

Cloud, Data & Analytics Market Monitor

Market Overview

Sector Spotlight

Public Market Performance

M&A Activity

Sector Leadership



Alex Johnston
Director

[Email Alex](#)
+1 (703) 672-3115



Gretchen Seay
Managing Director

[Email Gretchen](#)
+1 (214) 302-9934

Q4 proved to be as unexpected of a market environment as Q1 but in an entirely different direction. After a historically slow start to the year, Q4 saw a surge of M&A activity as investors and acquirers hurried to make up for lost time and capital. The result was 44 IT consulting and outsourcing transactions in Q4 2020, on par with pre-pandemic Q4 activity levels. Clearsight's Cloud, Data, and Analytics practice was a proud participant in the active market with the closure of two notable deals:



Covestic Acquired by Milestone Technologies, a Portfolio Company of H.I.G Capital

Covestic is an Elite ServiceNow Partner and Managed IT services provider, specializing in IT Service Management, Customer Service Management, Security and Compliance, and Managed Services.

The acquisition of Covestic will enhance Milestone's global managed IT services portfolio and allow them to make a foray into the growing ServiceNow ecosystem.



Synerzip Merged with Prime Technology Group, a Portfolio Company of Frontenac


Synerzip is a leading provider of agile software development services, offering the full range of development solutions including UX design, full stack engineering, DevOps, and advanced analytics.

Synerzip's cross-border merger with Prime will broaden Synerzip's industry expertise in healthcare, insurance and financial services domains while expanding The Company's U.S. presence.

Early indications are that momentum will continue in 2021. Global, abrupt changes in how we live and work have accelerated many trends that ultimately lead back to advanced analytical capabilities and IT agility, both of which are enabled by modern cloud architecture.



[Email Alex](#)



[Email Gretchen](#)

Source: Pitchbook

Sector Spotlight

Talking Points for Early 2021

Industry



Databricks IPO

Potentially larger than 2020's Snowflake listing

On February 4th, 2021, Cloud data platform **Databricks** announced a Series G capital raise of \$1bn at a valuation of **\$28bn** ahead of an expected IPO later in 2021. Cloud giants **Amazon, Alphabet, Microsoft, and Salesforce** all participated in the round. Its prior fund raise (October 2020) included **\$400mm** at a valuation of **\$6.8bn**. For comparison, **Snowflake's** last private valuation raised **\$479mm** at a **\$12.4bn** valuation. Snowflake soon went public at a **\$33bn** valuation in the largest software IPO ever.



Andy Jassy

Longtime AWS exec tabbed as Bezos successor

Amazon founder and CEO Jeff Bezos shocked the world on February 2nd, 2021, with an announcement that Andy Jassy will succeed him as CEO in 2021. Jassy joined **Amazon** in 1997 and has led **Amazon Web Services** since its inception. Already an icon in cloud circles, Jassy will take over a company best known for its consumer business lines. Nonetheless, the AWS cloud computing business Jassy built contributes the lion's share of Amazon's profitability – we will be watching to see how prominent cloud becomes as Jassy defines his vision for the future of one of technology's largest brands



Hyperscaling

Competitive frontier moves up cloud technology stack

Market leader AWS grew **28%** YoY in the final quarter of 2020. But the lead narrowed as Microsoft's Azure grew **50%** and Alphabet's Google Cloud grew **46%**. Research firm Gartner expects public cloud spend will grow **18%** in 2021 for a total market size of **\$305bn**. As leaders eventually face diminishing growth rates, other bets will be made to differentiate and broaden their market. Early signs point to **verticalization** and **analytics**.

Deal Markets



Platform Builds

Financial investor piecing together larger competitors

Few next gen cloud and analytics business have achieved significant scale. Investors seeking to deploy capital against a thesis in cloud are aggressively consolidating smaller targets into larger platforms aiming to carve out market leadership. **Gryphon Investors** is building an Azure focused platform in **3Cloud** while **Sunstone Partners** has a similar ambition with Google Cloud focused **Cloudbakers** and a to be named consolidation of ServiceNow specialists. Several managed cloud platforms are similarly being built with **Catalyst Investors' Effectual** and **Great Hill's Mission Cloud**. Watch for similar plays within data analytics as the last gen has largely exited in strategic sales.



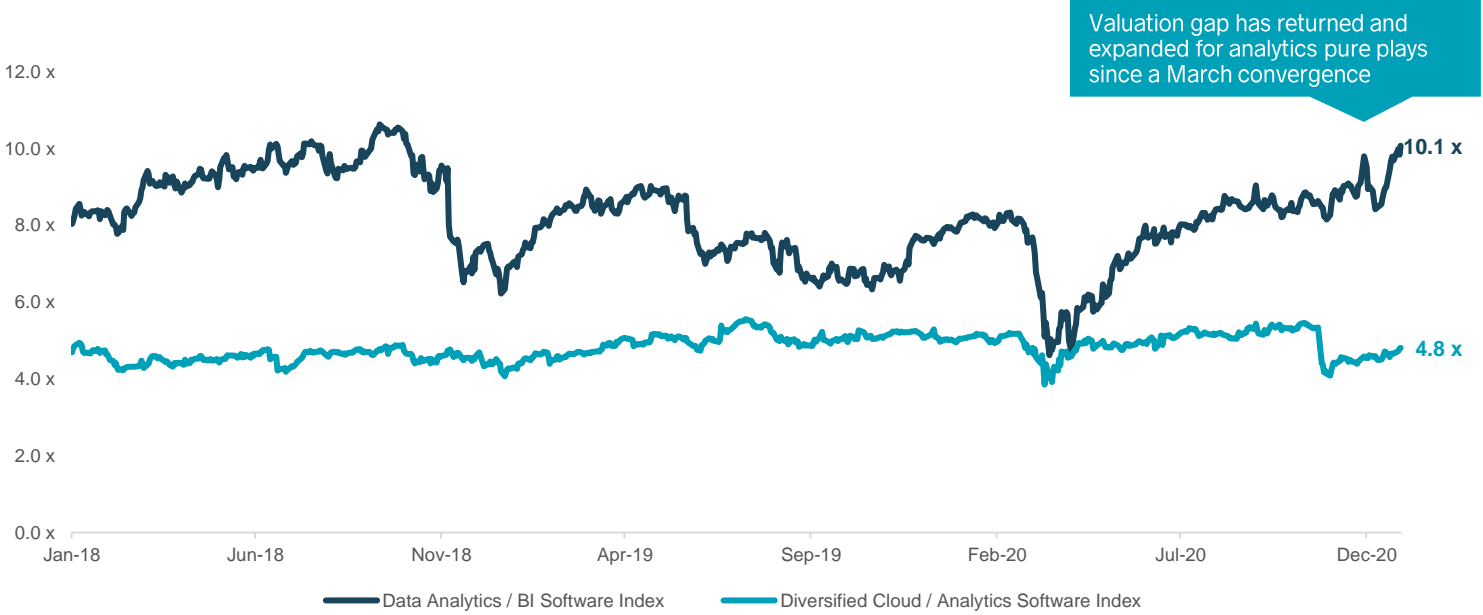
SNOW Partners

Transaction activity expected to accelerate

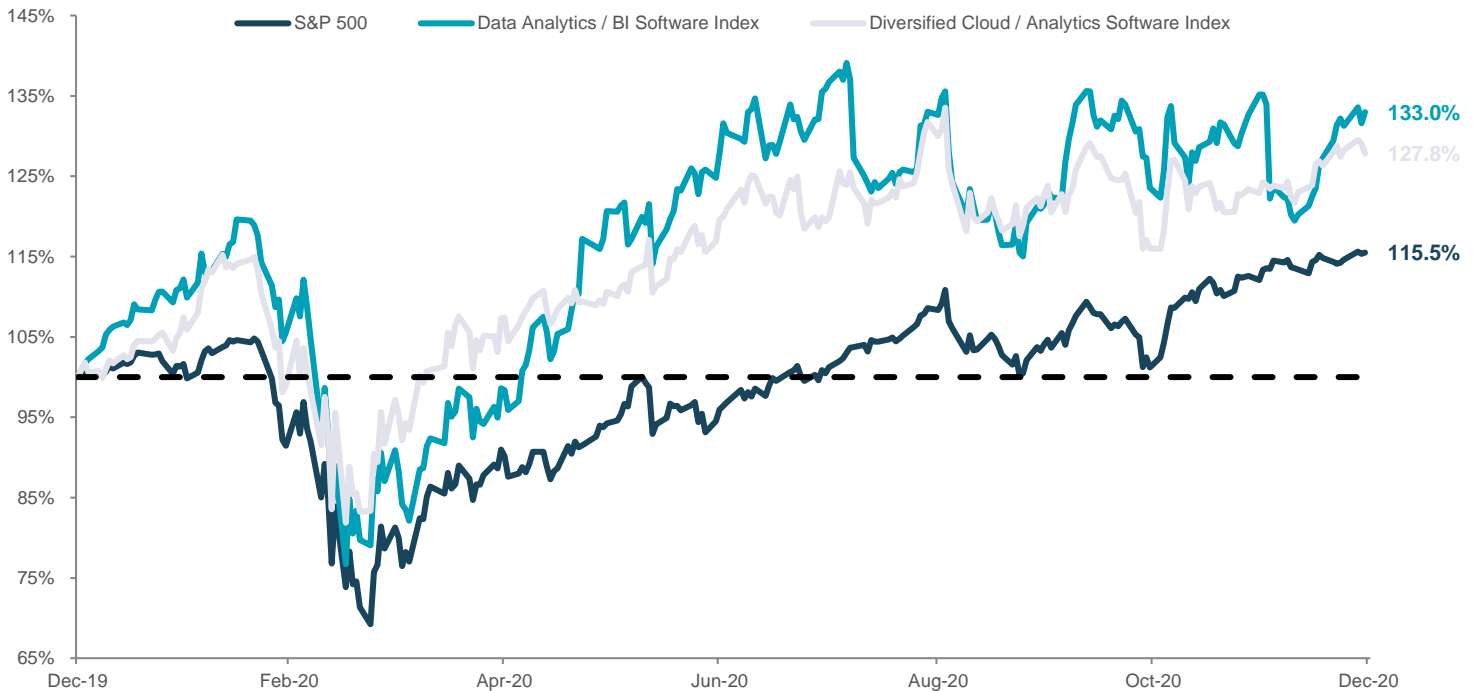
A hugely successful IPO has investors now paying attention to modernization in cloud data technology and services. We are hearing increasing thirst for partners in the Snowflake ecosystem and dominoes are beginning to fall. Among the highest tier partners, **NTT DATA** recently announced a deal for **Hashmap** and **Kearney** had previously acquired **Cervello**. **Tredence** recently raised capital from **Chicago Pacific Founders**. Transaction activity is expected to heat up in 2021.

Public Market Performance

LTM EV / Revenue Multiple Trend – 3 Years



Cloud, Data & Analytics Market Indices Performance – 1 Year



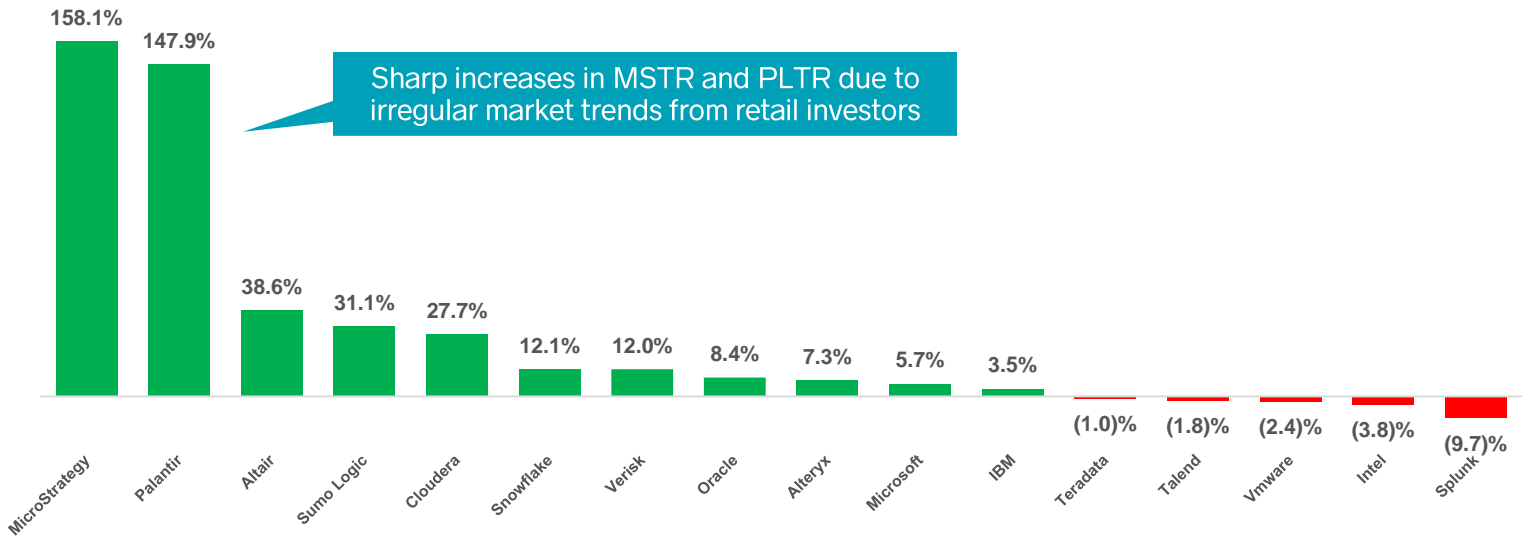
Source: Public market data as of 31-Dec-2020, Capital IQ

Note: Indices do not include PLTR, SNOW, or SUMO as they each listed during previous quarter



Public Market Performance

Q4 2020 Share Price Performance – 1 Quarter



Cloud, Data & Analytics Comparable Companies Analysis

Data Analytics / BI Software Index

	Closing Price 31-Dec-2020	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2021	2022	LTM	2021	2022	
Data Analytics / BI Software											
Altair	\$58.2	97.0%	\$4,613	\$4,641	10.1x	9.5x	8.8x	NMF	NMF	NMF	6.3%
Alteryx	121.8	65.6%	8,501.0	8,404.1	17.0	14.8	12.0	NMF	NMF	NMF	2.1%
Cloudera	13.9	89.7%	4,031.8	3,666.3	NMF	NMF	NMF	NMF	NMF	NMF	(9.3%)
MicroStrategy	388.6	97.1%	4,130.4	4,641.4	9.7	NA	N/A	NMF	NMF	NMF	14.6%
Palantir	23.6	70.3%	52,576.8	50,974.3	NMF	NMF	NMF	NMF	NMF	NMF	NMF
Snowflake	281.4	65.6%	100,923.5	96,374.7	NMF	NMF	NMF	NMF	NMF	NMF	N/A
Splunk	169.9	75.2%	29,346.5	29,967.6	13.2	11.5	9.0	NMF	NMF	NMF	(25.9%)
Sumo Logic	28.6	80.1%	3,631.7	3,224.2	16.7	13.7	11.3	NMF	NMF	NMF	NMF
Talend	38.3	81.9%	1,340.9	1,358.6	4.7	4.2	3.7	NMF	NMF	NMF	(21.7%)
Verisk	207.6	98.5%	34,494.2	37,697.5	13.7	12.7	11.9	NMF	25.7	23.8	44.6%

High	98.5%	\$100,924	\$96,375	17.0x	14.8x	12.0x	NMF	25.7x	23.8x	44.6%
Median	81.0	6,557	6,523	13.2	12.1	10.2	NMF	25.7	23.8	2.1%
Mean	82.1	24,359	24,095	12.1	11.1	9.5	NMF	25.7	23.8	1.5%
Low	65.6	1,341	1,359	4.7	4.2	3.7	NMF	25.7	23.8	(25.9%)

Diversified Cloud / Analytics Software Index

	Closing Price 31-Dec-2020	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2021	2022	LTM	2021	2022	
Diversified Analytics Software											
IBM	\$125.88	79.3%	\$114,040	\$168,798	2.3x	2.3x	2.2x	8.9x	8.9x	9.0x	25.5%
Intel	49.82	71.9	206,539	234,783	3.0	3.3	3.2	6.5	7.7	7.1	46.4
Microsoft	222.42	95.5	3,387,170	3,324,600	21.7	20.0	18.2	NMF	NMF	NMF	46.8
Oracle	64.69	97.7	201,529	234,417	5.9	5.8	5.7	13.6	11.6	11.3	43.8
SAP	131.60	75.1	166,257	177,534	5.3	5.3	5.1	16.4	15.2	14.7	32.3
Teradata	22.47	80.9	2,572	2,692	1.5	1.5	1.4	13.3	6.4	6.4	11.0
VMware	140.26	86.0	120,702	122,423	10.6	9.6	8.8	NMF	26.8	23.6	20.4

High	97.7%	\$3,387,170	\$3,324,600	21.7x	20.0x	18.2x	16.4x	26.8x	23.6x	46.8%
Median	80.9	166,257	177,534	5.3	5.3	5.1	13.3	10.2	10.2	32.3
Mean	83.8	599,830	609,321	7.2	6.8	6.4	11.7	12.8	12.0	32.3
Low	71.9	2,572	2,692	1.5	1.5	1.4	6.5	6.4	6.4	11.0

Source: Public market data as of 31-Dec-2020, Capital IQ











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

M&A Activity

Date	Target	Buyer/Investor	Summary
L3M Featured M&A Transactions (1 of 2)			
23-Dec-2020	 		<ul style="list-style-type: none"> • Synerzip is an agile software product development partner for technology companies • This deal doubles the combined team and extends their global reach, increasing expertise for clients
17-Dec-2020			<ul style="list-style-type: none"> • MTM Technologies is a managed service provider with Cisco and Citrix partnerships and solutions • The acquisition grows ATSG's customer relationships and offering portfolio
11-Dec-2020			<ul style="list-style-type: none"> • Hashmap is a Snowflake Premier Partner and provides data analytics, AI, and ML solutions • The acquisition expands NTT's ability to accelerate their client's digital transformation journeys
10-Dec-2020			<ul style="list-style-type: none"> • The 1901 Group is a leading provider for managed IT services and cloud solutions • The acquisition advance's Leidos' position in the digital modernization market
08-Dec-2020			<ul style="list-style-type: none"> • Tiempo Development is a software development firm • The acquisition augments 3Pillar's global footprint and enables their data science and cloud services
07-Dec-2020			<ul style="list-style-type: none"> • Broadpoint is a Microsoft Gold Partner specializing in business applications for non-profits • This strategic acquisition expands Velosio's delivery capabilities and domain expertise
01-Dec-2020			<ul style="list-style-type: none"> • Acumen Solutions is a leading professional services firm with dep Salesforce knowledge and expertise • Acumen will join the Salesforce Professional Services, giving the group greater industry expertise
01-Dec-2020			<ul style="list-style-type: none"> • Champion Solutions delivers technology services and solutions that reduce costs and mitigate risk • The acquisition helps Sirius expand its Microsoft 365 and Azure cloud services

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

M&A Activity

Date	Target	Buyer/Investor	Summary
L3M Featured M&A Transactions (2 of 2)			
23-Nov-2020			<ul style="list-style-type: none"> • End to End Analytics is a boutique analytics and data science consultancy • End to End will join Accenture's Applied Intelligence practice, expanding its reach in North and South America
10-Nov-2020			<ul style="list-style-type: none"> • Groupware provides data center, integration and cloud computing solutions • This acquisition expands Trace3's geographic footprint in California and Arizona
22-Oct-2020			<ul style="list-style-type: none"> • Eagle Creek is a technology consulting company, specializing in Salesforce enterprise implementations • The acquisition will support Atos' growing foundation in Salesforce
20-Oct-2020			<ul style="list-style-type: none"> • Cloudbakers is an IT consultancy focused on cloud migration • The capital from Sunstone will allow Cloudbakers to accelerate their growth in cloud-native services
06-Oct-2020			<ul style="list-style-type: none"> • InterVision is a leading IT solutions and managed service provider • The capital from MidOcean will be used to accelerate growth and M&A in highly strategic areas

Source: Public filings as of 31-Dec-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



1650 Tysons Boulevard,
Suite 710
McLean, Virginia 22102

1350 Avenue of the Americas,
Suite 1710
New York, NY 10019

2626 Cole Ave, Suite 700
Dallas, TX 75204



703.672.3100



www.clearsightadvisors.com



[@clearsightmb](https://twitter.com/clearsightmb)



[ClearSight Advisors](https://www.linkedin.com/company/clearsightadvisors)

Select Transactions

Sellside Advisor

SYNERZIP >>>>

has merged with

PRIME
BRINGING VISIONS TO LIFE

a portfolio company of

Frontenac

Sellside Advisor

novo/scale

has merged with

evergreen

cerna
PART OF EVER

backed by

SUNSTONE
PARTNERS

Sellside Advisor

COVESTIC

has been acquired by

MILESTONE
Strategic IT • Enabling Success

a portfolio company of

H I G
CAPITAL

Sellside Advisor

INTERSYS

has been acquired by

ASGN
Incorporated

Sellside Advisor

Knowledgent

has been acquired by

accenture

Sellside Advisor

KOGENTIX

has been acquired by

accenture

Sellside Advisor

DATA SOURCE
CONSULTING

has been acquired by

EXL

Sellside Advisor

meteorix

has been acquired by

IBM

Sellside Advisor

THINKBIG
ANALYTICS

has been acquired by

TERADATA

Sellside Advisor

JACKBE

has been acquired by

software AG

