



# Digital Transformation Market Monitor

With the end of the quarter comes a flurry of deal closures, and Q3 2021 was certainly no exception. We would like to congratulate our client, [Blink UX](#), on its successful transaction with Mphasis, which closed in September. This marks Clearsight's seventh digital transformation transaction in the last 12 months. Blink is a research-driven user experience (UX) design and strategy consultancy. Blink's founders built a tremendous business renowned for its ability to help clients innovate and create disruptive digital products and service models. Mphasis took a giant strategic leap with this acquisition. With Blink's team, Mphasis is significantly better positioned to engage clients at a strategic level and is primed to compete in the evolving digital product development market.

The Blink-Mphasis transaction represents a broader trend of heightened interest and greater deal volume in the digital experience space. The sudden increase in the number of digital mediums, coupled with their importance for both B2C and B2B corporations, is reshaping the digital transformation sector. These dynamics are driving significant growth for digital agencies able to offer integrated research-based product designs alongside engineering and analytics capabilities. As strategic acquirers and investors look to build one-stop-shops for digital experiences, agencies with comprehensive offerings will see much higher demand than those with less expansive services.

In addition to Blink, we recently advised [Overactive](#), a rapidly growing, 700-person-strong nearshore product development firm, on its successful sale to Perficient. Clearly the M&A market remains white-hot, but for how long? That's the golden question everyone is trying to predict. No one has a crystal ball, but at Clearsight we have high confidence 2022 will be a banner year. Shareholders thinking about a transaction in the near- to mid-term should consider exploring a deal next year. Feel free to contact us with any questions on how to explore those considerations as this year winds down and M&A activity remains high.

Market Overview

Sector Spotlight

Public Market Performance

M&A Activity

## Sector Leadership



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# Sector Spotlight

## West Monroe Partners Announces Acquisition of Verys

### Target



### Acquirer



### Deal Commentary

- West Monroe Partner's acquisition of Verys will augment their digital transformation capabilities and help expand their global product development platform. The capabilities of Verys will allow West Monroe Partners to improve their ability to build and manage digital products for their wide client base.
- Tom Bolger, chief strategy officer for West Monroe, said, "Verys brings a strong level of talent, extensive experience in building world-class digital products, and a culture that values quality, craftsmanship and people. Their understanding of the product lifecycle and agile approach is exactly what our clients need to become more digital organizations."

### Transaction Summary

On September 22<sup>nd</sup>, 2021, West Monroe Partners, a Chicago-based technology consulting firm, announced the acquisition of Verys, a product development consultancy firm. Verys, who focus on combining development with cloud technologies, specializes in software, web, mobile development, full-stack, UX designs, cloud solutions, native iOS and native Android development.

### Transaction Information

Announced Date	22-Sep-2021
Deal Type	Acquisition

#### Target Information

Year Founded	2012
Target HQ	Santa Ana, CA
# of Employees	~220

## Falfurrias Capital Partners Announces Acquisition of H Code Media

### Target



### Acquirer



FALFURRIAS CAPITAL

### Deal Commentary

- Falfurrias Capital Partner's investment will give H Code Media the resources to scale its content studio, publisher network and intelligence center for all types of communities which will allow it to further unlock and develop unique opportunities for impactful storytelling.
- Parker Morse, Founder and CEO of H Code, said, "We're grateful for FCP's confidence in the work that we're doing in using rich data to connect with multicultural audiences and are excited to have their support in our next phase of growth. As the diversity of thought, race and ethnicity continues to become more integral to our daily lives, H Code is well-positioned to solidify ourselves as the leading tech-enabled multicultural digital marketplace."

### Transaction Summary

On August 30<sup>th</sup>, 2021, Falfurrias Capital Partners, a Charlotte-based private equity firm, announced a growth investment in H Code Media, a California-based digital marketing firm. H Code Media specializes in connecting advertisers with Hispanic audiences and provides a marketing platform that offers target audience data, inventory management and information about the Hispanic market.

### Transaction Information

Announced Date	30-Aug-2021
Deal Type	PE Growth / Expansion

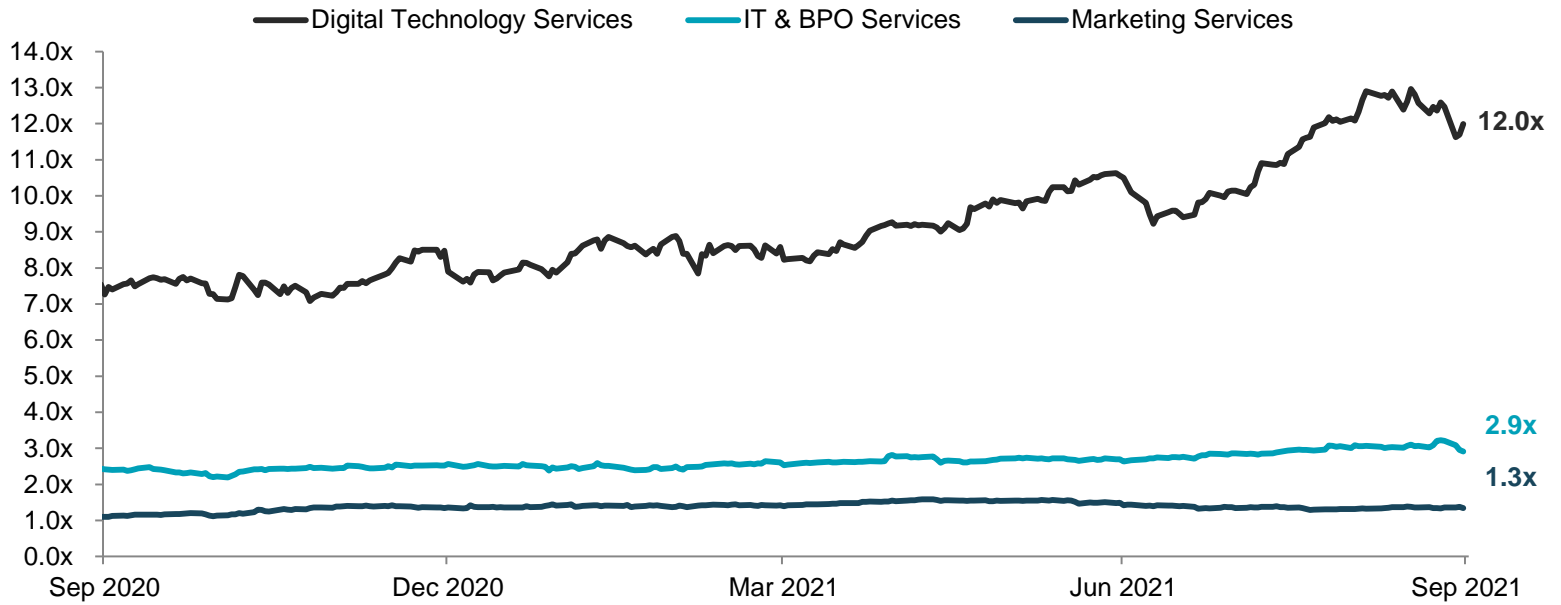
#### Target Information

Year Founded	2015
Target HQ	Santa Monica, CA
# of Employees	~75

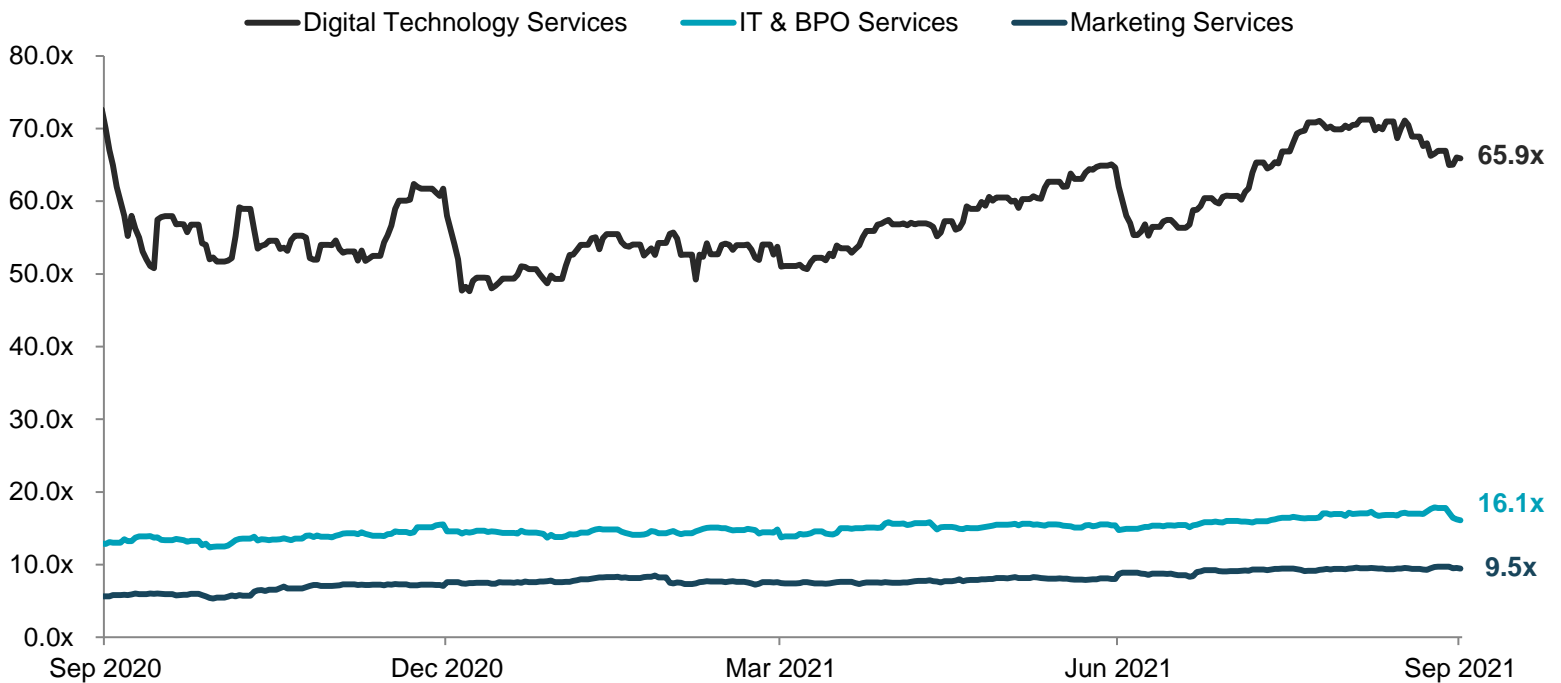
Source: Public filings, 451 Research, Capital IQ, and company websites

# Public Market Performance

## EV / LTM Revenue – Last Twelve Months



## EV / LTM EBITDA – Last Twelve Months



Source: Capital IQ, market data as of 30-Sep-2021

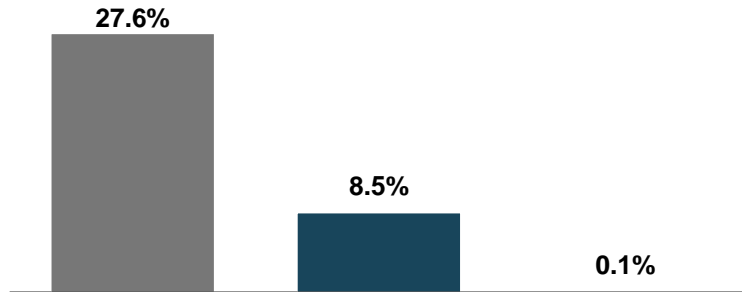
# Public Market Performance

■ Digital Technology Services

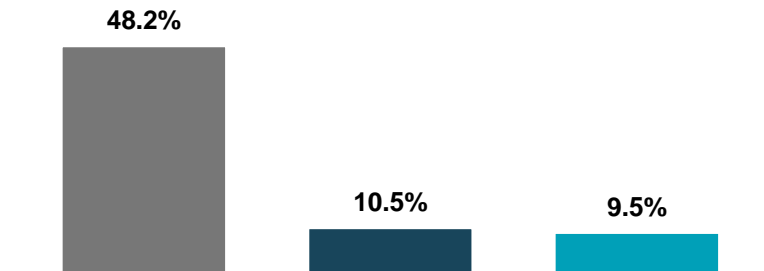
■ IT & BPO Services

■ Marketing Services

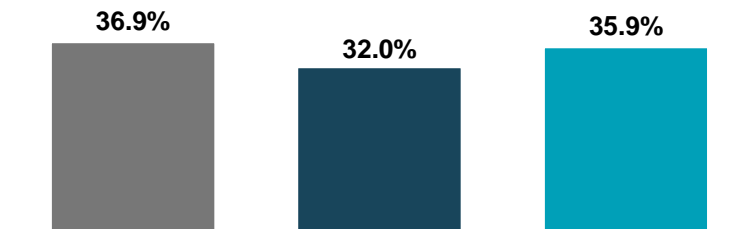
## 3-Year Historic Revenue Growth



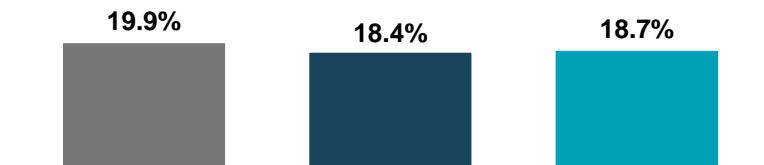
## 2021E Revenue Growth



## 2021E Gross Margin



## 2021E EBITDA Margin

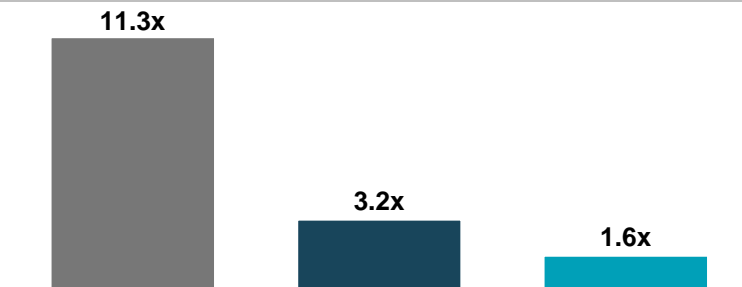


■ Digital Technology Services

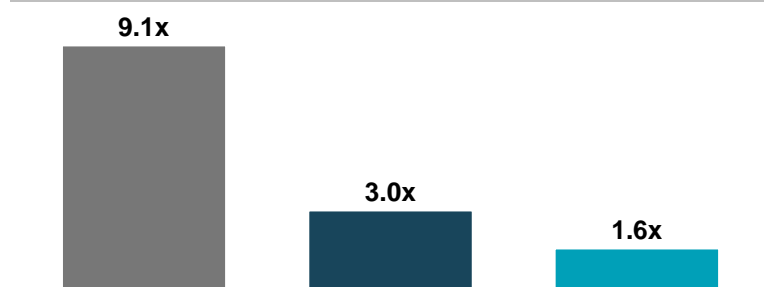
■ IT & BPO Services

■ Marketing Services

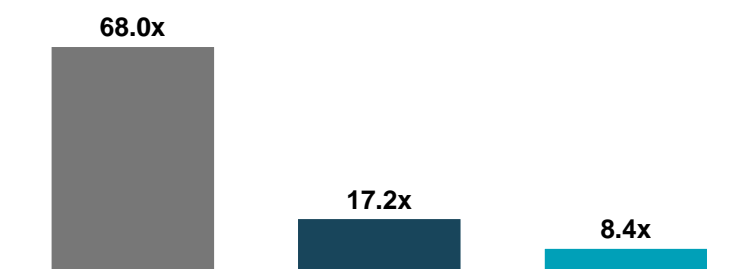
## EV / LTM Revenue



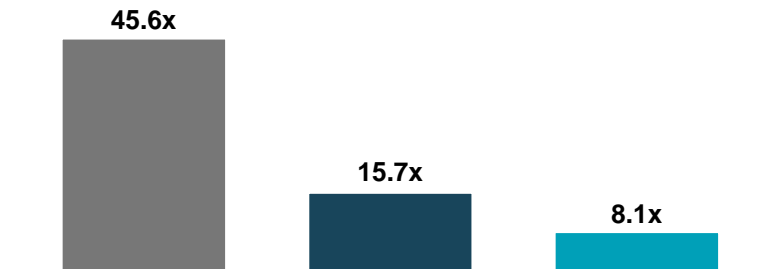
## EV / 2021E Revenue



## EV / LTM EBITDA



## EV / 2021E EBITDA



Source: Capital IQ, market data as of 30-Sep-2021

# Public Market Performance

## Digital Technology Services Comparable Companies

Digital Technology Services Index	Closing Price	% of 52 Week	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	3 Year CAGR	2021E Revenue Growth %
	30-Sep-2021	High	Cap	Value	LTM	2021	2022	LTM	2021	2022	Margin	2018A-21E	Growth %
AgileThought, Inc.	\$9.47	26.2%	\$397	\$529	3.5x	3.3x	2.8x	90.3x	24.6x	15.7x	3.9%	12.9%	(3.0)%
Endava	\$135.85	94.7	7,558	7,549	12.2	10.4	8.2	69.5	39.4	33.0	17.6	27.8	41.4
EPAM	570.48	87.9	33,876	32,797	10.8	8.9	7.1	64.0	46.5	36.6	16.9	25.7	38.8
Globant	281.01	84.4	11,781	11,409	11.2	9.2	7.3	68.0	44.8	36.1	16.5	33.6	54.9
Grid Dynamics	29.22	89.4	1,698	1,630	11.4	8.6	7.0	N/M	50.8	40.7	(0.6)	27.4	73.7
Thoughtworks Holding, Inc.	28.71	83.4	8,918	9,189	10.2	8.6	7.1	56.9	44.3	37.6	17.9	#NUM!	32.4
<b>High</b>		<b>94.7%</b>	<b>\$33,876</b>	<b>\$32,797</b>	<b>12.2x</b>	<b>10.4x</b>	<b>8.2x</b>	<b>90.3x</b>	<b>50.8x</b>	<b>40.7x</b>	<b>17.9%</b>	<b>33.6%</b>	<b>73.7%</b>
<b>Median</b>		<b>86.2</b>	<b>8,238</b>	<b>8,369</b>	<b>11.0</b>	<b>8.8</b>	<b>7.1</b>	<b>68.0</b>	<b>44.5</b>	<b>36.4</b>	<b>16.7</b>	<b>27.4</b>	<b>40.1</b>
<b>Mean</b>		<b>77.7</b>	<b>10,705</b>	<b>10,517</b>	<b>9.9</b>	<b>8.2</b>	<b>6.6</b>	<b>69.7</b>	<b>41.7</b>	<b>33.3</b>	<b>12.0</b>	<b>25.5</b>	<b>39.7</b>
<b>Low</b>		<b>26.2</b>	<b>397</b>	<b>529</b>	<b>3.5</b>	<b>3.3</b>	<b>2.8</b>	<b>56.9</b>	<b>24.6</b>	<b>15.7</b>	<b>(0.6)</b>	<b>12.9</b>	<b>(3.0)</b>

## IT & BPO Services Comparable Companies

IT & BPO Services Index	Closing Price	% of 52 Week	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	3 Year CAGR	2021E Revenue Growth %
	30-Sep-2021	High	Cap	Value	LTM	2021	2022	LTM	2021	2022	Margin	2018A-21E	Growth %
Accenture	\$319.92	92.6%	\$208,890	\$202,893	4.0x	3.8x	3.5x	21.3x	20.4x	18.6x	18.8%	8.3%	19.4%
Atos	53.49	59.2	5,880	8,717	0.7	0.7	0.7	6.7	6.0	5.4	10.0	1.3	(1.6)
Capgemini	208.80	90.8	36,470	43,571	2.2	2.1	2.0	16.6	13.1	12.1	13.0	10.2	11.3
CGI Group	85.09	92.1	20,956	23,206	2.4	2.4	2.3	13.5	12.0	11.4	17.4	1.5	0.4
Cognizant	74.21	89.7	39,435	39,318	2.3	2.1	2.0	12.7	11.6	10.7	17.8	4.6	10.4
Genpact	47.51	90.1	9,118	10,365	2.7	2.6	2.4	15.2	13.7	12.7	17.9	10.0	8.1
HCL	17.25	92.9	46,814	45,894	4.4	4.1	3.8	17.2	16.5	15.7	25.4	10.1	9.7
Mphasis	41.87	87.9	7,968	7,799	5.7	5.3	4.5	32.5	28.9	24.0	17.6	13.5	13.9
Perficient	115.70	93.6	3,904	4,032	6.0	5.5	4.9	33.8	26.4	23.1	17.7	6.9	10.5
Tech Mahindra	18.61	89.2	18,021	16,794	3.2	3.0	2.7	17.8	15.7	14.9	18.0	8.5	19.7
Wipro	8.55	90.8	46,941	44,689	5.1	4.5	4.0	22.1	20.2	17.3	23.0	13.8	20.5
<b>High</b>		<b>93.6%</b>	<b>\$208,890</b>	<b>\$202,893</b>	<b>6.0x</b>	<b>5.5x</b>	<b>4.9x</b>	<b>33.8x</b>	<b>28.9x</b>	<b>24.0x</b>	<b>25.4%</b>	<b>13.8%</b>	<b>20.5%</b>
<b>Median</b>		<b>90.8</b>	<b>20,956</b>	<b>23,206</b>	<b>3.2</b>	<b>3.0</b>	<b>2.7</b>	<b>17.2</b>	<b>15.7</b>	<b>14.9</b>	<b>17.8</b>	<b>8.5</b>	<b>10.5</b>
<b>Mean</b>		<b>88.1</b>	<b>40,400</b>	<b>40,662</b>	<b>3.5</b>	<b>3.3</b>	<b>3.0</b>	<b>19.1</b>	<b>16.8</b>	<b>15.1</b>	<b>17.9</b>	<b>8.1</b>	<b>11.1</b>
<b>Low</b>		<b>59.2</b>	<b>3,904</b>	<b>4,032</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>6.7</b>	<b>6.0</b>	<b>5.4</b>	<b>10.0</b>	<b>1.3</b>	<b>(1.6)</b>

## Marketing Services Comparable Companies

Marketing Services Index	Closing Price	% of 52 Week	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin	3 Year CAGR	2021E Revenue Growth %
	30-Sep-2021	High	Cap	Value	LTM	2021	2022	LTM	2021	2022	Margin	2018A-21E	Growth %
Dentsu	\$38.59	97.4%	\$10,709	\$14,318	1.6x	1.6x	1.5x	7.2x	5.3x	7.2x	22.8%	0.1%	9.5%
IPG	36.67	93.2	14,657	17,480	2.0	2.0	1.9	10.3	10.4	9.9	19.8	3.7	10.4
Omnicom	72.46	83.9	15,826	18,267	1.3	1.3	1.3	8.4	7.8	7.7	15.6	(2.2)	9.5
Publicis	67.52	98.8	17,012	21,630	1.7	1.8	1.8	8.9	8.1	7.8	18.6	0.8	4.3
WPP	13.51	97.9	16,989	21,269	1.2	1.5	1.5	8.4	8.8	8.8	14.5	(7.9)	4.1
<b>High</b>		<b>98.8%</b>	<b>\$17,012</b>	<b>\$21,630</b>	<b>2.0x</b>	<b>2.0x</b>	<b>1.9x</b>	<b>10.3x</b>	<b>10.4x</b>	<b>9.9x</b>	<b>22.8%</b>	<b>3.7%</b>	<b>10.4%</b>
<b>Median</b>		<b>97.4</b>	<b>15,826</b>	<b>18,267</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>8.4</b>	<b>8.1</b>	<b>7.8</b>	<b>18.6</b>	<b>0.1</b>	<b>9.5</b>
<b>Mean</b>		<b>94.2</b>	<b>15,039</b>	<b>18,593</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>8.7</b>	<b>8.1</b>	<b>8.3</b>	<b>18.3</b>	<b>(1.1)</b>	<b>7.6</b>
<b>Low</b>		<b>83.9</b>	<b>10,709</b>	<b>14,318</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>7.2</b>	<b>5.3</b>	<b>7.2</b>	<b>14.5</b>	<b>(7.9)</b>	<b>4.1</b>

Source: Capital IQ, market data as of 30-Sep-2021

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

# M&A Activity

Date	Target	Buyer/Investor	Summary
9/30/2021			<ul style="list-style-type: none"> <li>Target HQ: Pacific Palisades, CA</li> <li>Lead Revenue offers website development, digital marketing, sales and social media services</li> </ul>
9/28/2021			<ul style="list-style-type: none"> <li>Target HQ: Mylapore, India</li> <li>Lister Digital provides tech consulting services including marketing program assessment, platform onboarding, campaign services and software engineering</li> </ul>
9/28/2021			<ul style="list-style-type: none"> <li>Target HQ: San Mateo, CA</li> <li>Slice Technologies offers e-commerce, market research, online shopping and data &amp; analytics solutions</li> </ul>
9/23/2021			<ul style="list-style-type: none"> <li>Target HQ: Levallois-Perret, France</li> <li>SQLISA offers business and IT consulting, implementation and maintenance solutions</li> </ul>
9/23/2021			<ul style="list-style-type: none"> <li>Target HQ: Burlington, MA</li> <li>Exclusive concepts offers digital marketing solutions including strategy, ads, conversion consulting and social marketing</li> </ul>
9/23/2021			<ul style="list-style-type: none"> <li>Target HQ: Blue Bell, PA</li> <li>Gen3 Marketing provides affiliate and digital marketing services</li> </ul>
9/21/2021			<ul style="list-style-type: none"> <li>Target HQ: Portland, OR</li> <li>Particle Design is a user experience research and product design agency that offers design services like prototyping, interactive design and wireframing</li> </ul>

Source: Capital IQ, Pitchbook

# M&A Activity

Date	Target	Buyer/Investor	Summary
9/20/2021	 ARTEFACT	 ARDIAN	<ul style="list-style-type: none"> <li>Target HQ: Paris, France</li> <li>Artefact provides data marketing, data consulting and digital activation solutions</li> </ul>
9/20/2021	 EXPERITY	 accenture	<ul style="list-style-type: none"> <li>Target HQ: Machesney Park, IL</li> <li>Experity provides customer relationship management solution implementation services</li> </ul>
9/20/2021	 Maark	  WILLOWTREE®	<ul style="list-style-type: none"> <li>Target HQ: Boston, MA</li> <li>Maark provides marketing strategy, product design and digital campaign services</li> </ul>
9/17/2021	 zemoga build better	 S4 CAPITAL	<ul style="list-style-type: none"> <li>Target HQ: Baranquilla, Colombia</li> <li>Zemoga provides product design, engineering, and delivery services focused on digitizing internal and customer-facing operations</li> </ul>
9/15/2021	 sweeftdigital	 making science	<ul style="list-style-type: none"> <li>Target HQ: Tbilisi, Georgia</li> <li>Sweeft Digital Agency offers end-to-end mobile solutions and application development</li> </ul>
9/14/2021	 829	 CIVIC PARTNERS	<ul style="list-style-type: none"> <li>Target HQ: Boston, MA</li> <li>Camp Profiles, operating as 829 Studios, provides integrated marketing services including strategy, research, branding and design</li> </ul>
9/10/2021	 HELECLOUD	 softwareONE	<ul style="list-style-type: none"> <li>Target HQ: London, United Kingdom</li> <li>HeleCloud provides strategic and technology consultancy, engineering and cloud-based managed services</li> </ul>

Source: Capital IQ, Pitchbook



# M&A Activity

Date	Target	Buyer/Investor	Summary
9/08/2021			<ul style="list-style-type: none"> <li>Target HQ: Medellin, Colombia</li> <li>Talos Digital provides customer software development services including mobile and web applications</li> </ul>
9/01/2021			<ul style="list-style-type: none"> <li>Target HQ: Victoria, Canada</li> <li>Seriously Creative offers web design and digital marketing services</li> </ul>
8/24/2021			<ul style="list-style-type: none"> <li>Target HQ: York, United Kingdom</li> <li>WebCertain Group operates as a search engine marketing company and offers service such as content management, web development and usability analysis</li> </ul>
8/17/2021			<ul style="list-style-type: none"> <li>Target HQ: Brussels, Belgium</li> <li>Emakina Group offers services such as web building and integration, retail marketing, content production and media planning</li> </ul>
8/17/2021			<ul style="list-style-type: none"> <li>Target HQ: Atlanta, GA</li> <li>Hunter Technical Resources recruits professional personnel in the fields of IT and engineering / programming</li> </ul>
8/12/2021			<ul style="list-style-type: none"> <li>Target HQ: Denver, CO</li> <li>Blue Moon Digital offers digital marketing consultancy services</li> </ul>
8/09/2021			<ul style="list-style-type: none"> <li>Target HQ: Fairfax, VA</li> <li>Enterprise Resource Performance offers service such as IT consulting, data analytics, AI / ML and healthcare domain services</li> </ul>

Source: Capital IQ, Pitchbook




# M&A Activity

Date	Target	Buyer/Investor	Summary
8/09/2021			<ul style="list-style-type: none"> <li>Target HQ: Chicago, IL</li> <li>Tahoe Partners provides IT consulting services including software development, system integration, outsourcing and strategy</li> </ul>
8/05/2021			<ul style="list-style-type: none"> <li>Target HQ: Charleston, SC</li> <li>Visiture operates as an e-commerce search marketing agency and offers services such as SEO and Pay Per Click</li> </ul>
8/04/2021			<ul style="list-style-type: none"> <li>Target HQ: Santa Clara, CA</li> <li>Encore Software Services provides custom software development and testing and related IT consulting services</li> </ul>
7/28/2021			<ul style="list-style-type: none"> <li>Target HQ: London, United Kingdom</li> <li>Valtech provides services such as CX strategy, connected experiences, content and campaigns, data science and transformation consulting</li> </ul>
7/06/2021			<ul style="list-style-type: none"> <li>Target HQ: Allen, TX</li> <li>LiveArea provides digital marketing services in the fields of strategy, branding, visual design, copywriting, and interactive development</li> </ul>
7/06/2021			<ul style="list-style-type: none"> <li>Target HQ: Paris, France</li> <li>Labelium offers digital marketing services including search marketing, precision marketing and audience marketing</li> </ul>
7/01/2021			<ul style="list-style-type: none"> <li>Target HQ: Glattbrugg, Switzerland</li> <li>Trivadis provides IT consultancy, system integration and solution engineering services</li> </ul>

Source: 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

 <b>blink</b> has been acquired by 	 <b>pluma</b> has been acquired by 	 <b>UNIFY SQUARE</b> has been acquired by 	 <b>Qlarion</b> has been acquired by  a portfolio company of 	 <b>CORECOMPETE</b> ACCELERATING CLOUD ANALYTICS has been acquired by 
 <b>CORNERSTONE ADVISORS</b> has received an equity investment from 	 <b>novo/scale</b> has merged with   backed by 	 <b>gA</b> has been acquired by 	 <b>RSI</b> has been recapitalized by 	 <b>psl</b> has been acquired by 