

Digital, Data & Cloud Market Monitor

Heading into 2026, our Digital, Data, and Cloud Services team is cautiously optimistic as healthier deal activity, strengthening pipelines, and improving bookings point to a promising outlook. Momentum in Q4 2025 across both public and private companies reinforced expectations for technology services M&A volume to steadily build over the coming year, even as pockets of uncertainty persist. Three key observations stand out:

First, buyers are more discerning in the current environment, with increased emphasis on specialization and depth of expertise. They generally prefer businesses with world-class capabilities within defined industries or technology domains instead of generalist players with overly broad offerings. Focused capabilities provide clarity into where a business has a defensible right to win, supports greater repeatability in delivery and scalability of operations, and strengthens a differentiated growth narrative for buyers to underwrite.

Second, artificial intelligence remains both a source of opportunity and an area of scrutiny. Buyers expect companies to articulate how AI is embedded within delivery models to improve efficiency, accelerate outcomes, and enhance value to the clients. While there is no single correct approach, practical adoption supported by proof points helps address questions around pricing pressure, margin durability, and long-term scalability. Historically, periods of technological disruption drive increased demand for advisory and implementation support, favoring firms that can translate AI potential into tangible business impact for clients.

Third, more enterprises are establishing and expanding global capability centers (GCCs) in offshore locations. While this insourcing dynamic has raised concerns for some technology services players, it presents meaningful growth opportunities for select offshore-led vendors that support clients in scaling GCCs through sophisticated talent solutions and AI-powered co-innovation models.

Despite renewed momentum, strong financial performance alone is no longer sufficient. In today's M&A environment, top-line growth and healthy margins must be supported by a compelling strategic story that explains where the business wins, how it adapts to AI and evolving delivery models, and where future value creation will come from. Companies that combine a compelling growth thesis with a healthy financial picture are best positioned to execute a transaction and command a premium outcome.

Sector Leadership



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Sector Spotlight

Cognizant Announces Acquisition of 3Cloud

Target

3Cloud

Aquirer

Cognizant

Deal Commentary

- Cognizant (NAS: CTSH) is strengthening its Azure-centric capabilities, expanding its presence in the Microsoft cloud ecosystem and building on the momentum of Microsoft's accelerating leadership in the AI race. This deal underscores Cognizant's commitment to scaling end-to-end, AI-powered solutions that accelerate clients' cloud modernization and enterprise transformation journeys
- Ravi Kumar S, CEO of Cognizant, said, "This acquisition marks a pivotal step in Cognizant's strategy to empower our clients for the future of enterprise AI...3Cloud's deep Azure expertise, industry-aligned approach and longstanding Microsoft partnership will enable us to deliver even greater value to our clients as they accelerate their AI journeys. Together, we are poised to set a new standard for innovation and impact in the Azure ecosystem."

Transaction Summary

On November 13th, 2025, Cognizant, a global IT consulting and services firm based in Teaneck, NJ, announced its acquisition of 3Cloud, a pure-play Microsoft Azure and AI firm. 3Cloud employs ~1,200 professionals across the U.S. and the Philippines and specializes in offering cloud infrastructure establishment, application modernization, data and analytics and cloud-managed services.

Transaction Information

Announced Date	13-Nov-2025
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2016
Target HQ	Downers Grove, IL
# of Employees	~1,200

Coforge to Acquire Encora

Target

Encora

Aquirer

Coforge

Deal Commentary

- Coforge (NSE: COFORGE) continues to expand its portfolio of advanced engineering, cloud, and data-driven capabilities across high-growth technology domains by investing in AI-led businesses and digital innovation. This deal underscores Coforge's commitment to scaling end-to-end, AI-powered engineering services for the next era of enterprise transformation
- Sudhir Singh, CEO and Executive Director of Coforge, said, "The Encora acquisition is a defining moment for our organization. It establishes a scaled AI-led engineering capability moat for the firm underpinned by capabilities to help create enterprise data cores and cloud foundations purpose built for AI...With this augmented enterprise AI led engineering core we believe that our growth will get further accelerated and move to an even higher orbit."

Transaction Summary

On December 26th, 2025, Coforge, a global IT and digital transformation provider, announced its agreement to acquire Encora, a digital software and product engineering provider. With a nearshore-focus, Encora employs 9,500+ employees across the Americas, Europe, and Asia and specializes in product, cloud, and AI development, with services including strategy and design, core modernization, intelligent operations, and more.

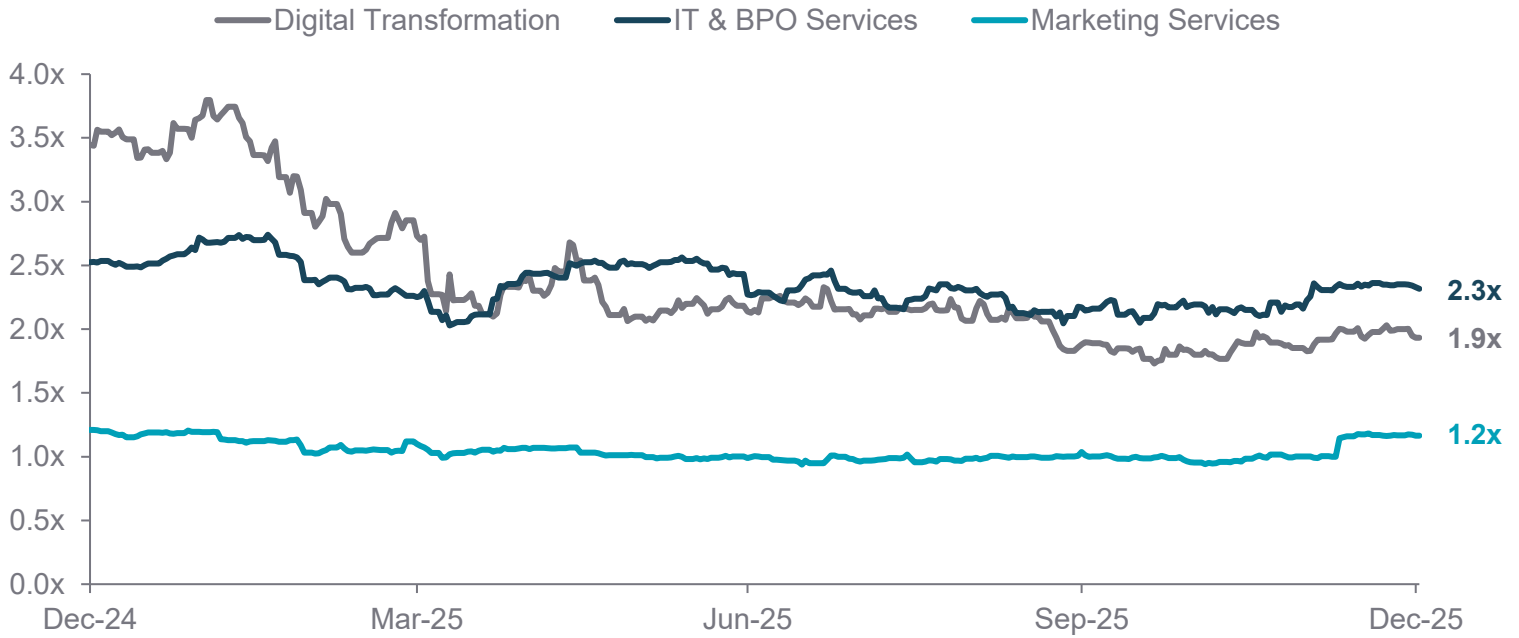
Transaction Information

Announced Date	26-Dec-2025
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2005
Target HQ	Santa Clara, CA
# of Employees	~9,500

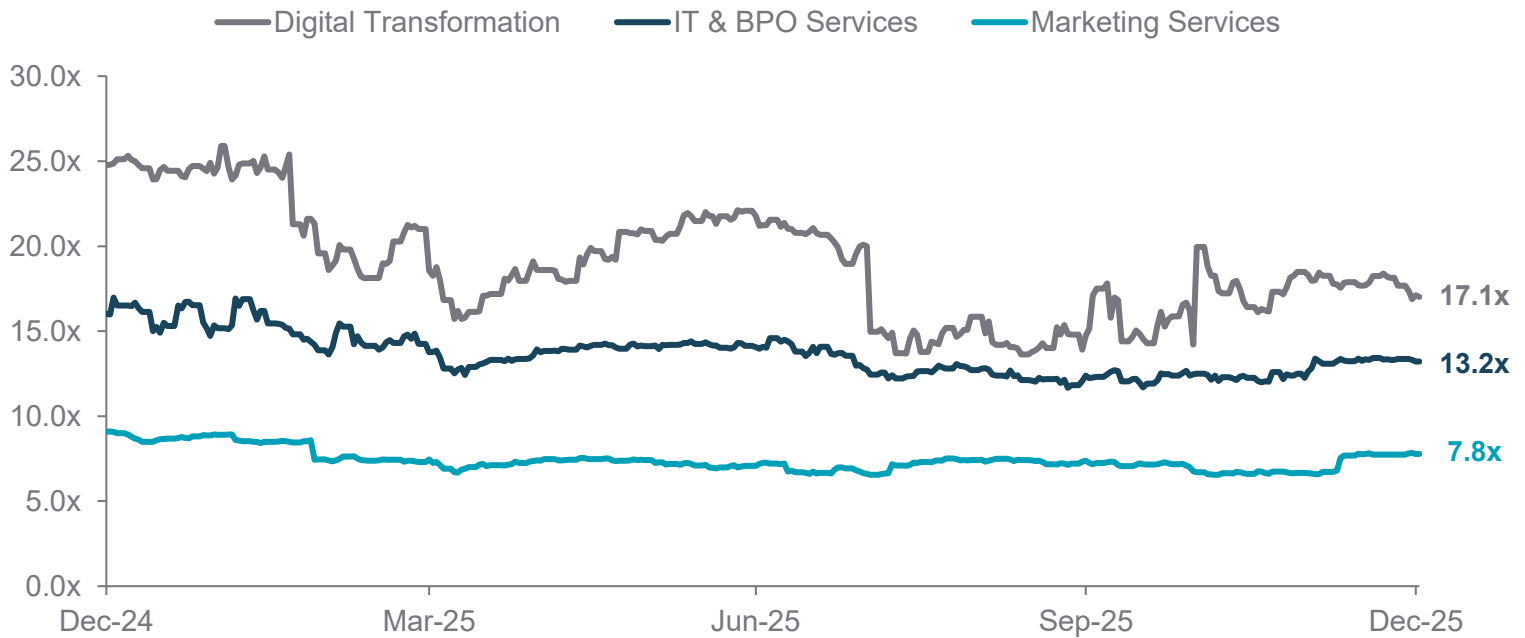


Public Market Performance

EV / Revenue – Last Twelve Months



EV / EBITDA – Last Twelve Months



Source: Capital IQ, market data as of 31-Dec-2025

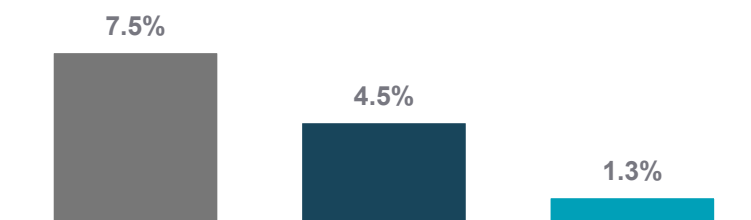
Public Market Performance

■ Digital Technology Services

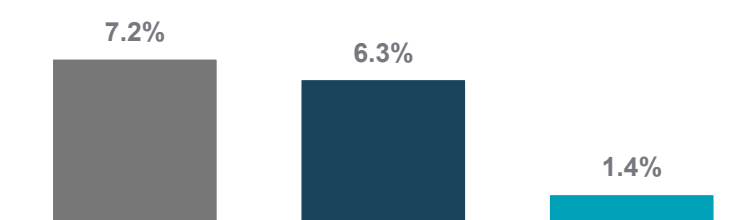
■ IT & BPO Services

■ Marketing Services

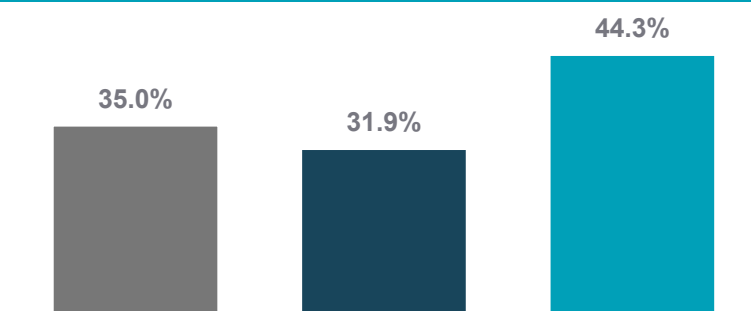
3-Year Historic Revenue Growth



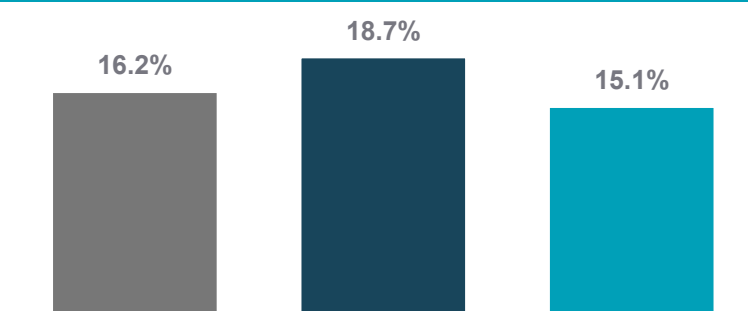
2025E Revenue Growth



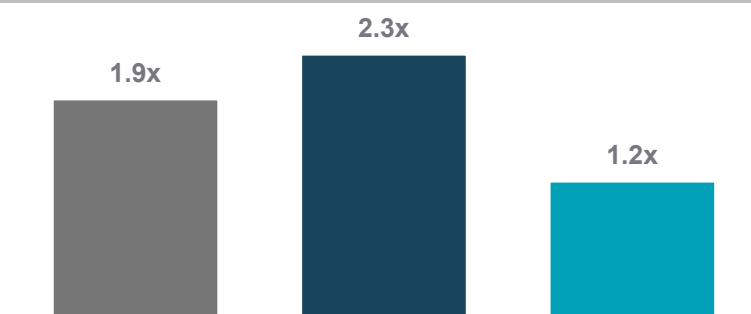
2025E Gross Margin



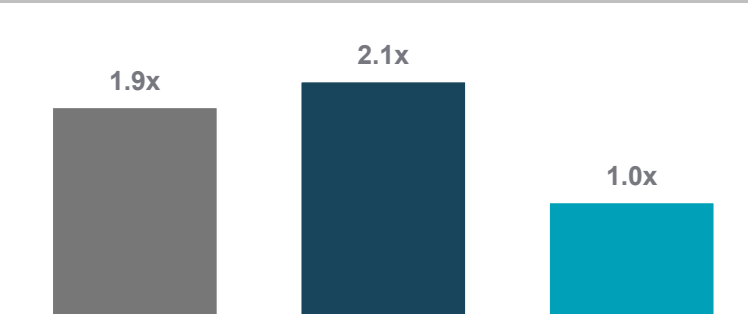
2025E EBITDA Margin



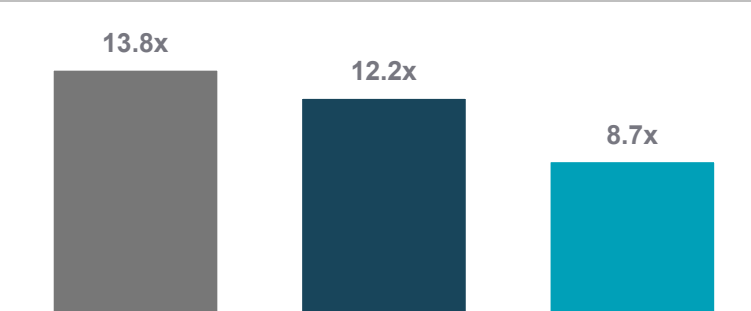
EV / 2025E Revenue



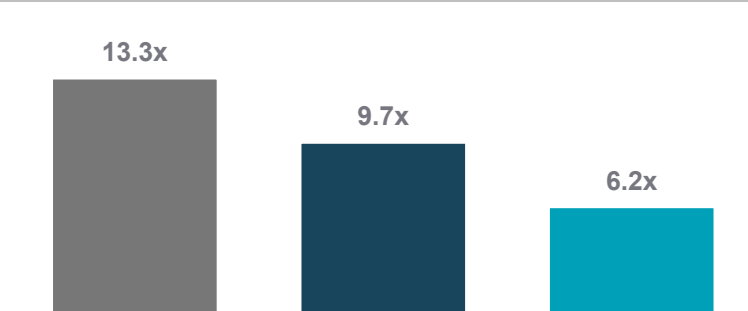
EV / 2026P Revenue



EV / 2025E EBITDA



EV / 2026P EBITDA



Source: Capital IQ, market data as of 31-Dec-2025



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		2025E	2025E	3 Year Revenue CAGR
					2025E	2026P	2025E	2026P	EBITDA Margin	Revenue Growth	
Birlasoft	\$4.82	75.9%	\$1,344	\$1,135	1.9x	1.9x	13.8x	13.3x	14.1%	(7.5%)	(0.7%)
CI&T	4.07	50.9	528	630	1.3	1.2	7.2	6.3	18.6	7.2	5.8
Coforge	18.51	83.4	6,201	6,495	3.8	3.2	22.3	17.9	17.2	30.7	23.7
Endava	6.32	18.1	334	608	0.6	0.6	4.5	4.4	13.5	4.7	1.7
EPAM	204.88	76.2	11,318	10,235	1.9	1.8	11.6	10.6	16.2	15.1	7.5
Globant	65.37	28.5	2,880	3,265	1.3	1.3	6.6	6.3	20.3	1.3	5.9
Grid Dynamics	9.03	35.4	766	448	1.1	1.0	8.4	6.9	13.0	17.4	13.2
Happiest Minds	5.12	59.5	769	757	3.0	2.6	17.0	14.3	17.7	11.3	14.6
Hexaware	8.52	85.1	5,206	5,050	3.4	3.0	20.9	17.7	16.1	6.9	10.4
Mastek	22.82	65.4	707	696	1.6	1.5	10.8	9.1	15.3	8.7	10.0
Mphasis	31.06	90.7	5,918	5,866	3.4	3.1	18.4	16.4	18.7	4.8	6.1
Persistent	69.80	95.0	10,418	10,604	6.9	5.8	37.3	31.2	18.4	17.0	16.9
Zensar	7.83	71.4	1,780	1,588	2.5	2.3	16.6	15.1	15.3	3.9	5.1
High		95.0%	\$11,318	\$10,604	6.9x	5.8x	37.3x	31.2x	20.3%	30.7%	23.7%
Median		71.4	1,780	1,588	1.9	1.9	13.8	13.3	16.2	7.2	7.5
Mean		64.3	3,705	3,644	2.5	2.3	15.0	13.0	16.5	9.3	9.2
Low		18.1	334	448	0.6	0.6	4.5	4.4	13.0	(7.5)	(0.7)

IT & BPO Services Index

IT & BPO Services	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV/Revenue Multiples		EV/EBITDA Multiples		2025E	2025E	3 Year Revenue CAGR
					2025E	2026P	2025E	2026P	EBITDA Margin	Revenue Growth	
Accenture	\$268.30	67.4%	\$165,087	\$164,688	2.3x	2.2x	12.2x	9.7x	19.2%	6.3%	5.0%
Capgemini	167.02	76.2	28,148	32,827	1.3	1.2	8.4	7.6	15.0	14.6	3.9
CGI Group	92.46	72.3	19,792	22,524	1.9	1.8	9.4	9.1	20.2	14.4	4.0
Cognizant	83.00	91.4	40,060	38,876	1.8	1.8	9.9	9.4	18.6	6.8	4.5
Datamatics	9.01	72.3	533	502	2.3	2.1	14.0	11.9	16.6	12.3	8.5
Genpact	46.78	82.4	8,066	8,809	1.7	1.6	9.3	8.5	18.7	6.3	6.6
HCL	18.07	80.7	48,876	46,301	3.3	3.0	15.8	14.0	20.9	1.5	5.1
Tech Mahindra	17.70	91.6	15,677	15,151	2.5	2.3	16.5	13.8	15.0	(0.4)	0.8
Wipro	2.93	81.2	30,705	26,998	2.7	2.5	13.6	12.5	19.7	(2.9)	(0.8)
High		91.6%	\$165,087	\$164,688	3.3x	3.0x	16.5x	14.0x	20.9%	14.6%	8.5%
Median		80.7	28,148	26,998	2.3	2.1	12.2	9.7	18.7	6.3	4.5
Mean		79.5	39,660	39,631	2.2	2.1	12.1	10.7	18.2	6.6	4.2
Low		67.4	533	502	1.3	1.2	8.4	7.6	15.0	(2.9)	(0.8)

Marketing Services Index

Marketing Services	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV/Revenue Multiples		EV/EBITDA Multiples		2025E	2025E	3 Year Revenue CAGR
					2025E	2026P	2025E	2026P	EBITDA Margin	Revenue Growth	
Dentsu	\$21.20	87.3%	\$5,503	\$7,727	0.9x	0.8x	9.3x	5.6x	9.3%	(0.1%)	(0.2%)
Omnicom	80.75	90.4	25,404	29,997	1.5	1.1	10.7	6.6	14.1	26.1	21.6
Publicis	104.05	81.1	26,098	29,943	1.8	1.7	8.0	7.7	21.9	3.0	2.8
WPP	4.54	40.4	4,874	12,359	0.9	0.9	5.6	5.7	16.0	(25.9)	(11.3)
High		90.4%	\$26,098	\$29,997	1.8x	1.7x	10.7x	7.7x	21.9%	26.1%	21.6%
Median		84.2	15,454	21,151	1.2	1.0	8.7	6.2	15.1	1.4	1.3
Mean		74.8	15,470	20,007	1.3	1.1	8.4	6.4	15.3	0.8	3.2
Low		40.4	4,874	7,727	0.9	0.8	5.6	5.6	9.3	(25.9)	(11.3)

Source: Capital IQ, market data as of 31-Dec-2025

Note: All data shown in USD.

M&A Activity

Date	Target	Buyer	Summary
10/1/2025	Inspire11	Insight Enterprises	<ul style="list-style-type: none"> Target HQ: Chicago, IL Inspire11 delivers AI-powered business and technology consulting, combining human insight to drive growth and lasting impact
10/1/2025	Both&Yes	Huge (AEA Investors)	<ul style="list-style-type: none"> Target HQ: Jersey City, NJ Both&Yes provides branding, brand strategy, art direction, research and insights, brand campaigns, and interactive experiences
10/2/2025	RapDev	Synechron	<ul style="list-style-type: none"> Target HQ: Boston, MA RapDev is an IP driven expert in Datadog and ServiceNow driving observability and workflow automation
10/2/2025	Calitii	Synechron	<ul style="list-style-type: none"> Target HQ: London, United Kingdom Calitii delivers enterprise transformation and ServiceNow solutions, enhancing agility, compliance, and operational efficiency
10/2/2025	Waivgen	Synechron	<ul style="list-style-type: none"> Target HQ: Chennai, India Waivgen is a ServiceNow and Appian partner empowering enterprises with intelligent workflows and scalable digital transformation
10/8/2025	Zillion Technologies	DigitalNet.ai (Ulysses Management)	<ul style="list-style-type: none"> Target HQ: Ashburn, VA Zillion Technologies provides digital business services including advanced AI, machine learning, and deep learning for smarter decision-making
10/8/2025	Axis Group	DigitalNet.ai (Ulysses Management)	<ul style="list-style-type: none"> Target HQ: Atlanta, GA Axis Group delivers tailored data and analytics consulting to help businesses unlock insights, accelerate decisions, and scale growth
10/9/2025	Kelley Austin	Perficient (EQT)	<ul style="list-style-type: none"> Target HQ: Richardson, TX Kelley Austin delivers AI-driven Salesforce consulting and managed services to optimize CRM workflows and boost productivity
10/9/2025	ListEngage	Tata Consultancy Services	<ul style="list-style-type: none"> Target HQ: Framingham, MA ListEngage is a full stack Salesforce partner specializing in Marketing Cloud, CRM, Data Cloud, Agentforce, and AI advisory services

Source: Public filings as of 31-Dec-2025, Capital IQ, Pitchbook, Press Releases



M&A Activity

Date	Target	Buyer	Summary
10/14/2025	Decho	Accenture	<ul style="list-style-type: none"> Target HQ: London, United Kingdom Decho is a data and AI consultancy services provider that delivers strategic advisory, engineering delivery, and capability development
10/15/2025	Spring & Bond	Real Chemistry (New Mountain Capital)	<ul style="list-style-type: none"> Target HQ: New York, NY Spring & Bond provides digital media strategy services for the life science industry, including media buying, omnichannel marketing, and more
10/28/2025	BAM Strategy	Level (Dubin Clark)	<ul style="list-style-type: none"> Target HQ: Montreal, Canada BAM Strategy is a digital experience agency specializing in digital marketing and advertising
10/29/2025	HEPMIL Media Group	Publicis Groupe	<ul style="list-style-type: none"> Target HQ: Singapore, Singapore HEPMIL Media Group is an influencer marketing agency that builds digital communities and delivers platform-native branded content
11/13/2025	3Cloud	Cognizant	<ul style="list-style-type: none"> Target HQ: Downers Grove, IL 3Cloud is a Microsoft Azure consulting firm that helps organizations with cloud strategy, implementation, and management
11/20/2025	RANGR Data	Accenture	<ul style="list-style-type: none"> Target HQ: Dallas, TX RANGR Data is a data consulting firm, specializing in Palantir Foundry, focused on platform strategy, use-case delivery, and production support
11/24/2025	TestDevLab	Xoriant (Chrys Capital)	<ul style="list-style-type: none"> Target HQ: Riga, Latvia TestDevLab is a software QA company offering quality assistance management, test automation, and manual testing of various platforms
12/1/2025	Ignitarium	Neurealm	<ul style="list-style-type: none"> Target HQ: Bangalore, India Ignitarium provides services and solutions using deep expertise in semiconductors, AI, and wireless-enabled embedded systems




M&A Activity

Date	Target	Buyer	Summary
12/3/2025	Online Business Systems (OBS)	CGI	<ul style="list-style-type: none"> Target HQ: Winnipeg, Canada OBS is a digital transformation and cybersecurity consultancy that helps organizations design improved business processes through technology
12/3/2025	Strata FSC	Growth Capital Partners	<ul style="list-style-type: none"> Target HQ: London, United Kingdom Strata FSC is a specialized financial services consultancy providing expert implementation, data, and transformation services
12/10/2025	Coastal Cloud	Tata Consultancy Services	<ul style="list-style-type: none"> Target HQ: Palm Coast, FL Coastal Cloud is a Salesforce consulting and implementation firm offering enterprise-scale cloud transformations and AI advisory services
12/10/2025	SmartSoC Solutions	Virtusa (EQT)	<ul style="list-style-type: none"> Target HQ: Bangalore, India SmartSoC Solutions is a global product engineering firm specializing in semiconductor design, AI, and embedded systems
12/15/2025	Corus Consulting	Alten	<ul style="list-style-type: none"> Target HQ: Madrid, Spain Corus is a digital transformation firm specializing in system/information integration, business process optimization, and enterprise architecture
12/17/2025	Charles Hudson Technology Solutions (CHTS)	Nagarro	<ul style="list-style-type: none"> Target HQ: Cambridge, MA CHTS provides end-to-end testing services for digital commerce, including production assurance, QA transformation, mobile optimization, and more
12/18/2025	Addepto	KMS Technology (Sunstone)	<ul style="list-style-type: none"> Target HQ: Warsaw, Poland Addepto is an AI and data consulting company that delivers cutting-edge, tailored AI, machine learning, and business intelligence solutions
12/26/2025	Encora	Coforge	<ul style="list-style-type: none"> Target HQ: Santa Clara, CA Encora is a global digital engineering company that provides AI-native software development and modernization services



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Select Transactions

 Buyside Advisor  to acquire  (pending)	 Sellside Advisor  has been acquired by 	 Sellside Advisor  has been acquired by  a portfolio company of 	 Financial Advisor  a portfolio company of  has been recapitalized by 	 Sellside Advisor  has received a majority investment from 
 Sellside Advisor  has been acquired by 	 Sellside Advisor  has been acquired by  backed by 	 Sellside Advisor  has been acquired by 	 Buyside Advisor  has acquired 	 Sellside Advisor  has merged with  a portfolio company of 

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