

# 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 Fray Seay**  
*Managing Director*

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

Following the tremendous market activity of 2021, we fully expected relative restraint through 2022. Deal volumes through three quarters have indeed stepped back as the challenges of inflation, war, an energy crisis, and a potential recession create significant macroeconomic headwinds. Public market valuations across sectors have moved violently, with cyclical and technology companies in particular feeling the pain. Anticipating an economic pullback, investors are taking a closer look at profitability and punishing those with precarious fundamentals.

In the private markets, the pullback has been less severe and more sector-dependent. Private markets are generally less euphoric absent the momentum of speculation. At Clearsight, we are fortunate that the environment for tech-enabled services firms continues to be resilient. COVID-era digital transformation initiatives continue to create strong industry tailwinds and represent a fundamental shift in thinking and business strategy. Customers, employees, suppliers, and business leaders expect digital engagement in how they conduct business. This trend pulls together numerous themes across custom software, analytics, self-service technology, and cloud-based systems, to name a few.

Where industry tailwinds don't present challenges, the tight labor market certainly does. Technology talent with relevant skillsets and certifications remains in short supply. In the question of buy vs. build, the latter currently cannot compete. Meanwhile, private equity firms remain flush with dry powder and, even in times of easy credit, human capital businesses have typically relied less on leverage. The combination of persistent demand and tight supply, with few organic alternatives, supports elevated pricing in the private deals market for the right companies. These "right" companies often focus on highly sought-after next-gen services capabilities, such as AI, ML and cloud-native practices.

Where do we go from here? Labor markets are the linchpin to demand and valuations – as long as the supply-side remains tight, pricing trends could continue to favor private services clients. The headwinds have been strong this year, but our market has proved resilient thus far.



[Email Alex](#)



[Email Gretchen](#)

# Sector Spotlight

## Enterprises Adopt Cloud-Native Practices

The shift to cloud has reached new heights among large-scale enterprises in recent quarters. In a Q3 survey by 451 Research, nearly 50% of key IT services decision-makers surveyed noted they were currently implementing or using cloud-native technologies and methodologies for application and infrastructure architecture. Another 20% said they plan to implement cloud-native tools within the next two years, with an additional 15% in the discovery stage. Cloud native adoption appears to be strongest amongst large digital transformation leaders, many of whom expect these technologies and architectures to become omnipresent. Increased IT operational efficiency, improved time to value, better application portability, and boosted developer speed and productivity are some of the biggest cited benefits to cloud-native usage.

Despite the growing interest in cloud native-technologies, there remains challenges surrounding security, complexity, and cost. Security and compliance present as a double-edged sword – a leading benefit to cloud-native technologies, yet also the most frequently cited barrier (45%) to wider usage by organizations.

However, the most notable challenge remains the deep skills shortage that still exists in the cloud ecosystem. For many organizations, mastering cloud-native capabilities will involve outside help from consulting and managed services businesses. This gives rise to potential partnerships and inorganic growth strategies, such as M&A, to help enterprises acquire the expertise and resources necessary to deliver on their cloud transformation. The M&A environment for such targets continues to be very active as “cloud-native” is a top three priority for many acquirers.

## Deal Spotlight

### Target

**Q4 Associates**

### Acquirer

**EY New Zealand**

### Deal Commentary

- Q4 Associates’ small team of 12 highly skilled technology consultants are joining the EY New Zealand’s financial services technology consulting team. The Company’s full stack IA and robotic process automation (RPA) capabilities demand premium pricing in the market and will likely retain strong continued demand in the future.
- Q4 Associates’ transaction with EY creates a leader in the data-driven financial services market with the ability to meet the growing demand for digitization and automation services in Oceania.

### Transaction Summary

Q4 Associates is a state-of-the-art financial services technology consultancy based in Auckland, New Zealand. The Company’s services include RPA consulting, RPA strategy and Robotic Operating Model. Q4 Associates delivers these digital workforce initiatives across Australasia and the world, thereby helping organizations and partners bring all the necessary pieces together to build mature internal capabilities. The Q4 Associates addition will enable EY New Zealand to better serve clients, particularly in the financial services sector, by strengthening its existing intelligent automation and RPA capabilities and bolstering EY’s existing financial services technology consulting team.

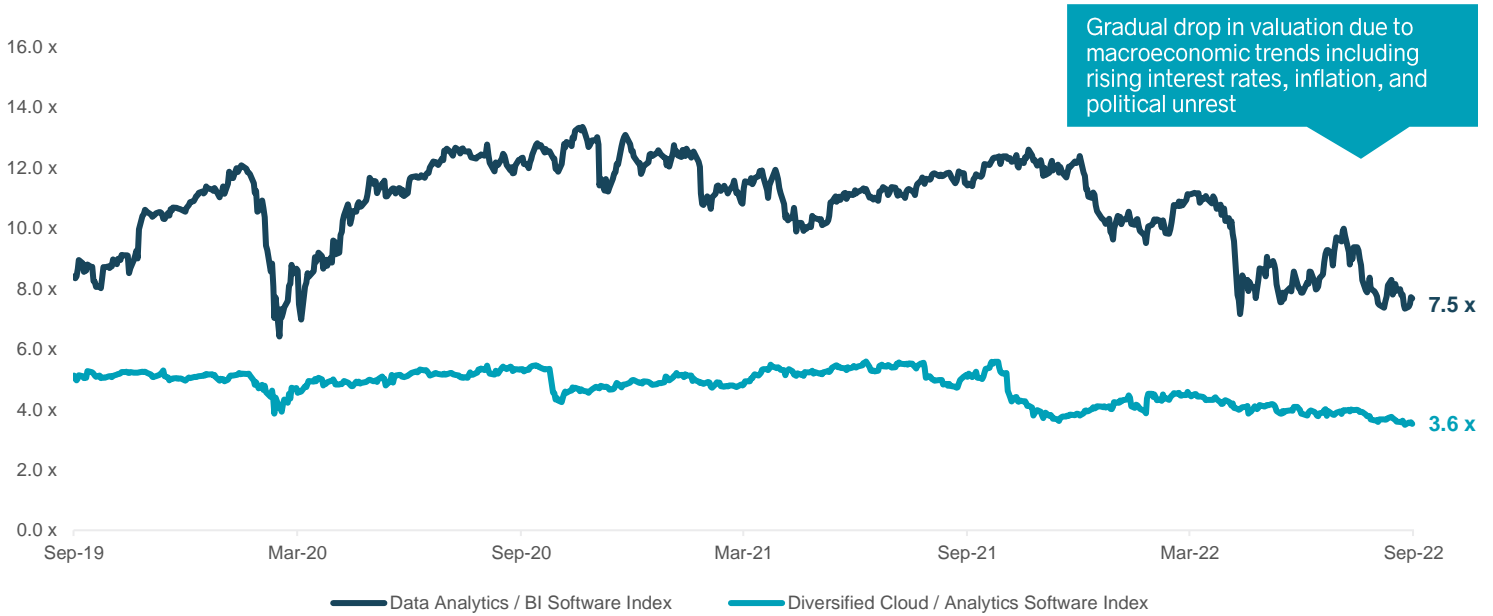
### Transaction Information

Announced Date	1-Aug-2022
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	1994
Target HQ	Auckland, New Zealand
# of Employees	12

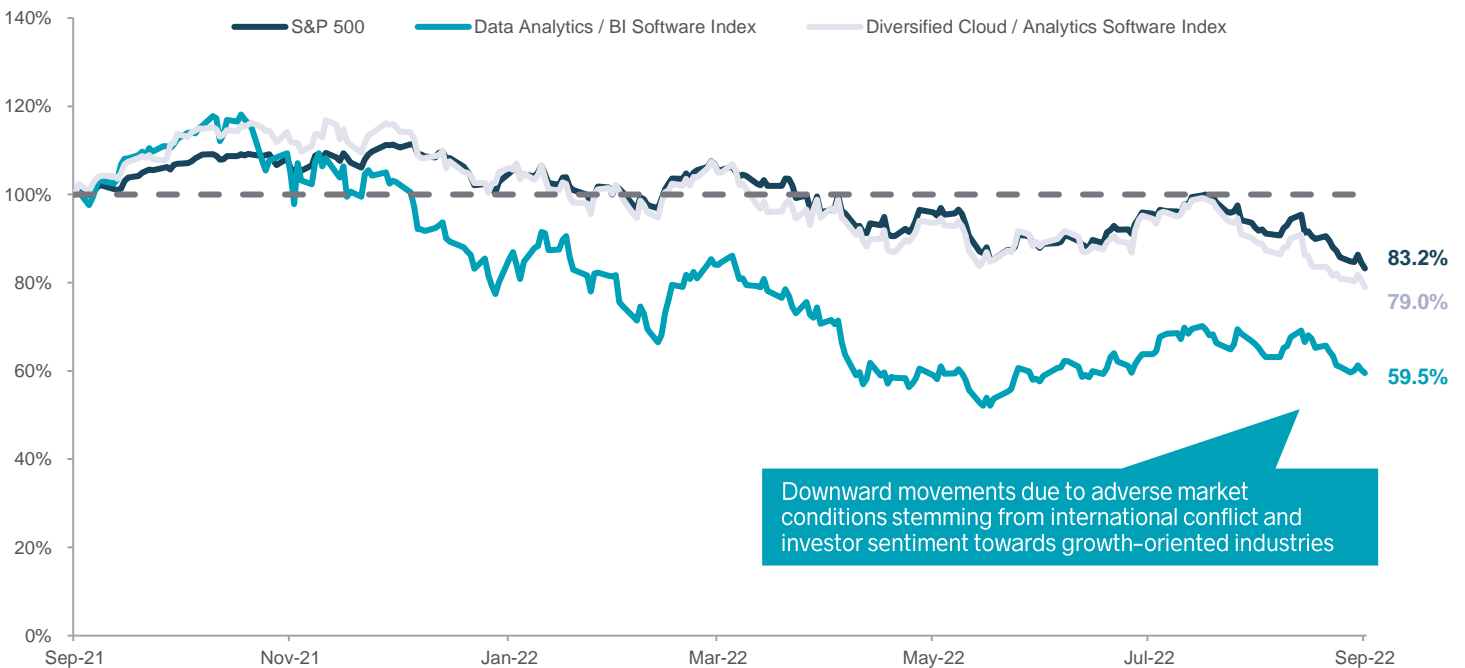


# Public Market Performance

## LTM EV / Revenue Multiple Trend – 3 Years



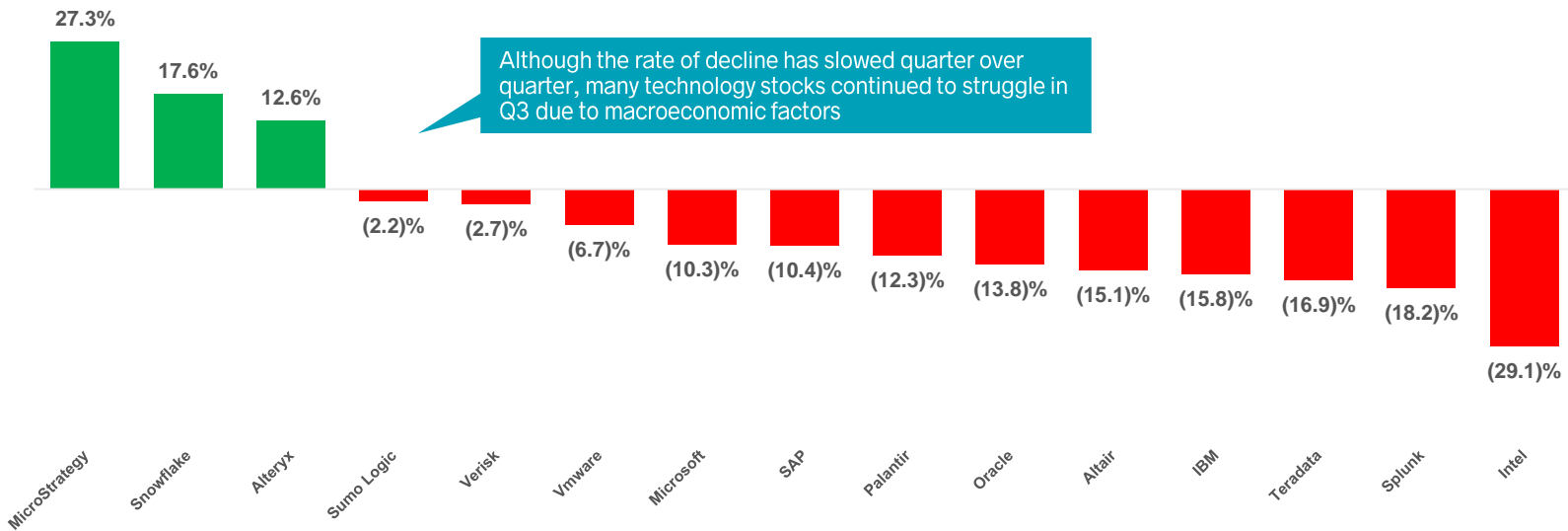
## Cloud, Data & Analytics Market Indices Performance – 1 Year



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

# Public Market Performance

## Q3 2022 Share Price Performance – 1 Quarter



## Cloud, Data & Analytics Comparable Companies Analysis

### Data Analytics / BI Software Index

	Closing Price 30-Sep-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	
<b>Data Analytics / BI Software</b>											
Alfair	\$44.2	53.3%	\$3,587	\$3,502	6.3x	6.6x	6.2x	NMF	NMF	NMF	11.9%
Alteryx	55.8	68.7	4,386	4,923	7.7	9.2	6.3	NMF	NMF	NMF	(34.7)
MicroStrategy	212.3	23.8	2,424	4,802	9.5	9.4	9.6	NMF	NMF	9.6	6.9
Palantir	8.1	30.0	17,954	15,753	9.0	10.2	8.3	NMF	NMF	8.3	(12.4%)
Snowflake	170.0	42.0	62,888	59,177	NMF	NMF	NMF	NMF	NMF	NMF	(40.9%)
Splunk	75.2	42.6	13,248	15,581	5.1	5.8	4.6	NMF	NMF	NMF	(21.2)
Sumo Logic	7.5	42.1	1,052	738	2.7	3.0	2.5	NMF	NMF	NMF	(46.3)
Verisk	170.5	73.6	27,045	30,329	10.0	10.1	10.0	21.6	20.6	20.2	46.1
<b>High</b>		<b>73.6%</b>	<b>\$62,888</b>	<b>\$59,177</b>	<b>10.0x</b>	<b>10.2x</b>	<b>10.0x</b>	<b>21.6x</b>	<b>20.6x</b>	<b>20.2x</b>	<b>46.1%</b>
<b>Median</b>		<b>42.4</b>	<b>8,817</b>	<b>10,252</b>	<b>7.7</b>	<b>9.2</b>	<b>6.3</b>	<b>21.6</b>	<b>20.6</b>	<b>9.6</b>	<b>(16.8)</b>
<b>Mean</b>		<b>47.0</b>	<b>16,573</b>	<b>16,851</b>	<b>7.2</b>	<b>7.8</b>	<b>6.8</b>	<b>21.6</b>	<b>20.6</b>	<b>12.7</b>	<b>(11.3)</b>
<b>Low</b>		<b>23.8</b>	<b>1,052</b>	<b>738</b>	<b>2.7</b>	<b>3.0</b>	<b>2.5</b>	<b>21.6</b>	<b>20.6</b>	<b>8.3</b>	<b>(46.3)</b>

### Diversified Cloud / Analytics Software Index

	Closing Price 30-Sep-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	
<b>Diversified Analytics Software</b>											
IBM	\$118.8	81.4%	\$110,042	\$155,926	2.7x	2.7x	2.6x	12.9x	12.8x	9.9x	21.2%
Intel	25.8	45.8	105,815	114,201	1.6	1.5	1.7	4.5	3.5	5.6	34.5
Microsoft	232.9	66.6	1,758,603	1,703,627	8.6	9.2	8.2	17.4	18.6	16.7	49.4
Oracle	61.1	57.4	174,448	255,231	5.8	6.2	5.6	13.9	12.1	11.7	41.7
SAP	81.5	64.1	97,336	109,229	3.8	4.0	3.7	17.7	11.1	11.4	21.4
Teradata	31.1	52.3	3,422	3,513	1.9	1.8	2.0	11.3	6.5	8.2	16.7
VMware	106.5	63.4	47,525	56,353	4.3	4.5	4.2	19.2	12.1	11.2	22.4
<b>High</b>		<b>81.4%</b>	<b>\$1,758,603</b>	<b>\$1,703,627</b>	<b>8.6x</b>	<b>9.2x</b>	<b>8.2x</b>	<b>19.2x</b>	<b>18.6x</b>	<b>16.7x</b>	<b>49.4%</b>
<b>Median</b>		<b>63.4</b>	<b>105,815</b>	<b>114,201</b>	<b>3.8</b>	<b>4.0</b>	<b>3.7</b>	<b>13.9</b>	<b>12.1</b>	<b>11.2</b>	<b>22.4</b>
<b>Mean</b>		<b>61.6</b>	<b>328,170</b>	<b>342,583</b>	<b>4.1</b>	<b>4.3</b>	<b>4.0</b>	<b>13.8</b>	<b>11.0</b>	<b>10.7</b>	<b>29.6</b>
<b>Low</b>		<b>45.8</b>	<b>3,422</b>	<b>3,513</b>	<b>1.6</b>	<b>1.5</b>	<b>1.7</b>	<b>4.5</b>	<b>3.5</b>	<b>5.6</b>	<b>16.7</b>

Source: Public market data as of 30-Sep-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
<b>L3M Featured M&amp;A Transactions</b>			
29-Sep-2022	<b>Eleviant Tech</b>	<b>CTG</b>	<ul style="list-style-type: none"> <li>Eleviant Tech is a digital transformation company specializing in mobile, cloud, web, blockchain, robotic process automation and AI technologies</li> <li>This transaction will enhance CTG's digital and software capabilities while also expanding their delivery in India</li> </ul>
22-Sep-2022	<b>Mashey</b>	<b>Analytics8</b>	<ul style="list-style-type: none"> <li>Mashey is a high-end data analytics consultancy focused on modern data technology</li> <li>Mashey will help Analytics8 grow and bolster its data services to clients and partnerships with industry vendors</li> </ul>
21-Sep-2022	<b>CoreView</b>	<b>Suma Soft</b>	<ul style="list-style-type: none"> <li>CoreView specializes in enterprise product development, solving corporations' top challenges with the latest technological trends</li> <li>Suma Soft will leverage CoreView's deep expertise in data science and product development to build upon their current offerings</li> </ul>
07-Sep-2022	<b>Mirrorlytics</b>	<b>Mutually Human</b>	<ul style="list-style-type: none"> <li>Mirrorlytics provides data and business analytics solutions</li> <li>Mirrorlytics's experience in data analytics will boost Mutually Human's digital transformation capabilities and result in broader service offerings</li> </ul>
1-Aug-2022	<b>Q4 Associates</b>	<b>EY New Zealand</b>	<ul style="list-style-type: none"> <li>Q4 Associates is a boutique technology consulting firm providing intelligent automation and RPA services</li> <li>Q4 will join EY New Zealand to fortify its existing financial services technology consulting team</li> </ul>
28-Jul-2022	<b>Pharma Advisors</b> <b>Aura Group</b>	<b>Izertis</b>	<ul style="list-style-type: none"> <li>Pharma Advisors provides support for Salesforce and Veeva technologies to the pharma sector; Aura Group delivers digital transformation services</li> <li>The companies will bolster Izertis's capabilities and allow them to become more competitive in the pharma and public administration sectors</li> </ul>
26-Jul-2022	<b>Seek Data</b>	<b>Knoema</b>	<ul style="list-style-type: none"> <li>Seek Data is a leading cloud, data and analytics consultancy to retail and consumer clients</li> <li>Seek Data's analytics professionals and engineers will accelerate Knoema's goal to develop tailored solutions for specific industry verticals</li> </ul>
18-Jul-2022	<b>Dufrain</b>	<b>Phoenix Equity</b>	<ul style="list-style-type: none"> <li>Dufrain provides data management, business intelligence and data analytics services</li> <li>Phoenix Equity's investment will enable Dufrain to grow its service and technology offerings and expand into new geographies</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

 Financial Advisor

 AnswerLab

has received a strategic investment from

 SHAMROCK CAPITAL ADVISORS


 Buyside Advisor

 CIVC PARTNERS


has made an investment in


 ALLATA


 Financial Advisor

 USERREADY


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

 MG PARTNERS

 Sellside Advisor

 Knowledgegent

has been acquired by


 accenture


 Sellside Advisor

 DATASOURCE CONSULTING


has been acquired by

 EXL

 Sellside Advisor

 INTERSYS

has been acquired by

 ASGN<sup>™</sup> 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](http://www.clearsightadvisors.com).