

Cloud, Data & Analytics Market Monitor

Market Overview

Sector Spotlight

Public Market Performance

M&A Activity

Sector Leadership



Alex Johnston
Managing Director

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



Gretchen Frary Seay
Managing Director

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

A staple of East Coast summers is the seemingly daily call for scattered thunderstorms. Bright, sunny days at the cusp of overheating punctured by quick moving, furious rain and thunder leaving a pointed temperature drop in their wake. Summer weather patterns remind us that good conditions can change rapidly, and the unprepared face steep consequences.

Summer 2022 deal markets have behaved similarly: M&A conditions in the middle market remain generally sunny despite threatening skies, but certain pockets have been exposed to more volatility than others. Let's explore a few of the more interesting observations from this past quarter:

Private Equity Is Hot. Despite a bear market in public equities, middle market investors have not left the party. Private equity firms continue to deploy capital following staggering fundraising totals in 2021 – the strongest fundraising year since the 2008 financial crisis. Technology services valuations have shown resilience as a result of tight labor markets and a secular market demand for large scale enterprise modernization and digital transformation.

Venture Capital Is Not. A rapid pullback in late-stage venture financings has been well publicized. A flight to cash flow supports services targets that tend to operate with more financial conservatism, particularly where enterprise MSAs support YoY spending. The caveat is that those with exposure to VC-backed companies are suddenly precarious, as their clients lack the profitability and capital markets access that the enterprise market enjoys.

Rates Are Increasing. Upward spikes in interest rates have made acquisition financing significantly more expensive than last year at this time. For capital intensive sectors, this can be meaningful. However, high-growth markets like professional and technology services remain significantly less affected, as equity has always been the principal source of financing for these sectors.

Inflation Persists. The predominant cost in the segments we serve is human capital. Following the Great Resignation, many companies have already been forced to upward reconcile their labor costs to revised market standards.

The current market is very dynamic and external impacts will continue. Yet, we remain cautiously optimistic that the M&A market will prove resilience in our corner of the world.



[Email Alex](#)



[Email Gretchen](#)

Sector Spotlight

Theme of Interest - Healthcare Analytics

As a result of the pandemic, we collectively realized our healthcare systems were ill-equipped to store, process and analyze vast amounts of healthcare-related data. There was a massive opportunity to capitalize on out-of-date legacy systems that did not provide the capabilities to unlock the untapped power of healthcare data analytics. Today, healthcare systems and the growing ecosystem of consultants and service providers around them are leveraging advanced technology like data lakes, AI and ML to store data and generate valuable insights. With these technologies becoming the norm, it is no longer enough to have high data volume and velocity; market leaders expect highly valuable data that can be verified at the source. We expect the ecosystem of data analytics software and services providers supporting healthcare systems to continue to flourish in response to the growing need for these insights. Healthcare systems are not only leveraging insights for improvements to patient care, but also for their operational processes, including HR and finance departments. According to Grand View Research, the global healthcare analytics market is expected to reach \$167 billion by 2030, expanding at a CAGR of 21.5% from 2022. Accompanying this growth, we expect to see plenty of acquisitions from private equity firms and strategics alike. Interest in predictive, prescriptive and descriptive analytics companies will continue to rise given analytics' role in guiding decisions and subsequent benefits for healthcare systems including increased revenue, lower costs and improved patient care.

Softheon

acquires

- NextHealth Technologies develops and manages a healthcare analytics platform intended to reduce healthcare costs by leveraging scientifically rigorous methodologies and standardized processes to optimize the effectiveness of health plans' cost and quality.
- With the acquisition, Softheon will be well-positioned to help health plans sell and deliver efficient, high-quality care through synergies in the companies' respective products and solutions.

NextHealth Technologies

Lightbeam Health Solutions

acquires

- Jvion develops and manages software designed to predict and prevent patient-level disease and financial losses. The company uses prescriptive analytics for identifying specific patients on a risk trajectory and recommends patient-specific interventions in order to deliver a comprehensive patient view.
- The combination will further enhance and expand Lightbeam's proactive and preventive capabilities, bringing decisive, industry-leading SDoH and health equity offerings to tens of millions of patients.

Jvion

Deal Spotlight

Target

Caserta

Acquirer

McKinsey & Company

Deal Commentary

- Caserta's original and bold solutions serve as a model in creating outsized value with every engagement. The Company's data architecture and execution services demand premium pricing in the market and will likely retain strong continued demand in the future.
- Caserta's transaction with McKinsey creates a leader in the data services market as firms across all industries are increasingly seeking collaborative, data-driven approaches to drive corporate strategy.

Transaction Summary

Caserta is a state-of-the-art technology consulting and implementation firm based in New York, NY. Caserta focuses on the financial services, healthcare, insurance, media & entertainment and higher education industries to enable clients to gain original business insights and a competitive edge through data solutions. The Company has extensive expertise in big data analytics, data warehousing and business intelligence. McKinsey's acquisition of Caserta will strengthen McKinsey's Data Delivery and Transformation practice and its ability to implement cloud data architectures at an enterprise scale. The resulting company will be a developed, high-end digital transformation consulting leader in a rapidly growing space.

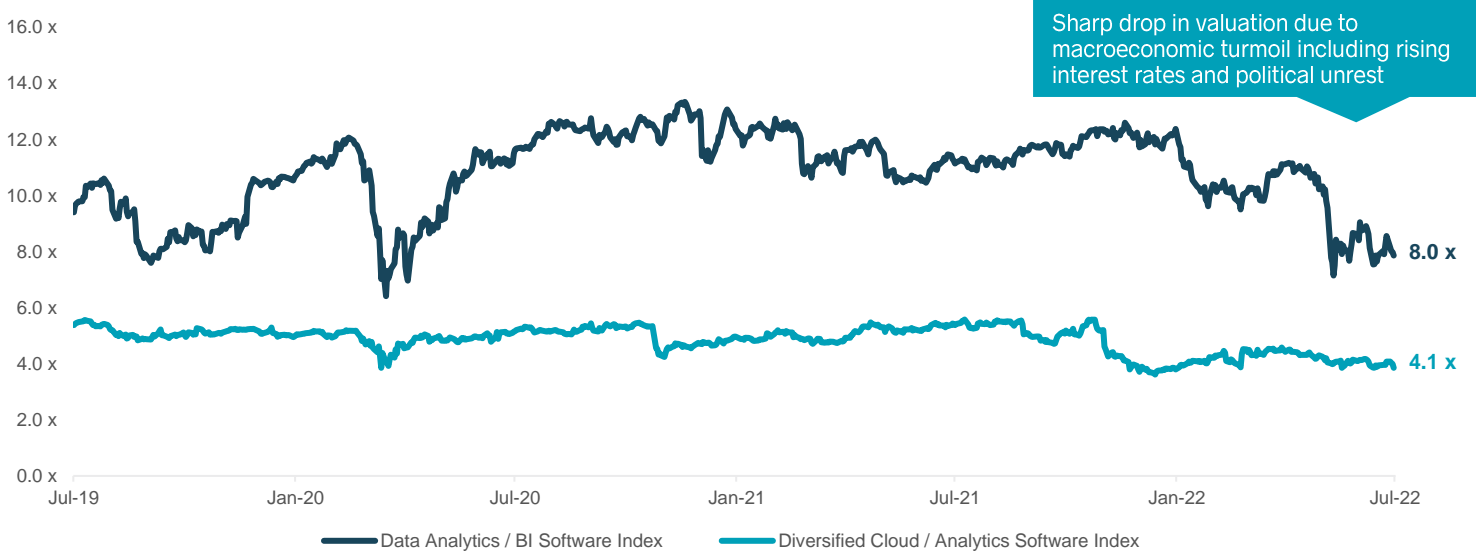
Transaction Information

Announced Date	1-Jun-2022
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2001
Target HQ	New York, NY
# of Employees	~130

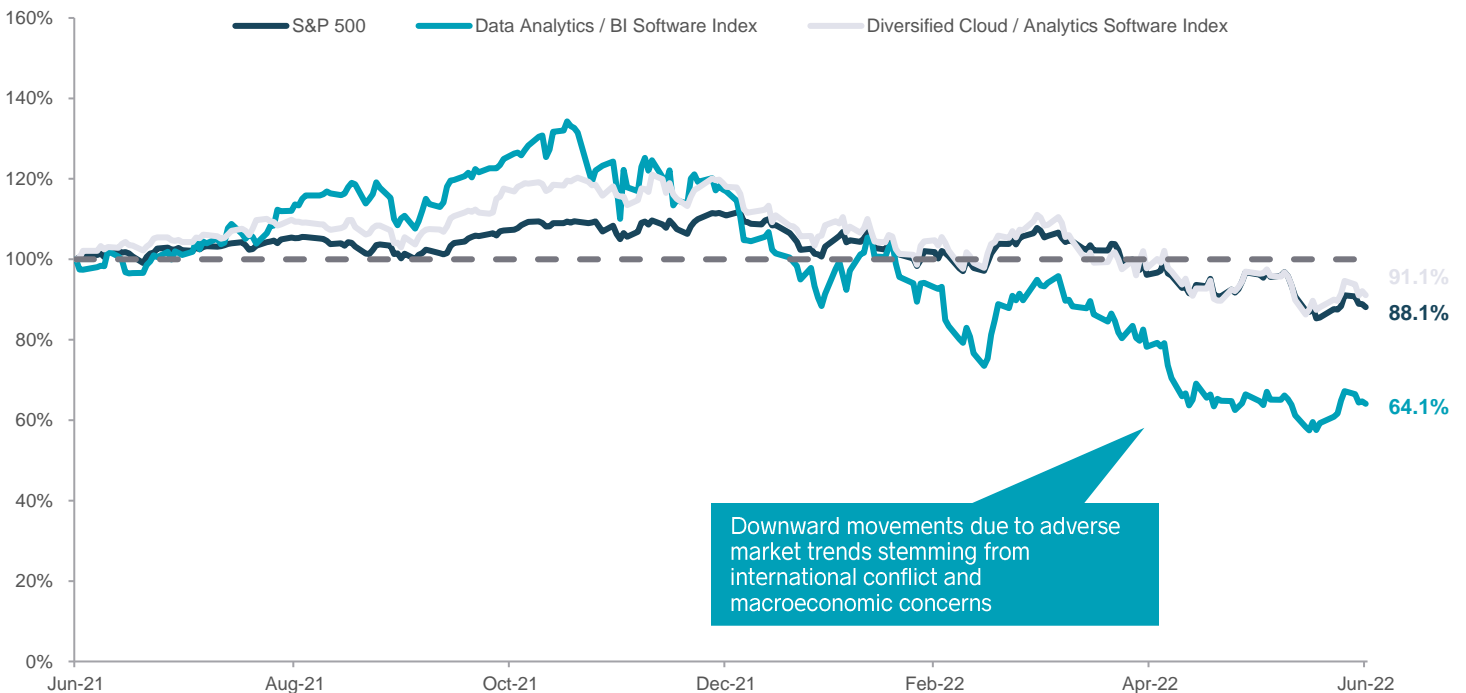


Public Market Performance

LTM EV / Revenue Multiple Trend – 3 Years



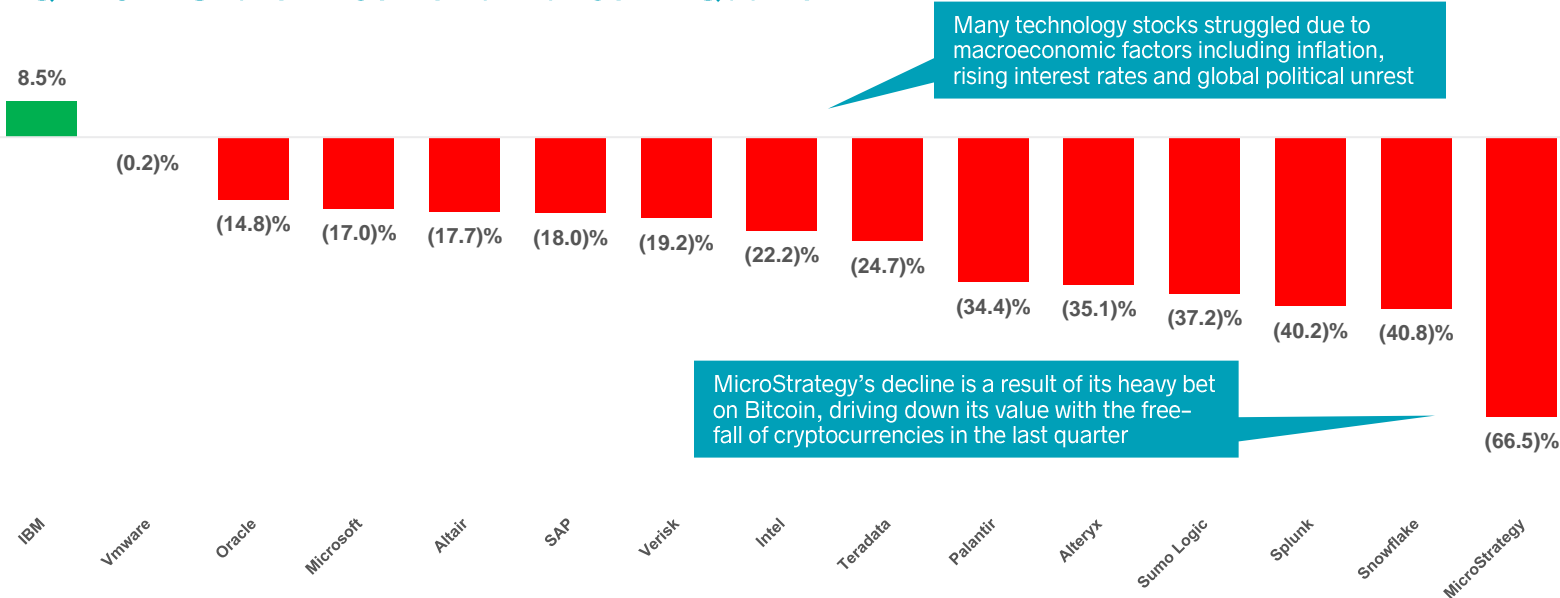
Cloud, Data & Analytics Market Indices Performance – 1 Year



Source: Public market data as of 30-Jun-2022, Capital IQ

Public Market Performance

Q2 2022 Share Price Performance – 1 Quarter



Cloud, Data & Analytics Comparable Companies Analysis

Data Analytics / BI Software Index

	Closing Price 30-Jun-2022	% 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	\$52.5	63.3%	\$4,253	\$4,102	7.6x	7.9x	7.1x	NMF	NMF	NMF	8.0%
Alteryx	48.4	55.7	3,788	4,280	7.4	8.1	5.8	NMF	NMF	NMF	(28.8)
MicroStrategy	164.3	18.4	1,874	4,217	8.3	8.3	8.3	NMF	NMF	NMF	9.2
Palantir	9.1	31.0	20,253	17,998	10.9	11.8	9.1	NMF	NMF	9.1	(19.5%)
Snowflake	139.1	34.3	51,318	47,709	NMF	NMF	23.6	NMF	NMF	NMF	(47.4%)
Splunk	88.5	50.1	15,608	18,240	6.4	7.2	5.5	NMF	NMF	NMF	(31.9)
Sumo Logic	7.5	31.9	1,014	712	2.8	3.0	2.4	NMF	NMF	NMF	(46.9)
Verisk	173.1	74.7	27,704	31,237	10.2	10.4	10.3	22.3	21.3	21.0	45.9

High	74.7%	\$51,318	\$47,709	10.9x	11.8x	23.6x	22.3x	21.3x	21.0x	45.9%
Median	42.2	9,930	11,139	7.6	8.1	7.7	22.3	21.3	9.1	(24.1)
Mean	44.9	15,726	16,062	7.7	8.1	9.0	22.3	21.3	12.8	(13.9)
Low	18.4	1,014	712	2.8	3.0	2.4	22.3	21.3	8.3	(47.4)

Diversified Cloud / Analytics Software Index

	Closing Price 30-Jun-2022	% of 52 Week High	Equity Market Cap (\$ in M)	Enterprise Value (\$ in M)	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2021	2022	LTM	2021	2022	
Diversified Analytics Software											
IBM	\$141.2	95.7%	\$130,251	\$177,376	3.1x	3.1x	2.9x	14.6x	14.6x	10.9x	21.2%
Intel	37.4	65.1	152,949	151,500	1.9	2.1	2.0	4.8	4.6	5.4	40.6
Microsoft	256.8	73.4	1,946,523	1,891,756	9.8	10.3	8.9	19.9	20.9	18.0	49.3
Oracle	69.9	65.7	197,971	252,380	5.9	6.1	5.5	13.7	12.0	11.3	43.6
SAP	89.9	66.3	107,567	116,448	3.7	3.7	3.7	16.3	10.4	11.3	22.5
Teradata	37.4	63.0	4,189	4,342	2.3	2.3	2.4	11.3	8.6	9.7	19.9
VMware	110.7	65.9	49,226	58,360	4.5	4.5	4.3	20.2	12.2	11.7	22.3

High	95.7%	\$1,946,523	\$1,891,756	9.8x	10.3x	8.9x	20.2x	20.9x	18.0x	49.3%
Median	65.9	130,251	151,500	3.7	3.7	3.7	14.6	12.0	11.3	22.5
Mean	70.7	369,811	378,880	4.5	4.6	4.2	14.4	11.9	11.2	31.3
Low	63.0	4,189	4,342	1.9	2.1	2.0	4.8	4.6	5.4	19.9

Source: Public market data as of 30-Jun-2022, 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			
21-Jun-2022	Dozen Software	Mission Cloud Services	<ul style="list-style-type: none"> Dozen Software provides software application development services, focusing on the design, building and deployment of creative technology applications The acquisition accelerates the growth of Mission's AppDev practice, bolstering its scale and capabilities
20-Jun-2022	Ubique Digital	Agilisium	<ul style="list-style-type: none"> Ubique Digital provides IT consulting and digital transformation services for customers building digital platforms This deal will help build Agilisium Investments, a strategic investment platform designed to support global IT companies
08-Jun-2022	Wingg	BCG	<ul style="list-style-type: none"> Wingg develops software to improve the efficiency of sales professionals by leveraging people-science and ML techniques Wingg will bolster BCG GAMMA, BCG's analytics practice that leverages world-class analytics and AI
01-Jun-2022	Caserta	McKinsey	<ul style="list-style-type: none"> Caserta provides strategic technology consulting and implementation services, focusing on big data analytics, data warehousing and business intelligence Caserta will tuck into McKinsey's Data Delivery and Transformation practice, bolstering their depth and scale
24-May-2022	Vertex Intelligence	Greenlight Guru	<ul style="list-style-type: none"> Vertex Intelligence specializes in custom algorithm development, statistical analysis, model validation and AI strategy to help businesses solve complex problems The acquisition will bring AI in-house for Greenlight, thus improving their MedTech software offerings
18-May-2022	Tquila Automation	Delta-v Capital	<ul style="list-style-type: none"> Tquila Automation is a global consultancy specializing in Intelligent Automation, AI and Robotic Process Automation This deal will fuel Tquila's rapid growth by enabling M&A activity for firms in the Americas offering IA capabilities
10-May-2022	Intellify	Deloitte Australia	<ul style="list-style-type: none"> Intellify provides industry-leading tech consulting and AI solutions through advanced data and ML solutions, specializing in AWS and Databricks Intellify will increase Deloitte Australia's depth in its AI, ML and data analytics practice
25-Apr-2022	Gensquared	EY Canada	<ul style="list-style-type: none"> Gensquared provides business data and analytics solutions focused on scaling, bridging and modernizing data capabilities across enterprises This acquisition strengthens EY Canada's Data, Analytics and AI practice, improving depth and scale



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 wholly owned subsidiary of Regions Financial Corporation. All securities are offered exclusively through Regions Securities LLC, a registered broker-dealer and member of FINRA and 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

 Financial Advisor

 USEREADY

has received a growth investment from

 abry partners

 Sellside Advisor


 RCG Global Services


a portfolio company of

 EOS


has been recapitalized by

 Frontenac


 Sellside Advisor


 Qlarion


has been acquired by

 gcom


a portfolio company of

 SAGEWIND CAPITAL

 Sellside Advisor

 CORECOMPETE

has been acquired by

 accenture

 Financial Advisor

 DAS42


has received a growth investment from

 MC PARTNERS


 Sellside Advisor


 SYNERZIP


has merged with

 PRIME


a portfolio company of


 Frontenac


 Sellside Advisor

 Knowledgegent


has been acquired by

 accenture

 Sellside Advisor

 KOGENTIX

has been acquired by


 accenture


 Sellside Advisor

 DATASOURCE CONSULTING


has been acquired by

 EXL

 Sellside Advisor

 INTERSYS

has been acquired by

 ASGN Incorporated

This publication has been prepared solely for the use of institutional investors for general information purposes and is not to be construed as: a personalized recommendation; a solicitation or an offer to buy or sell any securities or related financial instruments; legal, tax, financial or accounting advice. Contents are based on information from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. ClearSight has no duty to update the information. Certain sections of this publication may contain forward-looking statements that are based on the reasonable expectations, estimates, projections and assumptions of the authors, but forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which are difficult to predict. The names and marks of other companies or their services or products may be the trademarks of their owners and are used only to identify such companies or their services or products and not to indicate endorsement or sponsorship of ClearSight of its services or products. ClearSight Advisors, Inc. is a wholly owned subsidiary of Regions Financial Corporation. All securities are offered through Regions Securities LLC, a registered broker-dealer and member of FINRA and SIPC. For more information about ClearSight visit www.clearsightadvisors.com.