

Digital, Data & Cloud Market Monitor

As reflected in the name of this industry update, we have consolidated Clearsight's market-leading Digital Transformation and Cloud, Data & Analytics practices. Our new Digital, Data & Cloud practice, and this corresponding market monitor, align with our client base and where we see the market heading. A cornerstone example of these interconnected sectors lies in our recent advisory of [Hexacta](#) in its acquisition by GlobalLogic. Hexacta is a rapidly growing digital and data engineering company delivering high-quality software development, IT consulting, UI/UX design, and data engineering and analytics services, utilizing all phases of the digital engineering lifecycle.

As we near the midway point of 2023, we are undoubtedly seeing a different M&A landscape than we have in recent years. Pent-up buyer demand for sellside mandates, combined with a lean supply of acquisition targets, has led to the current market imbalance. Sellers want more visibility from their clients' budgets, but if the current cloudy conditions persist, so will this stagnation.

The demand and supply imbalance will be corrected when potential acquisition targets regain confidence in their pipeline. In the meantime, this dynamic has created a very attractive environment for growing companies to explore a sale or capital raise. Buyers and investors are clamoring to complete deals this year, even if it's not with an asset that is fully scaled. The market is fluid and the best way to navigate these waters will vary for each company. Please don't hesitate to reach out if you'd like to discuss current market conditions in more detail.

Sector Leadership



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



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



Gretchen Frary Seay
Managing Director
[Email Gretchen](#)
+1 (214) 302-9934



Emily White
Vice President
[Email Emily](#)
+1 (703) 672-3108

Sector Spotlight

GlobalLogic Announces Acquisition of Hexacta

Target

Hexacta

Deal Commentary

- Hexacta is a software development and data engineering company focused on the banking and finance, telecommunications and media, retail, and natural resources industries. The company provides services such as IT consulting, nearshore & offshore custom software development services, testing, and user interface design
- GlobalLogic's acquisition of Hexacta will provide a strong nearshore roster of talent and presence in South America to bolster GlobalLogic's digital transformation services. This acquisition will further enable GlobalLogic to augment Hitachi's ability to accelerate an expansion of the Lumada business
- Clearsight Advisors was the exclusive advisor to Hexacta on its sale to GlobalLogic*

Acquirer

GlobalLogic

Transaction Summary

On January 5th, 2023, GlobalLogic, a Hitachi Group Company and global digital engineering leader, announced its acquisition of Hexacta, a Pan-Latin-America digital and data engineering company. Hexacta provides a range of engineering services including high-quality software development, IT consulting, UI/UX design, and data engineering and analytics services.

Transaction Information

Announced Date	5-Jan-2023
Deal Type	Acquisition

Target Information

Year Founded	1999
Target HQ	Montevideo, Uruguay
# of Employees	~1,000

Bain & Company Announces Acquisition of Umbrage

Target

Umbrage

Deal Commentary

- Umbrage will work closely with Bain's Innovation & Design services team and bring additional deep technical expertise in product management, UI/UX design, full-stack development, DevOps, QA, and web3. The acquisition will further support clients through end-to-end delivery capabilities
- Arpan Sheth, global leader of Bain's digital delivery platform, said, "Joining forces with Umbrage will allow us to develop a best-in-class, craft-centric digital product and venture building studio that will enable our clients to not only develop successful digital strategies, but to also execute on these strategies through world-class software capabilities. Umbrage further enhances Bain's Next solution to support our clients in their business building missions"

Acquirer

Bain & Company

Transaction Summary

On February 1st, 2023, Bain & Company, a Boston-based global management consulting firm, announced its acquisition of Umbrage, a Houston-based digital product studio. Umbrage employs a variety of digital marketing services to design, develop, and scale world-class software solutions.

Transaction Information

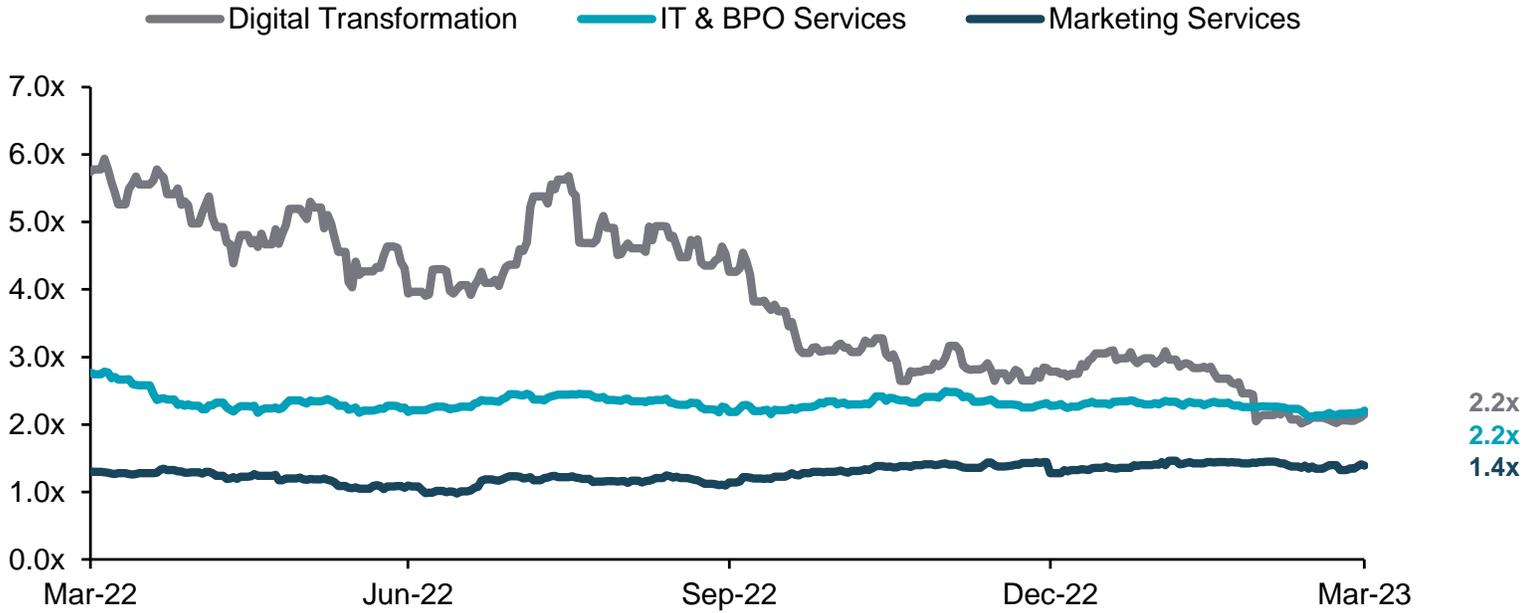
Announced Date	1-Feb-2023
Deal Type	Acquisition

Target Information

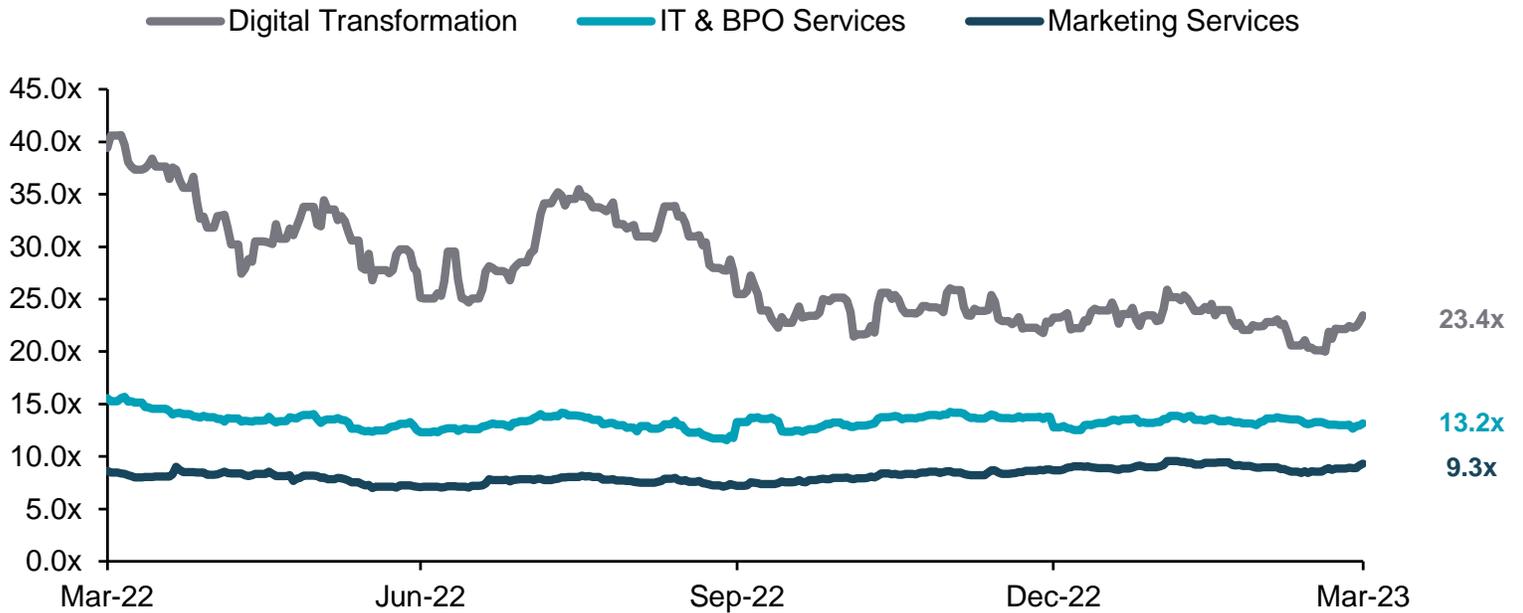
Year Founded	2019
Target HQ	Houston, Texas
# of Employees	~75

Public Market Performance

EV / Revenue – Last Twelve Months



EV / EBITDA – Last Twelve Months



Source: Capital IQ, market data as of 31-Mar-2023

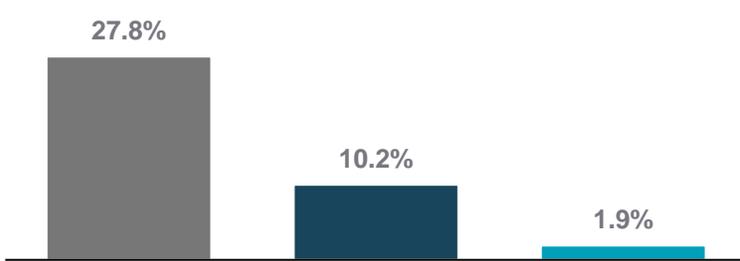
Public Market Performance

■ Digital Technology Services

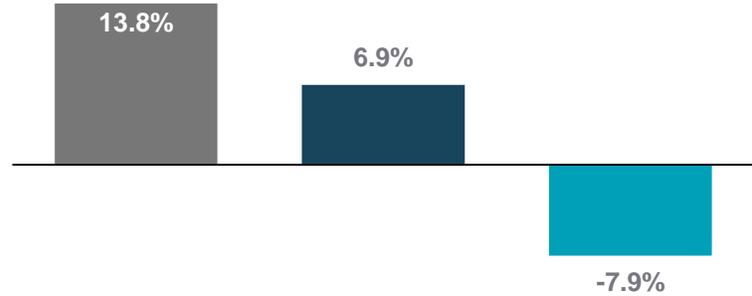
■ IT & BPO Services

■ Marketing Services

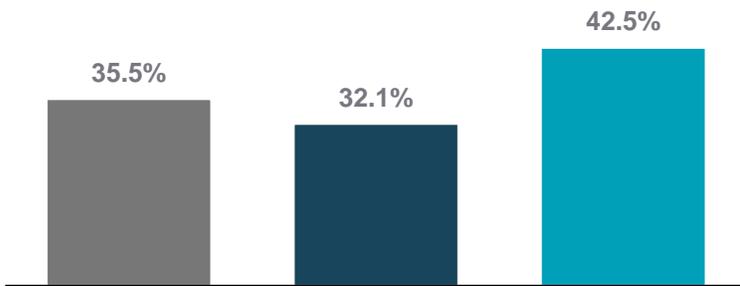
3-Year Historic Revenue Growth



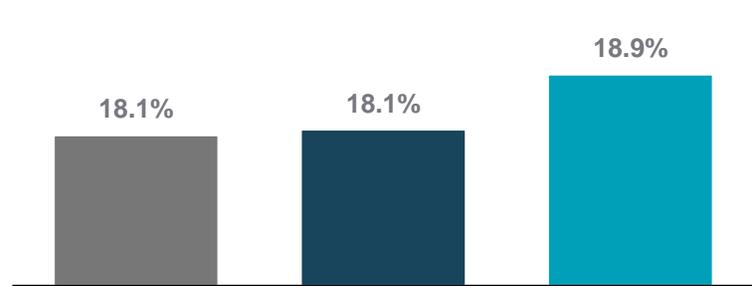
2023E Revenue Growth



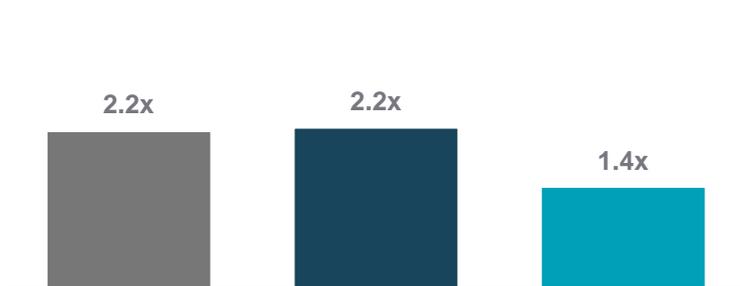
2023E Gross Margin



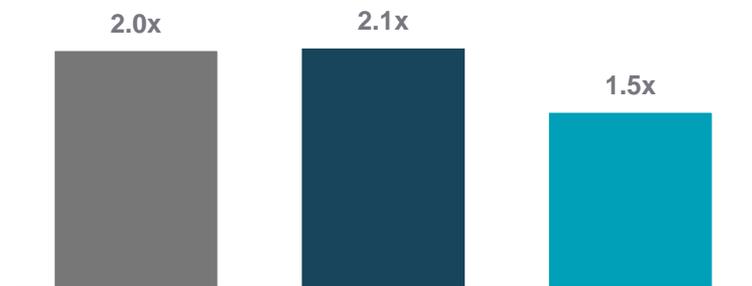
2023E EBITDA Margin



EV / LTM Revenue



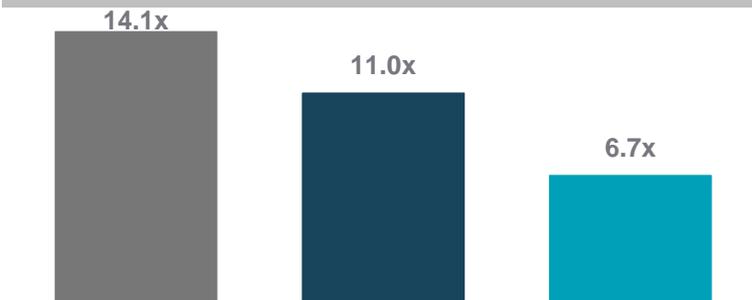
EV / 2023E Revenue



EV / LTM EBITDA



EV / 2023E EBITDA



Source: Capital IQ, market data as of 31-Mar-2023



Public Market Performance

Digital Technology Services Index

Digital Technology Services	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV/Revenue Multiples		EV/EBITDA Multiples		LTM EBITDA Margin	2023E Revenue Growth	3 Year Revenue CAGR
					LTM	2023E	LTM	2023E			
AgileThought	\$3.15	55.8%	\$150	\$224	1.3x	1.1x	90.2x	14.2x	1.4%	13.7%	7.0%
Cl&T	5.51	30.6	737	892	2.2	1.8	13.5	9.3	16.0	21.5	39.8
Endava	67.18	47.8	3,818	3,760	4.2	3.4	23.5	14.1	17.6	20.6	27.8
EPAM	299.00	64.6	17,246	16,083	3.3	3.1	20.5	17.2	16.2	9.3	25.6
Globant	164.01	61.6	6,933	6,864	3.9	3.3	23.4	15.8	16.4	16.7	36.6
Grid Dynamics	11.46	47.2	858	622	2.0	1.8	N/M	10.9	(1.1)	13.8	47.0
Thoughtworks	7.36	33.8	2,330	2,657	2.0	2.0	N/M	11.3	(1.1)	0.4	17.5
High		64.6%	\$17,246	\$16,083	4.2x	3.4x	90.2x	17.2x	17.6%	21.5%	47.0%
Median		47.8	2,330	2,657	2.2	2.0	23.4	14.1	16.0	13.8	27.8
Mean		48.8	4,582	4,443	2.7	2.4	34.2	13.3	9.4	13.7	28.8
Low		30.6	150	224	1.3	1.1	13.5	9.3	(1.1)	0.4	7.0

IT & BPO Services Index

IT & BPO Services	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV/Revenue Multiples		EV/EBITDA Multiples		LTM EBITDA Margin	2023E Revenue Growth	3 Year Revenue CAGR
					LTM	2023E	LTM	2023E			
Accenture	\$285.81	82.8%	\$180,498	\$178,158	2.8x	2.7x	16.7x	15.1x	16.9%	4.5%	13.4%
Atos	12.38	42.1	1,361	4,132	0.3	0.3	6.1	3.4	5.6	(0.1)	(4.0)
Capgemini	185.52	82.7	31,894	35,983	1.5	1.4	11.4	10.0	13.5	6.3	8.8
CGI Group	96.27	99.6	22,407	24,616	2.5	2.3	14.4	11.7	17.5	7.9	3.5
Cognizant	60.93	67.3	31,031	30,077	1.5	1.5	8.5	8.5	18.3	0.8	5.6
Genpact	46.22	94.6	8,489	9,636	2.2	2.1	13.9	10.9	15.8	6.9	8.0
HCL	13.22	90.2	35,778	34,500	2.8	2.6	13.2	11.3	21.2	9.2	10.4
Mphasis	21.88	52.7	4,121	4,017	2.4	2.2	14.8	12.7	16.3	8.6	11.2
Perficient	72.19	63.5	2,504	2,907	3.2	3.0	16.0	13.0	20.0	6.3	16.3
Tech Mahindra	13.42	72.4	11,806	11,364	1.8	1.6	13.0	11.0	13.9	10.4	10.2
Wipro	4.45	59.9	24,365	22,125	2.1	1.9	11.6	10.1	17.8	9.7	11.6
High		99.6%	\$180,498	\$178,158	3.2x	3.0x	16.7x	15.1x	21.2%	10.4%	16.3%
Median		72.4	22,407	22,125	2.2	2.1	13.2	11.0	16.9	6.9	10.2
Mean		73.4	32,205	32,501	2.1	2.0	12.7	10.7	16.1	6.4	8.6
Low		42.1	1,361	2,907	0.3	0.3	6.1	3.4	5.6	(0.1)	(4.0)

Marketing Services Index

Marketing Services	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV/Revenue Multiples		EV/EBITDA Multiples		LTM EBITDA Margin	2023E Revenue Growth	3 Year Revenue CAGR
					LTM	2023E	LTM	2023E			
Dentsu	\$34.98	92.4%	\$9,248	\$10,821	1.1x	1.1x	5.9x	6.1x	19.4%	0.3%	1.3%
IPG	37.24	94.2	14,341	16,428	1.5	1.7	9.3	8.9	16.1	(10.7)	2.5
Omnicom	94.34	97.7	19,001	22,524	1.6	1.5	9.5	9.1	16.7	3.4	3.9
Publicis	77.99	92.1	19,443	21,134	1.4	1.5	6.9	6.7	20.3	(7.9)	1.9
WPP	11.86	88.6	12,700	19,111	1.1	1.3	9.9	6.4	11.1	(12.2)	(2.3)
High		97.7%	\$19,443	\$22,524	1.6x	1.7x	9.9x	9.1x	20.3%	3.4%	3.9%
Median		92.4	14,341	19,111	1.4	1.5	9.3	6.7	16.7	(7.9)	1.9
Mean		93.0	14,947	18,004	1.3	1.4	8.3	7.5	16.7	(5.4)	1.5
Low		88.6	9,248	10,821	1.1	1.1	5.9	6.1	11.1	(12.2)	(2.3)

Source: Capital IQ, market data as of 31-Mar-2023

Note: All data shown in USD.

M&A Activity

Date	Target	Buyer	Summary
03/31/2023	Montreal Analytics	Datatonic	<ul style="list-style-type: none"> Target HQ: Montreal, Canada Montreal Analytics is a full-stack data consultancy that solves data misalignment and chaotic reporting
03/21/2023	Brooklyn Data Company	Velir	<ul style="list-style-type: none"> Target HQ: Brooklyn, NY Brooklyn Data Company is a data and analytics consultancy serving the healthcare, e-commerce, retail, non-profit, and life sciences industries
03/14/2023	Supreme Optimization	Trinity Hunt Partners	<ul style="list-style-type: none"> Target HQ: San Juan, Puerto Rico Supreme Optimization offers digital marketing services such as strategy, optimization, and web design to the life sciences industry
03/10/2023	Mobica	Cognizant	<ul style="list-style-type: none"> Target HQ: Wilmslow, England Mobica provides integration software engineering and development services, aiding across all stages of the software lifecycle
02/21/2023	Relevance Lab	Capital Square Partners	<ul style="list-style-type: none"> Target HQ: San Jose, CA Relevance Lab offers IT services in the areas of software development, cloud, automation, digital service delivery, and supply chain analytics
02/17/2023	Syras	Orion Systems Integrators	<ul style="list-style-type: none"> Target HQ: Boca Raton, FL Syras provides technology integration services including application development, blockchain technology, and data visualization
02/14/2023	Authentic Digital	Concord USA	<ul style="list-style-type: none"> Target HQ: Richmond, VA Authentic Digital provides digital marketing services, such as branding and content creation, to companies in Latin America
02/13/2023	Precision Strategies	Abry Partners	<ul style="list-style-type: none"> Target HQ: New York, NY Precision Strategies is a digital marketing and strategy agency intended to serve the technology, sports, healthcare, and non-profit industries



M&A Activity

Date	Target	Buyer	Summary
02/07/2023	Ignite Visibility	Mountaingate Capital	<ul style="list-style-type: none"> Target HQ: La Jolla, CA Ignite Visibility offers digital marketing services such as SEO, interactive marketing, and social media marketing
02/02/2023	Sproutward	Power Digital Marketing	<ul style="list-style-type: none"> Target HQ: Southborough, MA Sproutward is a digital marketing agency offering site optimization, demand generation, analytics, and funnel optimization
01/31/2023	Axcelinno	Mainline Information Systems	<ul style="list-style-type: none"> Target HQ: Charlotte, NC Axcelinno is an IT consultancy offering DevSecOps and cloud software solutions
01/26/2023	Excellerate	Encora Digital	<ul style="list-style-type: none"> Target HQ: Wayne, PA Excellerate offers outsourced enterprise software development and support services to help companies drive innovation and growth
01/23/2023	Iguazio	McKinsey & Co.	<ul style="list-style-type: none"> Target HQ: Herzliya, Israel Iguazio provides a machine learning operations platform that analyzes data from a variety of sources and provides actionable intelligence
01/18/2023	People Global Solutions	3Cloud	<ul style="list-style-type: none"> Target HQ: Makati City, Philippines People Global Solutions offers outsourced IT and consulting services focused on managed services, infrastructure, and application development
01/16/2023	Automation Logic	Version 1	<ul style="list-style-type: none"> Target HQ: London, England Automation Logic provides DevSecOps and automation consulting, helping companies redesign and optimize business models
01/12/2023	CloudOps	Aptum Technologies	<ul style="list-style-type: none"> Target HQ: Montreal, Canada CloudOps offers cloud consulting and managed services to software-focused organizations

M&A Activity

Date	Target	Buyer	Summary
01/12/2023	Enterprise Blueprints	Bain & Co.	<ul style="list-style-type: none"> Target HQ: London, England Enterprise Blueprints offers business intelligence, data services, enterprise architecture, and application software consulting
01/11/2023	Cprime	Everstone Capital	<ul style="list-style-type: none"> Target HQ: Cary, NC Cprime offers IT consulting and digital transformation services including cloud migration, project management, and application prototyping
01/10/2023	Advertise BG	Publicis Groupe	<ul style="list-style-type: none"> Target HQ: Sofia, Bulgaria Advertise provides internet advertising services such as conversion rate optimization, google data studio, design, and development
01/10/2023	Vertic	Globant	<ul style="list-style-type: none"> Target HQ: New York, NY Vertic is a digital marketing agency that focuses on elevating the brand-customer relationship, utilizing strategy, insights, design, and technology
01/09/2023	The Agency Shop	Catalyte	<ul style="list-style-type: none"> Target HQ: Philadelphia, PA The Agency Shop is a digital marketing consultancy serving private equity firms and family offices
01/05/2023	Clartelligence	Align Capital Partners	<ul style="list-style-type: none"> Target HQ: Newton, MA Clartelligence helps customers maximize their business intelligence through end-to-end data analytics
01/05/2023	Fenom Digital	WPP	<ul style="list-style-type: none"> Target HQ: Red Bank, NJ Fenom Digital offers advanced analytics solutions intended to accelerate salesforce e-commerce growth
01/05/2023	Xoriant	ChrysCapital	<ul style="list-style-type: none"> Target HQ: Sunnyvale, CA Xoriant provides software development and technology services to the high-tech, healthcare, manufacturing, and retail industries



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

 Sellside Advisor



has been acquired by

 GlobalLogic
A Hitachi Group Company

 Sellside Advisor



has been acquired by

 cognizant

 Financial Advisor



has received a strategic investment from

 SHAMROCK
CAPITAL ADVISORS

 Buyside Advisor



has made an investment in

 ALLATA

 Financial Advisor



has received a growth investment from

 abry partners

 Sellside Advisor



a portfolio company of



has been recapitalized by

 Frontenac

 Sellside Advisor



has been acquired by



a portfolio company of

 SAGEWIND CAPITAL

 Sellside Advisor



has been acquired by

 accenture

 Financial Advisor



has received a growth investment from



 Sellside Advisor



has been acquired by

 accenture

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.