



# Digital Transformation Market Monitor

With 2020 and the first quarter of 2021 in the rearview, we are pleased with how active the M&A market has been and are even more excited about what's to come. The pandemic proved inconsequential to Clearsight's industry focus areas, seen in our 19 closed deals in 2020. The digital engineering, cloud, and analytics sectors remain particularly active.

We received great insight into the M&A markets during our Virtual Digital Innovation Summit in early February 2021. With over 500 attendees spanning four continents, we were grateful to host industry experts, entrepreneurs, and investors spanning the global digital transformation landscape. Keynote speaker David M. Rubenstein, Co-Founder of The Carlyle Group, offered his insights on the dynamic business environment. The M&A panel discussion, featuring executives from Cognizant, New Mountain Capital, KPMG and Tailwind Capital, emphasized how COVID accelerated the importance of digital experiences for companies across the globe (read more from our panel [here](#).) With COVID as a catalyst, coupled with a [potential increase in capital gains taxes](#), deal activity will significantly increase in 2021.

These factors result in an increased supply of acquisition targets and high demand from financial and strategic acquirers. Particularly in the digital transformation space, our clients receive inbound interest weekly, often multiple times per week. Hitachi made a huge splash in the sector when it announced a pending acquisition of GlobalLogic for 37x forward EBITDA on March 31. In addition, ThoughtWorks raised \$720mm in January from a group of investors and acquired two companies after sitting on the sideline for over 15 years. The investor group included Siemens, an atypical investor in the software engineering space.

We don't foresee the compelling dynamics in the digital, cloud and data analytics sectors changing soon, especially if long-term capitals gains taxes remain unchanged for another year. Regardless, the demand for companies in the space is sure to remain high.

Market Overview

Sector Spotlight

Public Market Performance

M&A Activity

## Sector Leadership



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# Sector Spotlight

## Thomas H. Lee Partners Invests in Ashling Partners

### Target



### Acquirer



### Deal Commentary

- Given the size of Ashling, THL's investment underscores private equity's interest in investing in strong companies in rapidly growing markets such as intelligence automation and RPA.
- Don Sweeney, Co-founder of Ashling said, "The investment and partnership with THL not only enables our global scale, but it also helps to expand our boarder intelligent automation capabilities and enables quicker time-to-market on creating reusable products and bringing concepts of leverage to life."

### Transaction Summary

On February 8<sup>th</sup>, 2021, Thomas H. Lee Partners, a Boston-based investment firm, made a growth equity investment in Ashling Partners, a leading global professional services & technology firm. Ashling provides robotic process automation, process discovery, and targeted AI analytics.

### Transaction Information

Announced Date	08-Feb-2021
Deal Type	Growth Equity
<i>Target Information</i>	
Year Founded	2017
Target HQ	Chicago, Illinois
# of Employees	~80

## ThoughtWorks Acquires Gemini Solutions

### Target



### Acquirer

**ThoughtWorks®**

### Deal Commentary

- ThoughtWorks' acquisition of Gemini will establish ThoughtWorks Romania with the Gemini development team at its core. This strengthens ThoughtWorks' core technology foundation and overall European presence. In addition, it acquired Fourkind Global in Finland in February to expand its machine learning capabilities.
- Theo Nissim, CEO and Founder of Gemini, said, "ThoughtWorks and Gemini have a common philosophy and dedication to client success. We are excited to have the opportunity to become part of a leading player in the global IT industry. This acquisition is also a testament and validation of the great talent and capability of the Romanian IT sector that a global organization like ThoughtWorks would look to invest in this market."

### Transaction Summary

On January 13<sup>th</sup>, 2021, ThoughtWorks, a Palo Alto-based software development firm, acquired Gemini Solutions, a global software development and consulting services firm. Gemini provides world-class software product development services, recognized for its fast-paced delivery and discipline.

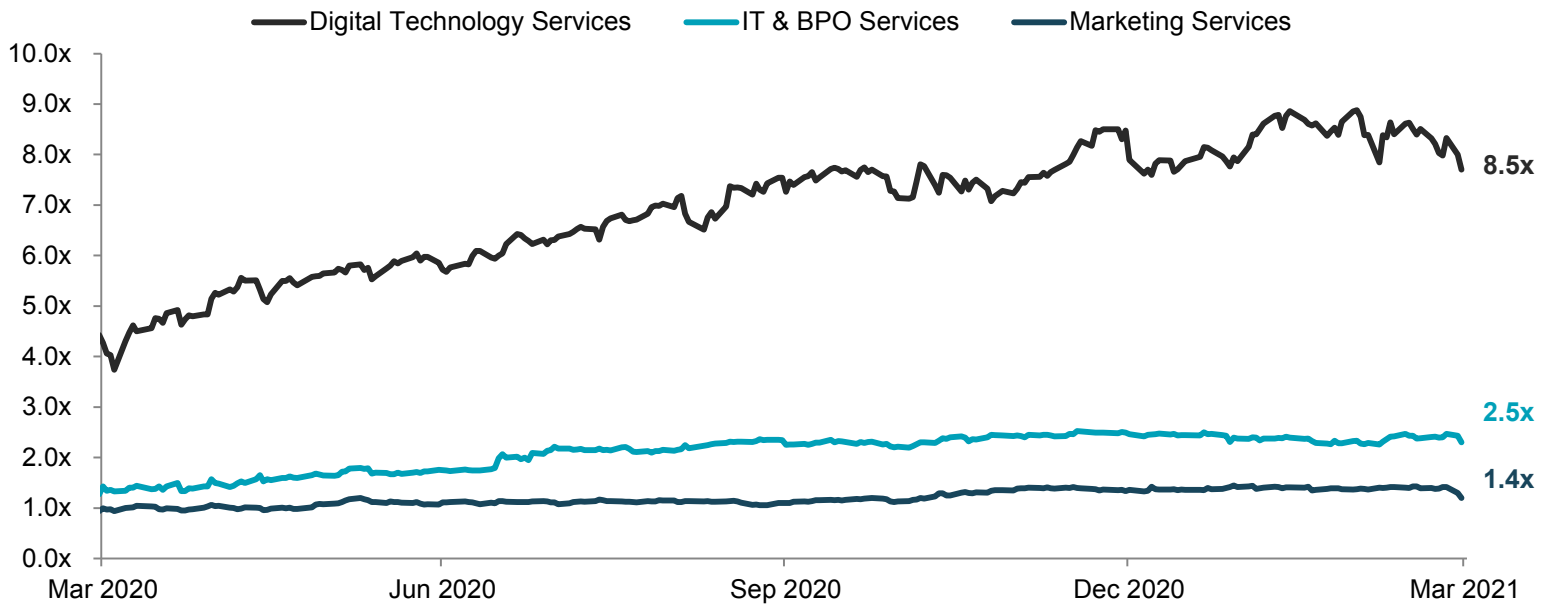
### Transaction Information

Announced Date	13-Jan-2021
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2005
Target HQ	Palo Alto, CA
# of Employees	~170

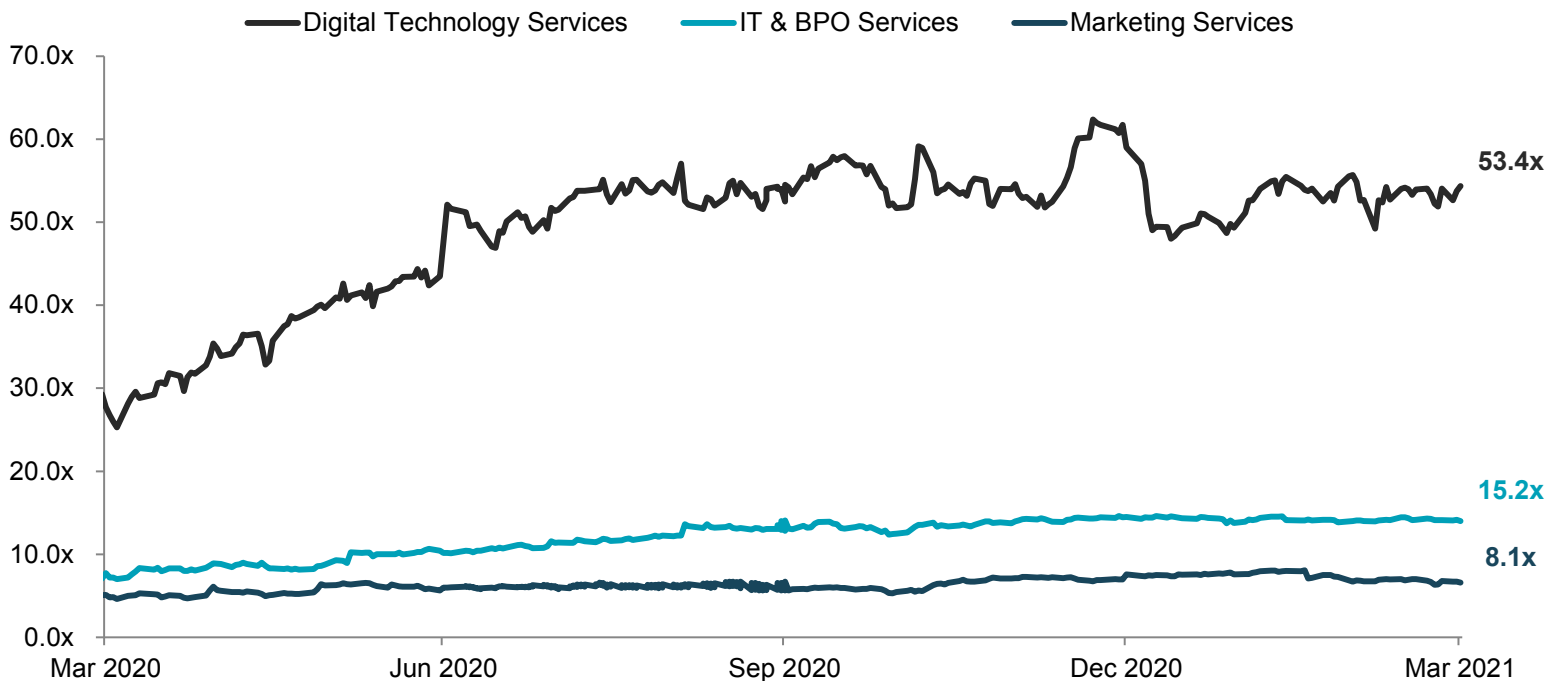
Source: Public filings, 451 Research, Capital IQ, and company websites

# Public Market Performance

## EV / LTM Revenue – Last Twelve Months



## EV / LTM EBITDA – Last Twelve Months



Source: Capital IQ, market data as of 31-Mar-2021

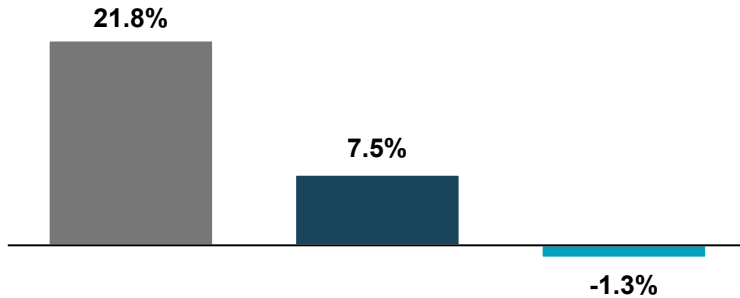
# Public Market Performance

■ Digital Technology Services

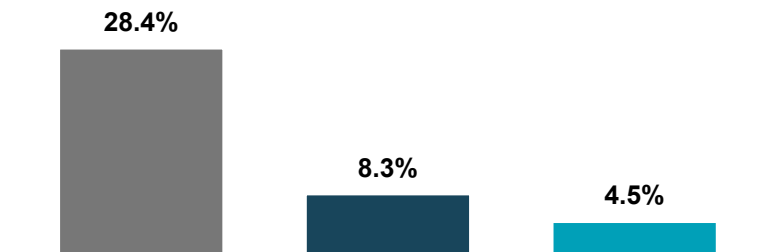
■ IT & BPO Services

■ Marketing Services

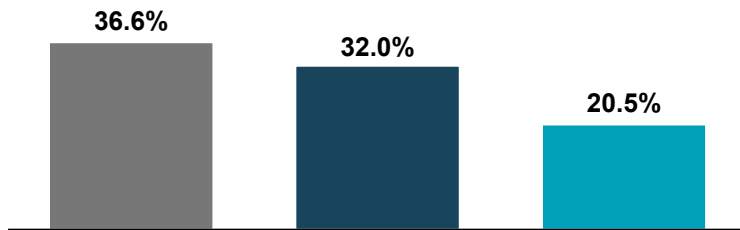
## 3-Year Historic Revenue Growth



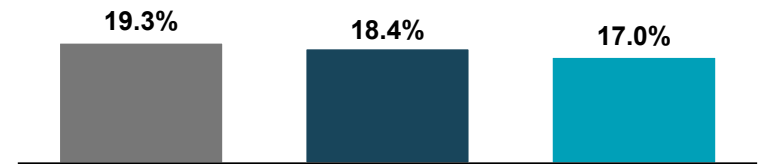
## 2021E Revenue Growth



## 2021E Gross Margin



## 2021E EBITDA Margin

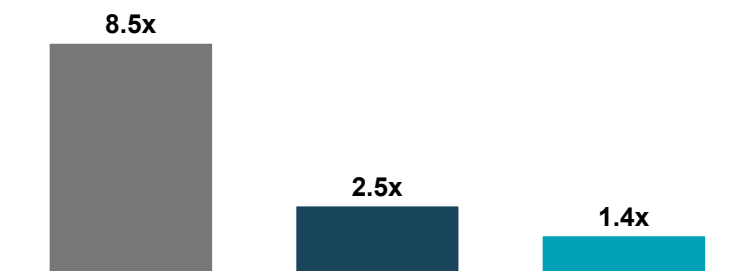


■ Digital Technology Services

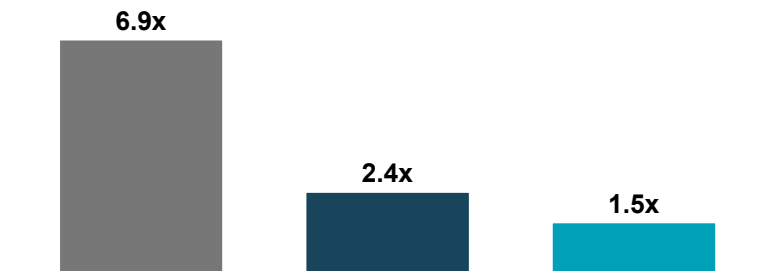
■ IT & BPO Services

■ Marketing Services

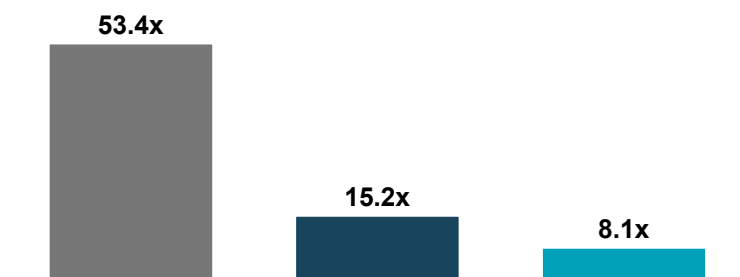
## EV / LTM Revenue



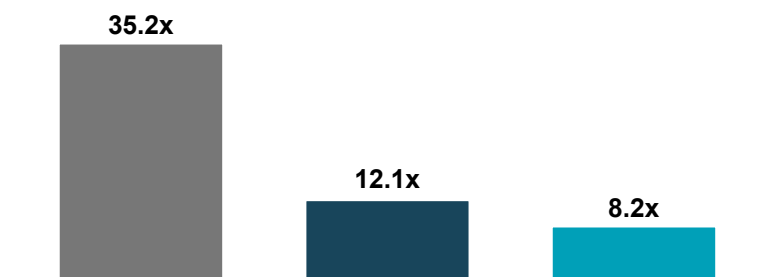
## EV / 2021E Revenue



## EV / LTM EBITDA



## EV / 2021E EBITDA



Source: Capital IQ, market data as of 31-Mar-2021

# Public Market Performance

## Digital Technology Services Comparable Companies

	Closing Price 31-Mar-2021	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	3 Year CAGR 2018A-21E	2021E Revenue Growth %
Digital Technology Services Index													
Endava	\$84.69	93.1%	\$4,605	\$4,541	8.7x	7.0x	5.9x	56.2x	29.3x	24.3x	15.5%	22.1%	23.4%
EPAM	396.69	97.5	23,450	22,334	8.4	6.8	5.5	50.6	35.2	28.1	16.6	21.4	24.8
Globant	207.61	84.8	8,573	8,408	10.3	7.9	6.5	66.0	41.1	32.8	15.7	26.6	32.0
Grid Dynamics	15.93	94.5	872	759	6.8	4.8	4.0	(67.4)	NM	25.7	(10.1)	19.4	43.1
	High	97.5%	\$23,450	\$22,334	10.3x	7.9x	6.5x	66.0x	41.1x	32.8x	16.6%	26.6%	43.1%
	Median	95.1	6,589	6,474	8.5	6.9	5.7	53.4	35.2	26.9	15.6	21.8	28.4
	Mean	87.8	9,375	9,010	8.6	6.6	5.5	26.4	35.2	27.7	9.4	22.4	30.9
	Low	61.9	872	759	6.8	4.8	4.0	(67.4)	29.3	24.3	(10.1)	19.4	23.4

## IT & BPO Services Comparable Companies

	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	3 Year CAGR	2021E Revenue Growth %
	31-Mar-2021				LTM	2021	2022	LTM	2021	2022		2018A-21E	
IT & BPO Services Index													
Accenture	\$276.25	98.2%	\$180,498	\$175,336	3.8x	3.5x	3.3x	23.1x	18.3x	17.2x	16.6%	6.4%	13.2%
Atos	78.08	84.0	8,531	10,661	0.8	0.8	0.8	7.0	5.5	5.1	11.2	2.2	1.1
Capgemini	170.31	97.3	29,746	37,386	1.9	1.9	1.8	15.4	12.2	11.2	12.5	8.7	6.8
CGI Group	83.22	99.1	20,814	23,003	2.3	2.3	2.2	13.8	11.5	11.1	16.8	2.2	2.5
Cognizant	78.12	94.4	41,795	40,411	2.4	2.3	2.1	13.9	12.0	11.2	17.5	3.4	6.7
Genpact	42.82	95.5	8,171	9,427	2.5	2.4	2.2	15.0	12.8	11.4	16.9	9.8	7.4
HCL	13.43	92.1	36,449	35,529	3.5	3.1	3.0	13.4	12.1	11.7	26.5	10.4	10.7
Hexaware	6.44	99.8	1,933	1,910	2.2	2.0	1.8	14.3	12.1	10.6	15.6	14.5	10.6
Mphasis	24.38	98.5	4,635	4,551	3.5	3.1	2.8	20.7	16.3	14.4	16.8	12.8	11.6
Perficient	58.72	92.4	1,993	2,123	3.5	3.1	2.8	21.9	15.5	13.9	15.8	6.3	8.4
Tech Mahindra	13.55	91.7	13,104	12,430	2.4	2.2	2.0	16.6	12.1	10.9	14.6	4.9	8.2
Wipro	5.66	88.7	31,037	27,211	3.2	3.0	2.8	15.4	11.9	11.8	21.1	11.4	13.0
	High	99.8%	\$180,498	\$175,336	3.8x	3.5x	3.3x	23.1x	18.3x	17.2x	26.5%	14.5%	13.0%
	Median	95.0	16,959	17,717	2.5	2.4	2.2	15.2	12.1	11.3	16.7	7.5	8.3
	Mean	94.3	31,559	31,665	2.7	2.5	2.3	15.9	12.7	11.7	16.8	7.7	8.4
	Low	84.0	1,933	1,910	0.8	0.8	0.8	7.0	5.5	5.1	11.2	2.2	1.1









## Marketing Services Comparable Companies

	Closing Price 31-Mar-2021	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	3 Year CAGR 2018A-21E	2021E Revenue Growth %
Marketing Services Index													
Dentsu	\$32.10	85.6%	\$9,018	\$11,524	1.3x	1.3x	1.2x	7.1x	8.8x	7.1x	17.9%	(1.3)%	4.9%
IPG	29.20	96.0	11,584	14,300	1.8	1.7	1.6	11.0	9.9	9.4	16.1	1.8	4.5
Omnicom	74.15	95.1	16,170	18,307	1.4	1.3	1.3	9.4	8.2	8.0	14.9	(2.9)	6.9
Publicis	61.08	96.9	15,001	19,914	1.5	1.7	1.7	7.0	7.6	7.5	21.6	(0.2)	1.0
WPP	12.68	96.9	15,337	19,705	1.2	1.5	1.4	8.1	8.1	8.1	14.8	(8.9)	0.7
	High	96.9%	\$16,170	\$19,914	1.8x	1.7x	1.7x	11.0x	9.9x	9.4x	21.6%	1.8%	6.9%
	Median	96.0	15,001	18,307	1.4	1.5	1.4	8.1	8.2	8.0	16.1	(1.3)	4.5
	Mean	94.1	13,422	16,750	1.4	1.5	1.4	8.5	8.5	8.0	17.1	(2.3)	3.6
	Low	85.6	9,018	11,524	1.2	1.3	1.2	7.0	7.6	7.1	14.8	(8.9)	0.7

Source: Capital IQ, market data as of 31-Mar-2021

Note: Revenue growth rates are shown in reported currency and remove the impact of FX.

# M&A Activity

Date	Target	Buyer/Investor	Summary
3/31/2021			<ul style="list-style-type: none"> <li>Target HQ: Coconut Creek, FL</li> <li>MotionPoint operates a turn-key platform that provides website synchronization and management services</li> </ul>
3/30/2021			<ul style="list-style-type: none"> <li>Target HQ: Denver, CO</li> <li>Devetry is Denver's largest independent software engineering organization, with expertise across renewable energy, cybersecurity, and SaaS</li> </ul>
3/30/2021			<ul style="list-style-type: none"> <li>Target HQ: Cedar Rapids, IA</li> <li>Hibu provides a full suite of integrated digital marketing services including digital listing management and website development</li> </ul>
3/30/2021			<ul style="list-style-type: none"> <li>Target HQ: London, UK</li> <li>Investis Digital provides digital corporate communications and marketing services to large enterprises globally</li> </ul>
3/30/2021			<ul style="list-style-type: none"> <li>Target HQ: Calgary, Canada</li> <li>Groundswell Group is an AI and data integration firm offering cloud transformation and business intelligence services</li> </ul>
3/29/2021			<ul style="list-style-type: none"> <li>Target HQ: Boston, MA</li> <li>ADK Group develops and builds software and other digital services for the healthcare industry</li> </ul>
3/25/2021			<ul style="list-style-type: none"> <li>Target HQ: Collingwood, Australia</li> <li>Balance Internet is a digital commerce agency offering digital transformation and strategy development services</li> </ul>

Source: Public filings as of 31-Mar-21, Capital IQ, Pitchbook

# M&A Activity

Date	Target	Buyer/Investor	Summary
3/17/2021			<ul style="list-style-type: none"> <li>Target HQ: Boulder, CO</li> <li>Public Label is a creative marketing agency focused on digital brand growth and cultural alignment</li> </ul>
3/17/2021			<ul style="list-style-type: none"> <li>Target HQ: Toronto, ON</li> <li>Match Retail is a leading retail agency working with clients to driver conversion in traditional shopping environments</li> </ul>
3/15/2021			<ul style="list-style-type: none"> <li>Target HQ: Duluth, MN</li> <li>Saturn is an onshore rural outsourcing software development firm</li> </ul>
3/4/2021			<ul style="list-style-type: none"> <li>Target HQ: Chicago, IL</li> <li>Saggezza is a technology consulting firm focused on managed services across Salesforce, data analytics, and the digital experience</li> </ul>
3/4/2021			<ul style="list-style-type: none"> <li>Target HQ: Walnut Creek, CA</li> <li>Exadel is an enterprise software development company supporting organizations throughout their digital transformation journey</li> </ul>
3/2/2021			<ul style="list-style-type: none"> <li>Target HQ: London, UK</li> <li>CloudShift provides Salesforce digital transformation services, including business strategy and managed services</li> </ul>
3/1/2021			<ul style="list-style-type: none"> <li>Target HQ: Minneapolis, MN</li> <li>Avtex is a full-service CX technology and solutions developer assisting enterprises in their digital CX transformations</li> </ul>

Source: Public filings as of 31-Mar-21, Capital IQ, Pitchbook

















# M&A Activity

Date	Target	Buyer/Investor	Summary
2/18/2021	 <b>THE WORKING GROUP</b>	<b>Deloitte.</b>	<ul style="list-style-type: none"> <li>Target HQ: Toronto, Canada</li> <li>The Working Group develops custom software and applications for enterprise companies and governments</li> </ul>
2/17/2021	 <b>BYTE LONDON</b>	<b>DEPT</b>	<ul style="list-style-type: none"> <li>Target HQ: London, UK</li> <li>Byte London is a marketing technology agency providing solutions for business to generate revenue and scale digital efforts</li> </ul>
2/16/2021	 <b>NearForm</b>	<b>COLUMBIA CAPITAL</b>	<ul style="list-style-type: none"> <li>Target HQ: Tramore, Ireland</li> <li>NearForm provides enterprise software development services including application development and digital product design</li> </ul>
2/8/2021	 <b>MarketForce</b>	 <b>astound</b> COMMERCE	<ul style="list-style-type: none"> <li>Target HQ: Minnetonka, MN</li> <li>MarketForce offers digital performance marketing services to small and medium businesses</li> </ul>
2/2/2021		 <b>accenture</b>	<ul style="list-style-type: none"> <li>Target HQ: Tokyo, Japan</li> <li>Business System is a Salesforce Commerce Cloud solution provider focused on apparel and retail companies</li> </ul>
2/2/2021	 <b>imaginea</b>	 <b>accenture</b>	<ul style="list-style-type: none"> <li>Target HQ: Mountain View, CA</li> <li>Imaginea is a cloud-native product and platform engineering firm focused on AWS, Azure, and Google Cloud</li> </ul>
1/28/2021	 <b>jibe</b>	 <b>OVARE GROUP</b>	<ul style="list-style-type: none"> <li>Target HQ: Vancouver, Canada</li> <li>Jibe Multimedia operates as a web agency designing and delivering digital experiences for ecommerce brands</li> </ul>

Source: Public filings as of 31-Mar-21, Capital IQ, Pitchbook











# M&A Activity

Date	Target	Buyer/Investor	Summary
1/27/2021			<ul style="list-style-type: none"> <li>Target HQ: Chicago, IL</li> <li>VSA provides brand strategy and business design services, helping brands define who they are and tell their story</li> </ul>
1/26/2021			<ul style="list-style-type: none"> <li>Target HQ: New York, NY</li> <li>Bayard Advertising offers integrated advertising design, planning, and execution for a global client base</li> </ul>
1/23/2021			<ul style="list-style-type: none"> <li>Target HQ: Chicago, IL</li> <li>HGS Digital offers digital strategy and digital enabling services combining expertise across technologies and platforms</li> </ul>
1/20/2021			<ul style="list-style-type: none"> <li>Target HQ: New York, NY</li> <li>Kettle is a digital marketing agency focused on digital transformation and deep client expertise</li> </ul>
1/19/2021			<ul style="list-style-type: none"> <li>Target HQ: Phoenix, AZ</li> <li>Ethos is a full-service Salesforce consultancy bringing depth, experience, and development capabilities to clients</li> </ul>
1/19/2021			<ul style="list-style-type: none"> <li>Target HQ: St. Louis Park, MN</li> <li>Magnetic Technologies provides custom application development services</li> </ul>
1/12/2021			<ul style="list-style-type: none"> <li>Target HQ: Somerville, MA</li> <li>Velir operates as a digital marketing agency with a specialty in designing, engineering, and implementing cross-platform digital experiences</li> </ul>

Source: Public filings as of 31-Mar-21, Capital IQ, Pitchbook


# M&A Activity

Date	Target	Buyer/Investor	Summary
1/12/2021	 SOCIAL METHOD	 POWERDIGITAL MARKETING	<ul style="list-style-type: none"> <li>Target HQ: Arlington, VA</li> <li>Social Method operates as a media buying and creative agency that offers performance-based Facebook advertising</li> </ul>
1/10/2021	 servian	 Cognizant	<ul style="list-style-type: none"> <li>Target HQ: Sydney, Australia</li> <li>Servian offers advisory, consulting, and managed services to data analytics, customer engagement, and digital transformation customers</li> </ul>
1/5/2021	 enquero	 genpact	<ul style="list-style-type: none"> <li>Target HQ: Milpitas, CA</li> <li>Enquero is a technology solutions company that builds platforms around data, design, and digital experiences</li> </ul>
1/4/2021	 <b>MetricTheory</b> Data Driven Marketing	 MIGHTYHIVE	<ul style="list-style-type: none"> <li>Target HQ: San Francisco, CA</li> <li>Metric Theory provides data driven marketing services through a pay per click model</li> </ul>

Source: Public filings as of 31-Mar-21, 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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





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## Select Transactions

 Sellside Advisor <b>CORECOMPETE</b> ACCELERATING CLOUD ANALYTICS has been acquired by <b>accenture</b>	 Sellside Advisor <b>novo/scale</b> has merged with <b>evergreen</b> <b>cerna</b> get it done backed by <b>SUNSTONE PARTNERS</b>	 Financial Advisor <b>CORNERSTONE</b> ADVISORS has received an equity investment from <b>Altamont</b> CAPITAL PARTNERS	 Sellside Advisor <b>gA</b> has been acquired by <b>Globant</b>	 Sellside Advisor <b>RSI</b> has been recapitalized by <b>DC CAPITAL PARTNERS</b>
 Sellside Advisor <b>psl</b> has been acquired by <b>PERFICIENT</b>	 Sellside Advisor <b>TeleWorld Solutions</b> has been acquired by <b>SAMSUNG</b>	 Sellside Advisor <b>INTERSYS</b> has been acquired by <b>ASGN</b> Incorporated	 Sellside Advisor <b>bulldog</b> has been acquired by <b>HERO_digital.</b> a portfolio company of <b>CI CAPITAL PARTNERS</b>	 Sellside Advisor <b>Knowledge</b> has been acquired by <b>accenture</b>