

# Digital, Data & Cloud Market Monitor

Every February in Pennsylvania, there is a curious spectacle involving a groundhog named Punxsutawney Phil. Local tradition holds that this groundhog's actions foreshadow a continued winter or emergence of an early spring. Revealed in this folklore is a desire to know the unknowable, and a very human optimism that better conditions are nearer than they seem.

The M&A industry largely began 2024 with cautious optimism that the new year would accelerate activity in the deals market. For a moment, that optimism appeared well-founded. Cognizant closed its acquisition of Elite ServiceNow consultancy Thirdera in a signature deal at a premium multiple. Accenture then acquired digital transformation and managed services provider Navisite, in a deal substantially larger than the typical transaction for the serial acquirer. A few weeks later, Endava announced the largest deal in its history by acquiring GalaxE Solutions. However, Q1 tapered off with significantly lower deal volumes as measured by both count and total expenditure – with fewer processes launched than hoped.

Nonetheless, there is reason to believe an uptick is on the horizon. At Clearsight, we continue to see considerable pent-up demand amongst both sellers considering an exit and buyers seeking stronger deal flow. Private equity owners, after a largely quiet 2023, are under increasing pressure to divest long-tenured assets and return capital to limited partners. Unemployment remains historically low, and the Fed has indicated interest rates are stable (even if the markets would prefer to see cuts).

Digital, data, and cloud companies face a choppy and uncertain market; however, conditions are far from distressed. Indications are of a modest growth environment as presidential campaigns in both the US and India are underway, with the US election generating ambiguity around corporate taxes. Hesitations around free cash flow, therefore, add uncertainty to digital transformation spending.

Spring will be here soon enough. And in the meantime, strong companies continue to entertain interest from many acquirers in a highly competitive market. Compelling opportunities for companies who weathered the volatility and are planning for growth in 2024 remain plentiful.

## Sector Leadership



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



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



**Rishabh Mishra**  
*Managing Director*  
[Email Rishabh](#)  
+1 (212) 500-0981



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



**Nas Chobanov**  
*Director*  
[Email Nas](#)  
+1 (703) 672-5680



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

# Sector Spotlight

## EPAM Announces Acquisition of Vates

### Target

Vates

### Deal Commentary

- EPAM has sought to strengthen its nearshore capabilities throughout Latin America after Russia invaded Ukraine. The acquisition of Vates is a strong step in that direction and will enhance EPAM's software development portfolio and diversify its Latin America delivery capabilities.
- Ethan Matyas, Senior Vice President and Head of Delivery, North America at EPAM said, "We're pleased to welcome Vates and their team of 500+ talented engineers to EPAM as we further develop next-gen solutions to support today's most complex technological challenges. With the addition of Vates, our team continues to grow as a leader in advanced digital services in LATAM with 3,000+ employees in the region."

### Acquirer

EPAM

### Transaction Summary

On March 26<sup>th</sup>, 2024, EPAM Systems, a leading digital transformation services and product engineering company, announced its acquisition of Vates S.A., a multi-award-winning software development company with offices in Argentina and Chile, for an undisclosed amount. Vates is an end-to-end custom software development company offering digital consulting, systems integration, and big data analysis.

### Transaction Information

Announced Date	26-Mar-2024
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	1991
Target HQ	Alpharetta, GA
# of Employees	~500

## Software Mind Announces Acquisition of Number8

### Target

Number8

### Deal Commentary

- Software Mind prioritized the US in its growth plan but the company had limited presence in North America. Number8 is a great match in many respects, including the presence of a strong management team to rapidly scale in this market.
- The acquisition will strengthen Software Mind's American presence and increase its nearshore talent pool to provide remote, hybrid, and on-site, cost-effective software engineering services to enterprise clients. Adding number8's experts to teams who combine ownership with leading technologies, including cloud, AI, data science, and embedded software, increases Software Mind's ability to quickly build and scale cross-functional teams to accelerate digital transformations and boost software delivery.

### Investor

Software Mind

### Transaction Summary

On March 21<sup>st</sup>, 2024, Software Mind, a global digital transformation partner with operations throughout Europe, the US and LATAM, announced its acquisition of Number8, a software development company that delivers cross-sector IT staffing and consulting support. Number8 is a provider of cloud, AI, data science, as well as embedded software development, cloud integration, and related IT services for businesses in the US and LATAM. **Clearsight advised Number8 in connection with this transaction.**

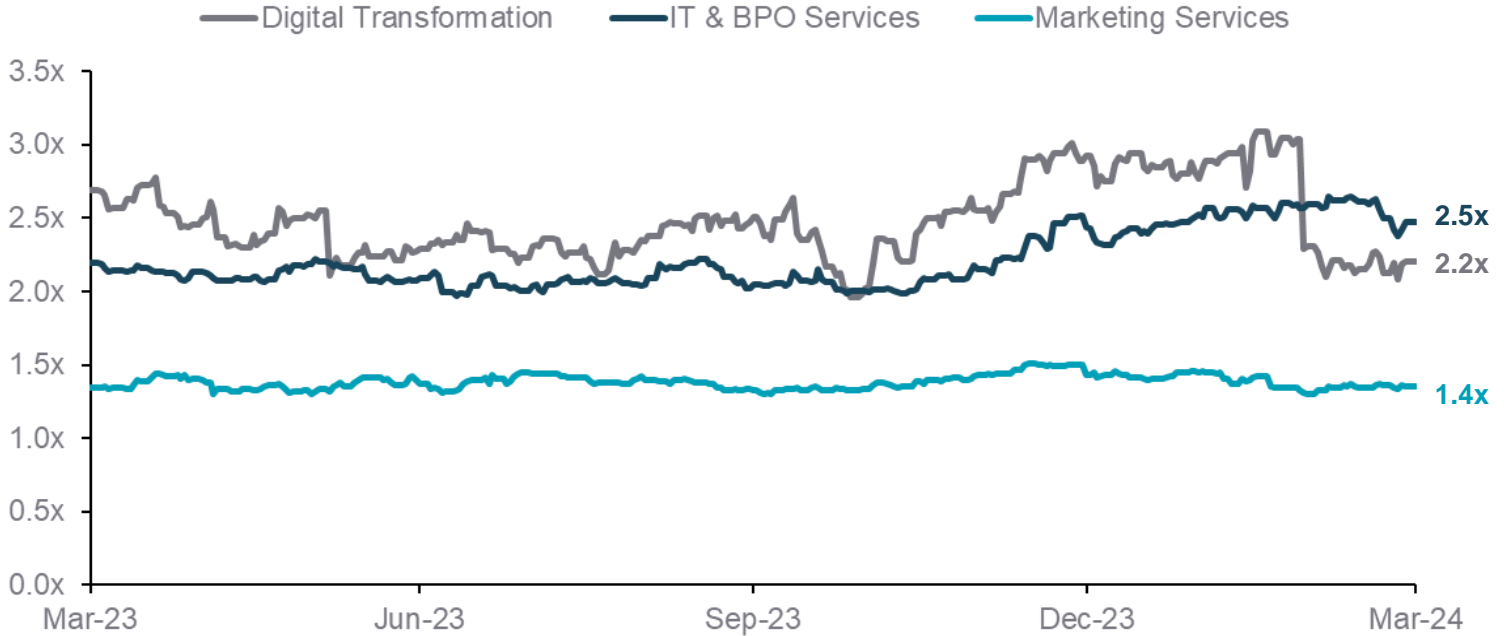
### Transaction Information

Announced Date	21-Mar-2024
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2008
Target HQ	Louisville, KY
# of Employees	~300

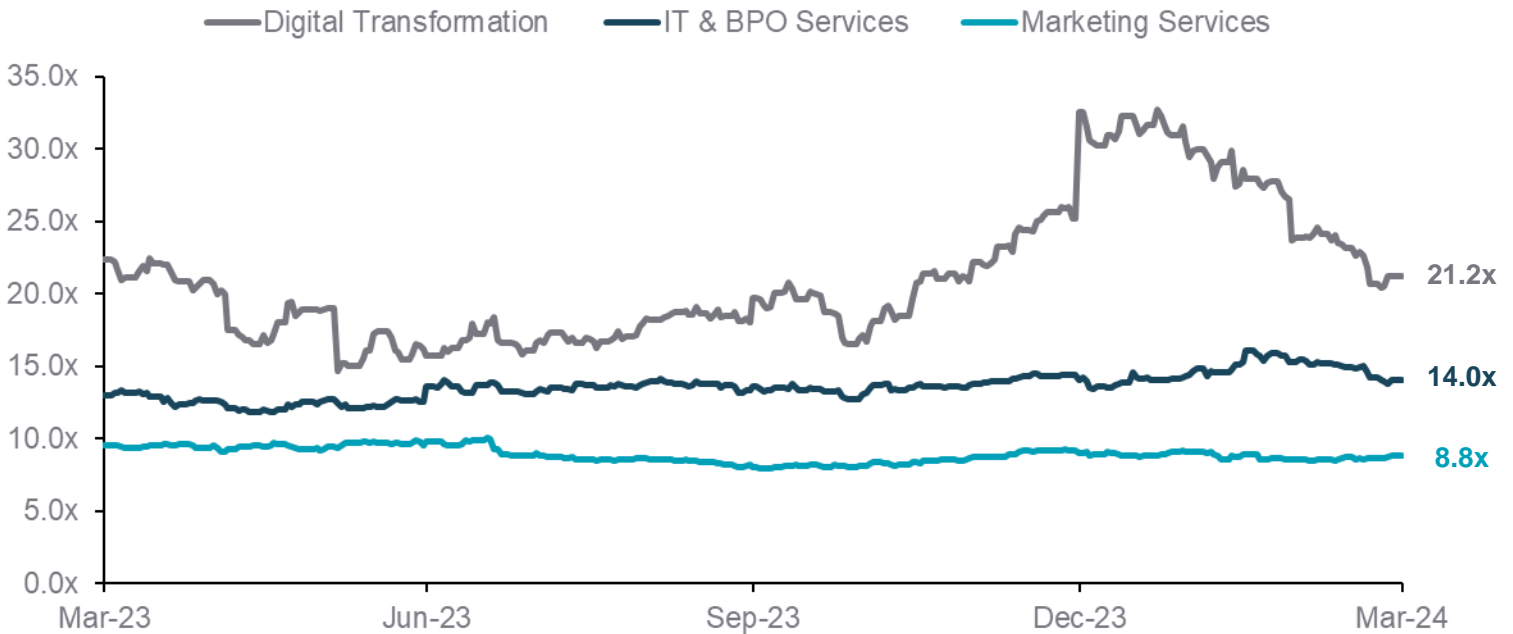


# Public Market Performance

## EV / Revenue – Last Twelve Months<sup>1</sup>



## EV / EBITDA – Last Twelve Months



Source: Capital IQ, market data as of 31-Mar-2024

1. Grid Dynamics excluded from Digital Transformation index due to volatile EV / EBITDA multiples.



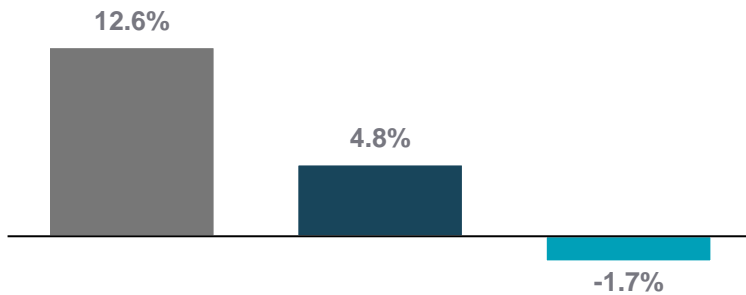
# Public Market Performance

■ Digital Technology Services

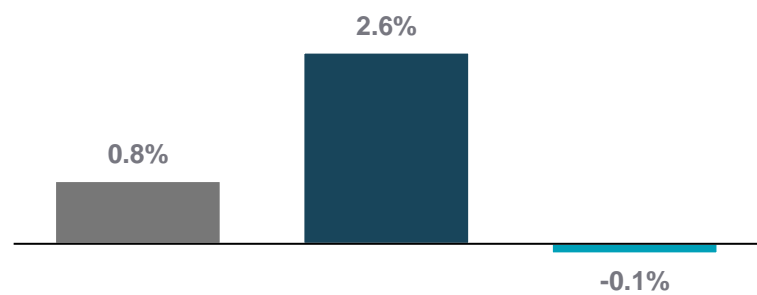
■ IT & BPO Services

■ Marketing Services

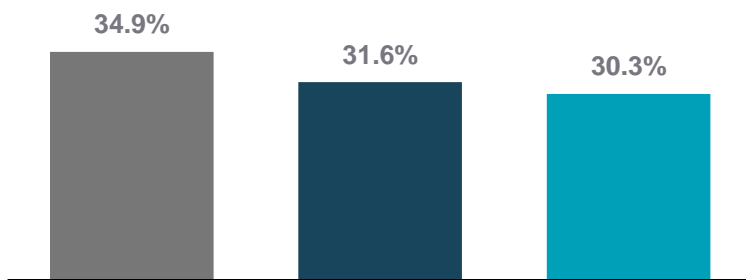
## 3-Year Historic Revenue Growth



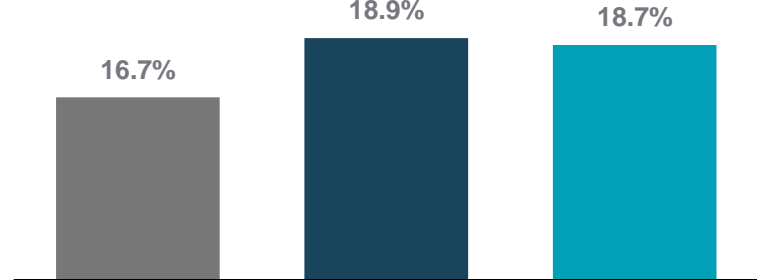
## 2024E Revenue Growth



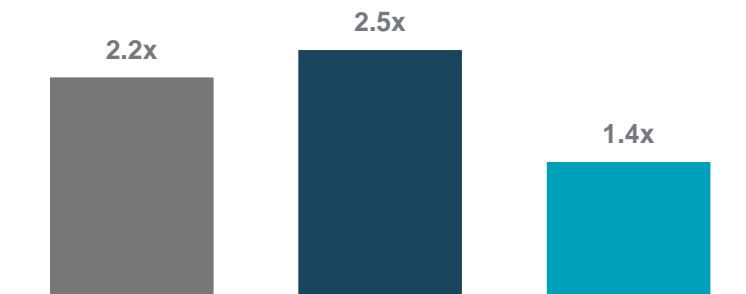
## 2024E Gross Margin<sup>1</sup>



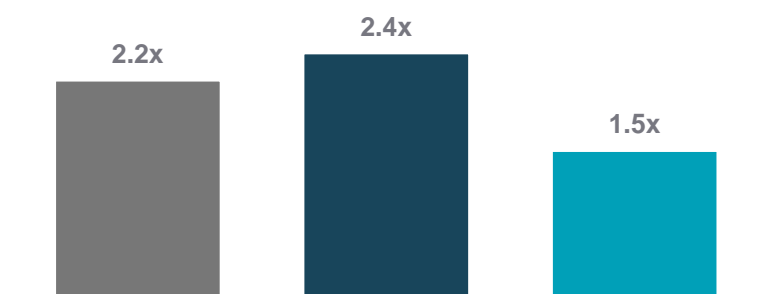
## 2024E EBITDA Margin



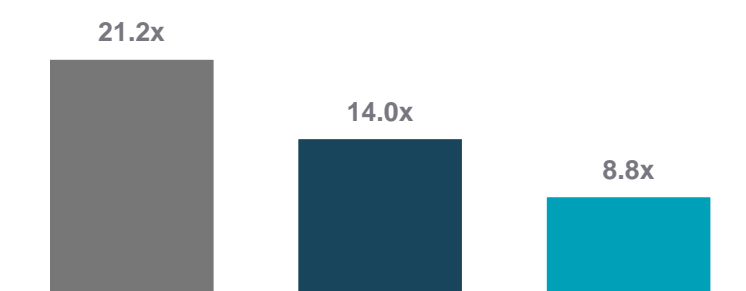
## EV / LTM Revenue



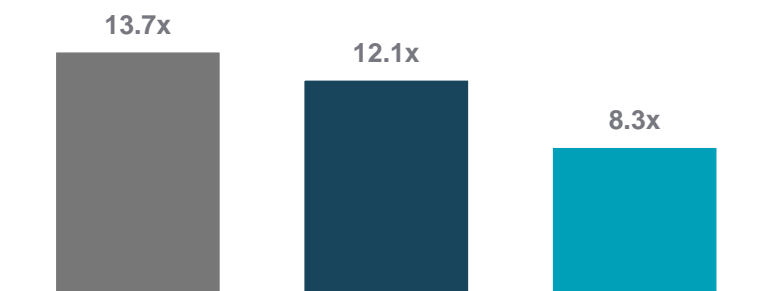
## EV / 2024E Revenue



## EV / LTM EBITDA



## EV / 2024E EBITDA



Source: Capital IQ, market data as of 31-Mar-2024

1. Atos SE excluded from IT & BPO Services index; 2024E Gross Margin data not available.



# 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	2024E Revenue Growth	3 Year Revenue CAGR
					LTM	2024E	LTM	2024E			
CI&T	\$4.13	57.4%	\$549	\$664	1.4x	1.5x	9.2x	8.0x	15.7%	(1.5%)	20.5%
Endava	38.04	46.9	2,216	2,112	2.2	2.2	15.5	13.2	13.9	(2.5)	8.4
EPAM	276.16	87.0	15,970	14,290	3.0	3.0	21.2	17.7	14.4	3.1	8.8
Globant	201.90	80.3	8,699	8,777	4.2	3.6	28.1	17.4	14.9	16.9	23.6
Grid Dynamics	12.29	83.6	934	700	2.2	2.1	N/M	14.3	2.5	6.7	16.5
Thoughtworks	2.53	30.1	817	1,054	0.9	1.1	31.1	12.7	3.0	(12.3)	(2.6)
<b>High</b>		<b>87.0%</b>	<b>\$15,970</b>	<b>\$14,290</b>	<b>4.2x</b>	<b>3.6x</b>	<b>31.1x</b>	<b>17.7x</b>	<b>15.7%</b>	<b>16.9%</b>	<b>23.6%</b>
<b>Median</b>		<b>68.8</b>	<b>1,575</b>	<b>1,583</b>	<b>2.2</b>	<b>2.2</b>	<b>21.2</b>	<b>13.7</b>	<b>14.2</b>	<b>0.8</b>	<b>12.6</b>
<b>Mean</b>		<b>64.2</b>	<b>4,864</b>	<b>4,600</b>	<b>2.3</b>	<b>2.2</b>	<b>21.0</b>	<b>13.9</b>	<b>10.7</b>	<b>1.8</b>	<b>12.5</b>
<b>Low</b>		<b>30.1</b>	<b>549</b>	<b>664</b>	<b>0.9</b>	<b>1.1</b>	<b>9.2</b>	<b>8.0</b>	<b>2.5</b>	<b>(12.3)</b>	<b>(2.6)</b>

## 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	2024E Revenue Growth	3 Year Revenue CAGR
					LTM	2024E	LTM	2024E			
Accenture	\$346.61	89.4%	\$217,924	\$216,790	3.4x	3.3x	19.2x	17.3x	17.5%	2.6%	7.2%
Atos	2.05	12.7	227	3,665	0.3	0.3	6.4	3.0	4.8	(5.1)	(3.1)
Capgemini	230.12	93.8	39,417	42,740	1.7	1.7	12.9	11.9	13.3	0.1	6.4
CGI Group	110.36	93.2	25,403	27,084	2.5	2.4	14.1	12.1	17.5	1.5	4.8
Cognizant	73.29	91.5	36,487	35,191	1.8	1.8	10.3	10.0	17.7	0.8	1.8
Genpact	32.95	71.3	5,942	6,857	1.5	1.5	9.5	7.9	16.2	2.7	4.6
HCL	18.53	90.9	50,167	48,051	3.7	3.4	17.8	14.8	20.6	9.1	8.5
Mphasis	28.66	84.2	5,416	5,319	3.3	3.1	20.3	17.4	16.5	7.8	4.4
Perficient	56.29	58.1	1,968	2,261	2.5	2.4	14.0	11.5	17.8	2.6	6.9
Tech Mahindra	14.98	88.1	13,220	12,892	2.0	2.0	19.6	14.8	10.4	2.8	4.8
Wipro	5.76	87.9	30,067	27,769	2.5	2.5	14.0	13.0	18.2	1.8	3.5
<b>High</b>		<b>93.8%</b>	<b>\$217,924</b>	<b>\$216,790</b>	<b>3.7x</b>	<b>3.4x</b>	<b>20.3x</b>	<b>17.4x</b>	<b>20.6%</b>	<b>9.1%</b>	<b>8.5%</b>
<b>Median</b>		<b>88.1</b>	<b>25,403</b>	<b>27,084</b>	<b>2.5</b>	<b>2.4</b>	<b>14.0</b>	<b>12.1</b>	<b>17.5</b>	<b>2.6</b>	<b>4.8</b>
<b>Mean</b>		<b>78.3</b>	<b>38,749</b>	<b>38,965</b>	<b>2.3</b>	<b>2.2</b>	<b>14.4</b>	<b>12.1</b>	<b>15.5</b>	<b>2.4</b>	<b>4.5</b>
<b>Low</b>		<b>12.7</b>	<b>227</b>	<b>2,261</b>	<b>0.3</b>	<b>0.3</b>	<b>6.4</b>	<b>3.0</b>	<b>4.8</b>	<b>(5.1)</b>	<b>(3.1)</b>

## 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	2024E Revenue Growth	3 Year Revenue CAGR
					LTM	2024E	LTM	2024E			
Dentsu	\$27.73	84.6%	\$7,334	\$9,785	1.1x	1.1x	6.7x	6.6x	15.7%	(3.1%)	(1.7%)
IPG	32.63	79.7	12,358	14,749	1.4	1.6	8.5	8.3	16.0	(0.1)	(2.4)
Omnicom	96.76	97.5	19,158	22,722	1.5	1.5	9.8	8.8	15.8	0.1	3.0
Publicis	109.02	99.9	27,271	28,649	1.8	1.9	8.8	8.8	20.0	(0.1)	3.7
WPP	9.52	77.6	10,175	16,638	0.9	1.1	16.6	5.9	5.3	(0.2)	(4.9)
<b>High</b>		<b>99.9%</b>	<b>\$27,271</b>	<b>\$28,649</b>	<b>1.8x</b>	<b>1.9x</b>	<b>16.6x</b>	<b>8.8x</b>	<b>20.0%</b>	<b>0.1%</b>	<b>3.7%</b>
<b>Median</b>		<b>84.6</b>	<b>12,358</b>	<b>16,638</b>	<b>1.4</b>	<b>1.5</b>	<b>8.8</b>	<b>8.3</b>	<b>15.8</b>	<b>(0.1)</b>	<b>(1.7)</b>
<b>Mean</b>		<b>87.8</b>	<b>15,259</b>	<b>18,509</b>	<b>1.3</b>	<b>1.4</b>	<b>10.1</b>	<b>7.7</b>	<b>14.6</b>	<b>(0.7)</b>	<b>(0.5)</b>
<b>Low</b>		<b>77.6</b>	<b>7,334</b>	<b>9,785</b>	<b>0.9</b>	<b>1.1</b>	<b>6.7</b>	<b>5.9</b>	<b>5.3</b>	<b>(3.1)</b>	<b>(4.9)</b>

Source: Capital IQ, market data as of 31-Mar-2024

Note: All data shown in USD.

# M&A Activity

Date	Target	Buyer	Summary
03/19/2024	<b>Pandata</b>	<b>Further</b>	<ul style="list-style-type: none"> <li>Target HQ: Cleveland, OH</li> <li>Pandata develops mission-critical AI and ML solutions for clients in the healthcare, financial services, energy, and defense sectors</li> </ul>
03/18/2024	<b>Arqs Group</b>	<b>Accenture</b>	<ul style="list-style-type: none"> <li>Target HQ: Belavux, Luxembourg</li> <li>Arqs is an IT consultancy offering digital and information systems design, software development, and data science services to the public sector</li> </ul>
03/13/2024	<b>Principle Studios</b>	<b>Shift Paradigm</b>	<ul style="list-style-type: none"> <li>Target HQ: Remote</li> <li>Principle Studios is a world-class design and technology consultancy with data intelligence, engineering, and brand strategy expertise</li> </ul>
03/13/2024	<b>Stratéjia</b>	<b>Vooban</b>	<ul style="list-style-type: none"> <li>Target HQ: Quebec City, Canada</li> <li>Stratéjia is a digital transformation consultancy with deep expertise in business intelligence, UX/UI design, AI, and advanced analytics</li> </ul>
03/12/2024	<b>Revelation AI</b>	<b>Accelirate</b>	<ul style="list-style-type: none"> <li>Target HQ: Boston, MA</li> <li>Revelation AI is an IT consultancy offering consulting, design, and implementation with specialization in AI and predictive analytics</li> </ul>
03/11/2024	<b>Flightpath</b>	<b>Ruder Finn</b>	<ul style="list-style-type: none"> <li>Target HQ: New York, NY</li> <li>Flightpath is a digital marketing agency offering web design and development, online advertising, SEO, and content marketing</li> </ul>
02/29/2024	<b>GalaxE</b>	<b>Endava</b>	<ul style="list-style-type: none"> <li>Target HQ: Somerset, NJ</li> <li>GalaxE is a digital transformation consultancy operating at the intersection of product development, and IT and business consulting</li> </ul>
02/28/2024	<b>Mindcurv</b>	<b>Accenture</b>	<ul style="list-style-type: none"> <li>Target HQ: Essen, Germany</li> <li>Mindcurv is a cloud-native digital experience and data analytics company specializing in composable software and digital engineering</li> </ul>
02/27/2024	<b>Octobot</b>	<b>Sparq</b>	<ul style="list-style-type: none"> <li>Target HQ: Montevideo, Uruguay</li> <li>Octobot is a nearshore digital engineering firm offering digital product design, software and data engineering, and DevOps</li> </ul>

Source: Public filings as of 31-Mar-2024, Capital IQ, Pitchbook, Press Releases



# M&A Activity

Date	Target	Buyer	Summary
02/22/2024	MapleLabs	Xoriant	<ul style="list-style-type: none"> <li>Target HQ: Sunnyvale, CA</li> <li>MapleLabs is a cloud-native product engineering firm offering observability, datacenter sizing tools, and big data analytics</li> </ul>
02/21/2024	Trianz	Capital Square Partners	<ul style="list-style-type: none"> <li>Target HQ: Santa Clara, CA</li> <li>Trianz is a digital transformation consultancy offering automated platforms in data and analytics, AI, cloud, and digital workplace</li> </ul>
02/20/2024	GemSeek	Accenture	<ul style="list-style-type: none"> <li>Target HQ: Sofia, Bulgaria</li> <li>GemSeek is a customer experience analytics provider specializing in data management, brand and product experience, and advanced analytics</li> </ul>
02/13/2024	Aggne Global	Wipro	<ul style="list-style-type: none"> <li>Target HQ: Tampa, FL</li> <li>Aggne is an IT consultancy offering development and integration, cloud services, and DevOps automation to clients in the insurance sector</li> </ul>
02/08/2024	BRIGHT	Virtusa	<ul style="list-style-type: none"> <li>Target HQ: Sofia, Bulgaria</li> <li>BRIGHT is a digital transformation firm with expertise in integration, DevOps, analytics, and digital workflow applications</li> </ul>
02/07/2024	Infogen	Ciklum	<ul style="list-style-type: none"> <li>Target HQ: Valencia, CA</li> <li>Infogen is a digital engineering services firm specializing in cloud computing, UI/UX, software development, and testing</li> </ul>
02/07/2024	Bits in Glass	Capital Square Partners	<ul style="list-style-type: none"> <li>Target HQ: Edmonton, Canada</li> <li>BIG is a digital transformation consultancy with deep business process automation, integration, and AI expertise</li> </ul>
02/01/2024	Bounteous	Accolite Digital	<ul style="list-style-type: none"> <li>Target HQ: Wheaton, IL</li> <li>Bounteous provides strategy consulting, experience design, analytics, and marketing services to support digital transformation</li> </ul>
01/23/2024	Sparro	Brainlabs	<ul style="list-style-type: none"> <li>Target HQ: New South Wales, Australia</li> <li>Sparro is a digital media agency providing data-driven strategies to streamline marketing automation, conversion optimization, and SEO</li> </ul>

Source: Public filings as of 31-Mar-2024, Capital IQ, Pitchbook, Press Releases





# M&A Activity

Date	Target	Buyer	Summary
01/22/2024	<b>Giant Machines</b>	<b>Deloitte</b>	<ul style="list-style-type: none"> <li>Target HQ: New York, NY</li> <li>Giant Machines is a software engineering firm offering design, innovation, and integration to support custom digital product development</li> </ul>
01/16/2024	<b>Aspirant Consulting</b>	<b>Wavestone</b>	<ul style="list-style-type: none"> <li>Target HQ: Pittsburgh, PA</li> <li>Aspirant is a management consulting firm focused on strategy and delivery, marketing and innovation, and app development and integration</li> </ul>
01/15/2024	<b>Jarmany</b>	<b>Ipsos</b>	<ul style="list-style-type: none"> <li>Target HQ: London, England</li> <li>Jarmany is an insights agency offering data and analytics strategy expertise focused on ecommerce, marketing, operations, and finance</li> </ul>
01/10/2024	<b>ChangeCX</b>	<b>Icreon Tech</b>	<ul style="list-style-type: none"> <li>Target HQ: Plano, TX</li> <li>ChangeCX is an omnichannel consultancy specialized in data integration and AI, cloud and DevOps, and change transformation</li> </ul>
01/09/2024	<b>Suyati</b>	<b>Milestone Technologies</b>	<ul style="list-style-type: none"> <li>Target HQ: Kochi, India</li> <li>Suyati is an IT outsourcing firm offering custom development, advanced analytics, and data and cloud integration services</li> </ul>
01/09/2024	<b>Tail Wind Informatics</b>	<b>Trace3</b>	<ul style="list-style-type: none"> <li>Target HQ: Minnetonka, MN</li> <li>Tail Wind is a data and analytics consultancy providing information strategy, data consulting, application development, and managed services</li> </ul>
01/09/2024	<b>Onebridge</b>	<b>Marlabs</b>	<ul style="list-style-type: none"> <li>Target HQ: Indianapolis, IN</li> <li>Onebridge is a full-lifecycle data consulting firm specializing in advanced analytics, AI enablement, and business intelligence</li> </ul>
01/09/2024	<b>Britton Marketing &amp; Design Group</b>	<b>BrandStar</b>	<ul style="list-style-type: none"> <li>Target HQ: Fort Wayne, IN</li> <li>BMDG is a boutique branding and design firm offering strategy, planning, and creative digital services to transform brands</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

250 Park Avenue,  
Suite 600  
New York, NY 10177

2626 Cole Ave, Suite 700  
Dallas, TX 75204


 703.672.3100

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

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

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## Select Transactions


 Sellside Advisor

**number8**  
has been acquired by

**Software Mind**

backed by


 Enterprise Investors  
and  
**ailleron**

 Sellside Advisor

**incapsulate**

has been acquired by

**accenture**

 Buyside Advisor

**RGP**

has acquired

**CloudGo**

 Sellside Advisor

**Kx Advisors**

has been acquired by

**BGB | GROUP**

a portfolio company of

**TPG**

 Sellside Advisor


**oncore consulting**

has merged with

**gcom**  
OUTCOMES DELIVERED

a portfolio company of

**SAGEWIND CAPITAL**

 Financial Advisor

**creo**

has been recapitalized by

**GRANT AVENUE**

 Financial Advisor

**enforce**

has divested its

**Australian Business**

to


the Australian Entity of  
**Deloitte.**

 Financial Advisor

**BEGHOU**  
CONSULTING

has received a strategic investment from


**VARSIITY**  
HEALTHCARE PARTNERS

 Sellside Advisor

**hehacta**

has been acquired by

**GlobalLogic**  
A Hitachi Group Company

 Sellside Advisor

**austincsi**

has been acquired by

**cognizant**

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