

# Cloud, Data & Analytics Market Monitor

Market Overview

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Public Market Performance

M&A Activity

## Sector Leadership



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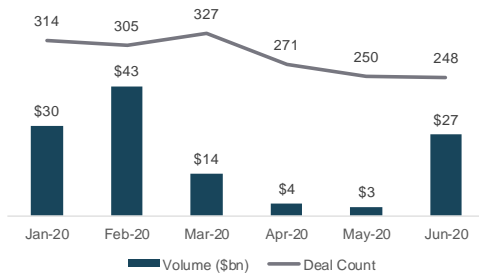


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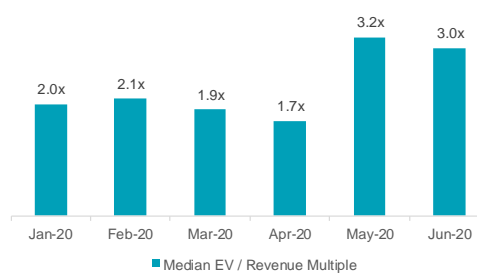
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The second quarter of 2020 was light on volume but far from uneventful. As economies in North America and Europe sheltered in place in response to COVID-19, deal flow halted, and M&A processes were put on hold awaiting better sightlines. Both volumes and total announcements declined significantly in April and May, while market-driving megadeals evaporated amid a 90% decline in total announced value. Nonetheless, promising signs emerged in June as many local economies reopened, bankers revived paused processes and strategic urgency motivated a rebound in global M&A technology volumes.

Global Technology M&A Activity



Global Technology M&A Valuations



Interestingly, median valuations on announced transactions have improved amid economic uncertainty. Higher quality targets tend to be more resilient to economic volatility – there has been a rise to quality both in terms of deal availability and competitive behavior among buyers. Moreover, COVID-related paradigm shifts have created urgency for well-capitalized strategics to pay up for targets otherwise unavailable.

Both trends reflect an unmistakable observation: buyers remain in the market. Financial investors continue to seek opportunities to invest record levels of dry powder across a diminished supply of quality opportunities. Strategic acquirers are increasingly pursuing proactive M&A strategies around specific themes (as opposed to reacting to marketed opportunities).

For companies in the cloud, data and analytics sector, the market remains open to raise capital or seek an exit. Responding to the pandemic has accelerated digital transformation in many industries and rewarded fast, data-driven insights amid rapidly changing economic conditions. Our regular conversations with prospective buyers further underscore the importance of capabilities which facilitate business insight and agility. At this point, it's hard to say what the rest of the year may bring but we'd sure feel better with a predictive model giving us its best guess. Enterprises no doubt agree, a dynamic situation has arisen that is well-suited for a supportive M&A environment.



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Sources: 451 Research M&A Knowledge Base

# Sector Spotlight

## We're on the cloud – now what?

Within the past five years, public cloud adoption has gone mainstream and with it, a multitude of cloud services firms boasting expertise in cloud migration. Today's market offers many outstanding companies helping others migrate, enable, optimize and manage their IT workloads in a cloud environment. But if migration suggests a movement between two fixed points, does a successful move to the cloud imply there's no more work to be done?

In the past twelve months, leading managed cloud firms have invested in practice areas that help clients build on successful cloud migrations and explore new capabilities unavailable in legacy IT environments. Such practice areas tout opportunities to innovate through next level offerings in application modernization, data and analytics, as well as managed variants in DevOps and DataOps. Firms such as [2nd Watch](#) in North America and [BlazeClan](#) in Asia Pacific recognize that maturity in cloud migration means seeking new opportunities to build and manage. Advancing analytical capabilities for cloud-based data assets is a natural evolution of the cloud transformation journey, and a foundational step in unlocking the promise of AI/ML for business impact.

**“As enterprises gain confidence in cloud environments for running more workloads, they are identifying ways to drive business outcomes through more sophisticated capabilities, including data analytics. While all the major cloud providers offer tools for data management, without internal expertise, it can be difficult for enterprises to take full advantage of these features. A managed services provider can add value by addressing key enterprise challenges, such as accessing and preparing data.”**

- 451 Research

How will the market evolve? We expect other providers to follow suit. As 451 Research's Nicole Henderson writes, driving business outcomes is the goal. With **61% of enterprises reporting a bias towards data-driven strategic decision making**, technologies supporting this goal attract investment. Business outcomes and cloud infrastructure are not separate but part of the same value chain which also includes data, analytics, digital modernization, containerization and automation. Enterprise users will consume as much of this value chain as possible, feeding an expanded scope for managed service providers to outsource more of the underlying technology pathway. Leading firms will embrace a growing market for high value services; laggards will face commoditization as migration peaks and wanes.

The M&A perspective is that simply being cloud-oriented no longer commands premium value. Beyond the usual factors, premium multiples will go to those who offer more sophisticated capabilities: advanced analytics, DataOps, superior automation, multicloud, etc. Moreover, as the scope of capabilities broadens, we are seeing greater competition for deals from a more diverse set of buyers. Recent processes have seen interest from global SIs, hosting and managed services providers, software firms and more. It is no longer unthinkable to see [Deloitte](#) and [Rackspace](#) compete for common targets. As such, it's critical for those considering a sale or recapitalization to think creatively about their potential market.



# Sector Spotlight

## Atos acquires Miner & Kasch

### Target

**MINER  
& KASCH**

### Deal Commentary

Atos has focused heavily on expanding its cloud and data science capabilities in recent years. In 2017, Atos expanded its data engineering capabilities with the acquisition of zData, a leader in big data platform solutions and a Google Cloud, AWS and Microsoft Azure Partner. With this acquisition of Miner and Kasch, Atos will expand zData's portfolio of services to include artificial intelligence solutions. The combination of zData and Miner & Kasch brings together more than 100 AI consultants into the Atos portfolio and will allow Atos to provide a more comprehensive suite of services to clients globally.

### Acquirer

**Atos**

### Transaction Summary

Miner and Kasch is an artificial intelligence and data science consulting firm which specializes in building intelligent end-to-end, data-driven solutions. With this acquisition, Atos will enhance its big data and AI consulting practice, zData, and accelerate its Data Science offering.

### Transaction Information

Announced Date	21-Apr-2020
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2015
Target HQ	Baltimore, MD
# of Employees	~20

## Effectual acquires Five Talent

### Target

Five Talent 

### Deal Commentary

Effectual received venture investments from Catalyst Investors and Lumerity Capital in late 2019. Since then, the firm has pursued two acquisitions in the cloud consulting space. Its first acquisition was JHC Technology, a leading cloud consulting and managed services firm focused on serving public sector clients. With its recent acquisition of Five Talent, Effectual solidifies its position as a leader in the AWS ecosystem by adding on a group of AWS experts on top of being the only AWS Premier Consulting Partner to hold both the AWS Government Competency and the VMware Master Services Competency in VMware Cloud on AWS.

### Acquirer

**effectual**

### Transaction Summary

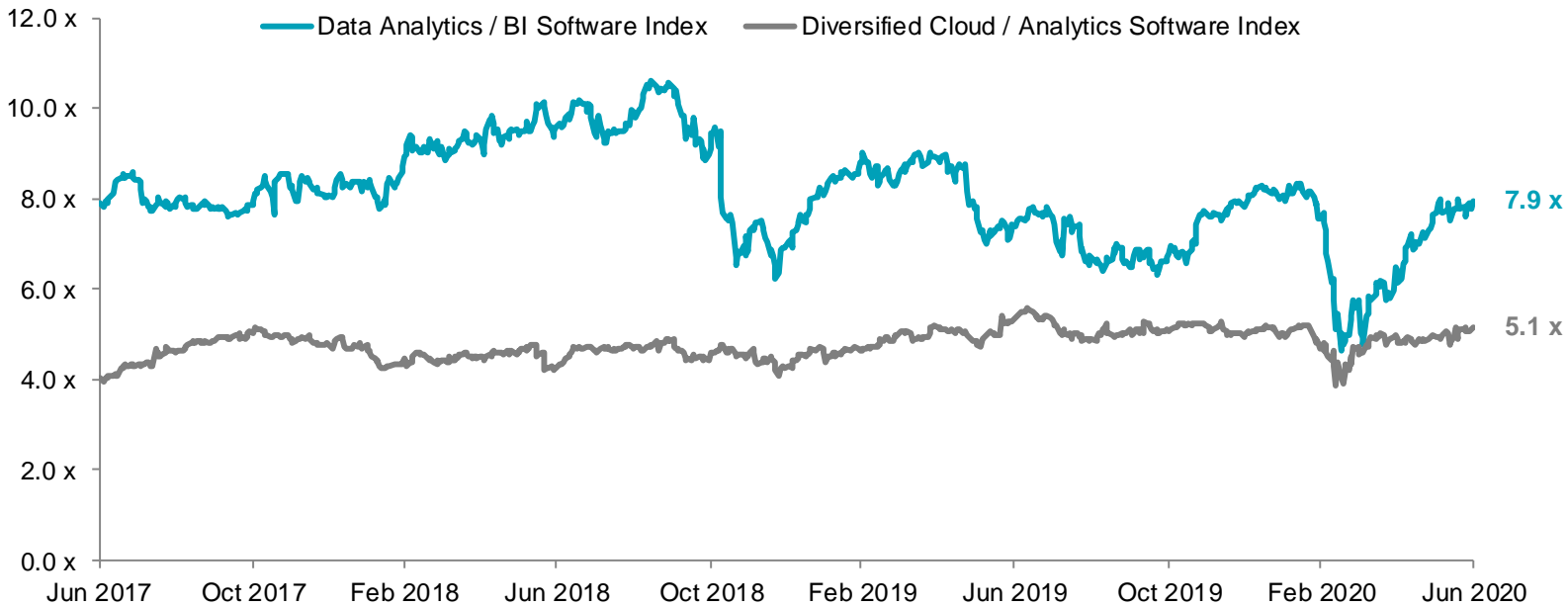
Five Talent is a technology consultancy and custom software modernization and development firm. The acquisition will join the Five Talent team with Effectual's Modernization Engineers team, bringing together more than 150 AWS certifications.

### Transaction Information

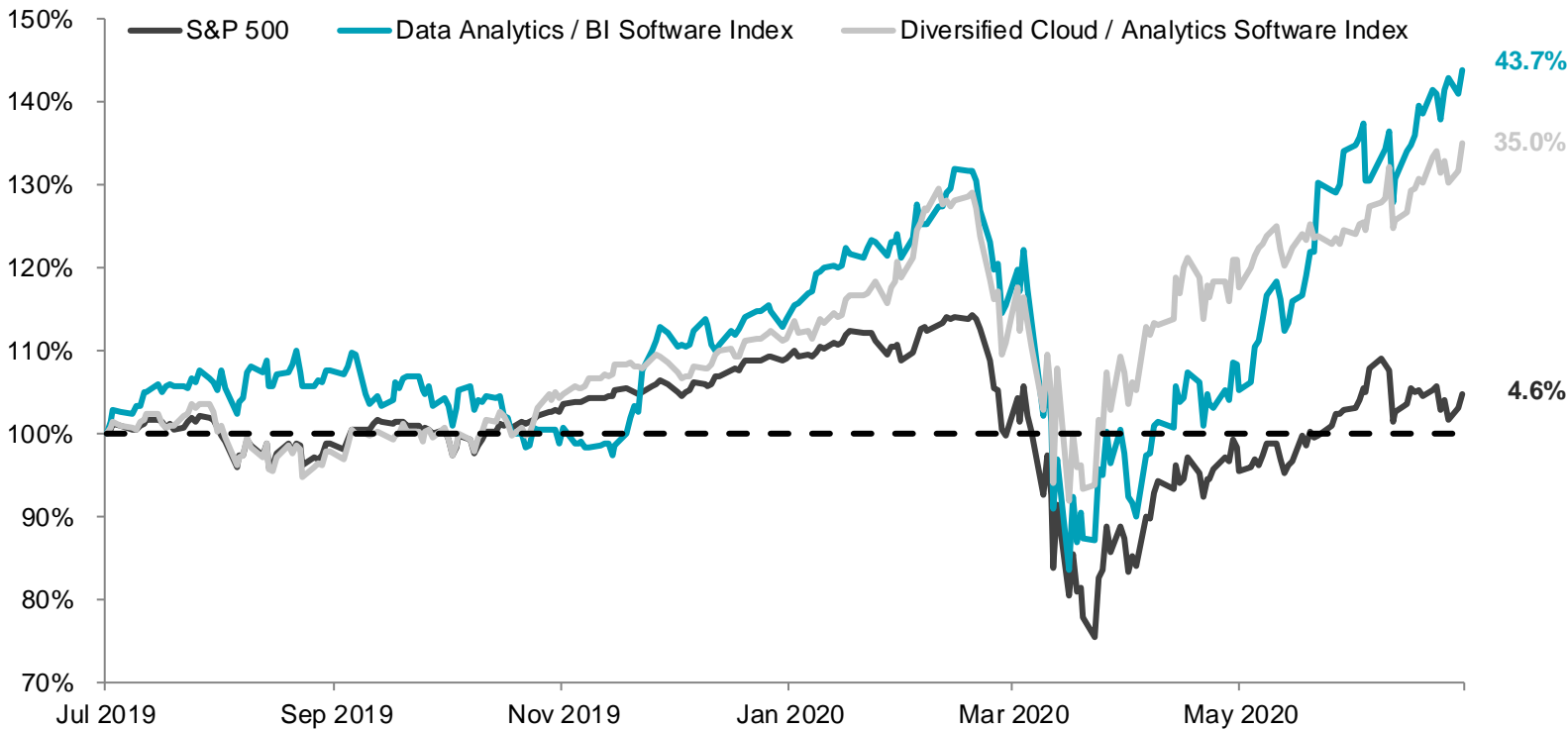
Announced Date	03-Jun-2020
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2004
Target HQ	Bend, OR
# of Employees	~40

# Public Market Performance

## LTM EV / Revenue Multiple Trend – 3 Years



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

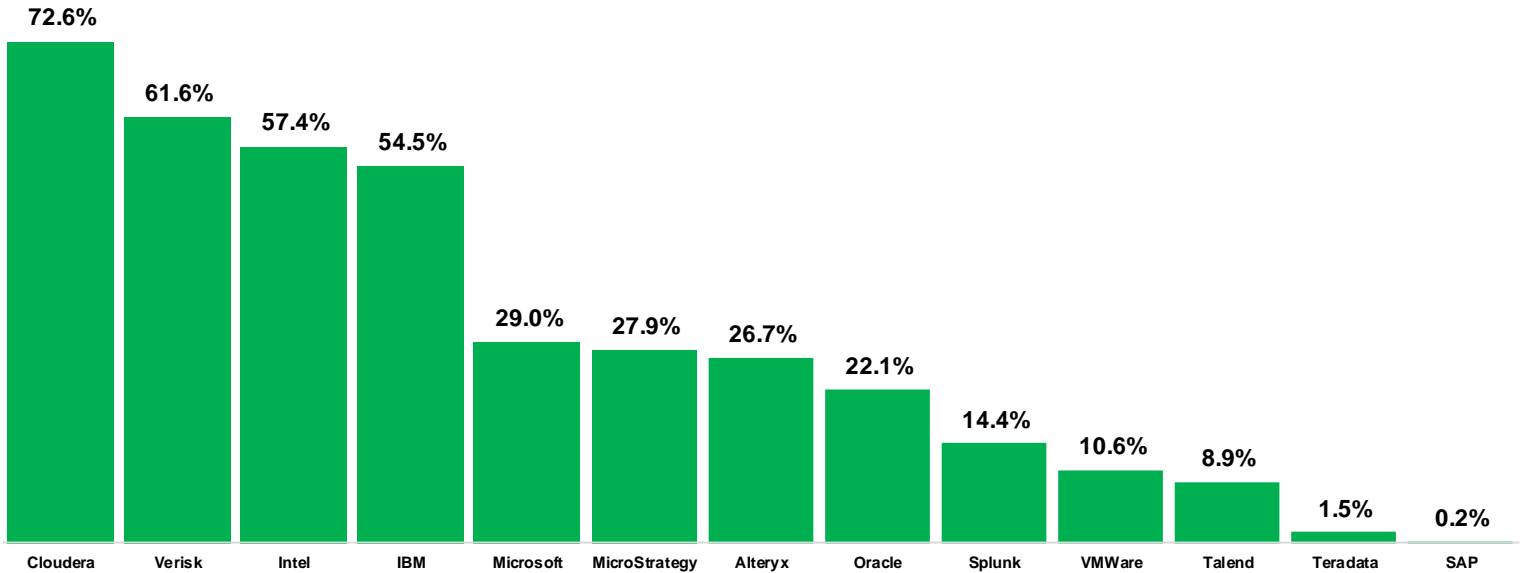


Source: Public filings as of 30-Jun-2020, Capital IQ

Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

# Public Market Performance

## Q2 2020 Share Price Performance – 1 Quarter



## Cloud, Data & Analytics Comparable Companies Analysis

### Data Analytics / BI Software Index

Company	Closing Price 30-Jun-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	
Alteryx	\$ 164.28	97.5 %	\$ 9,304	\$ 9,248	20.5 x	18.4 x	14.1 x	NMF	NMF	NMF	7.5 %
Cloudera	12.72	91.3	4,313	4,113	5.0	4.9	4.5	NMF	23.4	18.3	(24.5)
MicroStrategy	118.29	71.7	1,155	716	1.5	1.5	NA	26.4	16.4	NA	5.6
Splunk	198.70	99.7	34,226	34,569	14.6	14.2	11.4	NMF	NMF	NMF	(14.0)
Talend	34.66	80.8	1,205	1,184	4.6	4.3	3.8	NMF	NMF	NMF	(19.1)
Verisk	170.20	97.9	28,247	31,196	11.7	11.2	10.6	28.6	23.9	22.2	40.9
High		99.7 %	\$ 34,226	\$ 34,569	20.5 x	18.4 x	14.1 x	28.6 x	23.9 x	22.2 x	40.9 %
Median		94.4	6,809	6,680	8.4	8.1	10.6	27.5	23.4	20.2	(7.0)
Mean		89.8	13,075	13,504	9.6	9.1	8.9	27.5	21.3	20.2	(1.8)
Low		71.7	1,155	716	1.5	1.5	3.8	26.4	16.4	18.3	(24.5)

### Diversified Cloud / Analytics Software Index

Company	Closing Price 30-Jun-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	\$ 120.77	76.1 %	\$ 108,531	\$ 151,891	2.0 x	2.1 x	2.0 x	9.9 x	8.7 x	7.9 x	20.3 %
Intel	59.83	86.3	258,352	275,045	3.5	3.7	3.7	7.2	8.2	8.2	48.3
Microsoft	203.51	99.6	1,543,306	1,477,673	10.3	10.0	8.9	22.5	22.0	19.5	46.0
Oracle	55.27	91.4	178,076	207,259	5.3	5.3	5.2	12.7	10.9	10.8	41.8
SAP	139.50	95.7	171,377	182,122	5.9	5.7	5.3	23.0	16.3	14.7	25.7
Teradata	20.80	55.3	2,364	2,632	1.4	1.5	1.4	20.2	8.7	7.0	7.0
VMware	154.86	84.4	67,366	69,937	6.3	6.1	5.5	32.1	17.5	15.6	19.6
High		99.6 %	\$ 1,543,306	\$ 1,477,673	10.3 x	10.0 x	8.9 x	32.1 x	22.0 x	19.5 x	48.3 %
Median		88.9	174,727	194,691	4.4	4.5	4.5	16.5	9.8	9.5	33.8
Mean		84.1	377,001	382,770	4.7	4.7	4.4	15.9	12.5	11.3	31.5
Low		55.3	2,364	2,632	1.4	1.5	1.4	7.2	8.2	7.0	7.0

Source: Public filings as of 30-Jun-2020, Capital IQ

















# M&A Activity

Date	Target	Buyer/Investor	Summary
<b>L3M Featured M&amp;A Transactions (Services Companies)</b>			
22-Jun-2020			<ul style="list-style-type: none"> <li>NuWave is a provider of advanced decision support solutions to the federal government</li> <li>AE Industrial Partners will help NuWave grow its analytics and artificial intelligence capabilities</li> </ul>
15-Jun-2020			<ul style="list-style-type: none"> <li>Sentelis is a French data consultancy that designs and scales data and AI capabilities</li> <li>Sentelis will become part of Accenture Applied Intelligence</li> </ul>
03-Jun-2020			<ul style="list-style-type: none"> <li>Privo helps companies plan, build, manage and optimize their AWS workloads</li> <li>Privo will expand and enhance Navisite's AWS and cloud services capabilities</li> </ul>
03-Jun-2020			<ul style="list-style-type: none"> <li>DNM is an Irish cloud consultancy providing cloud, managed services and analytics solutions</li> <li>DNM will join Deloitte Ireland as a partner to start up its AWS offering</li> </ul>
03-Jun-2020			<ul style="list-style-type: none"> <li>Five Talent helps customers design, develop and build applications using DevOps methodologies</li> <li>Five Talent will enhance Effectual's portfolio of professional and modern cloud managed services</li> </ul>
25-May-2020			<ul style="list-style-type: none"> <li>Noovle is an Italian ITC consultancy and system integration company</li> <li>As a Google Cloud partner, Noovle will expand TIM's Cloud and Edge Computing services</li> </ul>
25-May-2020			<ul style="list-style-type: none"> <li>T4G is a Canadian full-service applied data company that helps clients use data to drive growth</li> <li>MNP, the Canadian accounting and advisory firm, will use T4G to boost its analytics capabilities</li> </ul>
21-Apr-2020			<ul style="list-style-type: none"> <li>Miner &amp; Kasch is an AI and data science consulting firm that builds end-to-end data-driven solutions</li> <li>Miner &amp; Kasch will enhance zData, Atos' big data and AI consulting practice</li> </ul>

Source: Public filings as of 30-Jun-2020, Capital IQ, Pitchbook




# M&A Activity

Date	Target	Buyer/Investor	Summary
<b>L3M Featured M&amp;A Transactions (Services Companies – continued)</b>			
21-Apr-2020		 backed by 	<ul style="list-style-type: none"> <li>ObjectSharp is Canada's premier cloud-native development firm with expertise in Microsoft Azure</li> <li>The acquisition will allow CentriLogic to serve unmet demand in the digital transformation space</li> </ul>
20-Apr-2020			<ul style="list-style-type: none"> <li>Gekko is a leading French Amazon Web Services provider with over 100 trained cloud professionals</li> <li>The acquisition strengthens Accenture's position in cloud and artificial intelligence</li> </ul>
01-Apr-2020			<ul style="list-style-type: none"> <li>AccelTeam specializes in data-driven analytics, location intelligence and machine learning</li> <li>With this acquisition, Deloitte Southeast Asia will add 50 professionals and key IP assets</li> </ul>
01-Apr-2020		 backed by 	<ul style="list-style-type: none"> <li>Agosto is a Google Cloud Premier Partner and leading cloud services and development company</li> <li>This acquisition expands Pythian's footprint in North America, which is its fastest-growing market</li> </ul>
<b>L3M Featured M&amp;A Transactions (Product Companies)</b>			
24-Jun-2020			<ul style="list-style-type: none"> <li>Redash is an open source project that allows data scientists and developers to gather data</li> <li>Redash will be fully integrated into Databricks' Unified Data Analytics Platform</li> </ul>
27-May-2020	 Inductiv		<ul style="list-style-type: none"> <li>Inductiv provides a platform for using AI to detect and fix mistakes in raw data automatically</li> <li>Apple acquired Inductiv to assist with enhancing their Siri product with data analysis</li> </ul>
18-May-2020			<ul style="list-style-type: none"> <li>Byte Prophecy is an automated insights and big data analytics company based in Ahmedabad, India</li> <li>Byte Prophecy's 50 consultants will join Accenture's Applied Intelligence division</li> </ul>
10-Apr-2020	 experience.excellence		<ul style="list-style-type: none"> <li>Fusoinex is a big data and artificial intelligence company headquartered in Malaysia</li> <li>The acquisition allows Hitachi to expand its presence in Southeast Asia</li> </ul>

Source: Public filings as of 30-Jun-2020, Capital IQ, Pitchbook

# About ClearSight

ClearSight Advisors is an independent merchant banking firm dedicated to driving the Knowledge Economy by providing world-class M&A and capital raising solutions exclusively to growth-oriented Business Services and Technology companies. ClearSight combines deep market insights across software, services and data. ClearSight Capital Advisors, Inc., a wholly owned subsidiary, is a registered member of FINRA & SIPC. For more information about ClearSight, visit [www.clearsightadvisors.com](http://www.clearsightadvisors.com)

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## Select Transactions

  
Sellside Advisor


The Reporting Software and Consulting Divisions of  
**KEANE**  
a portfolio company of  
**IMP** | LOVELL MINNICK PARTNERS  
have been acquired by  
**SOVOS**  
a portfolio company of  
**Hg**

  
Sellside Advisor

**psl**  
has been acquired by  
**PERFICIENT**

  
Sellside Advisor

The Life Sciences Division  
of  
**Cumberland**  
has been acquired by  
**IntegriChain**  
a portfolio company of  
**AKKR**

  
Sellside Advisor


**TeleWorld Solutions**  
has been acquired by  
**SAMSUNG**

  
Sellside Advisor


**ECG MANAGEMENT CONSULTANTS**  
a portfolio company of  
**GRYPHON INVESTORS**  
has been acquired by  
**SIEMENS**

  
Sellside Advisor


The Managed Services Division  
of  
**westMONROE**  
has been acquired by  
**MC PARTNERS**

  
Sellside Advisor


**INTERSYS**  
has been acquired by  
**ASGN Incorporated**

  
Sellside Advisor

**Knowledgegent**  
has been acquired by  
**accenture**

  
Sellside Advisor

**bulldog**  
has been acquired by  
**HERO\_digital.**  
a portfolio company of  
**CI CAPITAL PARTNERS**

  
Sellside Advisor

**KOGENTIX**  
has been acquired by  
**accenture**