

RPA & Intelligent Automation Market M&A Insights

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RPA and the broader Intelligent Automation (IA) and hyper-automation space are witnessing fast adoption and transforming business and economic landscapes across the globe. Key benefits include improving productivity, enhancing decision-making, streamlining customer service, and accelerating digital product development. The RPA/IA market is expanding and expected to grow by 37.9% CAGR over the 2023-2032 period reaching \$66B by 2032, per Polaris Market Research.

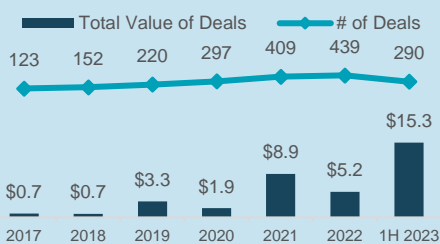
Generative AI can automate everyday tasks, streamline business processes, and give rise to a new generation of business applications. The rapid transformation of text-based queries and data sets into alternative forms for consumption, summary, and/or action significantly broadens the flexibility of automation-oriented solutions. We therefore assess the opportunities as highly complementary and interconnected. Indeed, Goldman Sachs estimates over 65% of occupations can be at least partially automated by a combination of Generative AI and RPA, for a total combined addressable market of \$150B.

Generative AI applications with high adoption rates, such as ChatGPT, Bard, GitHub CoPilot, Stable Diffusion, and MidJourney, have captured the attention of both businesses and consumers. Their ability to perform routine tasks as well as write text and software code, create digital art, and compose music is groundbreaking. Leading RPA/IA technology providers, including UiPath, BluePrism, Microsoft, and Automation Anywhere, are facing the challenge to either integrate these applications into their existing platforms, which could cause security and data protection issues, or invest heavily in proprietary generative AI models. Our view is that such a convergence is inevitable, and that the winners will be determined based on strategic decisions over the next several years.

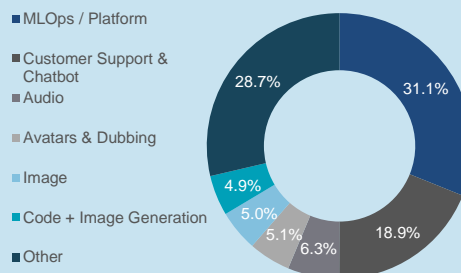
Despite the slowdown in the broader M&A market in early 2023, investors and strategics remained active in the RPA/IA space, with high-quality automation software and service specialists receiving significant interest and premium valuations. In 2023, Ashling Partners received a strategic investment from Bain & Company, Amelia received a growth investment from BuildGroup and Monroe Capital, American Express acquired Nipendo, and RPA specialist BP3 Global (Horizon Capital) acquired South Africa-based DigiBlu.

Investor Interest in Generative AI, 2017 – 1H 2023

\$ in billions



Top AI Categories by Percentage of Total Funding (Excluding Open AI)



Investors are looking to get involved in Generative AI; the first half of 2023 has seen record highs in both the value and the total number of deals in the Generative AI space

Per Newcomer Research, with the exception of OpenAI, the most funded category is machine learning operations / platform tools

Source: Capital IQ, Pitchbook, TechWire, Polaris Market Research, Goldman Sachs, Gartner, McKinsey, Newcomer Research, Forward Partners

Key Insights

Over the next two years, it is expected that the RPA/IA ecosystem will remain an attractive area for mergers and acquisitions on a global scale. Traditional IT-focused vendors have demonstrated interest in acquiring innovative automation capabilities, leading to consolidation and convergence in the market. At ClearSight, we believe hyper-automation and process mining software platforms, as well as RPA/IA specialists who continuously adopt ML/AI technologies and generative AI capabilities, will gain market share and remain attractive investment and acquisition targets.

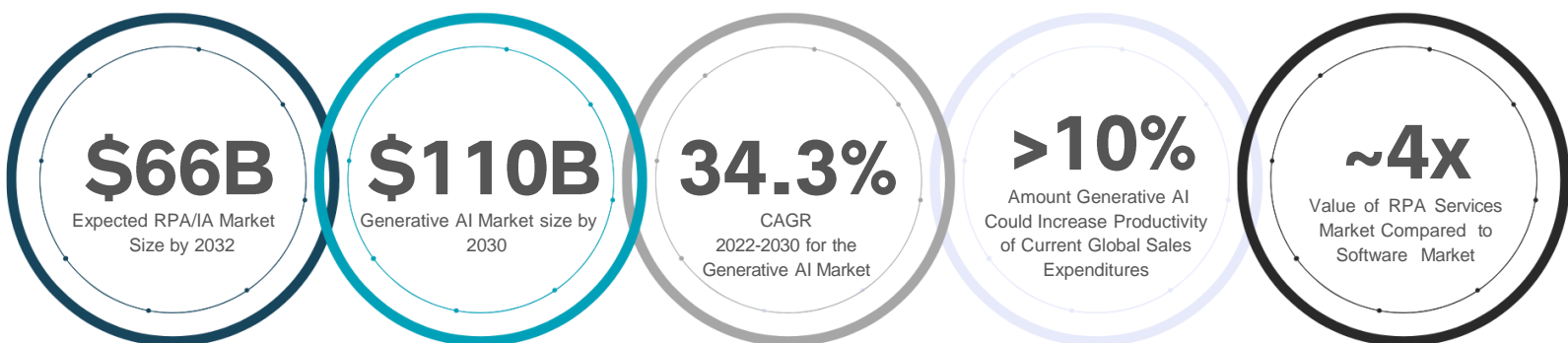
Main Drivers in the RPA / IA Ecosystem



Leading RPA/IA Specialists by Headcount

Headcount	Specialist 1	Specialist 2	Specialist 3
300+	Auxis	Roboyo	Aligned Automation
	AutomationEdge	Accelirate	NTConsult
100+	WonderBotz	Tangentia	
	Digital Workforce	Beecker	Ashling Partners
	Smarthis	BP3 Global	qBotica
	Neostella	Reveal Group	Robiquity
<100	Lydonia Technologies	Novatio Solutions	Tquila Proservartner
	Macedon Technologies	Wysdom.ai	Greenlight Consulting Lanshore
	DiRWA	Element Blue	Invoke Amitech
	Mindfields	Impower.ai	Symprio Alirrium

The radically changing landscape of automation technology continues to produce powerful tools, which have rapidly improved business operations. RPA/IA and generative AI are prime examples of such innovative technology. Combined with RPA, generative AI will redefine how organizations automate their processes. The technology sector is expected to benefit heavily from both AI as well as RPA. The rise in AI tools will contribute to recruitment of more specialized technology employees as expertise in machine learning, data science, and automation technologies will become pivotal to the role.



Sector Spotlight

Bain & Company invests in Ashling Partners

Target

Ashling Partners

Deal Commentary

- Strategic consultancies such as Bain are increasingly asked to provide solutions and not just recommendations. Automation represents a generational disruption to traditional modes of client operations. Bain's partnership with Ashling provides a platform to test cutting-edge automation solutions at scale with complex global enterprises.
- "We are very fortunate to collaborate with Bain's global thought leadership and Vector digital delivery platform for a truly end-to-end automation journey for our collective clients. I am very excited about the expanded conversations we can now have with clients and the value we will deliver because of this partnership. Companies can feel confident that we bring the best resources globally to any business challenge or discussion," said Don Sweeney co-CEO of Ashling Partners.

Investor

Bain & Company

Transaction Summary

On May 10th, 2023, Ashling Partners, a global leader in RPA, secured \$5.25 million in development capital from Bain & Company and other undisclosed investors. The investment allows for the Company to help its clients develop, build, and scale their automation programs.

Transaction Information

Announced Date	10-May-2023
Deal Type	Growth Capital
<i>Target Information</i>	
Year Founded	2017
Target HQ	Chicago, IL
# of Employees	~190

Digiblu Acquired by BP3 Global

Target

Digiblu

Deal Commentary

- BP3, a leader in designing and delivering business process automation solutions, acquired South Africa-based IA consultancy Digiblu. The acquisition will allow the combined firm to address the rapidly growing demand for IA services worldwide with greater depth and sophistication.
- Steve Burke, CEO of DigiBlu, stated: "This is an exciting time for everyone at DigiBlu. BP3 shares our passion for Intelligent Automation and for enabling transformational outcomes as demanded by our clients. We aspire to be a world leader in automating business processes, operating digital workforces, and by combining with BP3's broad and deep suite of capabilities, along with their international footprint, we now have the scale to fully realize that vision."

Acquirer

BP3 Global

Transaction Summary

On June 19th, 2023, Digiblu was acquired by BP3 Global through its financial sponsors, Horizon Capital, Jupiter Peak, and PlumTree Partners for an undisclosed amount. This investment will allow for BP3 to provide its services with a greater level of depth and sophistication.

Transaction Information

Announced Date	19-Jun-2023
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2014
Target HQ	Cape Town, South Africa
# of Employees	~50

Public Market Performance

IT Services Index

IT 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	\$308.58	94.1%	\$194,651	\$189,937	3.0x	2.9x	17.5x	16.4x	17.0%	3.9%	13.2%
Capgemini	189.47	89.6	32,572	36,682	1.5	1.5	10.9	10.2	13.5	6.8	9.0
Cognizant	65.28	92.1	33,128	32,154	1.7	1.7	9.3	9.7	17.9	0.2	5.4
Endava	51.79	44.7	2,944	2,835	2.9	2.8	16.7	12.1	17.5	13.0	25.0
Genpact	37.57	76.9	6,919	8,090	1.8	1.7	11.6	9.4	15.8	6.4	7.8
Globant	179.72	74.9	7,597	7,572	4.1	3.7	25.2	17.6	16.2	16.4	36.5
Mphasis	23.07	77.4	4,350	4,191	2.5	2.5	15.4	13.8	16.4	1.9	8.9
Tata	40.24	92.4	147,236	142,721	5.0	4.8	19.8	18.4	25.5	12.6	10.3
Wipro	4.74	87.5	25,974	23,347	2.1	2.0	11.6	10.7	18.0	7.8	11.0

High	94.1%	\$194,651	\$189,937	5.0x	4.8x	25.2x	18.4x	25.5%	16.4%	36.5%
Median	87.5	25,974	23,347	2.5	2.5	15.4	12.1	17.0	6.8	10.3
Mean	81.1	50,597	49,725	2.7	2.6	15.3	13.2	17.5	7.7	14.1
Low	44.7	2,944	2,835	1.5	1.5	9.3	9.4	13.5	0.2	5.4

Data Analytics Index

Data Analytics	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			
Altair	\$75.84	96.6%	\$6,121	\$6,275	10.7x	10.1x	N/M	50.0x	1.3%	8.4%	9.7%
Alteryx	45.40	64.3	3,198	3,777	4.2	3.8	N/M	31.4	(25.4)	15.0	25.7
MicroStrategy	342.42	94.6	4,807	7,141	14.3	14.2	N/M	81.2	(44.4)	0.8	1.5
Palantir	15.33	89.3	32,476	32,226	15.8	14.6	N/M	57.6	(1.8)	15.9	26.5
Snowflake	175.98	85.6	57,354	58,079	25.6	21.0	N/M	255.8	(37.6)	33.7	67.1
Splunk	106.09	90.8	17,565	19,184	5.1	4.9	N/M	24.2	(0.3)	7.0	20.6
Verisk	226.03	98.9	32,727	35,840	14.0	13.6	42.2	25.3	33.1	5.3	5.0

High	94.1%	\$194,651	\$189,937	5.0x	4.8x	25.2x	18.4x	25.5%	16.4%	36.5%
Median	87.5	25,974	23,347	2.5	2.5	15.4	12.1	17.0	6.8	10.3
Mean	81.1	50,597	49,725	2.7	2.6	15.3	13.2	17.5	7.7	14.1
Low	44.7	2,944	2,835	1.5	1.5	9.3	9.4	13.5	0.2	5.4

Business Process Outsourcing Index

Business Process Outsourcing	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			
Concentrix	\$80.75	53.2%	\$4,133	\$6,122	0.9x	0.9x	6.1x	5.7x	15.6%	4.2%	11.8%
EXL	30.21	79.0	5,022	5,081	3.3	3.1	18.7	14.9	17.7	14.7	19.1
Teleperformance	167.52	45.9	9,793	12,660	1.4	1.3	8.4	6.1	16.8	7.6	10.2
TELUS	15.18	48.2	4,150	5,923	2.3	2.0	13.0	8.3	17.6	20.7	23.5
WNS	73.72	77.6	3,565	3,709	3.0	2.9	17.6	14.0	16.8	5.1	11.5

High	79.0%	\$9,793	\$12,660	3.3x	3.1x	18.7x	14.9x	17.7%	20.7%	23.5%
Median	53.2	4,150	5,923	2.3	2.0	13.0	8.3	16.8	7.6	11.8
Mean	60.8	5,333	6,699	2.2	2.1	12.7	9.8	16.9	10.5	15.2
Low	45.9	3,565	3,709	0.9	0.9	6.1	5.7	15.6	4.2	10.2

Source: Capital IQ, market data as of 30-Jun-2023

Note: All data shown in USD.

M&A and Investment Activity






Date	Target	Buyer/Investor	Type	Summary
Jun-23	DigiBlu	BP3	IDP	<ul style="list-style-type: none"> DigiBlu specializes in implementing and operating digital workforces through its robotic operating center (ROC) to automate documents and process flow
Jun-23	Big Tree Technology and Consulting	Capgemini	RPA	<ul style="list-style-type: none"> BTC offers IT consulting and system integration for digital transformation utilizing new technologies such as cloud, AI, RPA, and digital marketing
Jun-23	Acumera	Peak Rock Capital	DAP	<ul style="list-style-type: none"> Acumera provides a managed security, network visibility, and automation platform intended for the payment systems and operations of businesses
Jun-23	Proxverse	SageVentures	PDT	<ul style="list-style-type: none"> Proxverse provides an autonomous and controllable enterprise intelligence process management platform designed to digitalize business processes
May-23	Hyro	Liberty Mutual Strategic Ventures	ConvAI	<ul style="list-style-type: none"> Hyro operates a call center for healthcare providers that enables automated discussions with their patients via conversational AI
May-23	Ashling Partners	Bain & Company	RPA	<ul style="list-style-type: none"> Ashling Partners provides robotic process automation, artificial intelligence, machine learning, and optical character recognition services
May-23	machineLOGIC	Sourcepass	RPA	<ul style="list-style-type: none"> machineLOGIC offers cloud services, cyber security, automation, cloud-based storage, and consulting
Apr-23	Future WorkForce	AROBS	RPA	<ul style="list-style-type: none"> Future WorkForce provides an intelligent automation software to automate procurement and supply chain, customer service, finance, and accounting
Mar-23	Amelia	BuildGroup, Monroe Capital	ConvAI	<ul style="list-style-type: none"> Amelia provides an automation and conversational enterprise platform that enhances call centers, customer service, and user experiences
Feb-23	Summit2Sea Consulting	cBEYONData	RPA	<ul style="list-style-type: none"> Summit2Sea delivers services through data analytics, functional and technical system integrations, and intelligent process automation
Feb-23	Humans4Help	Alan Allman Associates	RPA, PDT	<ul style="list-style-type: none"> Humans4Help provides RPA and data science technology, catering to the IT industry and offering enterprise service management and process mining
Feb-23	Sigmaways	HeartCore	PDT, RPA	<ul style="list-style-type: none"> Sigmaways delivers full lifecycle product engineering services via their digital transformation, technology consulting, and staffing solutions
Jan-23	Nipendo	American Express	RPA	<ul style="list-style-type: none"> Nipendo uses RPA and intelligent automation solutions to automate B2B payments processes with its cloud-based platform
Jan-23	Invicta Health Solutions	Receivable Solutions	RPA	<ul style="list-style-type: none"> Invicta provides a fully integrated workflow and data management system that breaks down inter-departmental revenue cycle barriers

RPA - Robotic Process Automation
PDT - Process Discovery Technology / Process Mining
DAP - Digital Automation Platform
IDP - Intelligent Document Processing
ConvAI - Conversational AI

Source: Capital IQ, Pitchbook

About ClearSight

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