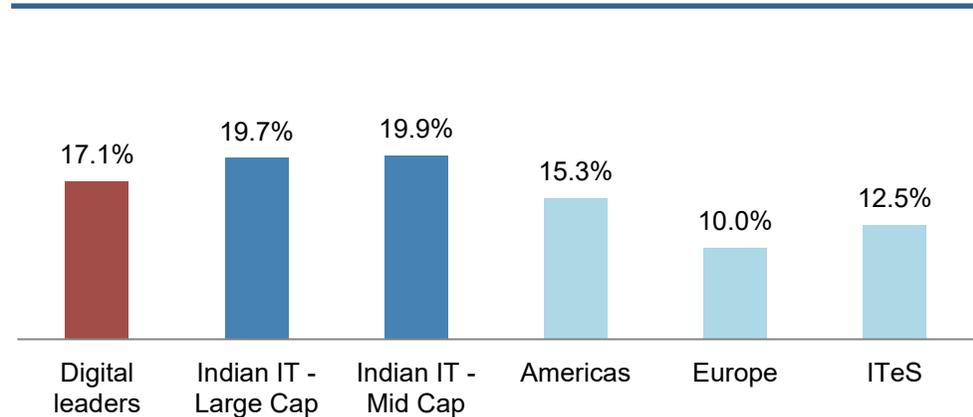
## EV / LTM EBITDA



## 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 October

## Overview

## Target business description

## Transaction rationale

Oct-22



Quantmetry

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

- Founded in 2011, Quantmetry is an independent consulting firm.
- It specializes in mathematical modelling and artificial intelligence technological solutions.
- It has built a reputation with major French players in manufacturing, energy, retail, consumer goods and insurance providing them with data services in the areas of big data, AI, ML, process mining and BI.
- It is headquartered in Paris, France.

- Quantmetry will strengthen the capabilities of Capgemini in France to deliver data transformation at scale and in the development of innovative, high-impact products and services powered by trusted AI.
- It will also enhance services that enable intelligent industry and major business and technological transformations.
- *"This new team will enable us to be even stronger in sustainability services notably on our Data for Net Zero offering. With Quantmetry, we are strengthening our ability to deliver high-impact transformation programs."* said Capgemini.

Oct-22



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

- Founded in 2001, Ambit Group is a leading provider of data analytics, cybersecurity, and mission support services to the US Government.
- It delivers next-generation digital transformation services to federal agencies with wide-ranging missions across homeland security, regulatory, and civilian services.
- Select clients include SEC, FEMA and CFPB.
- It is headquartered in Reston, VA.

- The acquisition will further enhance DMI's comprehensive suite of digital services and expand its portfolio of customers and contract vehicles in high priority federal markets.
- *"Demand for IT modernization services leveraging the latest digital innovation and capabilities has never been greater,"* said Sunny Bajaj, founder and CEO of DMI. *"With this addition, we combine Ambit's comprehensive data management, analytics, and cybersecurity services with our cross-industry, digital transformation expertise to help drive the next generation of digital government."*

Oct-22



- Target country – Germany
- Deal size – \$11m
- EV / Sales – 1.8x

- Founded in 2000, eMundo is a digitalization expert and software company.
- It designs and carries out digitalisation projects and develops tailor-made software for strategic operations such as cyber security, service processes, public transport, and the automotive sector.
- Its largest customers include e.g. German state railway company Deutsche Bahn, BMW and Skidata, as well as a major German federal authority.
- It is headquartered in Munich, Germany.

- The acquisition strengthens Gofore's position, offering, customer portfolio and growth potential in Germany as well as the DACH area.
- The acquisition is in line with Gofore's strategy of growing both organically and through company acquisitions.
- With this acquisition, Gofore is better equipped to execute its strategy of growing through eMundo's long-term partnerships with big customers. eMundo completes both Gofore's public and private sector offering and customer portfolio.

# Key transactions in October (cont'd)

## Overview

## Target business description

## Transaction rationale

Oct-22

KKR



- Target country – United States
- Deal size – Over \$500m
- EV / Sales – NA

- Founded in 1998, Ness is a leading provider of end-to-end digital transformation services that specializes in building digital software products and platforms.
- The Company offers a wide range of digital practices that include cloud engineering, data and analytics, experience design, intelligence engineering, and salesforce for businesses across sectors.
- It is headquartered in Teaneck, NJ and employs over 4,000 personnel across North America, Europe, Middle East and Asia.

- Ness adds to KKR's portfolio of technology investments, which includes, Cloudera, a provider of enterprise-grade, Yayo!, a software developer, distributor, and support service provider for small and medium-sized enterprises in Japan, Probe CX, a provider of outsourced customer experience and business process outsourcing solutions in Australia, MYOB, an Australian online business management company and Jio in India.
- *"Ness is well-positioned for growth, supported by its exceptional, experience-led product engineering heritage."* said Gaurav Trehan, Partner and CEO of KKR India.

Oct-22



- Target country – United States
- Deal size – \$68m
- EV / Sales – NA

- Founded in 2001, Rapid Financial Solutions a leading provider of reliable, scalable, and secure payments with best-in-class card issuance and digital disbursement capabilities.
- Its more than 1,500 customers nationwide include courts, county offices, and correctional facilities, who use Rapid's solutions to make payments related to juries, restitution, inmate release, and probation.
- It is headquartered in Logan, UT.

- Through this acquisition, Tyler will offer Rapid's payments Platform-as-A-Service to local, state, and federal government clients to enhance their payments disbursement process and improve the timeliness and accuracy of their transactions with consumers.
- Rapid will join Tyler's Payments business unit, which is part of Tyler's NIC Division.
- The purchase price is approximately \$68 million in cash and Tyler stock, subject to certain customary adjustments at closing.

Oct-22



- Target country – United States
- Deal size – \$1,225m
- EV / Sales – NA

- Founded in 2008, WillowTree is a premier, full-service digital product provider focused on end user experiences, such as native mobile applications and unified web interfaces.
- The company provides end-to-end, full-stack development, strategy, design, and growth marketing services to Fortune 500 companies .
- It is headquartered in Charlottesville, VA and has over 1,000 digital strategists, designers, and engineers operating out of 13 global studios.

- The acquisition brings key tech talent and diversity to Telus International's portfolio of next-generation solutions, and further augments its digital consulting and innovative client-centric software development capabilities.
- *"Importantly, WillowTree will augment our go-to-market transformation capabilities in respect of digital, cloud and software-based services that will be highly sought-after as we progress toward a period of economic recovery in the months to come."* said Darren Entwistle, President of Telus Group.

# Key transactions in October (cont'd)

## Overview

## Target business description

## Transaction rationale

Oct-22



- Target country – United States
- Deal size – \$1,276m
- EV / Sales – 6.0x

- Founded in 2007, UserTesting is a leader in video-based human insight.
- Unlike approaches that track user behavior then try to infer what that behavior means, UserTesting reduces guesswork and brings customer experience data to life with human insight.
- UserTesting has more than 2,500 customers, including more than half of the world's top 100 most valuable brands.
- It is headquartered in San Francisco, CA.

- The all-cash offer of \$7.50 per share represents a premium of approximately 94% over UserTesting's closing stock price on October 26, 2022 and a premium of approximately 97% over the volume weighted average price (VWAP) of UserTesting's shares for the 30 trading days ended October 26, 2022.
- Following the closing of the transaction, Thoma Bravo and Sunstone Partners intend to combine UserTesting and UserZoom, which Thoma Bravo acquired majority control of in April 2022.
- The deal is expected to close in 2023 subject to conditions.

Oct-22



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

- Founded in 1991, ServiceCentral is a rapidly expanding software company providing solutions for service and repair management.
- Its software solutions are highly configurable and used to streamline workflows to track product returns, warranties, services, repairs and parts through the entire after-sales product lifecycle.
- It is headquartered in Atlanta, GA.

- With the support of Valsoft, ServiceCentral will have the opportunity to strengthen its position as a market leader, extend its global presence, and expand the market segments it serves.
- Valsoft is acquiring all outstanding shares of ServiceCentral and will leverage the strength and market position of its ServiceManager, ServiceNetwork, and RepairQ solutions, and the expertise of its team members to build a portfolio to deliver best-in-class solutions to companies in the fast changing and innovative service and repair market.

Oct-22



(and other investors)



- Target country – United States
- Deal size – \$9m
- EV / Sales – NA

- Founded in 2014, BluSapphire is a full-stack cybersecurity platform.
- The platform solves the industry gap in security operations and visibility space.
- The full stack AI and predictive analytics platform empowers clients to prevent sophisticated cyberattacks across cloud, on-prem and hybrid work environments.
- It is headquartered in Stamford, CT.

- The funding round was led by Barings Private Equity India with participation from cross border VC firm Dallas Venture Capital, Binny Bansal backed xto10x, RPG Ventures & Merisis Venture Partners.
- *"We will use the fresh funds to build and scale up its software-as-a-service platform across India and North America,"* said Kiran Vangaveti, founder and CEO at BluSapphire.
- The company has acquired reputed customer portfolio and has also built an impressive list of partners, including leading MSSPs both in India and the USA.

Source: Press release, news reports, Capital IQ

Note: 1) Chesapeake internal estimate

# Key transactions in October (cont'd)

## Overview

## Target business description

## Transaction rationale

Oct-22



K1 INVESTMENT MANAGEMENT



- Founded in 2002, Elmo Software is a cloud-based HR, payroll, and expense management SaaS provider.
- Its software applications remove the costs associated with large-scale implementations, provide seamless integration with legacy HRIS / payroll systems, and provide the added benefit of rapid, painless upgrades as new features are released.
- It is listed on the Australian Stock Exchange.
- It is headquartered in Sydney, Australia.

- The offer is a 100.4% premium to the closing share price on 12 Oct 2022, the day before ELMO announced it had received approaches expressing interest in a takeover.
- Mismatch between share price and business performance has seen bids for other Australian tech stock, including Nitro Software, Nearmap and Tyro Payments.
- K1 has picked up Melbourne-based tech company Cyara in a \$350m deal at the start of the years, and invested in simPRO late last year.
- The deal is subject to certain regulatory approvals.

- Target country – Australia
- Deal size – \$361m
- EV / Sales – 5.8x

Oct-22

TEMASEK HOLDINGS 83NORTH

(and other investors)



- Founded in 2017, TrigoVision is a computer vision company building the infrastructure for autonomous retail stores and retail analytics.
- It transforms existing supermarkets into fully autonomous digital stores where feeds from ceiling-mounted cameras and shelf sensors are analyzed to generate a “digital twin” of the store.
- It is headquartered in Tel Aviv, Israel.

- TrigoVision will use the funds to execute on significant deployment of stores, increase the size of stores supported to include full-sized urban supermarkets, expand into new geographies, and further develop its StoreOS offering.
- The investment was led by Temasek and 83North. New strategic investors include SAP SE, who will also help commercialize Trigo’s solution. Existing investors who joined the round include Hetz Ventures, Red Dot Capital Partners, Vertex Ventures, Viola, and supermarket giant REWE Group.

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

Oct-22

CLOUDSCALE 365



- Founded in 2009, Priorpoint is a top regional service provider located in Myrtle Beach, South Carolina.
- It is a knowledge leader in the managed cloud and on-premises IT services market providing exceptional reliability and maximum flexibility while safeguarding organizations’ top intellectual asset 0 data..
- The company owns and operates state-of-the-art data centers that are fully equipped to service its clients’ IT, backup, and disaster recovery needs.

- The acquisition expands data center portfolio and managed cloud expertise for CloudScale365 clients.
- *“Acquisition of Priorpoint provides increased data center capacity and additional managed cloud and IT service offerings. There is also great synergy between our corporate cultures— these are all benefits we’re excited to pass on to CloudScale365 clients.”* said Patrick Hannon, CEO of CloudScale365.
- CloudScale365 serves 4,000 corporations, non-profits, and government agencies in 21 countries, and currently has over 750 customers in the Southeastern United States.

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

# Key transactions in October (cont'd)

## Overview

## Target business description

## Transaction rationale

Oct-22



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

- Founded in 2009, NPG Solutions is a provider of network, data center, cloud, and security services.
- It leverages its proprietary state-of-the-art cloud technology platform to manage our client's critical supplier data, such as contracts, quotes and invoices that allow for informed decisions based on data analytics for invoice trending, price benchmarks, and inventory and spend analysis by location and/or enterprise.
- It is headquartered in New Albany, OH.

- Upstack launched in 2017 with the idea to enable customers to find colocation space through a single source by aggregating and comparing multiple providers' offerings. The deal marks the company's 25<sup>th</sup> acquisition in the last two years.
- *"NPG was one of the first telecom agencies to realize the benefits of pairing expert advisory services with sourcing and management software,"* said Upstack Founder and CEO Christopher Trapp. *"NPG's vision in developing proprietary tools to scale and improve client services aligns perfectly with Upstack's, making NPG a great fit for our organization".*

Oct-22



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

- Founded in 2008, MVM Group a Swedish software company that develops software solutions for newspaper printing factories (Print 365) and media companies (Media 365).
- It supplies business and enterprise systems and consulting services for printing companies, publishers, and financial companies with certified software for Microsoft Dynamics 365, and with in-house, industry-leading solutions.

- MWM Group become the third business in the printing space Valsoft has acquired over the last 3 months.
- *"Valsoft is committed to continuing the work that MWM Group has successfully achieved over several key solutions for printing and publishing organizations,"* said Jeffrey Messud, VP and Managing Director at Aspire Software, the operating arm of Valsoft. *"We see extended opportunities to offer additional services to MWM Group users in addition to growth strategy at an international level. Valsoft is extremely honored to be part of the MWM Group journey and bring the company to new heights."*

Oct-22



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

- Founded in 2009, Nutshell is a CRM and email marketing platform.
- It helps B2B organizations work together to win more deals.
- Every Nutshell subscription comes with unlimited CRM contacts, data migration assistance, and world-class live support, all at an extremely affordable price.
- It is headquartered in Ann Arbor, MI.

- WebFX provides end-to-end revenue marketing solutions for over 1,000 brands in the U.S. Offering both digital marketing services and software, and the acquisition of Nutshell fulfills a key need for SMBs focused on revenue generation.
- *"Our mission is to drive meaningful revenue growth for our customers and adding in a world-class CRM to our capabilities is a huge complement to the services and software we provide,"* said William Craig, CEO and Co-founder of WebFX.
- WebFX has been a Nutshell customer for over 9 years.

Source: Press release, news reports, Capital IQ

Note: 1) Chesapeake internal estimate

# Key transactions in October (cont'd)

## Overview

## Target business description

## Transaction rationale

Oct-22



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

- Founded in 2017, Bit Quill Technologies is a software consulting company specializing in data and cloud development.
- It provides back-end software development services to software and technology companies and takes on projects at any point in the development life cycle between product management and quality assurance.
- It is headquartered in Vancouver, Canada and employs 35 personnel.

- The transaction is expected to increase Improving's annualized revenue exceeding \$250 million and will further expand its geographic reach within the Canadian market.
- Through Improving's innovative "Enterprise Strategy," which places a focus on merging technology service companies that share a commitment to building trust, delivering excellence, and cultivating culture, the Bit Quill leadership team will remain intact and continue to operate and grow the business, while now having access to the full range of services provided by Improving's collective offerings.

Oct-22



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

- Founded in 2016, Aptology is a talent intelligence platform specializing in assessing and predicting sales rep performance.
- It has pioneered the use of "people data and analytics", enabling sales teams to remove bias and gain objective insight into the behaviors that drive positive outcomes within their unique sales process.
- It is headquartered in San Francisco, CA.

- Aptology is Mediafly's sixth acquisition and the latest addition to the company's modular Revenue360 platform, which includes sales enablement, content management, coaching, value selling and revenue intelligence.
- Aptology's entire team, including co-founders Bill Walsh and Suchi Pathak, have joined the Mediafly team. The combined companies have hubs in Chicago, Austin, Boston, Orlando, Denver, Los Angeles, and Alton, UK, plus talent throughout the United States, Europe, and India.

Oct-22



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

- Founded in 2008, Blue Jean Networks is a managed service provider.
- The company offers small and medium-sized businesses the best in local, onsite service and strategic guidance, while backing them up with a national network of 24/7 service desk coverage, cybersecurity monitoring, and compliance services led by the CISO team.
- It is headquartered in Fort Worth, TX.

- The acquisition expands Integris' capabilities and emphasizes its commitment to clients who need the highest possible levels of security for their businesses.
- The deal signifies an expansion in skillsets and offerings to Integris' current and future clients. Blue Jean Networks has positioned itself as a leader in the Cybersecurity Maturity Model Certification (CMMC) space.
- Integris has also acquired Security7 Networks, a MSSP provider in Boston area.
- Financial details of the transaction were not disclosed.

Source: Press release, news reports, Capital IQ

Note: 1) Chesapeake internal estimate

# Appendix I:

## Market multiples

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# 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
<b>Digital leaders</b>													
EPAM Systems, Inc.	350.0	717.5	174.8	20,079	18,936	4,462	750	366	16.8%	29.7%	4.2x	25.3x	54.8x
Globant S.A.	188.7	354.4	166.8	7,882	7,675	1,552	271	128	17.5%	39.0%	4.9x	28.3x	NM
Thoughtworks Holding, Inc.	9.6	33.2	9.1	2,990	3,263	1,225	(82)	(150)	NM	NA	2.7x	NM	NM
<b>Average</b>									<b>17.1%</b>	<b>40.2%</b>	<b>4.0x</b>	<b>26.8x</b>	<b>54.8x</b>
<b>India - Large Cap</b>													
Cognizant Technology Solutions Corporation	62.3	93.1	56.8	32,232	31,483	19,253	3,492	2,260	18.1%	5.4%	1.6x	9.0x	14.3x
HCL Technologies Limited	12.6	18.3	11.0	34,046	32,966	12,078	2,583	1,791	21.4%	9.0%	2.7x	12.8x	19.0x
Infosys Limited	18.6	26.1	16.8	77,910	75,527	17,530	4,154	2,963	23.7%	12.3%	4.3x	18.2x	26.3x
Larsen & Toubro Infotech Limited	57.3	101.5	48.4	10,040	9,746	2,187	397	315	18.1%	15.6%	4.5x	24.6x	31.9x
Mindtree Limited	41.1	67.0	34.8	6,780	6,422	1,495	302	232	20.2%	12.7%	4.3x	21.2x	29.2x
Mphasis Limited	23.9	46.4	23.6	4,498	4,380	1,638	267	193	16.3%	12.1%	2.7x	16.4x	23.3x
Tata Consultancy Services Limited	38.6	54.1	36.6	141,124	136,267	25,505	6,592	4,867	25.8%	5.7%	5.3x	20.7x	29.0x
Tech Mahindra Limited	12.8	24.2	12.2	11,290	10,665	6,071	926	650	15.2%	6.5%	1.8x	11.5x	17.4x
Wipro Limited	4.7	9.7	4.6	25,550	23,716	10,475	1,902	1,386	18.2%	7.3%	2.3x	12.5x	18.4x
<b>Average</b>									<b>19.7%</b>	<b>7.8%</b>	<b>3.3x</b>	<b>16.3x</b>	<b>23.2x</b>
<b>India - Mid Cap</b>													
Accelya Solutions India Limited	15.5	16.2	10.8	231	220	49	17	12	35.6%	(8.0%)	4.5x	12.6x	19.8x
Birlasoft Limited	3.3	7.8	3.2	892	818	555	79	59	14.3%	10.6%	1.5x	10.3x	15.0x
Coforge Limited	46.0	81.9	40.6	2,805	2,860	884	145	91	16.4%	16.5%	3.2x	19.7x	30.8x
Cyient Limited	9.0	15.8	9.0	999	1,058	616	91	59	14.8%	(1.8%)	1.7x	11.6x	16.9x
Happiest Minds Technologies Limited	11.7	18.2	10.3	1,677	1,671	156	36	27	23.1%	29.9%	10.7x	46.4x	NM
InfoBeans Technologies Limited	6.6	10.7	5.1	159	155	40	10	7	24.0%	32.9%	3.9x	16.1x	22.5x
Latent View Analytics Limited	4.7	9.4	4.0	951	859	59	17	19	29.0%	NA	14.6x	50.5x	NM
L&T Technology Services Limited	42.7	79.4	37.3	4,513	4,292	895	176	131	19.7%	5.1%	4.8x	24.4x	34.4x
Mastek Limited	20.4	44.3	19.7	613	640	286	54	38	19.0%	25.5%	2.2x	11.7x	16.1x
Perficient, Inc.	67.0	148.8	60.1	2,319	2,724	887	175	82	19.7%	17.1%	3.1x	15.6x	28.1x
Persistent Systems Limited	44.6	65.8	38.8	3,258	3,217	867	147	99	16.9%	21.5%	3.7x	21.9x	32.8x
Sasken Technologies Limited	10.9	18.4	9.3	164	152	54	15	13	27.4%	(9.8%)	2.8x	10.4x	12.3x
Sonata Software Limited	6.3	9.1	6.0	877	826	811	65	51	8.1%	20.7%	1.0x	12.6x	17.0x
Zensar Technologies Limited	2.7	7.2	2.6	613	491	577	65	43	11.3%	(1.3%)	0.9x	7.5x	14.1x
<b>Average</b>									<b>19.9%</b>	<b>11.5%</b>	<b>4.2x</b>	<b>19.4x</b>	<b>21.6x</b>

# 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	
<b>Americas</b>													
Accenture plc	283.9	415.4	250.1	178,880	174,953	61,594	10,405	6,877	16.9%	12.5%	2.8x	16.8x	26.0x
CGI Inc.	80.5	92.1	73.9	18,638	20,890	9,804	1,721	1,126	17.6%	2.4%	2.1x	12.1x	16.6x
DXC Technology Company	28.8	38.8	23.3	6,609	10,590	15,831	2,963	542	18.7%	(8.0%)	0.7x	3.6x	12.2x
Positivo Tecnologia S.A.	2.3	2.6	1.0	326	529	873	83	40.6	9.5%	20.6%	0.6x	6.4x	8.0x
Sonda S.A.	0.4	0.4	0.3	308	499	1,069	112	31	10.5%	(2.5%)	0.5x	4.5x	9.9x
The Hackett Group, Inc.	21.8	24.8	17.7	692	633	291	55	45	18.9%	3.8%	2.2x	11.5x	15.3x
Unisys Corporation	8.5	26.5	7.4	576	805	1,989	(45)	(224)	NM	(8.2%)	0.4x	NM	NM
<b>Average</b>									<b>15.3%</b>	<b>5.8%</b>	<b>1.3x</b>	<b>9.1x</b>	<b>14.7x</b>
<b>Europe</b>													
Alten S.A.	117.0	180.8	102.0	3,972	4,094	3,508	395	269	11.3%	7.8%	1.2x	10.4x	14.8x
Atos SE	9.8	51.7	7.1	1,074	3,987	11,476	438	(3,487)	3.8%	(3.3%)	0.3x	9.1x	NM
Aubay Société Anonyme	43.8	71.2	39.4	581	534	518	54	38	10.4%	3.5%	1.0x	9.9x	15.4x
Cancom SE	24.8	72.4	22.9	872	632	1,329	94	283	7.1%	(7.6%)	0.5x	6.7x	3.1x
Capgemini SE	164.4	245.7	149.6	28,276	33,582	21,051	2,778	1,444	13.2%	10.4%	1.6x	12.1x	19.6x
Capita plc	0.3	0.7	0.3	468	1,331	3,743	(201)	(31)	NM	(9.2%)	0.4x	NM	NM
Endava plc	76.2	170.1	63.7	4,322	4,192	796	138	101	17.3%	29.6%	5.3x	30.5x	42.8x
Indra Sistemas, S.A.	8.9	12.7	7.5	1,572	1,858	3,787	276	161	7.3%	0.5%	0.5x	6.7x	9.7x
Know it AB (publ)	19.9	45.4	18.1	546	622	580	54	36	9.3%	20.1%	1.1x	11.5x	15.3x
Sopra Steria Group SA	132.5	201.0	118.9	2,681	3,477	5,121	465	225	9.1%	1.6%	0.7x	7.5x	11.9x
TietoEVRY Oyj	23.9	31.3	21.9	2,827	3,522	2,848	315	199	11.1%	17.4%	1.2x	11.2x	14.2x
<b>Average</b>									<b>10.0%</b>	<b>3.5%</b>	<b>1.2x</b>	<b>11.5x</b>	<b>16.3x</b>
<b>ITeS</b>													
Conduent Incorporated	4.1	7.1	3.3	889	2,052	3,920	342	111	8.7%	(5.5%)	0.5x	6.0x	8.0x
ExlService Holdings, Inc.	181.9	181.9	113.5	6,013	6,092	1,333	226	139	17.0%	11.2%	4.6x	26.9x	43.1x
Firstsource Solutions Limited	1.3	2.7	1.2	854	1,049	740	92	59	12.5%	10.1%	1.4x	11.3x	14.4x
Genpact Limited	48.5	53.7	38.4	8,899	10,260	4,246	671	343	15.8%	9.0%	2.4x	15.3x	25.9x
Hinduja Global Solutions Limited	14.8	24.4	11.0	618	230	427	36	767	8.5%	(16.0%)	0.5x	6.3x	0.8x
Startek, Inc.	3.7	5.8	2.6	148	387	686	58	7	8.4%	2.8%	0.6x	6.7x	20.0x
TTEC Holdings, Inc.	44.5	102.1	41.6	2,099	3,054	2,372	290	102	12.2%	14.7%	1.3x	10.5x	20.6x
WNS (Holdings) Limited	86.1	91.3	68.5	4,133	4,199	1,185	197	139	16.6%	11.7%	3.5x	21.3x	29.6x
<b>Average</b>									<b>12.5%</b>	<b>8.6%</b>	<b>1.9x</b>	<b>13.1x</b>	<b>20.3x</b>

Source: Capital IQ

## ABOUT US

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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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