



Canaccord Genuity

# Canaccord Genuity

## Digital Transformation Services Market Update

December 2024



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2. Digital Transformation Services Market Overview

# Canaccord Genuity is the Leading M&A Advisor for Digital Transformation Services Transactions

#1

Ranked Mid-Market Investment Bank in TMT<sup>1</sup>

+40

Digital Services M&A Transactions in the Last 24 Months

+120

Technology M&A Transactions in the Last 24 Months

## Representing Premier Digital Consultancies Across Competencies

### IT Infrastructure & Cybersecurity

 **Quorum Cyber**  
Financial Advisor on majority investment from  




 **NetworkCoverage**  
Financial Advisor on majority investment from  


 **Synoptek**  
Financial Advisor on majority investment from  


### Data & Analytics

 **softcrylic**  
Financial Advisor on sale to  


 **BARDESS**  
Financial Advisor on sale to  


 **REDKITE**  
Financial Advisor on sale to  



### Software Engineering

 **SUNSTONE PARTNERS**  
Financial Advisor on strategic investment in  


**NEORIS**  
Financial Advisor on sale to  


 **blankfactor**  
Financial Advisor on sale to  



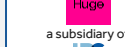


### Cloud Applications

 **LeapPoint**  
Financial Advisor on sale to  


 **infocenter**  
Financial Advisor on sale to  


 **smartShift**  
Financial Advisor on recapitalization by  


### Digital Experience & E-Commerce

 **Hero**  
DIGITAL  
a portfolio company of  
 strategic combination with  
 a subsidiary of  




 **NORTHERN**  
Financial Advisor on strategic investment from  


 **MARS UNITED COMMERCE**  
Financial Advisor on sale to  


### Digital Marketing

**VERITONE ONE**  
Financial Advisor on sale to  


\$324,000,000  
 **ADTHEORENT**  
(NASDAQ: ADTH)  
Financial Advisor on sale to  


 **adlucent**  
Financial Advisor on sale to  


Chief Information Officer

Chief Digital Officer

Chief Marketing Officer

## Representative Partner Ecosystems



The information contained on this page is sourced from CG LLC's proprietary database as of 11/30/24. A more detailed methodology may be found in the appendix.

3 Deals shown announced or completed between 9/1/2022-12/5/2024  
(1) PitchBook

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# US Senior Leadership: Digital Transformation Services Practice

## Sanjay Chadda

Senior Managing Director,  
Co-Head of U.S. IB  
Co-Head of Technology

- A trusted advisor to CEOs and private equity sponsors
- Joined Canaccord Genuity through the acquisition of Petsky Prunier and co-heads one of the most active investment banking practices focused on the broader technology, marketing, and related services industries
- Has led +200 transactions during his career and has successfully completed more than 80 transactions since the beginning of 2020 alone



## Benjamin Lunka

Managing Director

- Longstanding transaction experience within IT services and digital transformation
- Prior to joining Canaccord Genuity, Ben spent 10 years at a boutique investment bank, where he led numerous transactions in the technology, business services, and professional services industries
- Ben has completed more than 40 transactions across multiple verticals, including IT services, enterprise software, digital transformation, and consulting



## JP Michaud

Managing Director

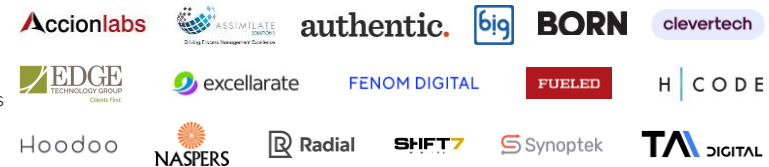
- Active in the technology-enabled business services sector, where he has +15 years of significant transaction experience
- Prior to joining Canaccord Genuity, JP was a managing director at Petsky Prunier, where he was instrumental in opening the Charlotte, North Carolina office
- Has represented many industry-defining transactions across the major Partner ecosystems in all of the Digital Transformation spectrum



## Rohan Sura

Managing Director

- Focused on global M&A across tech-enabled digital services space including IT/BPM and digital transformation
- Before joining Canaccord, Rohan spent 10 years at boutique and bulge bracket investment banks, where he led numerous cross-border technology transactions across geographies
- Has advised on more than \$20 billion in M&A transaction value



## Senior UK Team

### Julie Langley

Head of Tech  
Advisory, Europe

### James Kesner

Managing Director

### Chris Lewis

Managing Director

### Dylan Kearns

Managing Director

### Richard Latner

Managing Director

### Mark Williams

Managing Director

## Financial Sponsors Group

### Isaiah Knouff

Managing Director,  
Co-Head of US Financial Sponsors Group

### Bryan Cummings

Managing Director,  
Financial Sponsors Group

### Amy LaBan, CFA

Managing Director,  
Co-Head of US Financial Sponsors Group

### Tara Stowe

Director,  
Head of European Financial Sponsors Coverage

# Canaccord Genuity's Digital Transformation Services M&A Transactions

## Recent & Relevant Domain Expertise in the Digital Transformation Sector


<p><b>Hero</b> DIGITAL a portfolio company of AEA</p> <p>Financial Advisor on strategic investment with <b>Huge</b> a subsidiary of <b>IG</b> INVESTING</p> <p>December 2024</p>	<p><b>SUNSTONE</b> PARTNERS</p> <p>Financial Advisor on strategic investment in <b>KMS</b> TECHNOLOGY</p> <p>November 2024</p>	<p><b>NORTHERN</b></p> <p>Financial Advisor on strategic investment from <b>BERINGER</b> CAPITAL</p> <p>November 2024</p>	<p>\$630,000,000 <b>NEORIS</b> a portfolio company of Advent International <b>CEMEX</b></p> <p>Financial Advisor on sale to <b>epam</b> (NYSE: EPAM)</p> <p>November 2024</p>	<p><b>VERITONE ONE</b> a subsidiary of <b>VERITONE</b> (NASDAQ: VERI)</p> <p>Financial Advisor on sale to <b>INSIGNIA</b> CAPITAL GROUP</p> <p>October 2024</p>	<p><b>blankfactor</b></p> <p>Financial Advisor on sale to <b>Globant</b> (NYSE: GLOB)</p> <p>October 2024</p>	<p><b>LeapPoint</b></p> <p>a portfolio company of <b>RENOVUS</b> CAPITAL (NASDAQ: RNOV)</p> <p>Financial Advisor on sale to <b>OmnicomGroup</b></p> <p>September 2024</p>	<p><b>sam brown inc</b> Healthcare Communications</p> <p>Financial Advisor on sale to <b>blue matter</b> a portfolio company of <b>Baird Capital</b></p> <p>September 2024</p>	<p><b>MARS UNITED</b> COMMERCE</p> <p>a portfolio company of <b>MOUNTAINGATE</b> CAPITAL</p> <p>Financial Advisor on sale to <b>PUBLICIS</b> GROUPE</p> <p>September 2024</p>
<p><b>TEAM GO</b></p> <p>Financial Advisor on sale to <b>mpg</b> MARKET PERFORMANCE GROUP a portfolio company of <b>Sentinel</b> CAPITAL PARTNERS</p> <p>September 2024</p>	<p><b>icon</b> COMMERCE</p> <p>Financial Advisor on merger with <b>mindgruva macarta</b></p> <p>September 2024</p>	<p><b>RIVERON</b> a portfolio company of <b>KOHLBERG &amp; COMPANY</b></p> <p>Financial Advisor on acquisition of <b>YANTRA</b></p> <p>July 2024</p>	<p><b>BARDESS</b></p> <p>Financial Advisor on sale to <b>CLEARTELLIGENCE</b> a portfolio company of <b>ALIGN</b> CAPITAL PARTNERS</p> <p>July 2024</p>	<p>\$324,000,000 <b>ADTHEORET</b> (NASDAQ: ADTH)</p> <p>Financial Advisor on sale to <b>CADENT</b> a portfolio company of <b>NOVACAP</b></p> <p>June 2024</p>	<p><b>Quorum</b> Cyber</p> <p>Financial Advisor on majority investment from <b>Charlesbank</b></p> <p>June 2024</p>	<p><b>adlucent</b> a division of <b>ADVANTAGE</b> SOLUTIONS (NASDAQ: ADV)</p> <p>Financial Advisor on sale to <b>BARKLEY OKRP</b></p> <p>May 2024</p>	<p><b>infocenter</b></p> <p>Financial Advisor on sale to <b>Insight</b> (NASDAQ: NSIT)</p> <p>May 2024</p>	<p><b>softcrylic</b></p> <p>Financial Advisor on sale to <b>HEXAWARE</b></p> <p>May 2024</p>
<p><b>big</b> Bits In Glass</p> <p>Financial Advisor on significant investment from <b>CSP</b> CAPITAL SQUARE PARTNERS</p> <p>February 2024</p>	<p><b>sophos</b> solutions a portfolio company of Advent International</p> <p>Financial Advisor on sale to <b>GFT</b></p> <p>February 2024</p>	<p><b>mpg</b> MARKET PERFORMANCE GROUP a portfolio company of <b>INSIGNIA</b> CAPITAL GROUP</p> <p>Financial Advisor on sale to <b>Sentinel</b> CAPITAL PARTNERS</p> <p>January 2024</p>	<p><b>REDKITE</b></p> <p>Financial Advisor on sale to <b>accenture</b> (NYSE: ACW)</p> <p>December 2023</p>	<p><b>ansira</b></p> <p>Financial Advisor on sale to <b>TRUELINK</b> CAPITAL</p> <p>December 2023</p>	<p><b>spm:group</b> a portfolio company of Corridor Capital</p> <p>Financial Advisor on sale to <b>UNLOCK</b> a portfolio company of ATHYRIUM</p> <p>November 2023</p>	<p><b>camelot</b> STRATEGIC MARKETING &amp; MEDIA</p> <p>Financial Advisor on sale to <b>PMG</b></p> <p>October 2023</p>	<p><b>BARKLEY</b></p> <p>Financial Advisor on strategic investment from <b>KEYSTONE</b> CAPITAL</p> <p>October 2023</p>	<p><b>ROBOYO</b> NEXT LEVEL NOW</p> <p>Financial Advisor on investment from <b>STANLEY</b> CAPITAL</p> <p>October 2023</p>
<p><b>TOMORROW</b></p> <p>Financial Advisor on strategic investment from <b>bv</b> INVESTMENT PARTNERS SINCE 1983</p> <p>September 2023</p>	<p><b>brainlabs</b> a portfolio company of LIVINGBRIDGE</p> <p>Financial Advisor on significant investment from <b>FALFURNAS</b> CAPITAL</p> <p>September 2023</p>	<p><b>PHAEDON</b> the commercial marketing group of <b>ICF</b> (NASDAQ: ICFI)</p> <p>Financial Advisor on sale to <b>COHERE</b></p> <p>September 2023</p>	<p><b>FACTOR</b></p> <p>Financial Advisor on sale to <b>virtusa</b></p> <p>September 2023</p>	<p><b>WestBridge</b></p> <p>Financial Advisor on investment in <b>tryzens</b></p> <p>August 2023</p>	<p><b>AVIONOS</b></p> <p>Financial Advisor on sale to <b>Hero</b> DIGITAL a portfolio company of AEA</p> <p>August 2023</p>	<p><b>Lovelytics</b></p> <p>Financial Advisor on strategic investment from <b>INTERLOCK</b> <b>databricks</b></p> <p>June 2023</p>	<p><b>AVANCE</b></p> <p>Financial Advisor on strategic investment in <b>clevertch</b></p> <p>June 2023</p>	<p><b>Baird Capital</b></p> <p>Financial Advisor on investment in <b>JMAN</b> GROUP</p> <p>June 2023</p>

# Leading Technology M&A Advisor and Global Underwriter


## Global Mid-Market TMT Advisory<sup>1</sup>

Rank	Firm Name	LTM 9/30/24
<b>1</b>	 Canaccord Genuity	<b>64</b>
2	Houlihan Lokey	33
3	Raymond James	21
4	William Blair	20
5	Lincoln International	18
6	Evercore	16
7	Moelis	15
8	Goldman Sachs	14
8	Lazard	14
10	Jefferies	12

## Global Mid-Market Media & Information Services Advisory<sup>1</sup>

Rank	Firm Name	LTM 9/30/24
<b>1</b>	 Canaccord Genuity	<b>46</b>
2	Houlihan Lokey	15
3	Moelis	13
4	Lincoln International	12
5	William Blair	10
6	Stifel	9
7	Raymond James	8
7	TobinLeff	8
9	Globalscope	7
9	Technology Holdings	7

## Global Underwriting Since 2022 (US-Focused Banks)<sup>2</sup>

Global Rank	Bank	Total Deals	Bookrun Deals	Total Proceeds (\$M)
<b>1</b>	 Canaccord Genuity	954	746	47,600.6
2	JPMorgan	898	879	535,717.0
3	Goldman Sachs	879	856	538,548.7
4	Morgan Stanley	796	768	479,170.7
5	BofA Securities	774	739	492,028.2
6	Citi	641	624	423,604.2
7	UBS	510	493	243,494.8
8	Jefferies	502	498	159,191.6
9	Barclays	420	400	239,699.7
10	Stifel	404	264	94,351.8
11	RBC Capital Markets	386	308	181,368.5
14	HC Wainwright	359	275	15,497.0
15	BMO Capital Markets	351	225	97,323.9
16	Raymond James	342	156	86,015.3
21	Maxim Group	246	220	5,802.3
22	Wells Fargo	233	209	170,139.7
27	Deutsche Bank	219	201	185,323.7
33	AGP/Alliance Global Partners	190	178	3,810.2
37	Piper Sandler	187	154	50,387.1
38	Leerink Partners	183	178	41,667.0
41	Cantor Fitzgerald	179	148	35,983.2
43	Roth Capital Partners	164	105	15,828.9
45	Truist Financial	163	139	79,368.0
49	Evercore	145	144	65,766.6
54	BTIG	131	48	69,460.9
56	Guggenheim Partners	128	120	40,175.0

(1) PitchBook: Transaction totals represent M&A/Control Transactions, All Buyout Types, and Growth/Expansion transactions <\$500M in the Technology, Media & Telecommunications and Media & Information Services segments as classified by PitchBook

(2) Dealogic 1/1/22 - 11/30/24

LTM = Last twelve months



**Investment  
Banking**

Canaccord Genuity

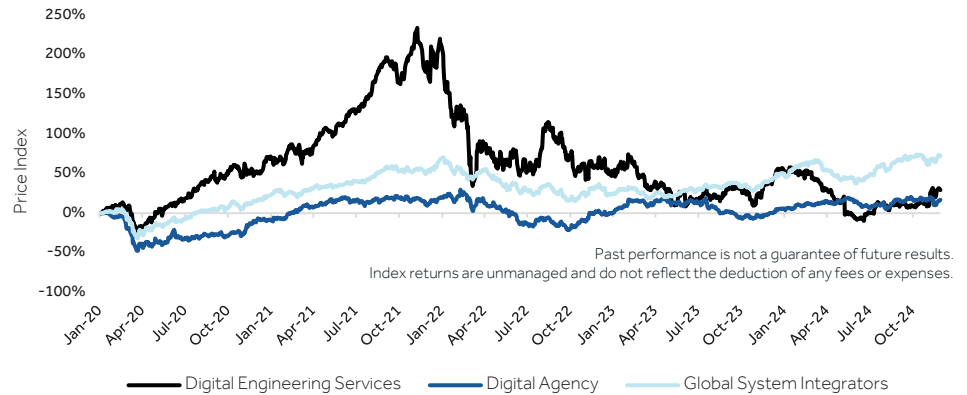
# Digital Transformation Services Market Overview



# Enterprise Spend on Digital Transformation Services in 2024 is Rebounding Following Muted Growth in 2023

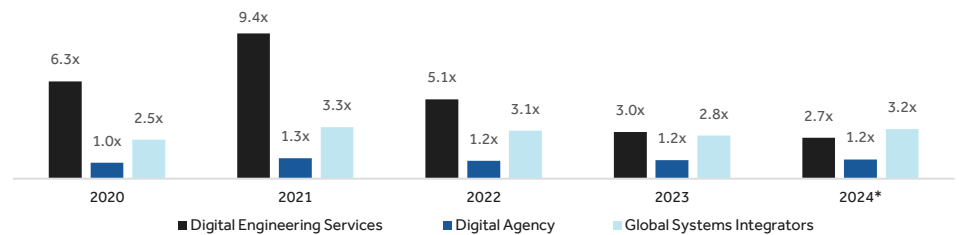
- Digital transformation is a priority for enterprises across industries, with cloud and analytics initiatives becoming increasingly important to firms; rising demand for services continues to drive investments and M&A in the space
- An improved macro-economic outlook compared to 2023 has contributed to increased spending in the IT services sector in 2024; digital transformation businesses maintain modest growth year-over-year
- The Global Systems Integrator (GSI) and Digital Agency indices have historically followed closely with the NASDAQ and S&P 500, while the Digital Engineering Services index began to correct in 2H24 following stagnating revenue growth in 2023

## Digital Transformation Services Stock Performance<sup>1</sup>



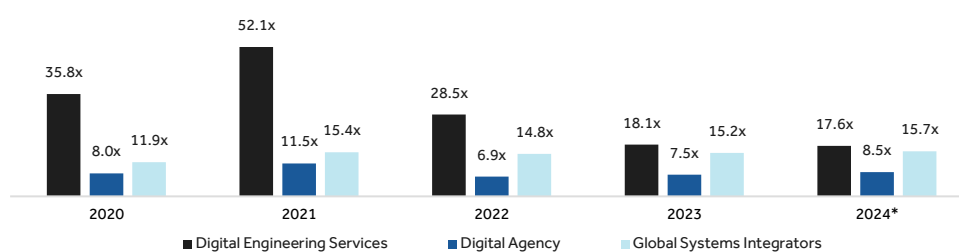
## Digital Transformation Services Trading Multiples<sup>1</sup>

### Enterprise Value/Revenue



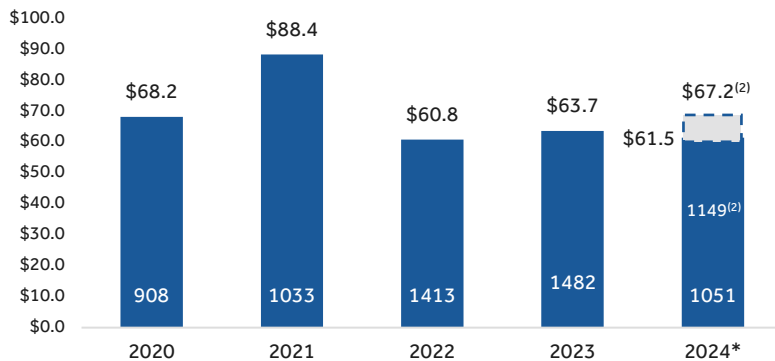
## Digital Transformation Services Trading Multiples<sup>1</sup>

### Enterprise Value/EBITDA<sup>(3)</sup>



## Digital Transformation Services Global M&A Activity<sup>2</sup>

(by Transaction Value, \$USD in Billions)



The information contained on this page is sourced from CG LLC's proprietary database. A more detailed methodology may be found in the appendix.

(1) The stock prices shown are as of 11/30/2024 and should not be relied upon as current thereafter

(2) Represents 2024 activity on a run-rate basis

(3) EBITDA = Earnings before interest, taxes, depreciation, and amortization \* YTD as of 11/30/2024

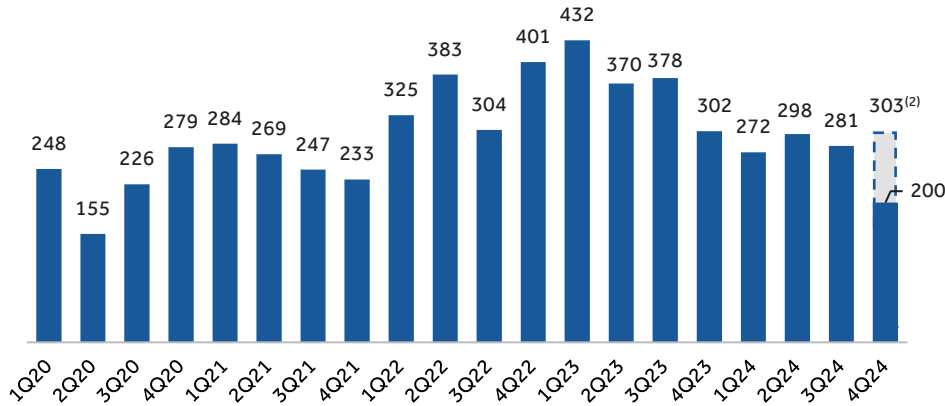


# Annual Digital Transformation M&A Volume Peaked in 2022

Though deal volume dipped with market uncertainty into early 2024, 2H24 has shown modest improvement

## Digital Transformation Services M&A Activity

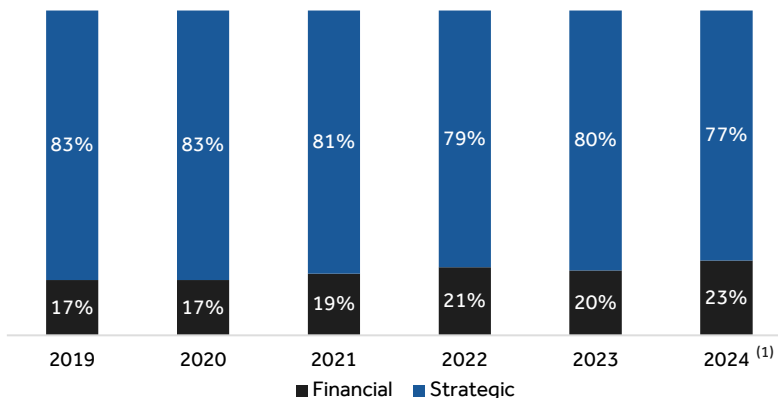
(# of Transactions)



- Companies continue to focus on investing in their mission-critical digital initiatives, prioritizing data and analytics, cloud and engineering, customer experience, e-commerce, marketing enablement, and, most recently, AI
- The digital transformation services market was valued at \$1,070 billion in 2024, with projections of double-digit growth between 2024 and 2030<sup>(3)</sup>
- 2024 M&A deal activity across the broader digital transformation sector remains above pre-pandemic levels, compared to 228 average quarterly transactions in 2019
- Strategic acquirers remain active, with Accenture and IBM being two of the most acquisitive buyers in the space

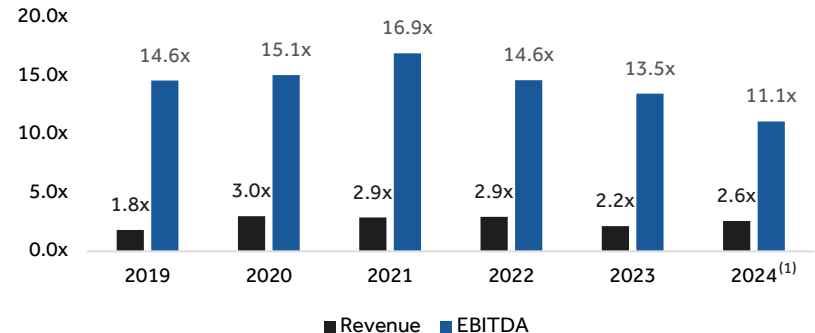
## Buyer Type

(by year)



## Digital Transformation Services M&A Multiples<sup>(4)</sup>

(average by year)



The information contained on this page is sourced from CG LLC's proprietary database. A more detailed methodology may be found in the appendix.

(1) YTD as of 11/30/2024

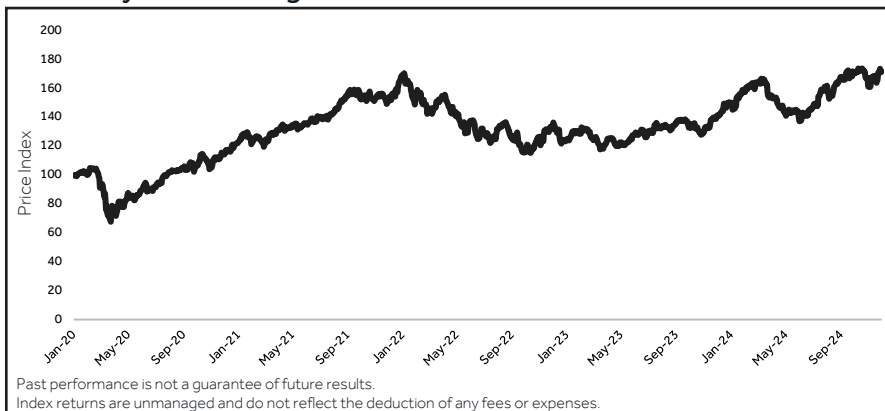
(2) Represents 4Q24 activity on a run-rate basis

(3) Source: "Digital Transformation Market Worth \$4,617.78 Billion By 2030," Grand View Research

(4) Valuation Multiples exclude Revenue Multiples >75x, EBITDA Multiples >150x, and EBITDA Multiples < 0x

# Global Systems Integrators Outlook

## Global Systems Integrators Stock Performance<sup>1</sup>



- As the largest service providers of IT and digital transformation services, GSIs continue to benefit from ongoing demand from enterprises looking to manage integration of new technologies, including assessing impact of AI on digital strategy
- By leveraging their diversified and market-tested business models, which maintain cash flow and support healthy balance sheets, GSIs continue to pursue attractive assets for M&A
- As client demand shifts towards newer tech-related services and solutions, GSIs are expanding offerings in data and analytics, cybersecurity, and AI-led engineering
  - Accenture has completed +45 acquisitions in the last twelve months, many supporting expansion of next-generation digital transformation offerings
  - IBM completed 13 acquisitions LTM as of November

### Median Summary Statistics<sup>(1)</sup>

**\$39.9B**  
Market  
Capitalization

**17.9%**  
EBITDA Margin  
(LTM)

**1.6%**  
YoY Revenue  
Growth (LTM)

### Peer Group Performance<sup>(1)</sup>

LTM	
Peer Group	21%
S&P 500	31%
Nasdaq	34%

## Global Systems Integrators Public Peer List<sup>1</sup>

(USD in Millions)	Basic Statistics			Revenue		EBITDA		EV/Revenue		EV/EBITDA		Revenue Growth		
	11/30/2024 Share Price	Equity Value	Enterprise Value	LTM	LTM	LTM	CY23	LTM	CY23	LTM	CY23	Difference in Rev. Growth		
<b>accenture</b>	\$362.37	\$226,429	\$226,419	\$64,896	\$11,066	3.5x	3.5x	20.5x	19.3x	1.2%	3.5%	(2.3%)		
<b>Capgemini</b>	\$159.68	\$27,351	\$31,627	\$23,372	\$3,102	1.4x	1.3x	10.2x	9.3x	(2.2%)	2.4%	(4.6%)		
<b>CGI</b>	\$112.66	\$25,390	\$26,708	\$10,433	\$1,854	2.6x	2.6x	14.4x	13.1x	2.7%	9.3%	(6.6%)		
<b>Cognizant</b>	\$80.49	\$39,909	\$39,747	\$19,412	\$3,470	2.0x	2.1x	11.5x	12.0x	(0.1%)	(0.4%)	0.3%		
<b>HCLTech</b>	\$21.82	\$59,093	\$56,584	\$13,654	\$2,814	4.1x	4.5x	20.1x	20.3x	5.8%	5.9%	(0.1%)		
<b>Infosys</b>	\$21.93	\$90,838	\$88,477	\$18,836	\$4,338	4.7x	4.9x	20.4x	20.5x	1.6%	3.4%	(1.9%)		
<b>IBM</b>	\$227.41	\$210,274	\$256,780	\$61,867	\$14,676	4.2x	4.2x	17.5x	17.0x	2.3%	2.2%	0.1%		
<b>NTT DATA</b>	\$19.38	\$27,176	\$48,301	\$30,290	\$4,654	1.6x	1.7x	10.4x	12.3x	7.9%	37.0%	(29.1%)		
<b>tcs</b>	\$50.42	\$182,411	\$177,945	\$29,357	\$7,695	6.1x	6.3x	23.1x	24.2x	5.2%	10.1%	(4.9%)		
<b>Tech Mahindra</b>	\$20.21	\$17,876	\$17,432	\$6,173	\$635	2.8x	2.8x	27.4x	26.0x	(2.2%)	2.2%	(4.4%)		
<b>wipro</b>	\$3.41	\$35,656	\$31,914	\$10,468	\$1,963	3.0x	3.0x	16.3x	15.9x	(3.4%)	2.9%	(6.3%)		
				<b>Mean</b>	\$26,251	\$5,115	3.3x	3.3x	17.4x	17.3x	<b>1.7%</b>	<b>7.1%</b>	<b>(5.4%)</b>	
				<b>Median</b>	-	-	3.0x	3.0x	17.5x	17.0x	<b>1.6%</b>	<b>3.4%</b>	<b>(4.4%)</b>	

The information contained on this page is sourced from CG LLC's proprietary database. A more detailed methodology may be found in the appendix.

Public data sourced from S&P Capital IQ as of 11/30/2024; Projections based off consensus analyst estimates

10 Valuation Multiples exclude Revenue Multiples >75x, EBITDA Multiples >150x, and EBITDA Multiples < 0x

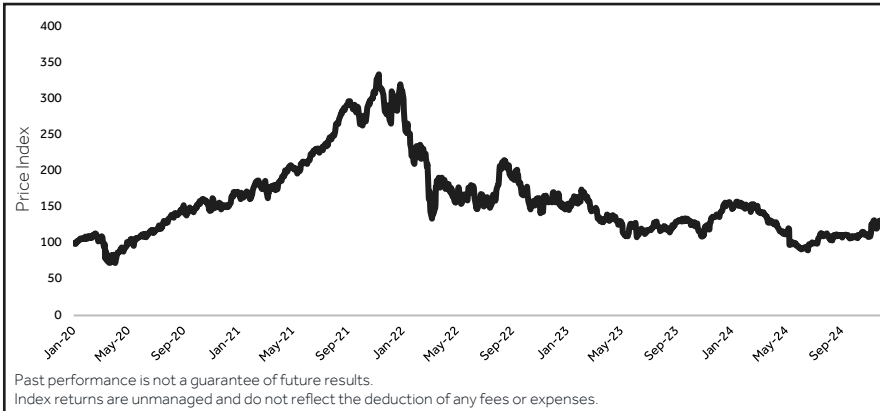
(1) Peer Group Share Performance is market cap-weighted and through 11/30/2024

Nasdaq = stock market index that includes almost all stocks listed on the Nasdaq stock exchange, S&P 500 = stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

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# Digital Engineering Services Outlook

## Digital Engineering Services Stock Performance<sup>1</sup>



- An increasing focus on mission-critical, revenue-generating projects offers an opportunity for digital engineering and product development service providers to benefit from integrated investments that seek to increase innovation, improve operational efficiency, and capitalize on emerging technologies
- The digital engineering and product development markets have remained attractive, although high growth/valuation makes these stocks more susceptible to changes in interest rates
- While peer group performance has declined slightly in the past twelve months, the group has gained 40 percent in market cap in the last sixth months as of November

Median Summary Statistics <sup>(1)</sup>			Peer Group Performance <sup>(1)</sup>	
<b>\$1.6B</b> Market Capitalization	<b>12.8%</b> EBITDA Margin (LTM)	<b>0%</b> YoY Revenue Growth (LTM)	LTM	
			Peer Group	(7%)
			S&P 500	31%
			Nasdaq	34%

## Digital Engineering Services Public Peer List<sup>1</sup>

(USD in Millions)	Basic Statistics			Revenue	EBITDA	EV/Revenue		EV/EBITDA		Revenue Growth		
	11/30/2024 Share Price	Equity Value	Enterprise Value	LTM	LTM	LTM	CY23	LTM	CY23	LTM	CY23	Difference in Rev. Growth
	\$6.77	\$899	\$993	\$369	\$50	2.7x	2.7x	19.9x	14.5x	(3.8%)	2.1%	(5.9%)
	\$28.31	\$1,683	\$1,863	\$946	\$64	2.0x	1.9x	29.0x	9.6x	(5.0%)	1.9%	(6.9%)
	\$243.92	\$13,835	\$11,943	\$4,637	\$659	2.6x	2.6x	18.1x	14.7x	(2.7%)	(2.8%)	0.1%
	\$227.76	\$9,826	\$9,985	\$2,354	\$356	4.2x	4.8x	28.0x	23.5x	17.3%	17.7%	(0.4%)
	\$18.30	\$1,527	\$1,307	\$328	\$12	4.0x	4.2x	109.2x	29.8x	4.1%	0.8%	3.3%
	\$102.02	\$1,374	\$1,566	\$996	\$119	1.6x	1.6x	13.1x	11.8x	2.7%	6.5%	(3.8%)
			<b>Mean</b>	\$1,605	\$210	2.8x	3.0x	36.2x	17.3x	<b>2.1%</b>	<b>4.4%</b>	<b>(2.3%)</b>
			<b>Median</b>	-	-	2.6x	2.6x	24.0x	14.6x	<b>0.0%</b>	<b>2.0%</b>	<b>(2.1%)</b>

The information contained on this page is sourced from CG LLC's proprietary database. A more detailed methodology may be found in the appendix.

Public data sourced from S&P Capital IQ as of 11/30/2024; Projections based off consensus analyst estimates

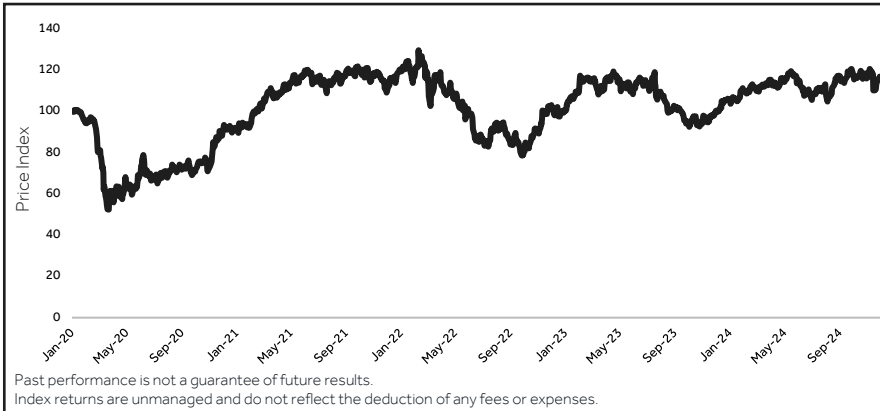
Valuation Multiples exclude Revenue Multiples > 75x, EBITDA Multiples > 150x, and EBITDA Multiples < 0x

(1) Peer Group Share Performance is market cap-weighted and through 11/30/2024

Nasdaq = stock market index that includes almost all stocks listed on the Nasdaq stock exchange, S&P 500 = stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

# Digital Agency Outlook

## Digital Agency Stock Performance<sup>1</sup>



- Digital marketing agencies, compared to digital engineering specialists, have maintained relatively stable public trading multiples, with a slight increase in year-over-year performance LTM as of November
- Digital agencies have opportunities to expand their technical initiatives, both through M&A and organically, by focusing on the intersection of customer experience, commerce, and marketing
- Increased consumer expectations for personalized, high-quality experiences create a potential growth opportunity, as companies look for ways to differentiate themselves
  - 61% of CX decision-makers plan to hire third-party service providers for customer research and customer service activities in 2025<sup>(2)</sup>

Median Summary Statistics <sup>(1)</sup>			Peer Group Performance <sup>(1)</sup>	
<b>\$9.1B</b> Market Capitalization	<b>12.0%</b> EBITDA Margin (LTM)	<b>1.8%</b> YoY Revenue Growth (LTM)	LTM	
			Peer Group	17%
			S&P 500	31%
			Nasdaq	34%

## Digital Agency Public Peer List<sup>1</sup>

(\$USD in Millions)	Basic Statistics			Revenue	EBITDA	EV/Revenue		EV/EBITDA		Revenue Growth			
	11/30/2024 Share Price	Equity Value	Enterprise Value	LTM	LTM	LTM	CY23	LTM	CY23	LTM	CY23	Difference in Rev. Growth	
<b>Cheil</b>	\$12.78	\$1,294	\$931	\$3,044	\$274	0.3x	0.3x	3.4x	3.5x	3.1%	(2.7%)	5.8%	
<b>dentsu</b>	\$25.58	\$6,615	\$9,238	\$9,336	\$1,233	1.0x	1.1x	7.5x	7.7x	8.0%	4.9%	3.1%	
<b>HAKUHODO</b>	\$7.67	\$2,818	\$2,788	\$6,521	\$459	0.4x	0.4x	6.1x	5.9x	0.4%	2.0%	(1.6%)	
<b>IFC</b>	\$30.81	\$11,477	\$14,332	\$9,339	\$1,732	1.5x	1.5x	8.3x	8.1x	(0.3%)	(0.5%)	0.2%	
<b>OmnicomGroup</b>	\$104.82	\$20,450	\$25,730	\$15,428	\$2,421	1.7x	1.8x	10.6x	10.8x	6.4%	2.8%	3.6%	
<b>PUBLICIS GROUPE</b>	\$107.96	\$27,096	\$29,640	\$16,133	\$2,697	1.8x	2.2x	11.0x	9.7x	4.0%	4.3%	(0.2%)	
<b>S4 CAPITAL</b>	\$0.46	\$279	\$561	\$1,161	\$126	0.5x	0.5x	4.4x	4.9x	(19.6%)	(5.4%)	(14.2%)	
<b>WPP</b>	\$10.88	\$11,669	\$19,108	\$18,802	\$1,153	1.0x	1.3x	16.6x	6.8x	(0.3%)	2.9%	(3.2%)	
				<b>Mean</b>	\$9,970	\$1,262	1.0x	1.1x	8.5x	7.2x	<b>0.2%</b>	<b>1.0%</b>	<b>(0.8%)</b>
				<b>Median</b>	-	-	1.0x	1.2x	7.9x	7.3x	<b>1.8%</b>	<b>2.4%</b>	<b>(0.0%)</b>

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12 Valuation Multiples exclude Revenue Multiples >75x, EBITDA Multiples >150x, and EBITDA Multiples < 0x

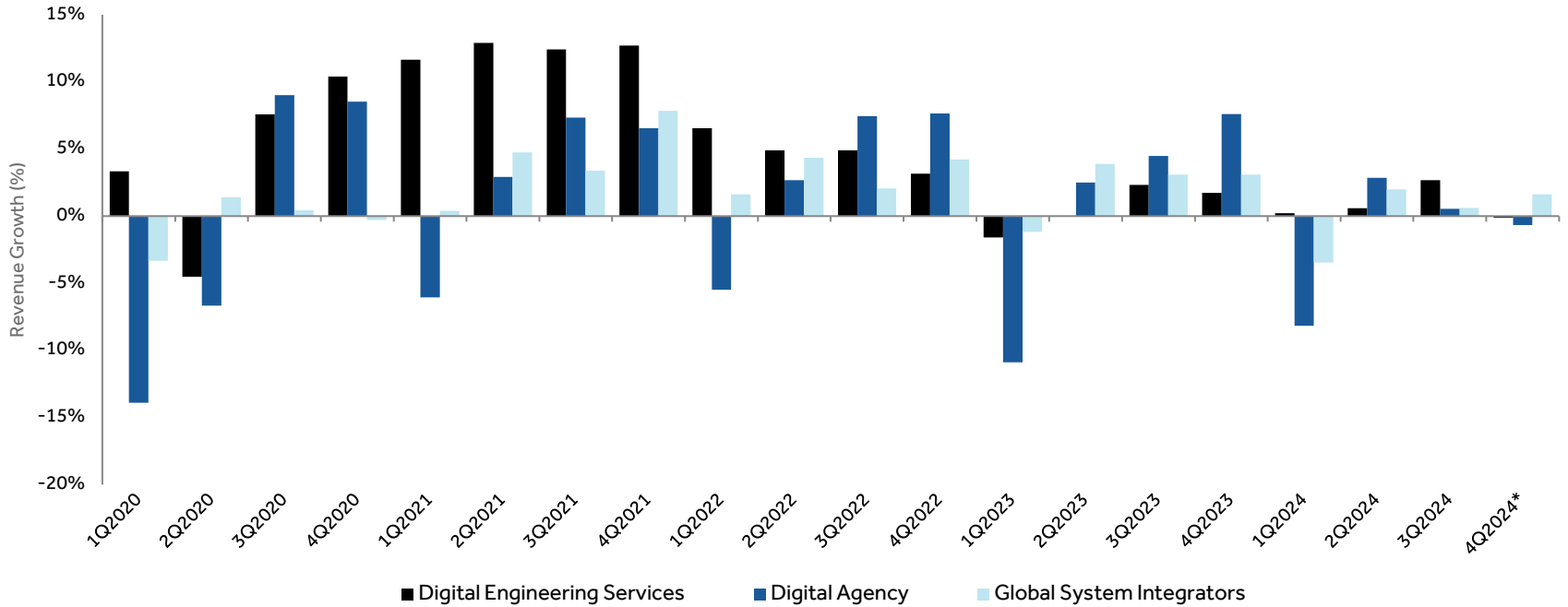
(1) Peer Group Share Performance is market cap-weighted and through 11/30/2024

(2) Forrester Research, "Planning Guide 2025: Customer Experience"

Nasdaq = stock market index that includes almost all stocks listed on the Nasdaq stock exchange, S&P 500 = stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

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# Revenue Growth by Peer Group



- After record revenue expansion in 2021 and into 2022, each segment saw growth stalling starting in 1Q23
- While the pipeline and projections appear to be rebounding in 4Q24, overall growth has not returned as quickly as expected throughout CY24
- Go-forward expectations are positive given forecasted increases in client's IT budgets, driving industry growth, M&A activity, and valuations

Public data sourced from S&P Capital IQ as of 11/30/2024; Projections based off consensus analyst estimates  
 Note: Peer Group Share Performance is market cap-weighted and through 11/30/2024

# Sector Spotlight: ERP Ecosystems Highlighted by Strong SAP & Oracle Partner Transactions

13%<sup>(1)</sup>

of all software market spend is allocated to ERP applications

18%<sup>(2)</sup>

Expected increase in ERP spend per employee in the next five years

>1/2<sup>(3)</sup>

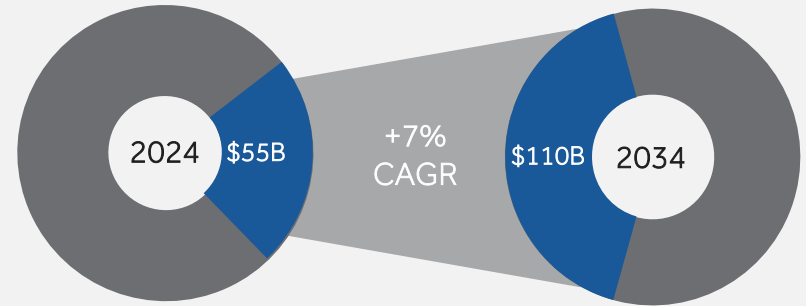
of companies that sought third-party technology guidance sought software implementation services

+78%<sup>(3)</sup>

of recent enterprise software implementation was cloud-based versus on-premise



ERP Software Projected Market Size<sup>(4)</sup>



## Notable SAP & Oracle ERP Partner M&A Transactions

Date	Target	Acquirer	Partner Ecosystem
Pending			
Pending			
Sep-24			
July-24			
May-24			
Sep-23			
Aug-22			

## ERP Ecosystem Market Dynamics




- AI and Machine Learning Integrations:** Enterprises are eager to incorporate new technologies in their systems as a way of increasing productivity and gaining new insights from internal data
- Demand for Cloud-Native Development:** Many organizations are ready to move legacy, on-premise ERP systems in to cloud environments, driving demand for 2025 and beyond
- Increased Focus on Cybersecurity:** Innovations in enterprise technology simultaneously create a need for heightened data security and governance, increasing the need for solutions that mitigate risk

(1) HG Insights, "The ERP Market Forecast for 2025"  
 (2) Statista, "Enterprise Resource Planning Software – Worldwide"  
 (3) Panorama Consulting Group, The 2024 ERP Report  
 (4) Precedence Research, "ERP Software Market Size"

# Favorable Market Dynamics Have Driven Strong Transaction Activity with Premium Valuations LTM

## Select Representative M&A Transactions










(\$ in Millions)

Date	Target	Buyer	Ent. Value
Nov-24	KMS Technology	Sunstone Partners	 Confidential
Nov-24	NEORIS	EPAM	 \$630.0
Nov-24	Intelliswift	L&T Technology Services	\$110.0
Nov-24	Northern Commerce	Beringer Capital	 Confidential
Oct-24	Veritone One	Insignia Capital	 Confidential
Oct-24	Blankfactor	Globant	 Confidential
Oct-24	Itsavvy	Xerox	\$400.0
Sep-24	Mars United Commerce	Publicis	 Confidential
Sep-24	Altimetrik	TPG	\$1,500.0
Sep-24	Team GO	Market Performance Group/Sentinel Capital	 Confidential
Sep-24	Icon Commerce	Mindgruvemacarta	 Confidential
Aug-24	Thoughtworks	Apax Partners	\$1,750.0
Jul-24	Seidor	The Carlyle Group	\$650.0
Jul-24	Yantra	Riveron	 Confidential
Jul-24	Bardess	Clearelligence/Align Capital Partners	 Confidential
Jun-24	Quorum Cyber	Charlesbank	 Confidential
Jun-24	AdTheorent	Cadent/Novacap	 \$324.0
May-24	Constellation	3i Group	\$125.5
May-24	Perficient	BPEA EQT	\$3,000.0

# Favorable Market Dynamics Have Driven Strong Transaction Activity with Premium Valuations LTM (cont.)

## Select Representative M&A Transactions

(\$ in Millions)

Date	Target	Buyer	Ent. Value
May-24	Adlucent	BarkleyOKRP/Keystone Capital	 Confidential
May-24	InfoCenter	Insight Enterprises	 Confidential
May-24	Softcrylic	Hexaware	 Confidential
Apr-24	Kin and Carta	Valtech/BC Partners	\$229.1
Apr-24	Focus Group	Hg	\$594.8
Apr-24	SMX Group	Apollo S3	\$1,150.0
Feb-24	GalaxE.Solutions	Endava	\$405.0
Feb-24	Bits in Glass	Capital Square Partners	 Confidential
Feb-24	Sophos	GFT	 Confidential
Feb-24	CDI	AHEAD	\$705.0
Jan-24	Kerv	Bridgepoint Advisers	\$317.9
Jan-24	Market Performance Group	Sentinel Capital	 Confidential
Jan-24	Regency Technologies	Iron Mountain	\$200.0
Jan-24	Silversun	Jacobs Private Equity, Sequoia Heritage	\$1,000.0
Dec-23	Redkite	Accenture	 Confidential
Dec-23	Computer Task Group	Cegeka/Gimv	\$170.0
Dec-23	Ansira	Truelink Capital	 Confidential
Dec-23	SADA Systems	Insight Enterprises	\$800.0
Dec-23	SPM Group	Unlock Health/Amulet Capital	 Confidential



# Appendix

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- All transaction information has been publicly reported and is sourced from national news publications, industry trade journals and blogs, and public announcements by companies and investors.
- All trading data related to publicly-traded companies has been sourced from Capital IQ.

# Disclaimer

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