Here in the US, the second quarter brought pre-COVID familiar scenes: warmer temperatures as spring turned to summer, unbridled optimism as schools adjourned, and packed bags as families hit the road for summer travel. We observed the same dynamic play out in Q2’s white hot M&A market. Valuations are strong, buyers remain enthusiastic, and many are beginning to resume in-person deal negotiations and relationship building. In short, the M&A party continues in a big way and the music is only getting louder.

Within our coverage area of Cloud, Data & Analytics, Q2 demonstrated the remarkable resilience of key trends. Covid-19 accelerated digital transformation across all sectors of the economy, driven by data and cloud-first policies. Anything and everything featuring next-gen skillsets is attracting attention, including machine learning (ML), artificial intelligence (AI) and natural language processing, among others. The most sought-after ecosystems are still somewhat early and fragmented. Nonetheless, investors and strategic acquirers are exhibiting greater creativity in working with smaller, earlier stage firms born in the cloud-native era and offering capabilities associated with leading platforms such as Snowflake, Dataiku, AWS and GCP.

Clearsight continues to advise on some of the more cutting edge and exciting deals. We announced three Cloud, Data & Analytics transactions in Q2. In our last update, we featured M/C Partners’ growth investment in cloud-based data analytics consultancy DAS42. This month, we feature deals for public sector analytics consultancy Qlarion, and cloud analytics consulting and managed services provider Core Compete. Buyers of all stripes are seeking our current market perspective and active opportunities in this strong market. Please contact us for real-time market intelligence and/or strategic discussion.
Intelligent Communication

We are still in the early days for AI technologies and in complete infancy for the artificial intelligent communication sector. According to Pitchbook, VC-backed deal activity in the intelligent communication space showed flat deal count as the big tech companies continued to prefer home-grown solutions in 2020. However, the $19.7 billion acquisition by MSFT of Nuance Communications (Nasdaq: NUAN) (April 12, 2021) will start to rapidly shift the landscape.

Spurred by a widespread shift to digital brought by the COVID-19 pandemic, more and more companies are moving toward a “chat first” digital strategy wherein a customer’s first point of contact is a chatbot. In fact, Gartner predicts that by 2022, 70% of white-collar workers will interact with conversational AI daily.

Deal Announcements

**SUMMARY**
Qlarion is an award-winning data analytics and business intelligence firm based in Reston, VA. Qlarion provides best-in-class technology solutions to state and local governments to enhance constituent engagement, reduce costs and improve efficiency and business decisions. Qlarion will serve as GCOM’s data analytics practice and provide deeper data-driven capability across its current solutions portfolio. The resulting platform will be a market leader in public sector analytics at the state and local level.

**COMMENTARY**
Qlarion’s best-in-class solutions and work with the Commonwealth of Virginia is a model for others to follow in creating positive outcomes in public health, spurred by the COVID-19 pandemic. The Company’s transaction with GCOM creates a clear leader in the state and local market as public sector entities are increasingly seeking collaborative, data-driven approaches to drive policy outcomes, particularly within public health.

**SUMMARY**
Core Compete is a leading cloud analytics services firm based in Durham, NC. Core Compete’s team enables digital transformation with cloud-native solutions that deliver artificial intelligence and machine learning-infused business outcomes to a diverse client base across the U.S. and UK, with particular focus on supply chain, retail and financial services. The acquisition allows Accenture to expand their Applied Intelligence business, with Core Compete serving as the anchor for their Global Analytics Cloud Practice.

**COMMENTARY**
Core Compete has built a strong reputation for providing first-class cloud analytics services to their clients. Their partnership with Accenture’s Applied Intelligence practice will allow them to expand into new markets and fulfill the growing need for AI and cloud-based technologies, particularly in the retail and supply chain space seeing heavy change as a result of the COVID-19 pandemic.

Source: Pitchbook, Gartner, 451 Research and company websites
Cloud, Data & Analytics Monitor

Public Market Performance

LTM EV / Revenue Multiple Trend – 3 Years

Valuation gap has returned and expanded for analytics pure plays since a March convergence

Cloud, Data & Analytics Market Indices Performance – 1 Year

Sharp changes due to irregular market trends from retail investors

Source: Public market data as of 30-Jun-2021, Capital IQ
Note: Indices do not include PLTR, SNOW, or SUMO as they each listed during 3Q20
## Public Market Performance

### Q2 2021 Share Price Performance – 1 Quarter

Increase in Cloudera due to announcement of KKR and CD&R taking business private; Teradata increase due to strong top line performance

### Cloud, Data & Analytics Comparable Companies Analysis

#### Data Analytics / BI Software Index

<table>
<thead>
<tr>
<th>Data Analytics / BI Software</th>
<th>Closing Price 30-Jun-2021</th>
<th>% of 52 Week High</th>
<th>Equity Market Cap ($ in M)</th>
<th>Enterprise Value (EV) ($ in M)</th>
<th>EV / Revenue Multiples</th>
<th>EV / EBITDA Multiples</th>
<th>LTM EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altair</td>
<td>$69.0</td>
<td>96.4%</td>
<td>$5,354</td>
<td>$5,146</td>
<td>10.5%</td>
<td>NMF</td>
<td>NMF</td>
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<tr>
<td>Alteryx</td>
<td>66.0</td>
<td>46.3%</td>
<td>6,038</td>
<td>5,989</td>
<td>11.9%</td>
<td>NMF</td>
<td>NMF</td>
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<tr>
<td>Cloudera</td>
<td>15.9</td>
<td>82.0%</td>
<td>5,194</td>
<td>5,344</td>
<td>6.1%</td>
<td>NMF</td>
<td>NMF</td>
</tr>
<tr>
<td>MicroStrategy</td>
<td>664.5</td>
<td>50.5%</td>
<td>7,052</td>
<td>8,739</td>
<td>17.2%</td>
<td>NMF</td>
<td>NMF</td>
</tr>
<tr>
<td>Palantir</td>
<td>26.4</td>
<td>58.6%</td>
<td>63,609</td>
<td>61,722</td>
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<td>NMF</td>
<td>NMF</td>
</tr>
<tr>
<td>Snowflake</td>
<td>241.8</td>
<td>56.4%</td>
<td>87,637</td>
<td>83,907</td>
<td>NMF</td>
<td>NMF</td>
<td>NMF</td>
</tr>
<tr>
<td>Splunk</td>
<td>144.6</td>
<td>64.0%</td>
<td>25,824</td>
<td>26,576</td>
<td>11.6%</td>
<td>NMF</td>
<td>NMF</td>
</tr>
<tr>
<td>Sumo Logic</td>
<td>20.7</td>
<td>44.5%</td>
<td>2,668</td>
<td>2,388</td>
<td>11.4%</td>
<td>NMF</td>
<td>NMF</td>
</tr>
<tr>
<td>Talend</td>
<td>65.6</td>
<td>99.5%</td>
<td>2,343</td>
<td>2,359</td>
<td>7.6%</td>
<td>NMF</td>
<td>NMF</td>
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<tr>
<td>Verisk</td>
<td>174.7</td>
<td>82.9%</td>
<td>28,876</td>
<td>31,971</td>
<td>11.3%</td>
<td>NMF</td>
<td>NMF</td>
</tr>
</tbody>
</table>

### Diversified Cloud / Analytics Software Index

<table>
<thead>
<tr>
<th>Diversified Cloud / Analytics Software</th>
<th>Closing Price 30-Jun-2021</th>
<th>% of 52 Week High</th>
<th>Equity Market Cap ($ in M)</th>
<th>Enterprise Value (EV) ($ in M)</th>
<th>EV / Revenue Multiples</th>
<th>EV / EBITDA Multiples</th>
<th>LTM EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBM</td>
<td>$146.6</td>
<td>95.9%</td>
<td>$134,231</td>
<td>$180,965</td>
<td>2.4%</td>
<td>9.5%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Intel</td>
<td>56.1</td>
<td>82.0%</td>
<td>232,403</td>
<td>260,052</td>
<td>3.4%</td>
<td>7.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Microsoft</td>
<td>270.9</td>
<td>99.7%</td>
<td>2,074,437</td>
<td>2,016,448</td>
<td>12.0%</td>
<td>25.0%</td>
<td>23.5%</td>
</tr>
<tr>
<td>Oracle</td>
<td>77.8</td>
<td>91.5%</td>
<td>229,926</td>
<td>268,331</td>
<td>6.6%</td>
<td>15.0%</td>
<td>13.3%</td>
</tr>
<tr>
<td>SAP</td>
<td>140.5</td>
<td>82.7%</td>
<td>176,252</td>
<td>184,735</td>
<td>5.8%</td>
<td>22.0%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Teradata</td>
<td>50.0</td>
<td>83.9%</td>
<td>5,852</td>
<td>5,979</td>
<td>3.2%</td>
<td>20.4%</td>
<td>12.8%</td>
</tr>
<tr>
<td>VMware</td>
<td>160.0</td>
<td>93.0%</td>
<td>69,750</td>
<td>69,571</td>
<td>5.8%</td>
<td>23.8%</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

### Source & Note

Source: Public market data as of 30-Jun-2021, 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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### ClearSight Monitor

Cloud, Data & Analytics | Q2 2021
<table>
<thead>
<tr>
<th>Date</th>
<th>Target</th>
<th>Buyer/Investor</th>
<th>Summary</th>
</tr>
</thead>
</table>
| 14-Jun-2021| umlaut          | accenture               | • Umlaut is an engineering consulting firm offering a variety of consulting services and engineering solutions  
• This acquisition will significantly scale Accenture’s deep engineering capabilities |
| 04-Jun-2021| BigBear.ai      | GigCapital              | • BigBear.ai provides IT consulting services including data management, analytics, machine learning and cloud management  
• This merger will result in BigBear.ai becoming a publicly traded company on the Nasdaq |
| 26-May-2021| Qlarion          | gcom                    | • Qlarion is the developer of business intelligence, data analytics, data warehouse and information management applications  
• Qlarion provides advanced analytics in GCOM’s existing SaaS products, while broadly serving as GCOM’s data analytics arm |
| 15-May-2021| M3BI            | Zensar                  | • M3BI provides IT consulting and services specializing in niche and customized solutions such as big data initiatives and business intelligence  
• The acquisition gives Zensar access to Fortune 500 clients, mainly in the BFSI sector |
| 10-May-2021| AgileThought    | LIV CAPITAL ACQUISITION CORP | • AgileThought is a digital transformation and consulting firm specializing in analytics, cloud solutions, software development and UX design  
• This transaction will result in the combined company being listed on the Nasdaq |
| 06-May-2021| Cloud2          | BCN Group               | • Cloud2 provides compliance, analytics and automation services  
• The acquisition strengthens BCN Group’s Microsoft capabilities, given Cloud2 IT’s specialization in data analytics and process automation |
| 04-May-2021| Liberty IT Solutions | Booz | Allen | Hamilton | • Liberty IT Solutions offers IT services to several government agencies across a diverse portfolio of health IT projects  
• The acquisition complements Booz Allen’s digital transformation portfolio |
| 07-Apr-2021| Core Compete    | accenture               | • Core Compete is the provider of cloud analytics software intended for AI and big data applications  
• This acquisition builds on Accenture’s growing analytics, data and AI business around the world |

Source: Public filings as of 30-Jun-2021, Capital IQ, Pitchbook

= Clearsight acted as exclusive advisor to Qlarion and Core Compete
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

Select Transactions

- **Qlarion**: has been acquired by gcom, a portfolio company of SageWind Capital
- **CORECOMPETE**: has been acquired by accenture
- **DAS42**: has received a growth investment from MC Venture Capital
- **I SYNERZIP**: has merged with PRIME BRINGING VISION TO LIFE, a portfolio company of Frontenac
- **novo/scale**: has merged with evergreen
cerna backed by Sunstone Partners
- **Knowledge**: has been acquired by accenture
- **KOGENTIX**: has been acquired by accenture
- **DATASOURCE CONSULTING**: has been acquired by EXL
- **INTERSYS**: has been acquired by ASGN Incorporated
- **THINKBIG ANALYTICS**: has been acquired by TERADATA

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