

# Digital Transformation Market Monitor

Market Overview

Sector Spotlight

Public Market Performance

M&A Activity

## Sector Leadership



**Philo Tran**  
*Managing Director*

[Email Philo](#)  
+1 (703) 672-3111

As we head into the second half of the year, we would first like to take a moment to congratulate the team at [Postlight](#), an end-to-end digital strategy, design and engineering firm, on a successful transaction with NTT DATA in Q2 2022. NTT now possesses high-end digital strategy and product design capabilities along with its critical mass of onshore software engineers. We are excited to see the new innovations they bring to the digital transformation space in the years to come.

Pivoting to a view on the broader M&A market, the landscape has evolved but there is still significant activity with a healthy supply of targets and strong demand from acquirers. Several trends to note include:

- 1. Smaller Bullseyes** – Strategic acquirers are still very much on the prowl for additive acquisitions; however, they appear to be narrowing their scope of focus. Acquirers are now prioritizing targets that fit their top strategic priorities and spending less time and resources on opportunistic deals.
- 2. Significant Unspent Capital** – Private equity firms still maintain massive supplies of dry powder and face pressure from investors to deploy that capital and create value. Fundraising may slow down over the next six months but will likely pick up again in 2023.
- 3. Strong Valuations** – High-quality businesses are still commanding premium valuation multiples similar to what we saw throughout 2021. This is particularly true for rapidly growing cloud, data, and digital companies that are powered by exceptionally skilled yet scarce talent.

Most important, we believe the market still has plenty of capital for acquisitions and expect to see the above trends endure through the rest of 2022, resulting in a more targeted, but still healthy, M&A market.



# Sector Spotlight

## Thoughtworks Announces Acquisition of Connected

### Target

Connected

### Acquirer

Thoughtworks

### Deal Commentary

- The deal will see Connected enhance the Thoughtworks customer experience, product and design service line in North America while expanding Thoughtworks' physical Canadian footprint.
- Guo Xiao, President and CEO of Thoughtworks, said, "We are delighted that Connected will be joining the Thoughtworks family. Creating compelling digital experiences and products is crucial to successfully captivating customers and ultimately, driving brand equity and revenue growth. With the strong alignment in our diverse and cultivating cultures, I am excited about the tremendous opportunity Thoughtworks and Connected have to empower our clients to embrace digital and deliver extraordinary impact across the enterprise."

### Transaction Summary

On April 27<sup>th</sup>, 2022, Thoughtworks, an American technology consulting firm, announced the acquisition of Connected (formerly Connected Lab), a Toronto-based product development company. Connected specializes in assisting organizations in building software-powered products at speed and scale.

### Transaction Information

Announced Date	27-Apr-2022
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2014
Target HQ	Toronto, Canada
# of Employees	~165

## NTT DATA Announces Acquisition of Postlight

### Target

Postlight

### Acquirer

NTT DATA

### Deal Commentary

- NTT DATA's acquisition of Postlight enables NTT to fulfill its goal of offering high-end digital strategy and product design services. Additionally, Postlight's clients and employees will benefit from access to NTT's army of onshore and offshore resources.
- Wayne Busch, Group President, Consulting and Digital Transformation of NTT, said, "This acquisition is part of a deliberate plan to build differentiated digital engineering and design capabilities that help our clients rapidly deliver digital products into the marketplace. Postlight's focus on delivering the highest quality design strategy and advancing our creative design capabilities to clients across verticals including banking, finance, media and consumer, built to scale is second to none."

### Transaction Summary

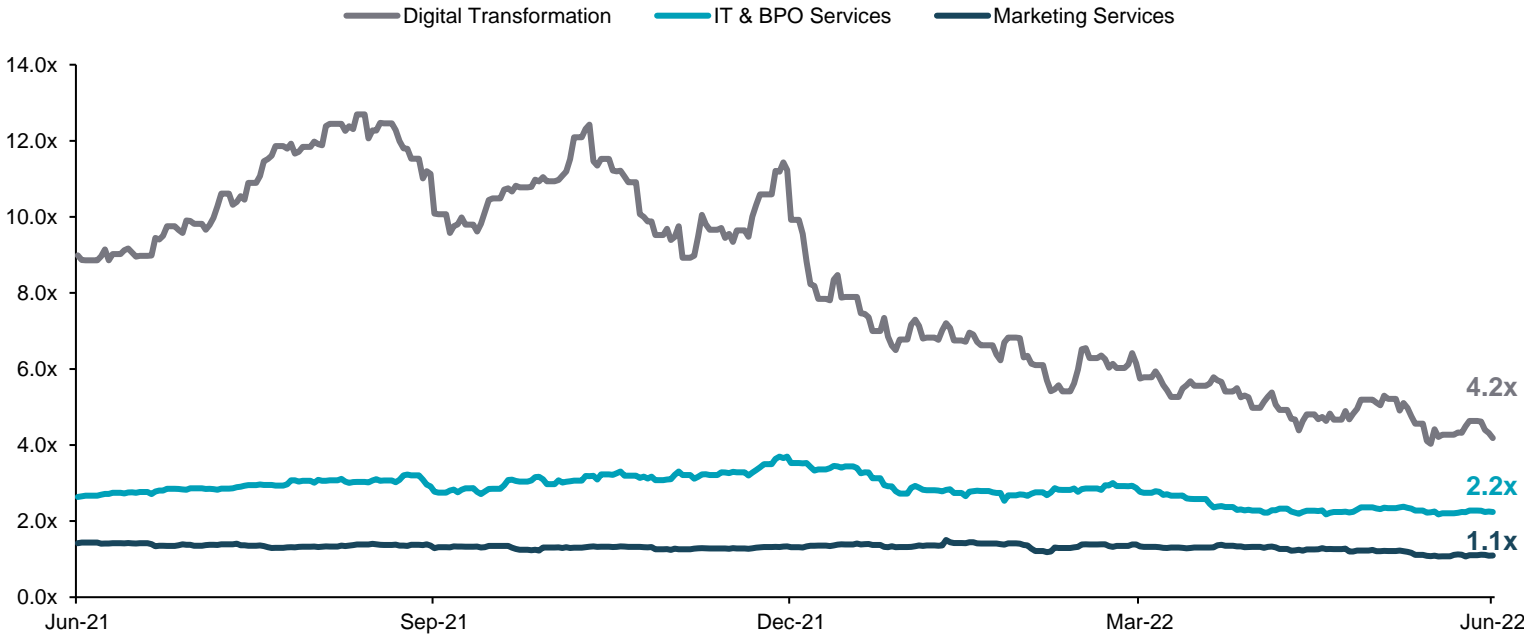
On June 1<sup>st</sup>, 2022, NTT DATA announced the acquisition of Postlight, a New York City-based digital strategy, design and engineering firm. Postlight specializes in providing web API and software development, web architecture, mobile development, content management, full-stack engineering and product design and strategy. \*Clearsight served as the advisor to Postlight in connection to this transaction.

### Transaction Information

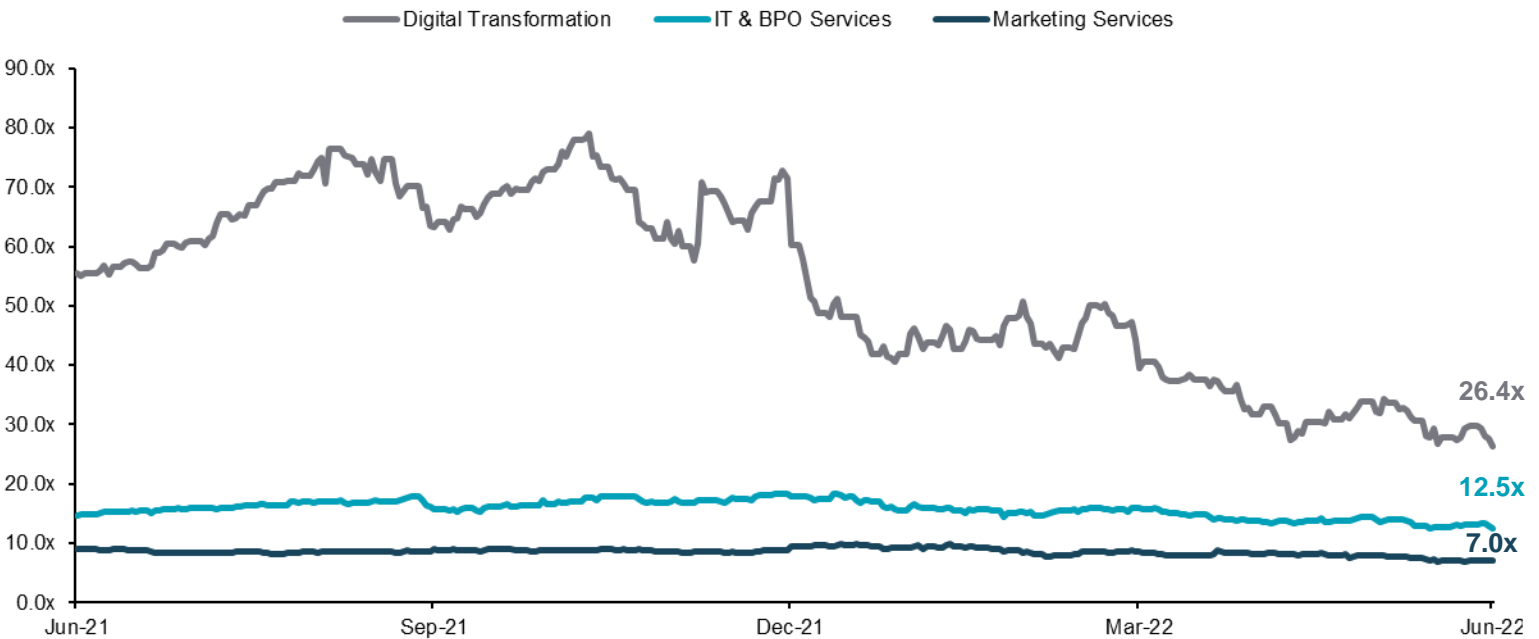
Announced Date	1-Jun-2022
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2015
Target HQ	New York, NY
# of Employees	~130

# Public Market Performance

## EV / LTM Revenue – Last Twelve Months



## EV / LTM EBITDA – Last Twelve Months



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

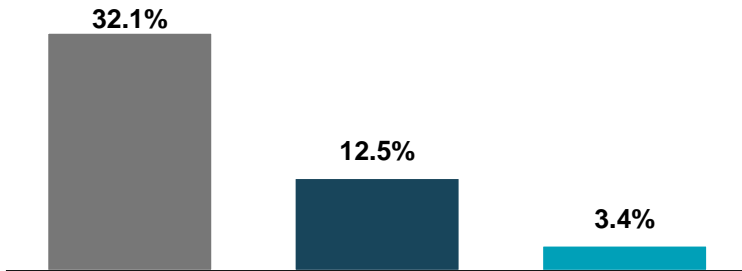
# Public Market Performance

■ Digital Technology Services

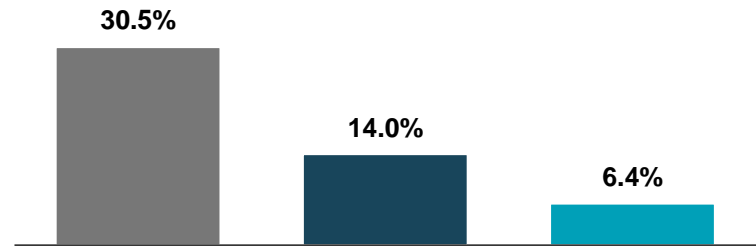
■ IT & BPO Services

■ Marketing Services

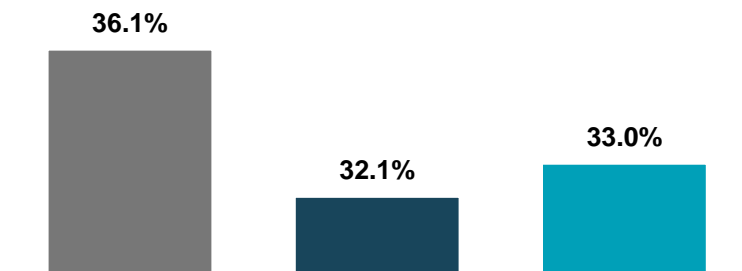
## 3-Year Historic Revenue Growth



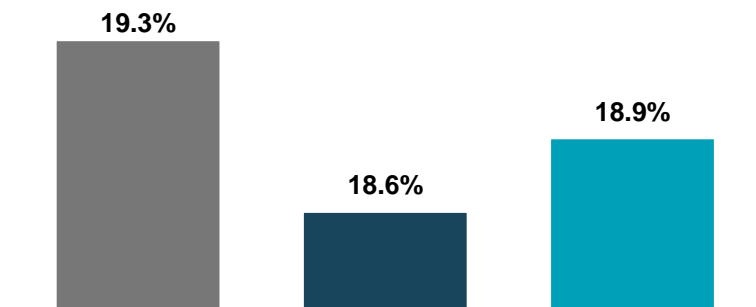
## 2022E Revenue Growth



## 2022E Gross Margin



## 2022E EBITDA Margin



■ Digital Technology Services

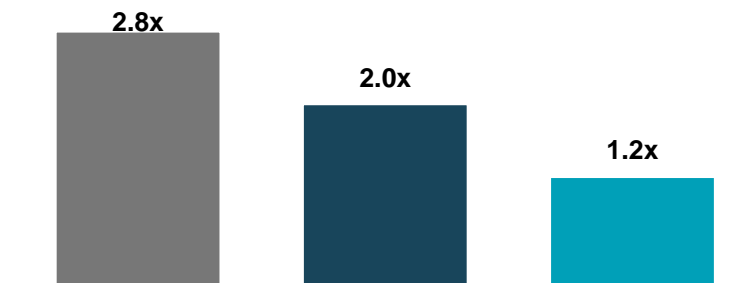
■ IT & BPO Services

■ Marketing Services

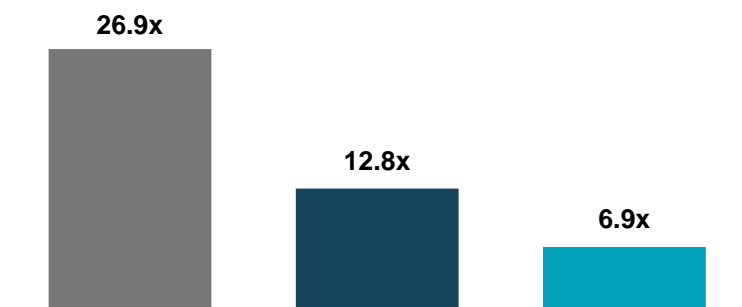
## EV / LTM Revenue



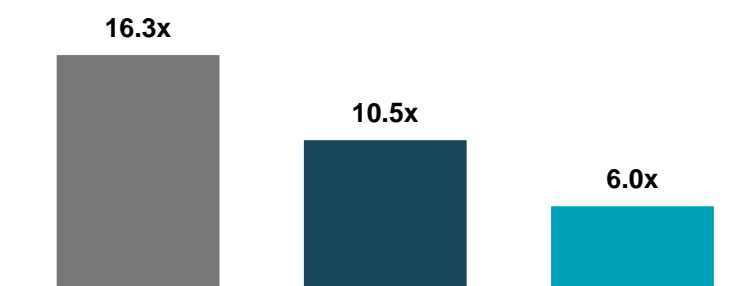
## EV / 2022E Revenue



## EV / LTM EBITDA



## EV / 2022E EBITDA



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



# Public Market Performance

## Digital Technology Services Comparable Companies

Digital Technology Services Index	Closing Price 30-Jun-2022	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		LTM EBITDA Margin	3 Year CAGR 2019A-22E	2022E Revenue Growth %
					LTM	2022	LTM	2022			
					AgileThought, Inc.	\$5.17	14.3%	\$260			
CI&T Inc.	10.09	44.8	1,372	1,430	4.1	2.6	22.3	12.5	0.2	50.1	58.5
Endava	88.27	51.2	4,912	4,833	6.0	4.3	33.8	17.9	17.9	32.1	33.0
EPAM	294.78	40.6	17,590	16,544	4.0	2.8	23.3	16.0	17.1	27.8	27.3
Globant	174.00	49.1	7,461	7,281	5.1	3.3	30.4	16.2	16.8	39.1	36.8
Grid Dynamics	16.82	39.3	1,186	1,042	4.3	2.8	N/M	16.3	3.2	36.0	40.8
Thoughtworks Holding, Inc.	14.11	41.0	4,806	5,012	4.3	3.9	N/M	20.5	(3.4)	21.0	27.9
<b>High</b>		<b>51.2%</b>	<b>\$17,590</b>	<b>\$16,544</b>	<b>6.0x</b>	<b>4.3x</b>	<b>33.8x</b>	<b>20.5x</b>	<b>17.9%</b>	<b>39.1%</b>	<b>40.8%</b>
<b>Median</b>		<b>40.8</b>	<b>4,806</b>	<b>4,833</b>	<b>4.3</b>	<b>2.8</b>	<b>26.9</b>	<b>16.3</b>	<b>10.0</b>	<b>32.1</b>	<b>30.5</b>
<b>Mean</b>		<b>39.2</b>	<b>5,370</b>	<b>5,209</b>	<b>4.3</b>	<b>3.0</b>	<b>27.4</b>	<b>17.1</b>	<b>8.0</b>	<b>27.4</b>	<b>30.3</b>
<b>Low</b>		<b>14.3</b>	<b>260</b>	<b>323</b>	<b>1.9</b>	<b>1.5</b>	<b>22.3</b>	<b>12.5</b>	<b>(3.4)</b>	<b>1.9</b>	<b>15.9</b>

## IT & BPO Services Comparable Companies

IT & BPO Services Index	Closing Price 30-Jun-2022	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		LTM EBITDA Margin	3 Year CAGR 2018A-22E	2022E Revenue Growth %
					LTM	2022	LTM	2022			
					Accenture	\$277.65	66.5%	\$176,114			
Atos	13.37	24.0	1,479	6,387	0.5	0.6	8.5	5.4	6.1	(1.8)	1.15
Capgemini	170.87	74.2	30,360	38,872	1.9	1.7	14.2	10.7	13.2	13.5	14.04
CGI Group	79.61	87.7	18,959	20,861	2.1	2.0	11.9	9.9	17.3	1.6	5.45
Cognizant	67.49	72.2	35,437	34,725	1.8	1.6	10.2	8.4	18.0	6.2	8.31
Genpact	42.36	78.4	7,964	9,290	2.2	1.9	13.9	10.5	16.1	7.9	9.96
HCL	12.32	70.6	33,345	32,006	2.7	2.4	12.3	10.7	22.1	8.2	8.52
Mphasis	29.09	62.8	5,477	5,358	3.3	2.6	21.1	14.2	15.8	18.1	25.30
Perficient	91.69	59.8	3,230	3,620	4.4	3.4	23.8	14.8	18.7	12.5	21.29
Tech Mahindra	12.66	54.4	11,115	10,441	1.7	1.5	11.4	8.4	15.4	13.9	19.40
Wipro	5.27	56.2	29,022	26,681	2.6	2.2	13.4	10.2	19.1	18.1	23.78
<b>High</b>		<b>87.7%</b>	<b>\$176,114</b>	<b>\$173,517</b>	<b>4.4x</b>	<b>3.4x</b>	<b>23.8x</b>	<b>14.8x</b>	<b>22.1%</b>	<b>18.1%</b>	<b>25.3%</b>
<b>Median</b>		<b>66.5</b>	<b>18,959</b>	<b>20,861</b>	<b>2.2</b>	<b>2.0</b>	<b>13.4</b>	<b>10.5</b>	<b>16.9</b>	<b>12.5</b>	<b>14.0</b>
<b>Mean</b>		<b>64.3</b>	<b>32,046</b>	<b>32,887</b>	<b>2.4</b>	<b>2.0</b>	<b>14.4</b>	<b>10.6</b>	<b>16.2</b>	<b>10.1</b>	<b>14.2</b>
<b>Low</b>		<b>24.0</b>	<b>1,479</b>	<b>3,620</b>	<b>0.5</b>	<b>0.6</b>	<b>8.5</b>	<b>5.4</b>	<b>6.1</b>	<b>(1.8)</b>	<b>1.2</b>

## Marketing Services Comparable Companies

Marketing Services Index	Closing Price 30-Jun-2022	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		LTM EBITDA Margin	3 Year CAGR 2018A-22E	2022E Revenue Growth %
					LTM	2022	LTM	2022			
					Dentsu	\$29.99	80.5%	\$8,052			
IPG	27.53	68.9	10,952	12,743	1.4	1.3	7.5	6.8	18.1	3.4	5.1
Omnicom	63.61	69.4	13,273	17,008	1.2	1.2	7.2	6.8	16.5	(1.3)	1.5
Publicis	48.78	69.8	12,363	15,918	1.2	1.3	7.0	5.8	17.1	5.8	10.9
WPP	10.02	67.0	11,865	16,281	0.9	1.2	6.0	6.0	15.6	(4.4)	6.4
<b>High</b>		<b>80.5%</b>	<b>\$13,273</b>	<b>\$17,008</b>	<b>1.4x</b>	<b>1.3x</b>	<b>7.5x</b>	<b>6.8x</b>	<b>20.2%</b>	<b>5.8%</b>	<b>11.8%</b>
<b>Median</b>		<b>69.4</b>	<b>11,865</b>	<b>15,918</b>	<b>1.2</b>	<b>1.2</b>	<b>7.0</b>	<b>6.0</b>	<b>17.1</b>	<b>3.4</b>	<b>6.4</b>
<b>Mean</b>		<b>71.1</b>	<b>11,301</b>	<b>14,113</b>	<b>1.1</b>	<b>1.2</b>	<b>6.5</b>	<b>6.1</b>	<b>17.5</b>	<b>1.6</b>	<b>7.1</b>
<b>Low</b>		<b>67.0</b>	<b>8,052</b>	<b>8,615</b>	<b>0.9</b>	<b>0.9</b>	<b>4.6</b>	<b>4.9</b>	<b>15.6</b>	<b>(4.4)</b>	<b>1.5</b>

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

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

# M&A Activity

Date	Target	Buyer/Investor	Summary
06/30/2022	<b>Bower House Digital</b>	<b>The Ogilvy Group</b>	<ul style="list-style-type: none"> <li>Target HQ: Fitzroy, Australia</li> <li>Bower House Digital operates as a marketing technology services agency</li> </ul>
06/29/2022	<b>Apollo Interactive</b>	<b>The Riverside Company</b>	<ul style="list-style-type: none"> <li>Target HQ: El Segundo, CA</li> <li>Apollo Interactive is a digital and interactive advertising agency offering a wide range of marketing, advertising, design and development services</li> </ul>
06/28/2022	<b>OuterBox Solutions</b>	<b>WILsquare Capital</b>	<ul style="list-style-type: none"> <li>Target HQ: Akron, OH</li> <li>OuterBox is a digital transformation solutions company offering design, e-commerce, SEO and custom development services</li> </ul>
06/28/2022	<b>Handmade Design</b>	<b>Thoughtworks</b>	<ul style="list-style-type: none"> <li>Target HQ: Sao Paulo, Brazil</li> <li>Handmade Design is a digital transformation consulting firm that provides strategy, design and delivery services</li> </ul>
06/27/2022	<b>CPQi</b>	<b>Exadel</b>	<ul style="list-style-type: none"> <li>Target HQ: Toronto, Canada</li> <li>CPQi provides automation, digitization and managed services for financial services clients</li> </ul>
06/16/2022	<b>Launch Consulting</b>	<b>Planet Equity Group</b>	<ul style="list-style-type: none"> <li>Target HQ: Bellevue, WA</li> <li>Launch Consulting provides technology consulting services including AI, analytics, design strategy and cloud engineering</li> </ul>
06/15/2022	<b>Mojo Media Labs</b>	<b>Gravity Global</b>	<ul style="list-style-type: none"> <li>Target HQ: Irving, TX</li> <li>Mojo Media Labs is a digital marketing agency offering inbound marketing, sales enablement and website design services</li> </ul>

# M&A Activity

Date	Target	Buyer/Investor	Summary
06/10/2022	<b>Domain7 Solutions</b>	<b>Versett</b>	<ul style="list-style-type: none"> <li>Target HQ: Abbotsford, Canada</li> <li>Domain7 Solutions is a Web agency that offers custom development, e-commerce and design strategy solutions</li> </ul>
06/07/2022	<b>Rufus Leonard</b>	<b>Capgemini</b>	<ul style="list-style-type: none"> <li>Target HQ: London, England</li> <li>Rufus Leonard is an advertising agency that provides digital brand experience and design services</li> </ul>
06/06/2022	<b>Hanu</b>	<b>Insight Enterprises</b>	<ul style="list-style-type: none"> <li>Target HQ: Princeton, NJ</li> <li>Hanu provides IT and managed services focused on Azure migration and integration</li> </ul>
06/02/2022	<b>OneMagnify</b>	<b>Crestview Partners</b>	<ul style="list-style-type: none"> <li>Target HQ: Detroit, MI</li> <li>OneMagnify is a digital marketing and communications company specializing in brand development, solution design and development and cloud services</li> </ul>
06/02/2022	<b>Box 1824</b>	<b>CI&amp;T</b>	<ul style="list-style-type: none"> <li>Target HQ: Sao Paulo, Brazil</li> <li>Box 1824 is a strategic research consulting firm focused on analyzing behaviors and business culture</li> </ul>
06/02/2022	<b>Caserta</b>	<b>McKinsey &amp; Company</b>	<ul style="list-style-type: none"> <li>Target HQ: New York, NY</li> <li>Caserta provides strategic technology consulting and implementation services</li> </ul>
06/02/2022	<b>Tweag</b>	<b>Modus Create</b>	<ul style="list-style-type: none"> <li>Target HQ: Paris, France</li> <li>Tweag is a digital transformation firm providing software engineering, ML, research and DevOps services</li> </ul>



# M&A Activity

Date	Target	Buyer/Investor	Summary
05/24/2022	Design Partners	PA Consulting	<ul style="list-style-type: none"> <li>Target HQ: Bray, Ireland</li> <li>Design Partners operates as a product design and innovation agency</li> </ul>
05/24/2022	Methods	Alten	<ul style="list-style-type: none"> <li>Target HQ: London, England</li> <li>Methods offers IT services including cloud engineering, cybersecurity, digital strategy and managed services</li> </ul>
05/23/2022	TheoremOne	MediaMonks	<ul style="list-style-type: none"> <li>Target HQ: Los Angeles, CA</li> <li>TheoremOne offers product strategy and custom product engineering and development services</li> </ul>
05/11/2022	nClouds	Charles Thayne Capital	<ul style="list-style-type: none"> <li>Target HQ: Suisun, CA</li> <li>nClouds offers AWS and DevOps consulting and implementation services</li> </ul>
05/10/2022	DAS Group	JAL Equity	<ul style="list-style-type: none"> <li>Target HQ: Plantation, FL</li> <li>DAS Group offers digital marketing services including SEO, custom development and reporting / analytics</li> </ul>
05/06/2022	Mindtree	Larsen & Toubro Infotech	<ul style="list-style-type: none"> <li>Target HQ: Bangalore, India</li> <li>Mindtree is a technology consulting and IT services company that offers a range of digital transformation consulting and development services</li> </ul>
04/22/2022	Brand New Galaxy	Stagwell	<ul style="list-style-type: none"> <li>Target HQ: Amsterdam, Netherlands</li> <li>Brand New Galaxy provides digital marketing and technology services including e-commerce, content production and automation</li> </ul>




# M&A Activity

Date	Target	Buyer/Investor	Summary
04/21/2022	CloudCo	Valtech	<ul style="list-style-type: none"> <li>Target HQ: Mexico City, Mexico</li> <li>CloudCo offers custom development solutions for the Salesforce platform</li> </ul>
04/21/2022	Ergo	Accenture	<ul style="list-style-type: none"> <li>Target HQ: Buenos Aires, Argentina</li> <li>Ergo offers data-driven decision-making insights supported by big data and AI</li> </ul>
04/21/2022	3Q Digital	Dept Holding	<ul style="list-style-type: none"> <li>Target HQ: Chicago, IL</li> <li>3Q Digital provides a wide range of digital marketing services including promotional and branding services</li> </ul>
04/20/2022	What If Media	Abry Partners	<ul style="list-style-type: none"> <li>Target HQ: Fort Lee, NJ</li> <li>What If Media provides marketing services and identifies actionable insights to inform more effective marketing campaigns</li> </ul>
04/13/2022	Blue Orange Digital	Oliver Wyman	<ul style="list-style-type: none"> <li>Target HQ: New York, NY</li> <li>Blue Orange Digital offers digital transformation consulting services focused on leveraging data science and ML</li> </ul>
04/11/2022	Search Laboratory	Havas	<ul style="list-style-type: none"> <li>Target HQ: Leeds, England</li> <li>Search Laboratory offers digital marketing services that leverage data science to support digital strategies</li> </ul>
04/07/2022	The Berndt Group	Valtech	<ul style="list-style-type: none"> <li>Target HQ: Baltimore, MD</li> <li>The Berndt Group provides digital marketing services to a wide variety of industries, including healthcare, professional services and technology businesses</li> </ul>

# 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](http://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](http://www.clearsightadvisors.com)

 [@clearsightmb](https://twitter.com/clearsightmb)

 [ClearSight Advisors](https://www.linkedin.com/company/clearsightadvisors)

## Select Transactions

 Sellside Advisor  has been acquired by 	 Financial Advisor  has received a growth investment from 	 Sellside Advisor  has been recapitalized by 	 Sellside Advisor  has been acquired by 	 Sellside Advisor  <i>a portfolio company of</i>  has been recapitalized by 
 Sellside Advisor  has been acquired by 	 Sellside Advisor  has been acquired by 	 Sellside Advisor  has been acquired by 	 Sellside Advisor  has been acquired by  <i>a portfolio company of</i> 	 Sellside Advisor  has been acquired by 

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](http://www.clearsightadvisors.com).