

Cloud, Data & Analytics Market Monitor

Market Overview

Sector Spotlight

Public Market Performance

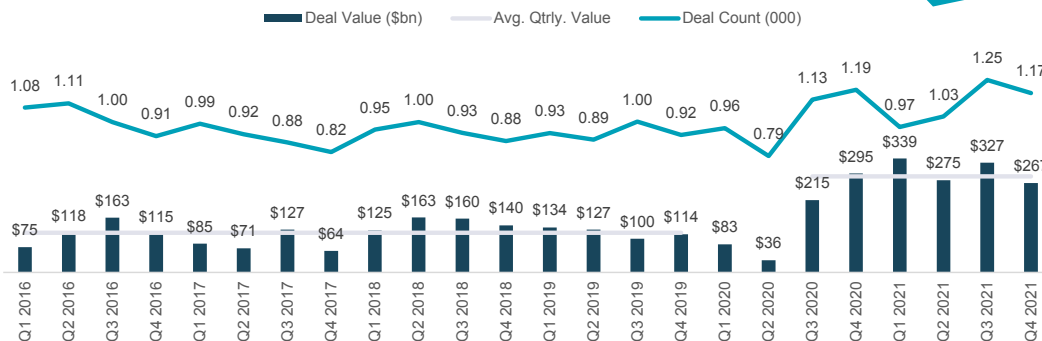
M&A Activity

Turning the page on the calendar year provides a chance to reflect, practice gratitude and enjoy time with loved ones before the new year reaches full speed. In the M&A world, we have been blessed by a historically strong deal market that has rewarded many of our clients with remarkable outcomes. In this final quarterly summary of 2021 activity, we consider several of the thematic trends that have shaped this past year and are likely to influence 2022.

As deal professionals, 2021 felt both extraordinarily long and deceptively short. For many of our junior colleagues, current activity represents business as usual. But history suggests we are far from the norms of pre-Covid. Following an abrupt pause in the early days of the pandemic, deal activity surged on pent-up demand and has persisted at such levels. Between 2016 and 2019, the average aggregate quarterly deal value was \$118bn. Since Q3 2020, that average has been \$286bn, an increase of 143%. Volume of capital deployment for acquisition has truly been incredible.

Global Technology M&A Volumes, 2016 - 2021

Avg total quarterly deal value is 143% higher than pre-pandemic



An acceleration of the digital world benefited the industries in which Clearsight operates and the Cloud, Data & Analytics sector was no exception. Macroeconomic shifts in consumer behavior and supply chains, coupled with the importance of business agility, contributed to insatiable demand for data-driven insight and the full ecosystem of technologies which support this end. The services landscape that Clearsight specializes in has proven especially acquisitive. Services-focused acquirer Accenture once again led all tech acquirers with 49 transactions in 2021.

Shifting focus to 2022, many of the same market drivers are likely to persist. Rising interest rates in the U.S. may provide a headwind to public equities and offer resistance to higher valuation multiples. Nonetheless, technology investment in digital and cloud computing should prove resilient and labor markets are expected to remain tight. Talent is at a premium in all markets - domestic and abroad - and opportunities to build versus buy should favor the latter. We are grateful for a strong 2021 and bullish on the opportunities in 2022!



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2022 DIGITAL INNOVATION — SUMMIT —

A Virtual Event Presented by



Clearsight Advisors

Investment Banking

Registration Coming Soon

Thursday, March 31st, 2022

Join us as we host a discussion of Digital Innovation
and M&A trends followed by individually
curated one-on one meetings

Attendees include CEOs,
entrepreneurs, premier private equity investors
and Fortune 500 leaders

By Invite Only

Please contact
marketing@clearsightadvisors.com
for more information

Sector Spotlight

New for 2022: Total Integration

Recently, 451 Research's Carl Lehmann published a perspective that resonated with us at ClearSight. Mr. Lehmann wrote about Total Integration, an IT managerial discipline ultimately focused on accelerating the response to business change, explained as interpretive and adaptive processes for today's modern hybrid IT landscape. The viewpoint emphasized that cloud-native computing modernization efforts can benefit from a Total Integration approach, empowered by artificial intelligence (AI) and event driven architectures and facilitated by modern hybrid integration platforms. Simply put, the distributed systems and services in the cloud benefit from dynamic data and process flow adaptation.

Total Integration resonates because it coins a term for what feels inevitable. Cloud-based data volumes expand at an exponential rate. Custom software does (or soon will likely) permeate every industry and every process. Technology advances at breakneck pace and has been decentralized in the cloud. Building blocks need to be portable, scalable and adaptable at all layers of the technology stack. Interoperability reigns and only AI can manage this complexity. This results in an opportunity for new technology and services offerings to align with a future of Total Integration.

Theme Revisited: Managed Cloud Moves up the Stack



Our [Q2 2020 ClearSight Cloud, Data, & Analytics Monitor](#) discussed how the cloud journey would invite further capability as cloud environments matured. Managed cloud firms would be the most acutely impacted. We wrote:

“...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 investment bankers, we believed cloud infrastructure services firms would soon turn to M&A to acquire these capabilities and/or seek the brand permission to pitch such to their customers. Recent months have confirmed this.

In April 2021, Centerbridge's **AHEAD** acquired data and analytics consulting firm **Vertical Trail**, citing clients' priority in solving complex business problems through data and analytics. In November 2021, Gryphon's Azure-focused **3Cloud** acquired **CCG Analytics**, a premier Microsoft partner specializing in data analytics. The press release referenced the importance of data and analytics in "...[moving] beyond migration to modernize, innovate and transform their businesses with Azure."

Through the first month of 2022 two more examples have printed. Cloud managed services provider **2nd Watch** acquired Chicago-based **Aptitive**, a data and analytics professional services firm. While the acquirer had already established a practice area in cloud, data and analytics, the Aptitive acquisition enhances the scale of that offering and provides reach into new verticals. Multicloud technology and infrastructure services company **Rackspace** similarly announced a deal in January for **Just Analytics**, a Singapore-based firm focused on Azure cloud-based data, analytics and AI services. Rackspace CEO Kevin Jones championed the acquisition by noting that it "...ties into our growing professional services focus and brings market-leading Cloud-based data, analytics and AI capabilities that are in demand from our customers and prospects."

For 2022 and beyond we expect the narrative to strengthen. Targets offering high-value solutions and the capability to deliver strategic insights will continue to be coveted. The market has moved quickly and customers are demanding more from analytics. Tight labor markets offer a challenge in building new capabilities and scaling organically. Pure-play targets, both large and small, will be a priority for buyers.

aptitive

2ND WATCH

CCG

3Cloud

JUST ANALYTICS
Engage. Execute. Exceed.
rackspace
technology.

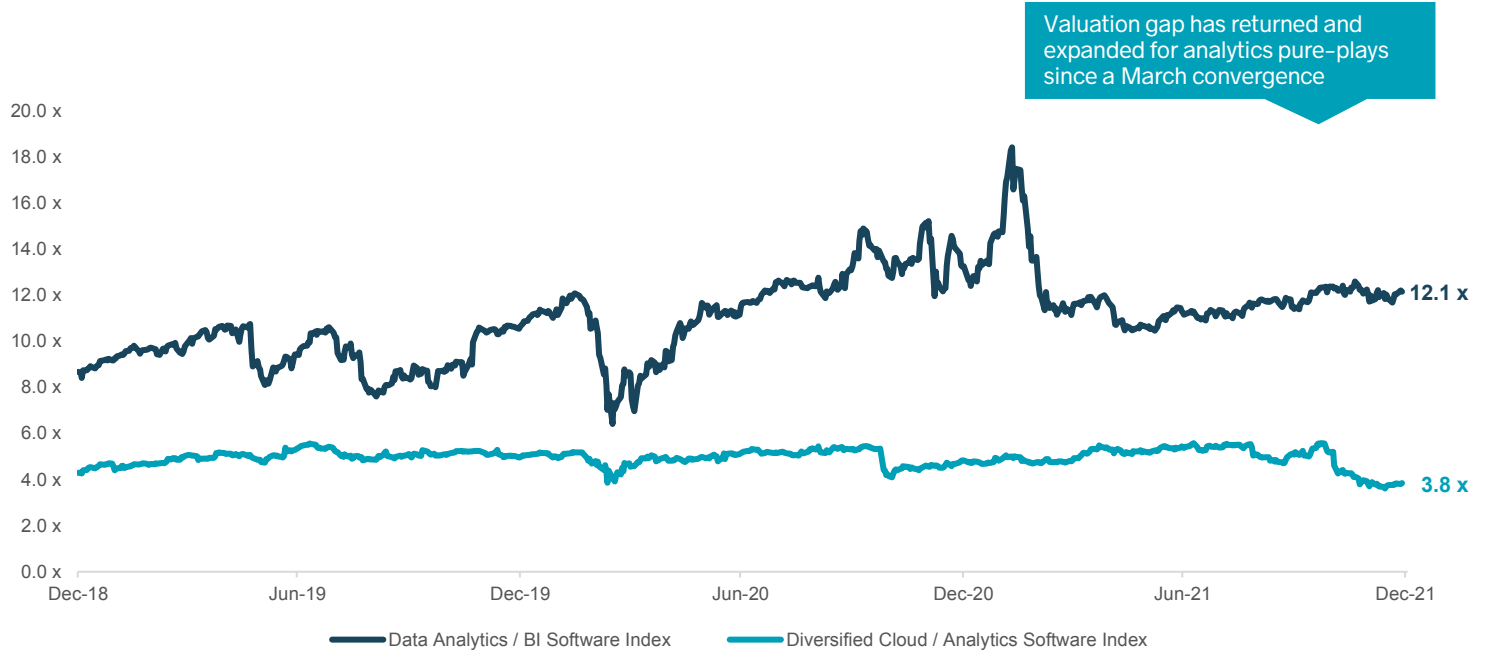
VERTICAL TRAIL
SOLUTIONS
AHEAD



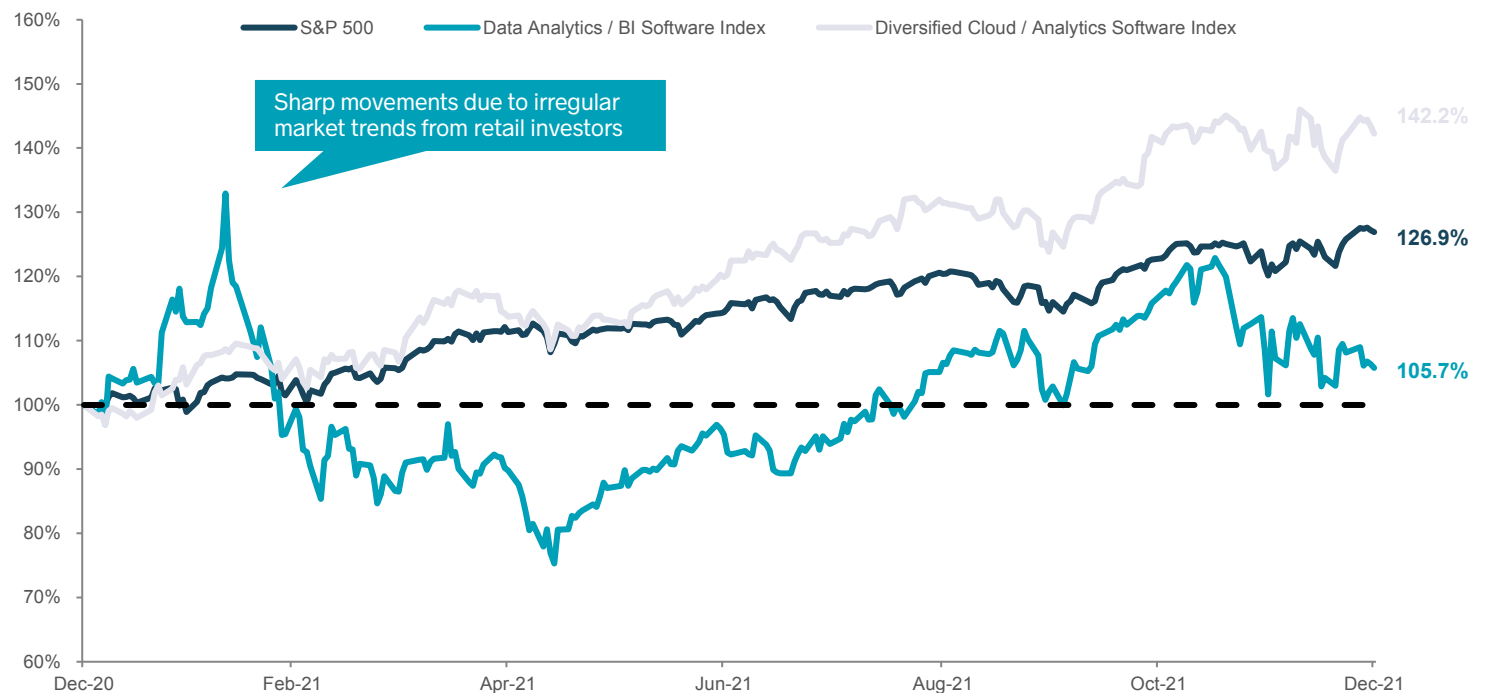
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Public Market Performance

LTM EV / Revenue Multiple Trend – 3 Years

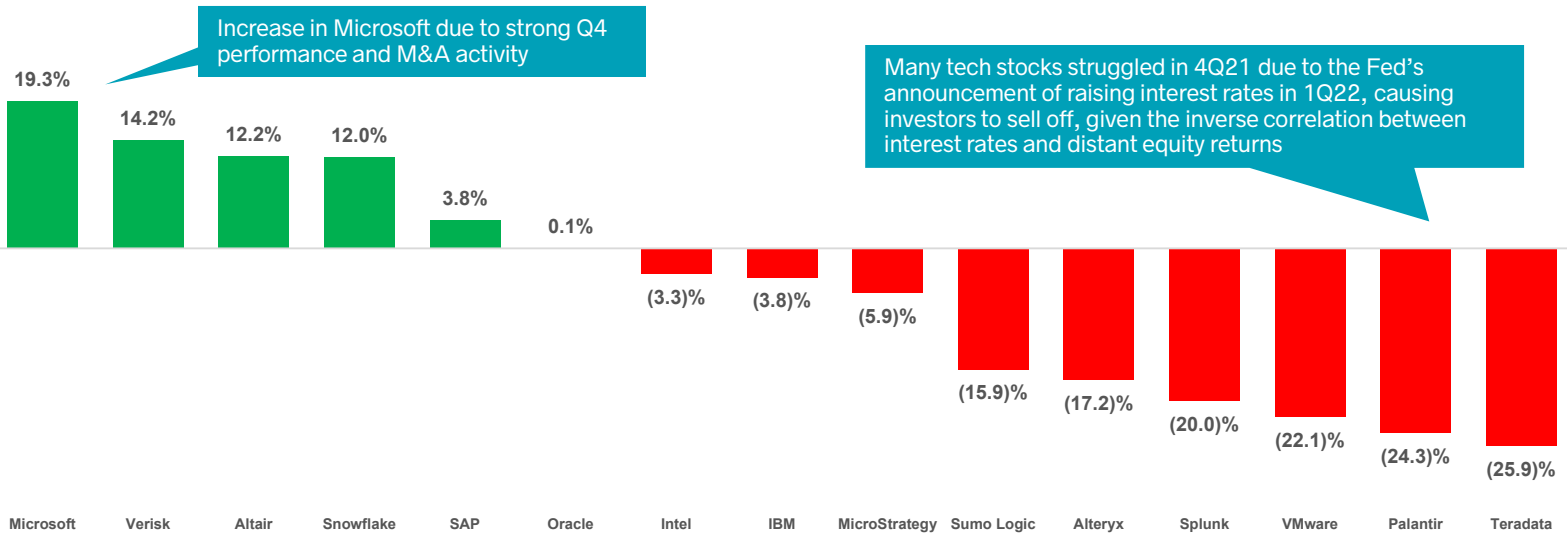


Cloud, Data & Analytics Market Indices Performance – 1 Year



Public Market Performance

Q4 2021 Share Price Performance – 1 Quarter



Cloud, Data & Analytics Comparable Companies Analysis

Data Analytics / BI Software Index

	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA
	31-Dec-2021				LTM	2021	2022	LTM	2021	2022	Margin
	Data Analytics / BI Software										
Altair	\$77.3	93.2%	\$6,303	\$6,076	11.6x	11.7x	10.6x	NMF	NMF	NMF	8.8%
Alteryx	60.5	43.1	4,293	4,535	8.7	8.6	7.3	NMF	NMF	NMF	(13.4)
MicroStrategy	544.5	41.4	6,045	8,230	16.2	16.2	15.3	NMF	NMF	15.3	15.1
Palantir	18.2	40.5	43,330	41,110	NMF	NMF	20.8	NMF	NMF	20.8	(38.2%)
Snowflake	338.8	83.6	122,883	119,196	NMF	NMF	NMF	NMF	NMF	NMF	(72.6%)
Splunk	115.7	64.9	19,927	21,621	8.6	8.5	7.2	NMF	NMF	NMF	(39.2)
Sumo Logic	13.6	29.2	1,776	1,495	6.5	6.2	5.2	NMF	NMF	NMF	(44.9)
Verisk	228.7	98.8	37,647	40,775	13.8	13.6	12.7	NMF	27.8	26.0	44.8
	High	98.8%	\$122,883	\$119,196	16.2x	16.2x	20.8x	NMF	27.8x	26.0x	44.8%
	Median	54.0	13,115	14,925	10.1	10.1	10.6	NMF	27.8	20.8	(25.8)
	Mean	61.8	30,276	30,380	10.9	10.8	11.3	NMF	27.8	20.7	(17.5)
	Low	29.2	1,776	1,495	6.5	6.2	5.2	NMF	27.8	15.3	(72.6)

Diversified Cloud / Analytics Software Index

	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA
	31-Dec-2021		(\$ in M)	(\$ in M)	LTM	2021	2022	LTM	2021	2022	Margin
	Diversified Analytics Software										
IBM	\$133.7	87.5%	\$122,819	\$173,871	2.5x	2.5x	2.9x	9.5x	9.5x	9.7x	25.8%
Intel	51.5	75.2	213,710	242,140	3.1	3.3	3.3	7.0	7.4	7.6	44.2
Microsoft	336.3	96.2	2,558,716	2,491,439	14.1	13.6	11.9	29.1	27.6	23.8	48.6
Oracle	87.2	82.0	247,519	303,555	7.3	7.4	7.0	16.5	14.5	14.3	44.5
SAP	141.4	95.9	170,562	179,283	5.6	5.7	5.5	22.8	16.1	16.0	24.7
Teradata	42.5	71.3	4,927	4,910	2.5	2.6	2.5	13.0	9.7	10.8	19.6
VMware	115.9	67.4	51,024	50,044	4.0	3.9	3.6	16.5	10.4	10.0	24.1
	High	96.2%	\$2,558,716	\$2,491,439	14.1x	13.6x	11.9x	29.1x	27.6x	23.8x	48.6%
	Median	82.0	170,562	179,283	4.0	3.9	3.6	16.5	10.4	10.8	25.8
	Mean	82.2	481,325	492,177	5.6	5.5	5.2	16.3	13.6	13.2	33.1
	Low	67.4	4,927	4,910	2.5	2.5	2.5	7.0	7.4	7.6	19.6

Source: Public market data as of 31-Dec-2021, 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			
22-Dec-2021	 chainalytics	 NTT DATA	<ul style="list-style-type: none"> Chainalytics is a consulting firm offering managed analytics services to help enterprise clients maximize supply chain value Chainalytics will enable NTT Data to serve enterprise clients more holistically
20-Dec-2021	 CEDRUS DIGITAL	 brillio	<ul style="list-style-type: none"> Cedrus offers digital transformation and cloud consulting services to healthcare and financial services companies The acquisition strengthens Brillio's near-shore presence, specifically in data analytics engineering
20-Dec-2021	 CLAIRVOYANT an EXL company	 EXL	<ul style="list-style-type: none"> Clairvoyant is an enterprise data analytics platform designed to scan, monitor and secure client data EXL obtains improved offerings to support its data-driven services strategy
14-Dec-2021	 CompuGain	 UNISYS	<ul style="list-style-type: none"> CompuGain is an IT consulting and implementation services firm focused on cloud, data and digital transformation Unisys will bolster their AWS cloud offerings with the acquisition, specifically in data management
13-Dec-2021	 CREATIVE Systems and Consulting	 ICF	<ul style="list-style-type: none"> Creative Systems and Consulting designs and manages SaaS environments, cloud-based solutions and automated agreement tracking for federal agencies The acquisition enables revenue synergies through the low-code/no-code platforms
07-Dec-2021	 Cloudreach	 Atos	<ul style="list-style-type: none"> Cloudreach is a multi-cloud services company specializing in cloud application development and migration The acquisition enhances the value of Atos's past acquisitions in the space, especially in Europe
01-Dec-2021	 AppCentrica	 Atos	<ul style="list-style-type: none"> AppCentrica offers Salesforce consulting and cloud application modernization and development services to the financial and manufacturing industries This deal will help Atos grow its Salesforce and cloud application capabilities in Canada
02-Nov-2021	 RCG Global Services	 Frontenac	<ul style="list-style-type: none"> RCG provides digital strategy and modern cloud and data technology implementation for consumer, financial services and healthcare companies The financing will fuel further growth for RCG
02-Nov-2021	 CONVERGENCE consulting group	 3Cloud	<ul style="list-style-type: none"> CCG provides business intelligence analytics and information management solutions to professional services firms 3Cloud's acquisition of CCG will improve their data and metadata analytical capabilities
12-Oct-2021	 POLARIS SOLUTIONS	 3Cloud	<ul style="list-style-type: none"> Polaris Solutions provides application modernization, customized platform development and agile cloud services The acquisition enhances 3Cloud's software development solutions to their client base

Source: Public filings as of 31-Dec-2021, Capital IQ, Pitchbook

= ClearSight acted as exclusive advisor to RCG Global Services

About ClearSight

ClearSight Advisors is an investment 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 Advisors, Inc. is a subsidiary of Regions Financial Corporation. All securities are offered exclusively through Regions Securities LLC, a registered broker-dealer and member of FINRA and SIPC. Testimonials may not be representative of all client experiences. Testimonials are not a guarantee of future performance or success. For more information about ClearSight, visit www.clearsightadvisors.com

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