

Digital, Data & Cloud Market Monitor

After buyers and sellers took shelter from uncertainty earlier in the year, Q3 showed momentum in the market again. In Q1 and Q2, we saw companies take corrective actions to reduce spending as they guarded themselves from turbulent macroeconomic and global events. As a result, digital, data, and cloud (“DDC”) services companies’ revenue trajectories shifted, and forecasting became very difficult. However, towards the end of the summer, these companies saw their revenues stabilize and pipelines increase again. As such, buyers are very cautious of any forecast they see and are vigilant in diligence regarding revenue visibility, which can lengthen the time required to close a deal.

Revenue visibility can mean many things and entrepreneurs can struggle to convey business intuition into more tangible evidence. Rigorous tracking of opportunities from initial qualification through signed contract is a foundational similarity among best-in-class operators. Higher certainty elements, like signed backlog and fully scoped, negotiated pipeline, offer confidence that enhance the credibility of the future performance outlook. After all, while the past provides validation, valuation in an M&A context is ultimately a buyout of the future of the company. Leaning into future performance and growth can help clients achieve stronger outcomes and more competitive interest. In a transaction process, the ability to thoughtfully set and indisputably achieve performance milestones (particularly revenue) over the course of three to five months during the process will enhance momentum towards a premium outcome.

We saw fewer companies go to market in the first half of the year because of revised revenue projections. To compensate for slower deal flow, strategic acquirers and financial investors began clamoring for deals. Collectively, buyers have dramatically increased their outbound activity with the hopes of finding acquisition targets who have performed well this year, on a relative basis. CEOs in our network have noted they are overwhelmed by the number of emails they receive inquiring about their interest in M&A. Our advice to those who receive inbound inquiries is the same for those lacking in inbound interest – if the business is not ready, stay focused on building a high-quality company to optimize a great outcome. However, if the business’ top-line growth, again on a relative basis, and near-term outlook are in a good place, it may be a good time to pursue a transaction.

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



Nas Chobanov
Vice President
[Email Nas](#)
+1 (703) 672-5680

Sector Spotlight

Insight Enterprises Announces Acquisition of Amdaris

Target

Amdaris

Deal Commentary

- Similar to other VARs, Insight has been proactively building a higher margin IT services business, starting with the acquisition of Cardinal Solution in 2018. The business acquired an India-based offshore services firm last year and Amdaris adds a strong nearshore roster of talent and capabilities in Europe to round out the strategy.
- Joyce Mullen, President and CEO of Insight, commented on the transaction, "With the addition of Amdaris, Insight will scale robustly, enhance its technological capabilities, and deliver an even broader range of services and solutions to clients in EMEA. They are a perfect fit to help Insight go faster and help our clients achieve their desired business outcomes."

Acquirer

Insight Enterprises

Transaction Summary

On August 17th, 2023, Insight Enterprises, a Fortune 500 global IT provider, announced its acquisition of Amdaris, an end-to-end European software development and digital services company. Amdaris provides a full suite of digital transformation solutions including innovative software development, application support, managed services, and consulting services.

Transaction Information

Announced Date 17-Aug-2023
Deal Type Acquisition

Target Information

Year Founded 2009
Target HQ Bristol, United Kingdom
of Employees ~800

The Orogen Group Announces Acquisition of Brillio

Target

Brillio

Deal Commentary

- Bain invested in Brillio in the beginning of 2020 and has since grown it to around \$400mm of revenue. The Orogen Group is a relatively new private equity firm headed by the former CEO of Citigroup. Bain remains a minority investor in Brillio.
- Raj Mamodia, Founder and CEO of Brillio, said, "This strategic investment not only strengthens our ability to accelerate innovation for our clients in a dynamic technology environment, but also brings us a visionary partner who shares our passion for technology-led transformation... Their association with Brillio validates our vision, strategy, and world-class execution capabilities."

Investor

The Orogen Group

Transaction Summary

On September 5th, 2023, The Orogen Group, a New York-based investment platform with a focus on financial services companies, announced its acquisition of Brillio, a New Jersey-based technology provider. Brillio serves Fortune 100 companies in their digital transformation journeys by empowering clients to utilize the four superpowers of technology – Cloud, Internet of Things (IoT), Artificial Intelligence (AI), and Mobility.

Transaction Information

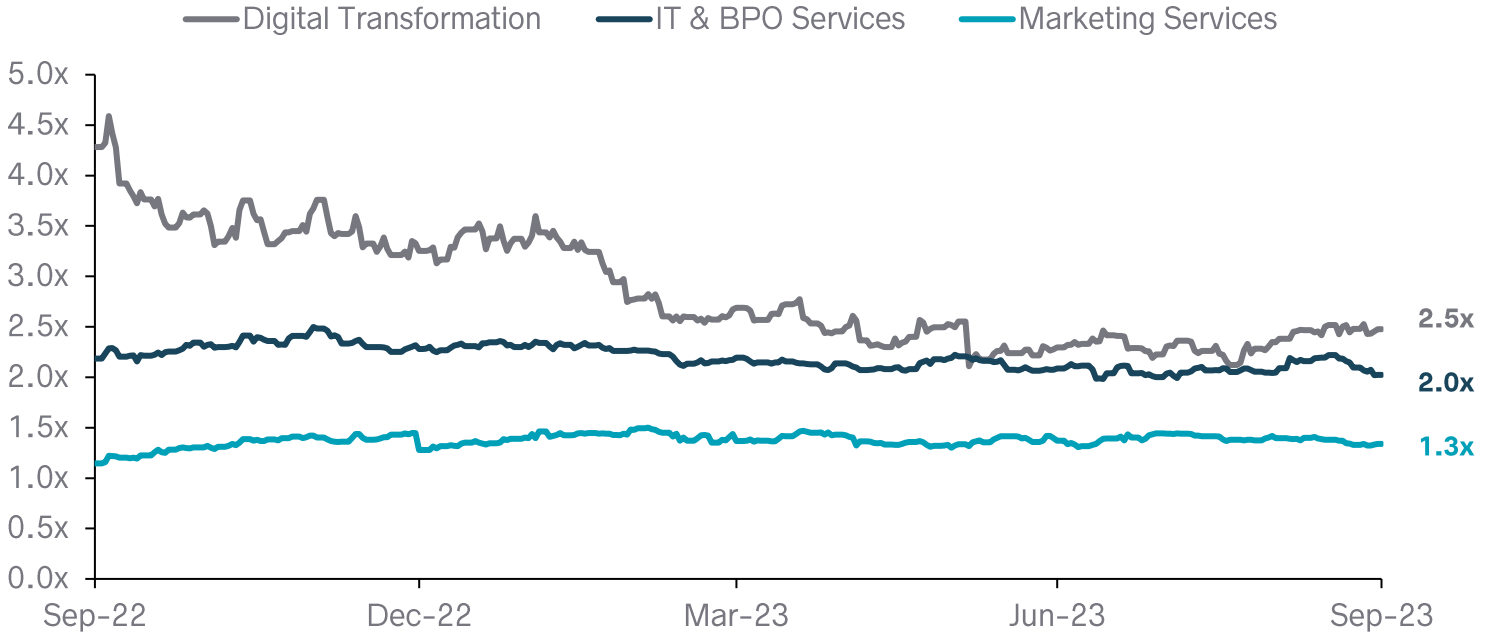
Announced Date 5-Sep-2023
Deal Type Investment

Target Information

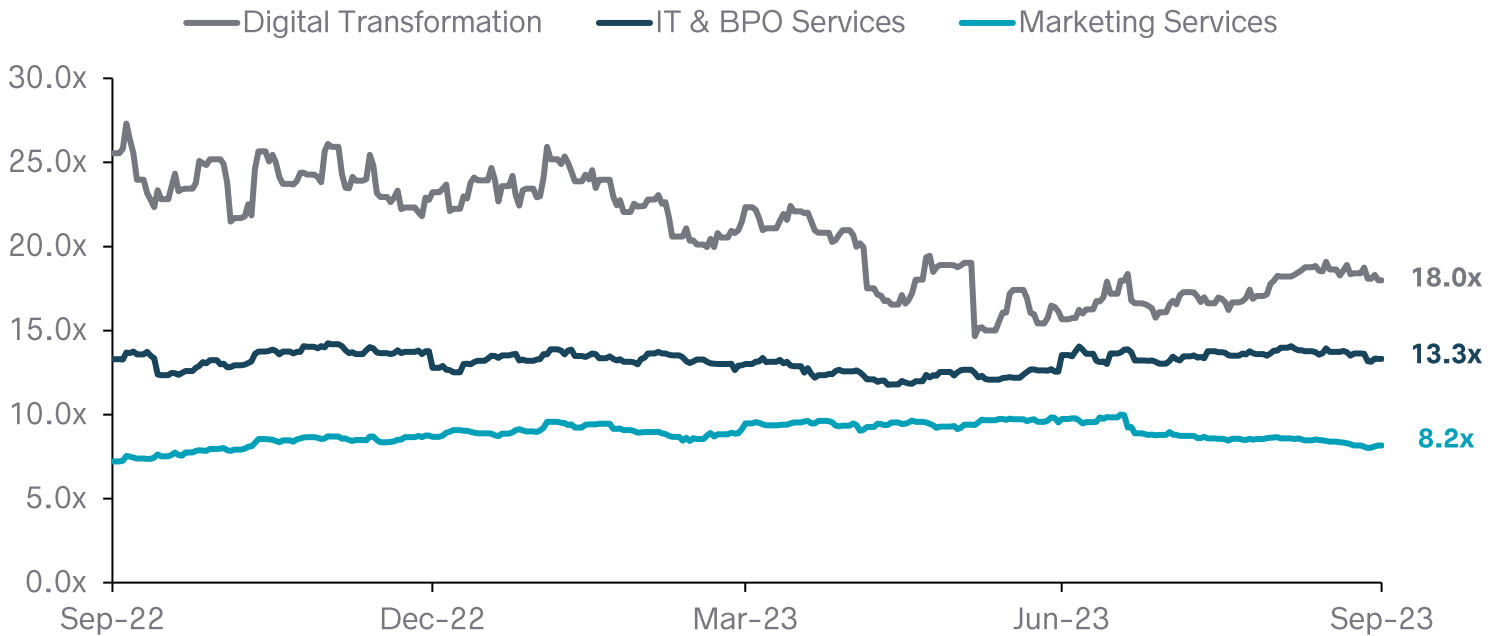
Year Founded 2014
Target HQ Edison, New Jersey
of Employees ~5,000

Public Market Performance

EV / Revenue – Last Twelve Months



EV / EBITDA – Last Twelve Months



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

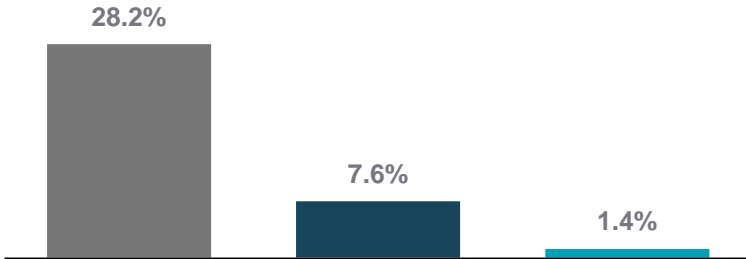
Public Market Performance

■ Digital Technology Services

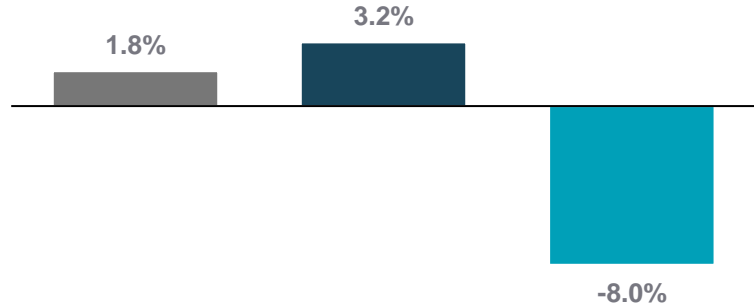
■ IT & BPO Services

■ Marketing Services

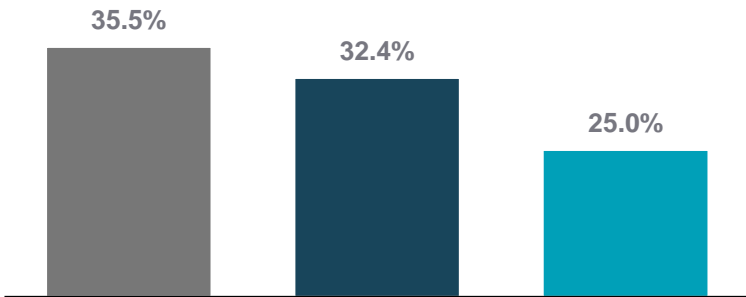
3-Year Historic Revenue Growth



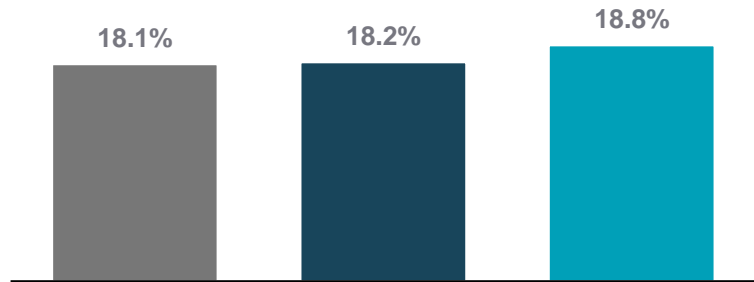
2023E Revenue Growth



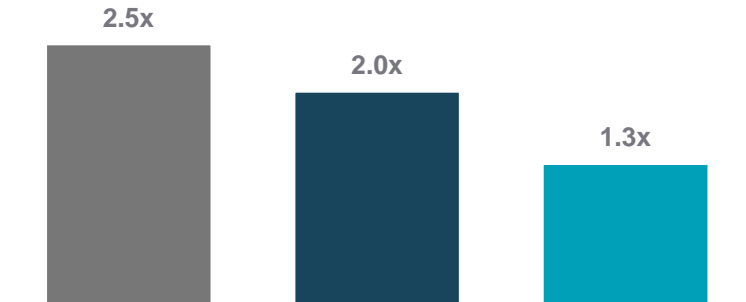
2023E Gross Margin



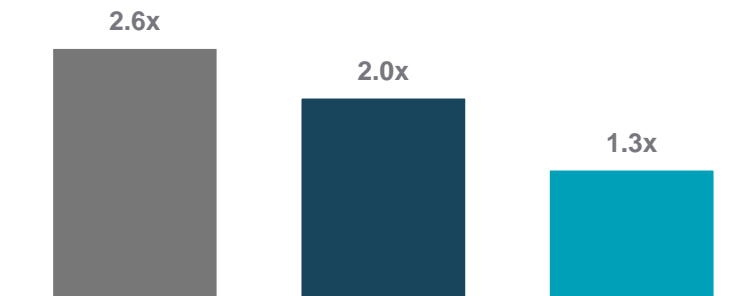
2023E EBITDA Margin



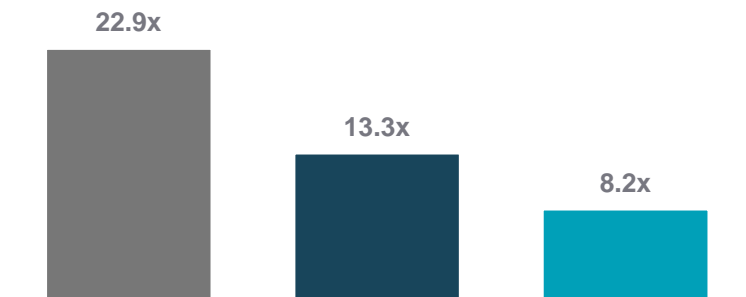
EV / LTM Revenue



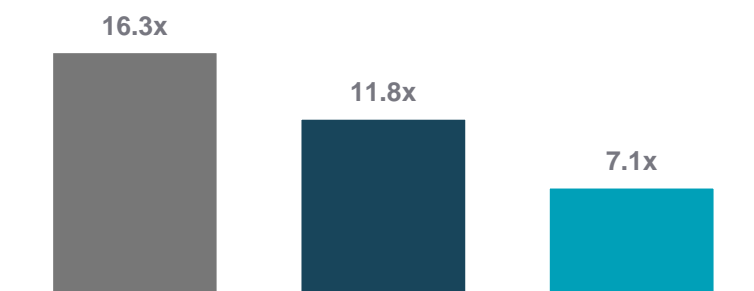
EV / 2023E Revenue



EV / LTM EBITDA



EV / 2023E EBITDA



Source: Capital IQ, market data as of 30-Sept-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			
CI&T	\$6.50	59.4%	\$866	\$1,017	2.1x	2.2x	12.4x	11.7x	16.8%	9.6%	35.0%
Endava	57.35	60.4	3,311	3,190	3.2	3.4	17.6	17.6	17.9	3.3	21.4
EPAM	255.69	65.6	14,820	13,396	2.8	2.9	18.0	16.8	15.4	(3.1)	20.7
Globant	197.85	94.2	8,363	8,357	4.4	4.0	27.8	19.3	15.6	17.5	37.0
Grid Dynamics	12.18	60.5	918	697	2.2	2.2	NM	15.9	1.0	0.2	40.9
Thoughtworks	4.08	34.5	1,296	1,556	1.3	1.4	28.1	12.1	4.5	(11.9)	12.4
High		94.2%	\$14,820	\$13,396	4.4x	4.0x	28.1x	19.3x	17.9%	17.5%	40.9%
Median		60.5	2,304	2,373	2.5	2.6	18.0	16.3	15.5	1.8	28.2
Mean		62.4	4,929	4,702	2.6	2.7	20.8	15.6	11.9	2.6	27.9
Low		34.5	866	697	1.3	1.4	12.4	11.7	1.0	(11.9)	12.4

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	\$307.11	92.9%	\$193,724	\$188,589	2.9x	2.9x	15.5x	16.1x	19.0%	3.5%	13.0%
Atos	6.99	41.9	773	4,354	0.4	0.4	5.1	3.6	6.9	(3.4)	(5.1)
Capgemini	175.49	87.4	30,169	35,181	1.4	1.5	10.5	10.1	13.5	2.8	7.6
CGI Group	98.97	94.1	23,077	25,123	2.4	2.3	13.4	11.8	17.6	10.0	4.1
Cognizant	67.74	93.2	34,212	33,598	1.7	1.7	9.7	10.1	17.9	0.3	5.4
Genpact	36.20	74.1	6,564	7,673	1.7	1.7	10.8	9.0	16.1	5.3	7.5
HCL	14.86	94.2	40,239	38,479	3.0	3.0	14.5	13.7	20.8	5.4	9.1
Mphasis	28.58	93.1	5,390	5,233	3.1	3.3	19.2	18.1	16.4	(2.8)	7.2
Perficient	57.86	59.7	2,014	2,380	2.6	2.6	13.3	12.3	19.4	0.3	14.0
Tech Mahindra	14.72	92.6	12,970	12,563	1.9	1.9	14.5	15.5	13.2	3.2	7.8
Wipro	4.89	91.6	25,485	22,639	2.0	2.0	11.2	10.9	18.0	3.7	9.5
High		94.2%	\$193,724	\$188,589	3.1x	3.3x	19.2x	18.1x	20.8%	10.0%	14.0%
Median		92.6	23,077	22,639	2.0	2.0	13.3	11.8	17.6	3.2	7.6
Mean		83.2	34,056	34,165	2.1	2.1	12.5	11.9	16.2	2.6	7.3
Low		41.9	773	2,380	0.4	0.4	5.1	3.6	6.9	(3.4)	(5.1)

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	\$29.46	88.7%	\$7,788	\$8,372	1.0x	1.0x	5.7x	6.2x	16.6%	(8.0%)	(1.6%)
IPG	28.66	70.0	11,032	14,164	1.5	1.5	8.6	7.9	17.7	0.8	5.7
Omnicom	74.48	75.1	14,715	19,237	1.3	1.3	8.1	8.1	16.5	2.3	3.5
Publicis	75.95	92.1	19,026	21,852	1.4	1.6	8.2	7.1	16.6	(9.3)	1.4
WPP	8.94	67.7	9,562	17,007	0.9	1.2	9.7	6.1	9.2	(16.2)	(3.8)
High		92.1%	\$19,026	\$21,852	1.5x	1.6x	9.7x	8.1x	17.7%	2.3%	5.7%
Median		75.1	11,032	17,007	1.3	1.3	8.2	7.1	16.6	(8.0)	1.4
Mean		78.7	12,425	16,126	1.2	1.3	8.1	7.1	15.3	(6.1)	1.0
Low		67.7	7,788	8,372	0.9	1.0	5.7	6.1	9.2	(16.2)	(3.8)

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

Note: All data shown in USD.


M&A Activity

Date	Target	Buyer	Summary
09/27/2023	Cartesian Consulting [Analytics Practice]	Robosoft Technologies	<ul style="list-style-type: none"> Target HQ: Mumbai, India Cartesian Consulting's analytics practice offers customer, media, and attribution analytics, promotion optimization, and AI applications
09/26/2023	Element Blue	Tquila Automation	<ul style="list-style-type: none"> Target HQ: Houston, TX Element Blue provides intelligent automation solutions, data analytics, and cloud applications services to the healthcare industry
09/26/2023	Mission Data	Growth Acceleration Partners	<ul style="list-style-type: none"> Target HQ: Louisville, KY Mission Data offers full-cycle digital product development including product engineering, UX/UI design, strategy, and managed services
09/25/2023	Dunn Solutions Group	KaarTech	<ul style="list-style-type: none"> Target HQ: Chicago, IL Dunn Solutions Group is a full-service IT consultancy providing digital commerce and business transformation services
09/21/2023	Top of Minds	Digia	<ul style="list-style-type: none"> Target HQ: Stockholm, Sweden Top of Minds is an IT consultancy offering data warehousing, business intelligence, cloud and analytics, integration, and e-commerce services
09/20/2023	Digiterre	Collabera Digital	<ul style="list-style-type: none"> Target HQ: London, United Kingdom Digiterre is a software and data engineering consultancy serving the energy, commodity trading, and financial services industries
09/11/2023	Factor Creative	Virtusa	<ul style="list-style-type: none"> Target HQ: Oakland, CA Factor Creative is a full-service creative agency offering website design and creative and brand identity services for technology enterprises
09/09/2023	ICF Next [Commercial Marketing Group]	Cohere Capital Partners	<ul style="list-style-type: none"> Target HQ: Reston, VA ICF Next is a tech-enabled marketing and communications firm offering strategy and transformation, analytics, and machine learning



M&A Activity

Date	Target	Buyer	Summary
09/07/2023	Algoworks Technologies	FROM	<ul style="list-style-type: none"> Target HQ: Delhi, India Algoworks provides technology and software product engineering to support digital transformation for clients globally
09/06/2023	CREO	Grant Avenue Capital	<ul style="list-style-type: none"> Target HQ: Durham, NC CREO is a provider of digital transformation, cybersecurity, and IT quality consulting services to life sciences and healthcare organizations
09/06/2023	Chenoa Information Services	3Pillar Global	<ul style="list-style-type: none"> Target HQ: Berkeley Heights, NJ Chenoa is a digital engineering firm specializing in application modernization, product development, and business process automation
08/29/2023	OnCore Consulting	GCOM Software (Sagewind Capital)	<ul style="list-style-type: none"> Target HQ: Rancho Cordova, CA OnCore Consulting is a provider of end-to-end IT modernization and digital transformation services for clients in the public sector
08/28/2023	AgileThought	Blue Torch Capital	<ul style="list-style-type: none"> Target HQ: Tampa, FL AgileThought is a global provider of digital transformation services, agile software development, and technology solutions
08/25/2023	RCKT	Dentsu Group	<ul style="list-style-type: none"> Target HQ: Berlin, Germany RCKT is a digital-first creative agency offering digital content creation, UX/UI design, customer experience, and communication strategy services
08/23/2023	SDX	Allgeier	<ul style="list-style-type: none"> Target HQ: Frankfurt, Germany SDX is a cloud software development firm specializing in DevOps, multi-platform UI, data analytics, and software architecture
08/17/2023	SpringML	Egen	<ul style="list-style-type: none"> Target HQ: Pleasanton, CA SpringML is a digitization consultancy specializing in AI/ML, visualization, and implementation for the public sector, healthcare, retail, and education

 = ClearSight acted as advisor to OnCore Consulting and CREO on their respective transactions



M&A Activity

Date	Target	Buyer	Summary
08/14/2023	Avionos	Hero Digital	<ul style="list-style-type: none"> Target HQ: Chicago, IL Avionos is a digital technology consultancy offering digital transformation, commerce, data-driven marketing, and managed services
08/04/2023	Nitor Infotech	Ascendion	<ul style="list-style-type: none"> Target HQ: Pune, India Nitor Infotech is a software product engineering firm with expertise in generative AI, blockchain, data and analytics, cloud and DevOps, and IoT
08/02/2023	Woodridge Software	RCG Global Services (Frontenac)	<ul style="list-style-type: none"> Target HQ: Lakewood, CO Woodridge is FinTech-focused digital consultancy offering custom software development, digital transformation, and UX/UI design services
07/31/2023	Extra Red	Engineering Group	<ul style="list-style-type: none"> Target HQ: Pontedera, Italy Extra Red provides system integration, cloud infrastructure, integration, DevOps, and cloud services
07/31/2023	Max Kelsen Consulting	Bain & Co.	<ul style="list-style-type: none"> Target HQ: Brisbane, Australia Max Kelsen Consulting offers full-stack ML systems engineering, AI-powered application development, and advisory services
07/21/2023	MentorMate	Tietoevry	<ul style="list-style-type: none"> Target HQ: Minneapolis, MN MentorMate is a digital engineering firm offering application development, UX design, backend integration, data analytics, and consulting services
07/11/2023	Supreme Optimization	Balance Point Capital	<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
07/10/2023	Sidero	GlobalLogic	<ul style="list-style-type: none"> Target HQ: Athlone, Ireland Sidero is a software development and cloud-native services provider with industry expertise in financial services, communications, and utilities



About ClearSight

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 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

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Select Transactions



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BGB | GROUP
a portfolio company of


Sellside Advisor


has merged with

a portfolio company of


Financial Advisor


has been recapitalized by


Financial Advisor


has divested its
Australian Business
to
the Australian Entity of


Financial Advisor




has received a strategic investment from


Sellside Advisor




has been acquired by

A Hitachi Group Company



Sellside Advisor


has been acquired by




Financial Advisor


has received a strategic investment from


BuySide Advisor


has made an investment in


Financial Advisor


has received a growth investment from


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