CLEARSIGHT

MONITOR

Cloud, Data, & Analytics – Q1 2020

Market Perspective

Sector Spotlight

Featured M&A Activity

Public Market Performance

Sector Leadership
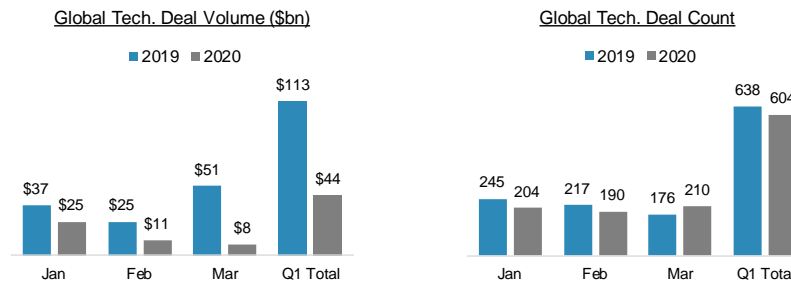
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Widescale disruption from the worldwide COVID-19 pandemic hangs over this first quarter of 2020. Since the magnitude of the pandemic became clear, technology M&A volumes have plummeted and many in-process deals have been sidelined awaiting less turbulent markets. Many targets, meanwhile, have shifted focus toward business continuity and growth amid pipeline uncertainty.

Global Tech. Deal Volume ($bn)

■ 2019 ■ 2020

	Jan	Feb	Mar	Q1 Total
2019	$37	$25	$51	$113
2020	$25	$11	$8	$44

Global Tech. Deal Count

■ 2019 ■ 2020

	Jan	Feb	Mar	Q1 Total
2019	245	217	176	638
2020	204	190	210	604

Yet with disruption comes opportunity! The current crisis has accelerated many organic developments related to the use of technology in employee collaboration, mobility, and security. Less obvious are the advantages of trusted data and real-time insight. Crises create disruption in customer behavior and supply chains, and certain impacts will prove enduring. Firms that have invested in modern data and analytics capabilities are best positioned to pivot quickly and thrive in changing conditions. Leaders will leverage these capabilities to reinforce their positions and further distance themselves from competitors.

Pandemic or not, firms are investing in IT and skillsets in cloud, data, and analytics remain scarce. A recent 451 Research survey indicates 34% of respondents plan to *increase* IT investment as a result of the current pandemic. Deals follow demand, particularly for client spend viewed as highly strategic. Our conversations with M&A decision makers suggest many are using downtime to reprioritize, with an eye towards moving quickly as the market reopens. Cloud and data are recurring high priority themes in these conversations. We expect a surge of activity and are encouraging clients to prepare accordingly for an acceleration of inbound interest.

With warm regards,

Sources: 451 Research

News & Perspectives

- On April 10, Apple and Google announced a rare collaboration in contact tracing using Bluetooth technology. The partnership is heralded as a solution for COVID-19 transmission reduction LINK

- Digital media company Vox explains how this technology is designed to trace anonymously LINK

- The partnership operationalizes an idea from Harvard Business Review, suggesting that Big Data and cloud computation is key to more dynamic policy decisions, abatement LINK

- Nonetheless, the plan is not without concerns. Wired Magazine noted that Big Data can misrepresent or obscure complex social realities, endangering both personal privacy and the public health it purports to protect LINK
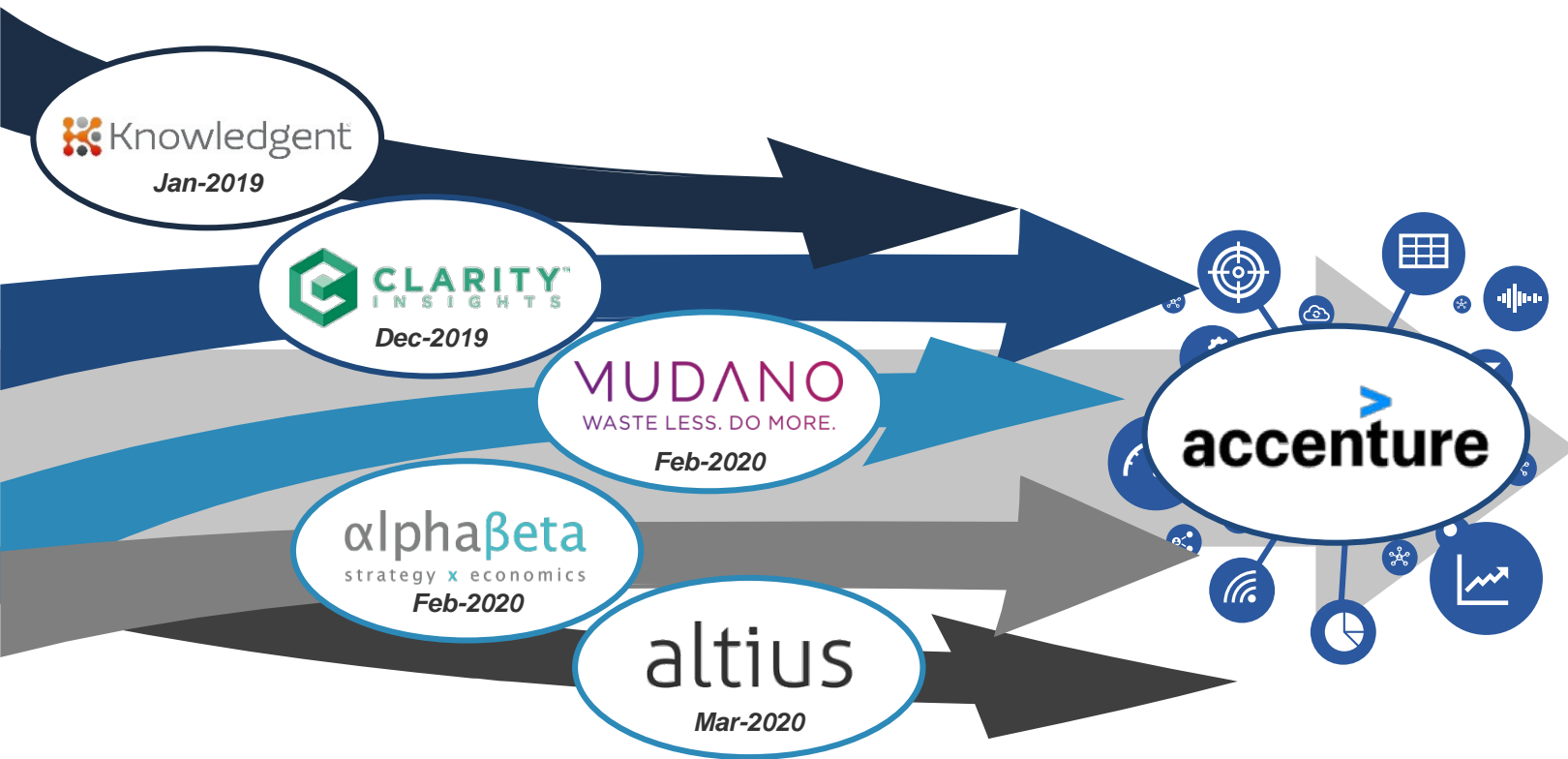
Accenture Serial Acquisitions Build Global Scale

Over the past year and a half, Accenture has been extremely acquisitive in the data analytics and artificial intelligence space. The global consulting and technology firm has impressively printed deals for well scaled, leading pure plays including Altius, Clarity Insights, and Knowledgent. The acquisitions add more than 1,000 employees with specialized data and analytics skillsets to existing teams in the Applied Intelligence and Technology segments.

We often observe M&A as a vehicle for acquirers to build new capability (or enable brand permission). Yet few would argue that Accenture lacked credibility in this arena. From our vantage point, these deals are interesting because they speak to the value of both scale and specific IP. Demand for data architecture and engineering (particularly when combined with cloud-native skillsets) continues to dramatically outpace supply of existing talent. These deals enhance Accenture's capacity to execute at scale with enterprise clients (adding 500+ resources in each of the U.S. and U.K.) – a nod to the pain of building vs. buying in a tight labor market. Moreover, each of these assets brings unique and valuable IP that can take many forms. Certain assets (like products and accelerators) enhance labor efficiency and firm differentiation while other, softer assets (such as training curriculum and knowledge bases) support continuing scaling up of human capital.

What can other companies learn from these deals? First that building scale within a focused domain drives value. Acquirers often evaluate targets in the context of filling a specific need within their existing organizational structure – targets offering such a solution are the most coveted. Second, that codifying all forms of IP can create value in an acquisition. For companies lacking hard IP, creating process and structure around softer forms of IP can help articulate unique and enduring enterprise value.

Knowledgent	HQ: Warren, NJ Employees: 200+	Knowledgent provides machine learning-based data analytics and consulting services to enterprise clients in the healthcare, life sciences, insurance, and financial services sectors.
CLARITY INSIGHTS	HQ: Chicago, IL Employees: ~350	Clarity Insights provides AI and ML data analytics consulting, software development, and data integration services primarily for clients in healthcare, financial services, and insurance.
MUDANO WASTE LESS. DO MORE.	HQ: London, UK Employees: ~150	Mudano provides AI-based data integration consulting, analytics reporting, IT project management and regulatory compliance assistance services for the financial sector.
αlphaβeta strategy x economics	HQ: Sydney, AUS Employees: ~35	AlphaBeta Advisors provides macroeconomics data analytics strategy and consulting services for the private, public and non-profit sectors.
altius	HQ: London, UK Employees: ~300	Altius provides data strategy, consulting, analytics and visualization, warehousing, and related managed services for the public and private sectors, globally.

Source: Public filings, 451 Research, Capital IQ, and company websites

Headline Capital Raises for Data Management Software Providers

Large capital raises for up-and-coming data analytics unicorns outline broader market themes. With the daily evolution of cloud, machine learning, artificial intelligence, and IoT efforts (just to name a few), enterprise behemoths of the past will continue to lose market share to more-efficient and innovative alternatives.

For some time now, there has been a steady stream of private capital invested into innovative market players. Specifically, two key trends have emerged. Firstly, firms that take a hybrid or multi-cloud approach have taken center stage as clients begin to realize the difficulties of a full cloud migration. Secondly, analytics platforms that have a focus on ease-of-use and accessibility to a broader audience have received a lot of attention as big data rapidly becomes integrated into the operations and decision-making processes of every firm across every industry. Two major recent capital raises for innovative firms in the data analytics space are outlined below:

Announced Date	07-Feb-2020
Deal Type	Private Placement
Target HQ	San Mateo, CA
# Employees	1,800+
Transaction Size	$ 479.0 million
Post-Money Valuation	$ 12.7 billion

Announced Date	02-Apr-2020
Deal Type	Private Placement
Target HQ	Brussels, Belgium
# Employees	650+
Transaction Size	$ 112.5 million
Post-Money Valuation	$ 2.3 billion

Snowflake Computing designs and develops cloud-based data warehousing software solutions. The Company received $479 million in an investment round led by Dragoneer Investment Group and Salesforce Ventures, bringing the Company's valuation to $12.7 billion. Snowflake's CEO noted that the Company was not looking to raise money, but with its new partnership with Salesforce, it needed to find a way to bring Salesforce into the Company's capitalization table

Collibra provides a cloud-based or on-prem data governance platform for data citizens. The Company recently announced $112.5 million in Series F funding led by ICONIQ Capital, Index Ventures, and Durable Capital Partners. The capital raise brought the firm's total venture funding to $345.5 million. Collibra's commitment to enabling data intelligence and helping its ~450 customers improve the quality of business decisions driven by data is further bolstered by this funding

Investors

Investors

Source: Public filings, press releases, 451 Research, Capital IQ, Infoworks, and company websites

FEATUREDTRANSACTIONS

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L6M Featured M&A Transactions (Product Companies)

Announced	Target	Buyer	Target Description / Deal Rationale
16-Mar-2020	FusionCharts	IDERA	▪ FusionCharts is a JavaScript charting library which allows developers to build user-friendly, visually appealing dashboards for web and enterprise applications ▪ With this acquisition, Idera, backed by HGGC, enhances its portfolio of developer tools to include data visualization capabilities
12-Mar-20200	YIMIAN	ASCENTIAL	▪ Yimian Data is an AI-powered digital commerce data solutions provider based in China ▪ Ascential will incorporate Yimian as a division of Edge by Ascential, its digital commerce insights and advisory subsidiary
10-Mar-2020	CLOUDCOVER	STTelemedia	▪ Cloudcover is a cloud-centric service provider specializing in Google Cloud, Amazon Web Services, and Microsoft Azure technologies ▪ With this acquisition, ST Telemedia, backed by Temasek, will enhance its STT Could IT offering
24-Feb-2020	ZEN3	Tech Mahindra	▪ Zen3 is a software solution group with expertise in software product engineering, DevOps testing, and analytics ▪ Tech Mahindra will add strong capabilities in AI enablement services with this acquisition
21-Feb-2020	DataRow	aws	▪ DataRow provides a SQL client aimed at data scientists specifically designed and built for Amazon Redshift ▪ By acquiring DataRow, AWS will enable clients providing users with better AWS visualization and query resolution
18-Feb-2020	Snowflake Software	CIRIUM	▪ Snowflake develops a cloud-based application for the aviation industry for data exchange and management ▪ Cirium, which is part of RELX, expects the acquisition to give the combined group a world-class capability in handling live flight data for the global air transport industry
21-Jan-2020	RoxAI	Qlik	▪ RoxAI provides artificial intelligence, machine learning, natural language processing, advanced analytics, and blockchain business solutions ▪ Qlik, backed by Thoma Bravo, plans to use RoxAI's Ping intelligent alerting software to deliver actionable, self-service altering and workflow automation capabilities
21-Jan-2020	SYMON.AI A VARICENT COMPANY	VARICENT	▪ Symon.AI provides a technology platform build on natural language processing and machine learning algorithms that provides analytics to business users and data scientists ▪ With this acquisition, Varicent will enhance its SPM platform to enable more effective compensation plans, optimized territories and quotas, and higher performing sales teams
09-Jan-2020	RS ENERGY GROUP	ENVERUS	▪ RS Energy provides advanced analytics and applied data science to companies that operate or invest in oil & gas and related markets ▪ Enverus, backed by Genstar Capital, will enrich its analytics capabilities in the energy sector with the addition of RS Energy
19-Dec-2019	PYXIS by BAIN & COMPANY	BAIN & COMPANY	▪ Pyxis is a data analysis platform that provides consumer behavior insights ▪ With this acquisition, Bain & Company will complement its Advanced Analytics capabilities
12-Dec-2019	ALGOTRACE	QUALITEST	▪ AlgoTrace builds tools that data analysts and data scientists use to simplify and accelerate prediction modelling processes ▪ Qualitest, backed by Bridgepoint, will use AlgoTrace's tools to expand the number of AI-powered testing solutions available to its clients
12-Dec-2019	Paxata	DataRobot	▪ Paxata is a provider of self-service data preparation and data fabric ▪ DataRobot acquired Paxata as part of its mission to fulfill its mission to build the world's first automated end-to-end enterprise AI platform

Source: Public filings as of 31-Mar-2019, Capital IQ, Pitchbook

FEATURED TRANSACTIONS

L6M Featured M&A Transactions (Product Companies - continued)

Announced	Target	Buyer	Target Description / Deal Rationale
19-Nov-2019	detectica	COMPASS	▪ Detectica helps organizations integrate artificial intelligence and machine learning solutions into their overall business strategy ▪ With this acquisition, Urban Compass, backed by SoftBank, deepens its artificial intelligence and machine learning capabilities across its real estate platform
29-Oct-2019	Schoolzilla Get data driven	RENAISSANCE	▪ Schoolzilla develops a data management platform that turns achievement and operational data into interactive reports ▪ Renaissance, backed by Francisco Partners, will pair its extensive education data with Schoolzilla's dashboards to provide educators with critical insights
22-Oct-2019	Opex Analytics	LLamasoft	▪ Opex Analytics develops and offers artificial intelligence solutions for predictive analytics ▪ This acquisition creates a combined company that will offer productized applications and innovative solutions to global organizations to accelerate adoption of artificial intelligence
21-Oct-2019	mover	Microsoft	▪ Mover is a provider of cloud file migration, including admin-led and self-service offerings ▪ Microsoft will use Mover's capabilities to make file migration to Microsoft 365 simpler for customers
21-Oct-2019	streamlio	splunk>	▪ Streamlio is an enterprise-grade solution unifying messaging, compute, and stream storage ▪ With this acquisition, Splunk will accelerate its efforts in real-time stream processing and containerized multi-tenant cloud platform applications
04-Oct-2019	FEATURE LABS	alteryx	▪ Feature Labs builds tools and APIs for data science automation ▪ Alteryx acquired Feature Labs for its ability to automate the creation of machine learning algorithms

L6M Featured M&A Transactions (Services Companies)

Announced	Target	Buyer	Target Description / Deal Rationale
25-Mar-2020	WhiteSky Labs	Capgemini	▪ WhiteSky Labs is a MuleSoft full-service consultancy with operations across Australia and Asia ▪ The acquisition will help Capgemini to realize the potential of API powered enterprise integration across the region
11-Mar-2020	Lagash	mercado libre	▪ Lagash is a Buenos-Aires-based provider of custom software solutions ▪ With this acquisition, Lagash's team of over 350 professionals will join MercadoLibre's team of 3,400 developers
09-Mar-2020	altius	avanade	▪ Altius is UK based company specializing in data performance management and artificial intelligence ▪ This acquisition will provide Avanade with industry expertise in solutions for the retail, travel and transport, infrastructure and public sectors
05-Mar-2020	Sandtable	groupm	▪ Sandtable builds models on human behavior by developing realistic simulations of populations ▪ GroupM, WPP's media investment group, will integrate Sandtable into its technology practice, offering simulation capabilities and data science innovation
28-Feb-2020	LIXAR	BDO	▪ Lixar connects end-to-end enterprise-scale services in data, development application, mobile, IoT, and cloud solutions ▪ This acquisition will combine BDO Canada's analytics team and provide BDO with significant creditability in the data analytics space

Source: Public filings as of 31-Mar-2019, Capital IQ, Pitchbook

L6M Featured M&A Transactions (Services Companies - continued)

Announced	Target	Buyer	Target Description / Deal Rationale
27-Feb-2020	αlphaβeta strategy x economics	accenture	▪ AlphaBeta Advisors combines business strategy, data analytics and econometrics to advise clients on how to respond to technological, economic, and social change ▪ This acquisition will allow Accenture to expand its analytics-led strategy capabilities
17-Feb-2020	IconIntegration	accenture	▪ Icon Integration provides SAP digital supply chain solutions and services as well as specialized business intelligence solutions ▪ The addition of the Icon Integration team will boost Accenture's technology practice and number of SAP professionals in the region
03-Feb-2020	MUDANO WASTE LESS. DO MORE.	accenture	▪ Mudano is a UK-based strategic data consultancy serving the financial industry by providing data and artificial intelligence transformation services ▪ Mudano's team of industry-focused data professionals will join Accenture Applied Intelligence division
07-Jan-2020	JHC TECHNOLOGY, INC.	effectual	▪ JHC Technology is a specialist in offering managed Amazon cloud services to government agencies ▪ This acquisition will allow Effectual to move into the public sector
31-Dec-2019	PRIME BRINGING VISIONS TO LIFE	Frontenac	▪ Prime Technology Group is a provider of outsourced application development and managed software solutions for complex, highly regulated industries ▪ Frontenac acquired Prime as part of its vision of building a best-in-class application development and modernization services business
18-Dec-2019	Maven Wave	Atos	▪ Maven Wave is a business and technology consulting firm and Google Cloud Partner specialized in delivering digital transformation solutions for large enterprises ▪ With this acquisition, Atos will be able to enhance its expertise in building digital solutions using cloud-based applications
13-Dec-2019	CLARITY INSIGHTS	accenture	▪ Clarity Insights is a data consultancy with deep data science, artificial intelligence, and machine learning expertise ▪ This acquisition will add nearly 350 employees, along with a strong portfolio of accelerators, to Accenture's Applied Intelligence business
03-Dec-2019	Flux7	NTT DaTa	▪ Flux7 provides IT delivery optimization and cloud-native application migration and modernization ▪ With the acquisition, NTT DATA adds an AWS Premier Consulting Partner that provides cloud implementation and migration, automation, and DevOps consulting services
09-Nov-2019	Yotabites BIG DATA NINJAS	prokarma	▪ Yotabites builds specialized solutions that help clients maximize the use of information across digital, analog, historical, cloud and on-premise data sources ▪ With this acquisition, ProKarma, backed by Carlyle, will enhance its analytics expertise with Yotabites' proficiency in big data
04-Nov-2019	ONICA	rackspace	▪ Onica is an AWS Partner Network Premier Consulting Partner and AWS Managed Service Provider ▪ Rackspace, backed by Apollo, will complement its existing managed cloud services capabilities with the acquisition of Onica
17-Oct-2019	INTERSYS	ASGN Incorporated	▪ Intersys is a provider of data, analytics, digital, and cloud services for organizations seeking to drive modernization within their technology products ▪ The acquisition deepens and expands ASGN's capabilities in digital innovation and enterprise solutions
17-Oct-2019	Powerup CLOUD | AI | DATA	LTI	▪ Powerupcloud is an AWS Premier Consulting Partner with data & analytics competency and machine learning competency ▪ With more than 180 employees, Powerup brings a strong team of cloud consulting, artificial intelligence and data analytics professionals to LTI
16-Oct-2019	CONTINO	Cognizant	▪ Contino helps clients accelerate their digital transformation by leveraging enterprise DevOps methodologies, a cloud-native development approach, and data platforms ▪ With the addition of Contino's holistic cloud capabilities, Cognizant will now be able to offer transformative cloud-based solutions
01-Oct-2019	Silicus	infogain Engineering Business Outcomes	▪ Silicus Technologies is a Houston-based provider of cloud and Internet of Things services ▪ This acquisition enables Infogain, backed by ChrysCapital, to quickly scale its cloud and IoT capabilities

Source: Public filings as of 31-Mar-2019, Capital IQ, Pitchbook

PUBLICMARKETS

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Cloud, Data, & Analytics Comparable Companies Analysis

Data Analytics / BI Software Index

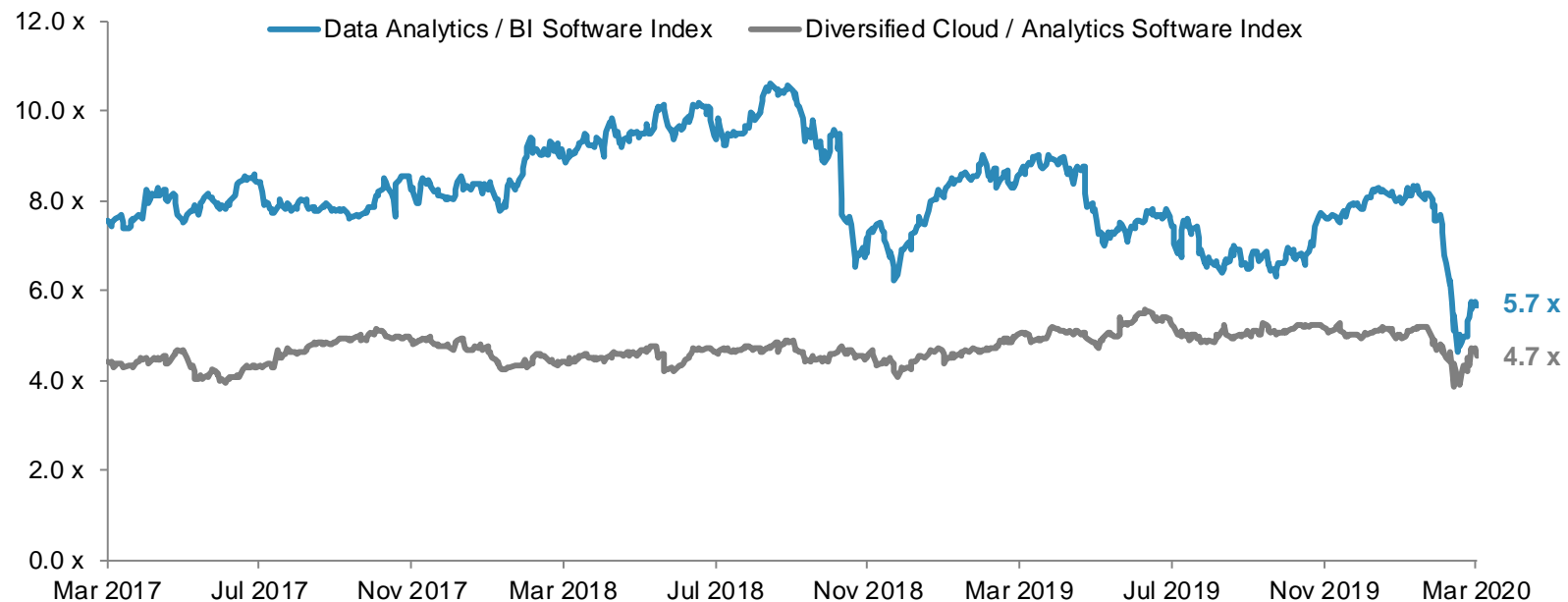| Company	Closing Price 31-Mar-2019	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2020	2021	LTM	2020	2021	
Alteryx	$ 83.87	97.9 %	$ 5,786	$ 5,697	20.4 x	12.4 x	9.2 x	NMF	NMF	NMF	9.9 %
Cloudera	10.94	48.8	3,719	3,570	7.4	3.5	2.8	NMF	22.8	18.1	(32.0)
MicroStrategy	144.25	95.4	1,463	1,001	2.0	1.8	NA	NMF	17.7	NA	(0.8)
Splunk	124.60	86.7	21,495	23,325	12.9	8.6	7.1	NMF	NMF	NMF	(10.7)
Talend	50.57	68.8	1,728	1,711	7.9	5.6	4.7	NMF	NMF	NMF	(19.7)
Verisk	133.00	99.7	22,090	25,305	10.4	9.3	8.7	23.6	19.1	17.9	43.9
High		99.7 %	$ 22,090	$ 25,305	20.4 x	12.4 x	9.2 x	23.6 x	22.8 x	18.1 x	43.9 %
Median		91.0	4,752	4,634	9.2	7.1	7.1	23.6	19.1	18.0	(5.8)
Mean		82.9	9,380	10,101	10.2	6.9	6.5	23.6	19.9	18.0	(3.2)
Low		48.8	1,463	1,001	2.0	1.8	2.8	23.6	17.7	17.9	(32.0)

Diversified Cloud / Analytics Software Index

Company	Closing Price 31-Mar-2020	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2020	2021	LTM	2020	2021	
IBM	$ 110.93	69.9 %	$ 99,745	$ 159,179	2.1 x	2.1 x	2.0 x	9.5 x	8.5 x	8.0 x	21.8 %
Intel	54.12	78.1	236,213	259,938	3.6	3.6	3.5	7.8	8.0	7.8	46.2
Microsoft	157.71	82.7	1,199,550	1,134,905	8.5	7.6	6.7	18.5	16.7	14.4	45.6
Oracle	48.33	79.9	159,539	186,023	4.7	4.7	4.6	11.4	9.7	9.4	41.2
SAP	111.52	78.3	136,998	148,715	4.8	4.6	4.3	19.7	12.6	11.4	24.4
Teradata	20.49	44.4	2,349	2,522	1.3	1.3	1.3	20.3	7.8	6.5	6.5
VMware	121.10	58.6	52,807	56,116	4.8	4.8	4.3	29.2	13.7	12.1	16.6
High		82.7 %	$ 1,199,550	$ 1,134,905	8.5 x	7.6 x	6.7 x	29.2 x	16.7 x	14.4 x	46.2 %
Median		78.2	148,269	172,601	4.1	4.1	3.9	14.9	9.1	8.7	32.8
Mean		72.2	305,733	315,214	4.2	4.0	3.7	14.5	10.6	9.6	31.0
Low		44.4	2,349	2,522	1.3	1.3	1.3	7.8	7.8	6.5	6.5

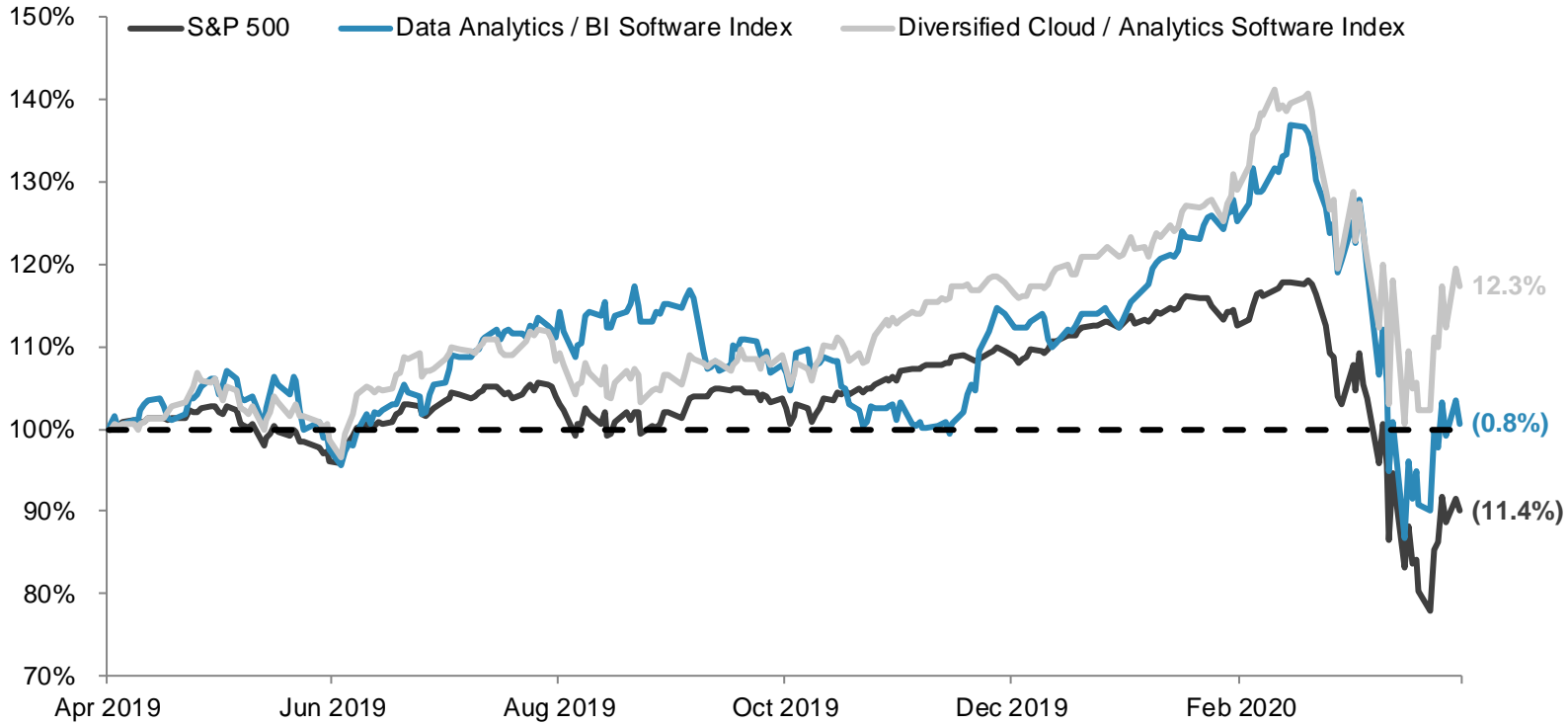## LTM EV / Revenue Multiple Trend – 3 Years
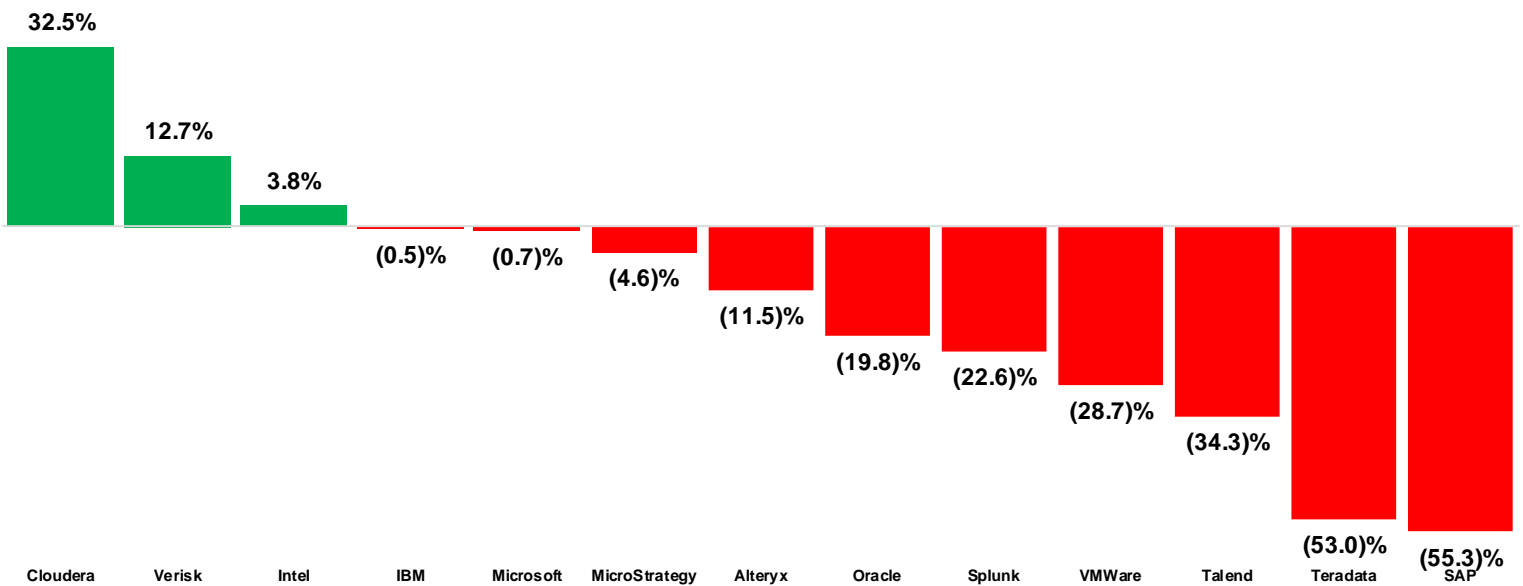

Source: Public filings as of 31-Mar-2020, Capital IQ
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

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Cloud, Data, & Analytics Market Indices Performance – 1 Year

Legend: S&P 500 — Data Analytics / BI Software Index — Diversified Cloud / Analytics Software Index

12.3%
(0.8%)
(11.4%)

Axis labels: 150%, 140%, 130%, 120%, 110%, 100%, 90%, 80%, 70%

Apr 2019 — Jun 2019 — Aug 2019 — Oct 2019 — Dec 2019 — Feb 2020

Q1 2020 Share Price Performance – 1 Quarter

Company	Performance
Cloudera	32.5%
Verisk	12.7%
Intel	3.8%
IBM	(0.5)%
Microsoft	(0.7)%
MicroStrategy	(4.6)%
Alteryx	(11.5)%
Oracle	(19.8)%
Splunk	(22.6)%
VMWare	(28.7)%
Talend	(34.3)%
Teradata	(53.0)%
SAP	(55.3)%

Source: Public filings as of 31-Mar-2020, Capital IQ

CLIENT SUCCESS

The Life Sciences Division of Cumberland
has been acquired by
IntegriChain
a portfolio company of
AKKR
SELL-SIDEADVISOR

TeleWorld Solutions
has been acquired by
SAMSUNG
SELL-SIDEADVISOR

e-nor
has been acquired by
CARDINALPATH
a subsidiary of
dentsu AEGIS network
SELL-SIDEADVISOR

The Managed Services Division of westMONROE
has been acquired by
M|C PARTNERS
SELL-SIDEADVISOR

INTERSYS
has been acquired by
ASGN Incorporated
SELL-SIDEADVISOR

westMONROE
has acquired
gokart LABS
BUY-SIDEADVISOR

bulldog
has been acquired by
HERO_digital.
a portfolio company of
CI CAPITAL PARTNERS
SELL-SIDEADVISOR

NAVIGATOR MANAGEMENT PARTNERS
has been acquired by
avaap
a portfolio company of
NMS CAPITAL
SELL-SIDEADVISOR

putnam associates
INSIGHT. CLARITY. STRATEGY.
has been acquired by
UDG Healthcare plc
SELL-SIDEADVISOR

euclid
has been acquired by
FULLSTEAM Building on Great
a portfolio company of
AQUILINE CAPITAL PARTNERS LLC
SELL-SIDEADVISOR

We would like to thank all of our clients, colleagues, and friends for helping to reinforce Clearsight as the *leader* in advising high-end technology and business services companies.

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