



Solganick & Co.

Data Analytics IT Consulting

M&A Update

Q2 2022



About Solganick & Co.

Solganick & Co. is a data-driven investment bank focused on sell-side M&A advisory services. We focus exclusively on software, IT services, and healthcare IT companies.

Sector Focused

We are focused entirely on providing M&A advisory for software and tech-enabled services companies.

Experienced Team

Our experienced team of investment bankers come from top firms from within the industry.

Client-First Approach

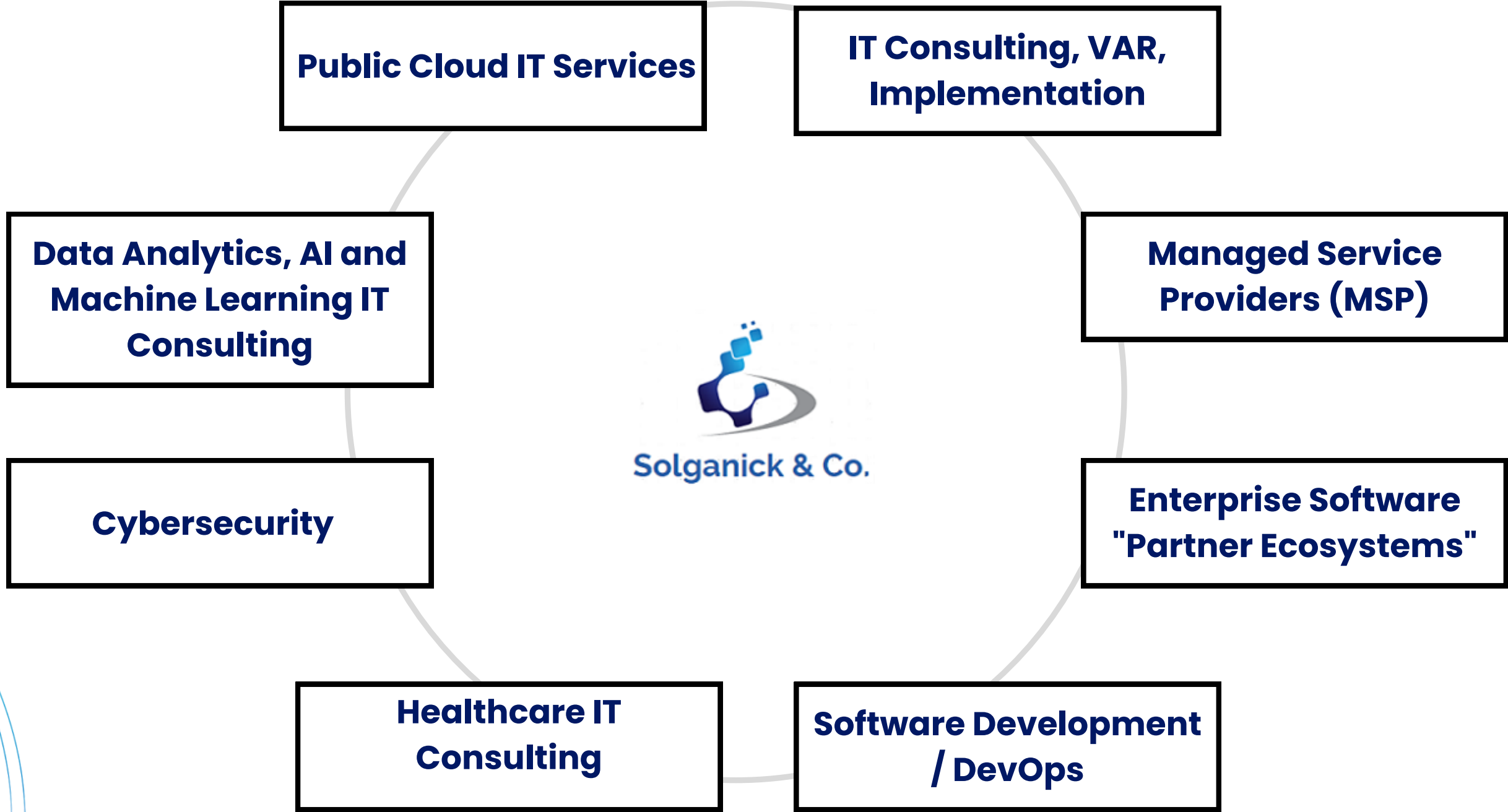
We have the understanding and experience to effectively assess and achieve our clients' unique strategic and financial objectives.

Industry Recognition

Recognized as a Top Software Investment Bank by Axial, Top Investment Bank and Leader of Influence by the Los Angeles Business Journal.

About Solganick & Co.

IT Services Coverage Areas



About Solganick & Co.

Select M&A Transaction Experience

 <p>has been acquired by</p>  	 <p>has been acquired by</p>  	 <p>has been acquired by</p>  <p>a portfolio company of</p>  	 <p>has been acquired by</p>  	 <p>has been acquired by</p>  
 <p>has merged with</p>  	 <p>has been acquired by</p>  	 <p>has been acquired by</p>  	 <p>has invested in</p>  	 <p>has been acquired by</p>  
 <p>has been acquired by</p>  	 <p>has received a growth investment from</p>  	 <p>has acquired</p>  	 <p>has been acquired by</p>  	 <p>has been acquired by</p>  

Highlighted Transaction

- Solganick & Co. represented Waypoint in its successful transaction with Wipfli, LLP in early 2022.
- Waypoint Consulting provides enterprise data management (i.e., data warehousing, integration and governance), analytics and enterprise performance management solutions to healthcare organizations and other companies.
- With more than 15 years of experience, Waypoint is recognized among the most reputable analytic solution providers in the U.S. today.
- Solganick & Co. facilitated a highly targeted and competitive sell-side M&A process that culminated in a strong financial result for our client with a highly strategically aligned partner.



has been acquired by




February 2022

About Solganick & Co.

Case Study: VisualBI Acquired by Atos

Client

- Visual BI is a data analytics IT consulting firm with offices in Dallas and India. The Company is a Snowflake Elite Partner and provides cloud data management and integration services.

Situation

- The founder of Visual BI selected Solganick & Co. to assist in evaluating and executing its M&A plans after the Company received an unsolicited offer.
- The Solganick & Co. team was confident in its ability to leverage its deep domain expertise and relationships to procure multiple, high-quality offers in excess of the initial offer received by the Company.

Process and Results

- Solganick & Co. conducted an efficient, focused and highly competitive M&A marketing process involving potential financial and strategic buyers.
- Several highly-qualified parties expressed interest and submitted compelling offers.
- After discussions and preliminary negotiations with numerous groups, ATOS/MavenWave ultimately put forth the most compelling offer.
- **Solganick was able to increase the upfront cash amount by 50% and total valuation by 25%.**
- Through the transaction, Visual BI's founders were able to maximize cash at close with a very attractive market driven transaction multiple.
- **The transaction was announced in July 2021 and closed the following month in August 2021.**



has been acquired by

Atos



Solganick & Co.

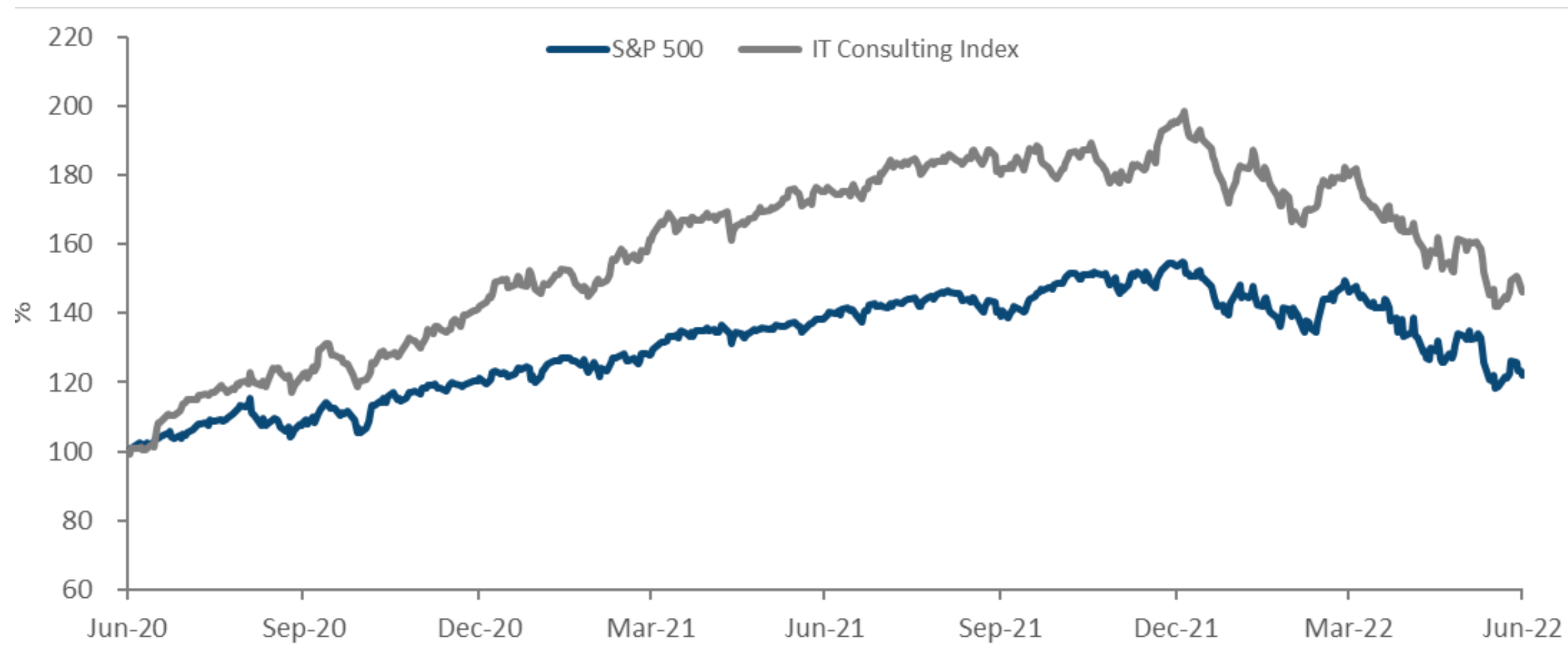
Q2 2022: Market Commentary

- Despite a challenging macroeconomic environment through Q2 2022, we are continuing to see strong buyer demand for quality assets within the Data Analytics IT Consulting sector.
- The Big Data Consulting Market is forecast to reach \$4.2 billion by 2026, growing at a CAGR of 32.3% from 2021 to 2026, according to *IndustryARC* research.
- Data Analytics IT Consulting has been a large area of focus for Solganick & Co., and through both recently closed transactions as well as opportunities currently in market, valuation multiples and deal terms have been favorable to sellers.
- Both Financial Sponsors and Strategic Buyers are looking to set themselves up for growth beyond the next few quarters, thus we are not seeing the same valuation decay for privately-held companies as what has occurred recently in public markets.
- Access to top-tier talent in the IT consulting sector remains highly competitive for large and small companies alike. Certain skill sets and capabilities such as Data Analytics, DevOps, Cybersecurity, Managed Services, and Public Cloud (AWS, Azure, and GCP) are in high demand.
- Enterprise "Partner Ecosystems" continue to consolidate at a rapid pace; areas of interest continue to be on Snowflake, Salesforce, Public Cloud (AWS, Azure, and GCP), ServiceNow, SAP among others.
- Solganick & Co. is one of the most active boutique M&A advisory firms focused on IT Services and has developed significant deal experience and relationships with strategic and financial buyers globally.

IT Consulting Public Market Index

IT Consulting Public Index	Market Data (\$ millions)				EV/ Revenue Multiples			EV/ EBITDA Multiples			EBITDA Margin
	Company	Closing Price (06/30/2022)	% 52-Week High	Equity Market Cap	Enterprise Value	LTM (A)	2022 Revenue	2023 Revenue	LTM (A)	2022 EBITDA	2023 EBITDA
Accenture	\$277.7	66.5%	\$ 175,627	\$ 175,378	2.9x	2.8x	2.6x	15.6x	14.2x	13.0x	18.8%
Rackspace Technology	7.2	37.2%	\$ 1,512	\$ 5,242	1.7x	1.6x	1.5x	9.5x	7.6x	6.9x	18.1%
Infosys	18.5	70.1%	\$ 77,849	\$ 75,353	4.6x	4.0x	3.7x	17.6x	15.9x	14.0x	26.2%
HCL Technologies	12.3	65.9%	\$ 33,436	\$ 31,734	2.7x	2.5x	2.3x	11.7x	11.3x	10.2x	23.0%
Cognizant Technology Solutions	67.5	72.2%	\$ 35,174	\$ 34,720	1.8x	1.7x	1.6x	10.2x	8.9x	8.1x	18.0%
Capgemini	170.9	68.6%	\$ 29,458	\$ 34,424	1.7x	1.6x	1.5x	12.6x	9.5x	8.7x	13.2%
DXC Technology	30.3	68.6%	\$ 6,992	\$ 11,554	0.7x	0.8x	0.8x	5.2x	4.5x	4.4x	13.7%
Tata Consultancy Services	41.3	75.9%	\$ 151,290	\$ 150,025	5.7x	5.3x	n/a	21.0x	19.8x	n/a	27.0%
International Business Machines (IBM)	141.2	97.6%	\$ 126,991	\$ 174,246	2.7x	2.9x	2.8x	12.4x	10.7x	10.1x	22.0%
Wipro	5.3	53.6%	\$ 28,883	\$ 26,650	2.5x	2.3x	n/a	12.1x	11.7x	n/a	20.8%
Mean			\$ 66,721	\$ 71,933	2.7x	2.5x	2.1x	12.8x	11.4x	9.4x	20.1%
Median			\$ 34,305	\$ 34,572	2.6x	2.4x	2.0x	12.2x	11.0x	9.4x	19.8%
High			\$ 175,627	\$ 175,378	5.7x	5.3x	3.7x	21.0x	19.8x	14.0x	27.0%
Low			\$ 1,512	\$ 5,242	0.7x	0.8x	0.8x	5.2x	4.5x	4.4x	13.2%

IT Consulting Public Market Index

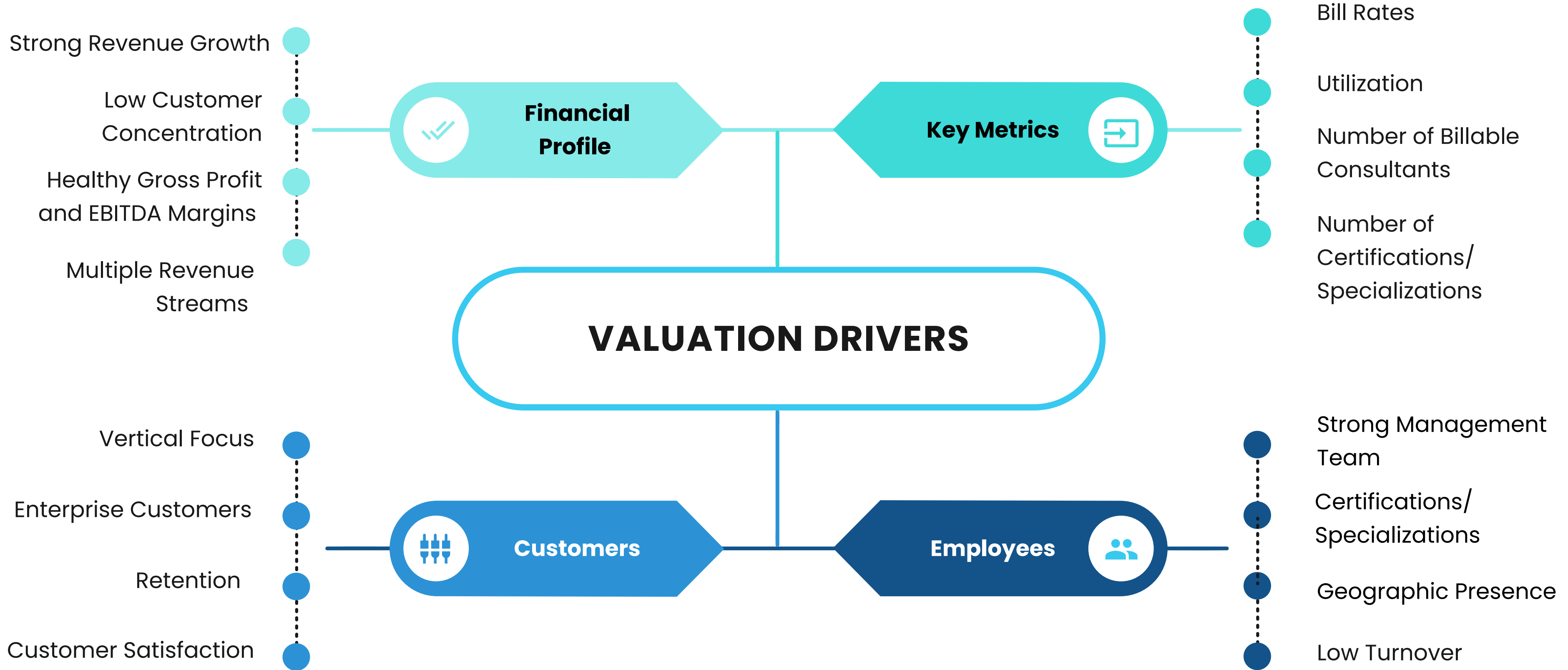


- Over the past two years (i.e., June 2022 vs. June 2020), our IT Consulting Index has outperformed the S&P 500, growing by **46%** compared to **22%** respectively.
- Both Indexes are down year to date in line with overall market conditions.
- Many public companies in the IT Consulting index are still aggressively pursuing acquisition opportunities. Accenture, for example, has acquired nine companies through Q2 2022 showing no signs of stopping.

Notable M&A Transactions

Date	Target	Acquirer	Target Description	Enterprise Value \$mm
May 2022			Intellify specializes in machine learning, deep learning and artificial intelligence.	N/A
May 2022			Teknion has been providing business technology solutions that empower clients to realize the full potential from their enterprise data.	N/A
May 2022			USEReady is a data and analytics firm specializing in Visual Analytics, Cloud Data, and Artificial Intelligence (AI) / Machine Learning (ML) engineering services.	N/A
April 2022			Ergo is a data-centered business located in Argentina that helps companies create a culture of data-driven decision-making using big data.	N/A
April 2022			Gensquared helps organizations of all sizes get actionable intelligence and real results from their data.	N/A
March 2022			MediaAgility is a global cloud transformation services provider with deep expertise building scalable, cloud-based solutions as a Google Cloud Premier Partner.	\$72mm
February 2022			Waypoint is a leading provider of business intelligence, data management, and analytics solutions across the United States.	N/A
January 2022			Aptitive is an analytics and data consulting company that empowers organizations to access, analyze, and take action on their data.	N/A
October 2021			SpringML provides consulting and implementation services and industry-specific analytics solutions that deliver high-impact business value from data.	N/A
July 2021			Visual BI, a cloud data analytics and business intelligence company that partners with Snowflake, Microsoft and SAP.	N/A

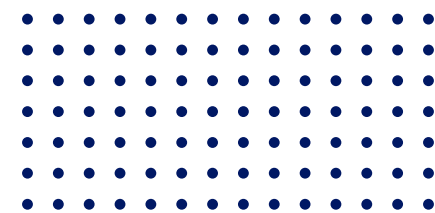
Valuation Drivers



Q2 2022: Valuation Comentary

Solganick & Co. notes the following private M&A exit multiples for Data Analytics IT Consulting companies as of Q2 2022:

- LTM Enterprise Value to Revenue (EV/Revenue): **2.0x to 3.3x+**
- LTM Enterprise Value to EBITDA (EV/EBITDA): **8x to 14.5x+**
- Note/Example: The type and quality of work provided by the seller drive valuation. For example, a Snowflake partner that is growing 40% per year and has strong gross profit and EBITDA margins will likely obtain a higher EV/Revenue multiple.
- Deal Strucure: Cash paid at close is a majority of deal structure, followed by equity and/or earnout. I.E. – 80% cash, 20% equity or earnout.



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