



# CHESAPEAKE TECHNOLOGY NEWSLETTER

31 Jan 2020



THE CHESAPEAKE GROUP

*INVESTMENT BANKING & STRATEGIC ADVISORY*

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*Note: Market data as of Jan 31, 2020*

# Section 1:

Fortnightly update

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# This fortnightly in technology...

## Clarivate Analytics acquires Decision Resources Group

### **Overview:**

- On 17 January 2020, Clarivate Analytics signed a definitive agreement to acquire Decision Resources Group (DRG) from Piramal Group for \$950m. DRG is a premier provider of high-value data, analytics and insights products and services to the healthcare industry.
- The purchase price includes \$900m in cash and \$50m in Clarivate ordinary shares to be issued following one year anniversary of closing. The acquisition is expected to be accretive to Clarivate earnings in 2020.

### **About Clarivate Analytics:**

- Clarivate Analytics is a global leader in providing insights and analytics solutions that drive the entire lifecycle of innovation, from discovery to commercialisation.
- It caters to the companies in the life science, government, academic institutions and research and development industry verticals.
- It is listed on the New York Stock Exchange and headquartered in Philadelphia, PA.

### **About Decision Resources Group:**

- Founded in 1990, DRG provides data driven resources and analytics solutions to enable healthcare market participants to make informed business decisions about critical commercial challenges. It is a division of Piramal Enterprises, a publicly traded company in India.
- It has deep and broad customer relationships with key players biopharma, payer / provider and med tech domain, Key clients include Bayer, Pfizer, GSK, Novartis, Magellan Health, Medtronic, Philips Healthcare, Roche, Merck, Komodohealth and Trilliant Health.
- In 2019, DRG generated \$207m in revenue with 9% organic growth and \$47m in adjusted EBITDA. c.70% revenue is subscription based or reoccurring in nature.

### **Transaction rationale:**

- The transaction creates a leading life sciences data and analytics provider of differentiated scale and capabilities and doubles the size of Clarivate's life sciences business. It also elevates Clarivate's positions in the \$19bn life sciences analytics market which is growing at a double digit rate of 12%.
- The combination of Clarivate's pre-clinical solutions with DRG's commercialisation solutions will allow Clarivate to offer a synergistic portfolio of tools and services across the entire life sciences, drug, device and medical technology value chain.
- The transaction is expected to EPS accretive to Clarivate in 2020, including the impact of equity offering. It is expected to adjusted EBITDA margin and cash flow margin accretive including run-rate cost savings.
- The deal values DRG at an EV / Sales multiple of 4.6x and an EV / adjusted EBITDA<sup>1</sup> multiple of 20.2x. Cost synergies of \$30m are expected to be realised over the next 18 months.
- Revenue growth acceleration is expected from sales into shared client base and sales of new products that leverage complementary datasets and expertise.

Source: Press release and news reports

Note: (1) Excludes \$30m of identified cost savings

## Section 2:

Recent news and press releases

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# Recent news excerpts – Company specific

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## Wipro CEO to step down, search on for successor – The Mint

**Jan 31, 2020** – Bengaluru-based IT major Wipro Ltd said that its chief executive officer and managing director Abidali Z Neemuchwala has decided to step down due to family commitments. Neemuchwala, who had been group president and chief operating officer of Wipro from April 2015, was appointed CEO with effect from February 1, 2016. Overall, he has over 25 years of experience in the IT services industry. Prior to Wipro, he has held key leadership roles with Tata Consultancy Services, in business, technology, sales, operations and consulting. He was recognized as the BPO CEO of the year in 2010. “The board of directors has initiated a search to identify the next chief executive officer. Abid will continue to hold the office of CEO & managing director until a successor is appointed for a smooth transition and to ensure that business continues as usual,” the company said in a filing on the BSE.

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## ABN AMRO expands partnership with TCS – Economic Times

**Jan 29, 2020** – Software exporter Tata Consultancy Services said it has expanded its partnership with ABN AMRO, one of the largest banks in the Netherlands, to help the latter build a technology core that will help increase its speed of innovation. The expanded partnership is intended to speed up ABN AMRO’s digital transformation with the help of DevOps – that will help improve the bank’s speed to market for new its new products and services. TCS said that it will also help the bank reduce its technology debt and build an advanced IT core by rearchitecting critical systems using microservices and APIs, adopting cloud-native architectures and migrating the bank’s workloads to a public cloud. “Our aspiration is to build a future-proof bank powered by our people and partner ecosystem to create a long-term value for our customers. TCS as our growth and transformation partner is working closely with the bank in rejuvenating our IT landscape leveraging the synergy between IT business and operations.” said ABN AMRO.

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## Cognizant consortium wins five year deal from Network Rail – Economic Times

**Jan 29, 2020** – Cognizant said it won a five-year contract, as part of a consortium, from Network Rail, the UK’s principal rail infrastructure company to use AI, IoT and other digital technologies to improve the company’s asset management and performance. Cognizant will lead the consortium in developing and applying enhanced data collection and analytics to Network Rail’s more than 12,000 connected assets, such as track circuits, signal power supplies, and switches. “Cognizant has been working with Network Rail for several years. We are thrilled to combine our expertise in digital technologies and large infrastructure projects with the knowledge and capabilities of our consortium partners, Arup and Amey Consulting. We expect to expand on this ecosystem to include other leading asset management experts as well,” Santosh Thomas, President, Global Growth Markets, Cognizant said.

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## Infosys sets up team to scale platform unit – Economic Times

**Jan 29, 2020** – Infosys has set up a multi-disciplinary internal team to help scale up its platforms business, as the Bengaluru-headquartered IT services company looks to tap the growing demand for products from clients. The platforms could be proprietary software used to host educational content or process mortgages. IT companies are betting on a platform play to help offset margin contraction caused by the increasing commoditisation of their core business. Software companies need to make one-off investments in building the platform, but the returns could be exponential if a slew of customers adopt it. “We have a platform council which looks at how to scale these platforms faster. It is a cross-functional group of people,” Salil Parekh, CEO of Infosys, told ET.

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## Tech Mahindra sets up Google Cloud center in Hyderabad to drive digital transformation – Business Today

**Jan 29, 2020** – Tech Mahindra said it has set up a Google Cloud centre of excellence (CoE) in Hyderabad to drive the digital transformation of enterprises globally. The IT services major said that the CoE will help enterprises to move critical workloads to Google Cloud, develop their artificial intelligence and data analytics solutions, and improve workplace productivity. “Tech Mahindra’s deep industry expertise and proven solutions that focus on seamless modernisation of infrastructure, applications and data to the cloud, combines with the power of Google Cloud will help accelerate the cloud journey for enterprises as they move towards a digital-first future” Tech Mahindra Global Head Cloud Services Vivek Gupta said. He added that as part of its TechMNXt charter, Tech Mahindra is focused on leveraging next-generation technologies to enable its customers drive growth and enhance customer experience.

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# Recent news excerpts – Company specific (cont'd)

## Zensar trims retail portfolio, to focus better on core – Economic Times

**Jan 25, 2020** – Zensar has reduced the size of its retail portfolio to cut volatility and focus on fewer core areas, the IT services provider said. In the past two years, the share of retail in the RPG Group company's total revenue dropped to just under 14% from 28.5%, even as revenue increased by about 16% in the same period. The company has decided to focus on three core areas — high-tech manufacturing, infrastructure and financial services, CEO Sandeep Kishore told ET. Zensar reported a 32.6% drop in net profit for the December quarter, citing softness in the retail segment — with a revenue impact of about \$5 million — as a key reason for the profit decline. "In the previous quarter, we also let go of eight tail-end clients, which has also resulted in headcount coming down by 300," said Kishore. The industry definition of the retail segment is broader, but at Zensar it is restricted to specialty apparel retail, which is going through a difficult period.

## HCL Technologies to double hiring to 15,000 in FY21 – The Mint

**Jan 22, 2020** – Noida-based IT firm HCL Technologies plans to nearly double its hiring to 15,000 in fiscal 2021, Apparao VV, company's chief human resources officer said. For fresh recruits, the annual pay package varies between Rs3.5 lakh and Rs3.8 lakh. Management graduates on the other hand have to go through company's Global Engagement Manager programme, where salaries range from ₹13 lakh to ₹17 lakh per annum, according reviews posted on Glassdoor, an online job search portal. HCL also hires students after class 12. For this, a dedicated programme, HCL TSS (HCL Training & Staffing Services), bridges the much-needed gap between deserving talent and vacant jobs that is difficult to fill due to lack of skills. Local hires form 67% of HCL's workforce in the US.

## Mindtree brings in talent from Genpact, Infosys – The Hindu Business Line

**Jan 21, 2020** – Google announced a partnership deal with Bharti Airtel, India's third-largest telecom operator to grow its cloud consumer base, according to an official release. The deal enables Airtel to offer G-Suite services to small and medium-sized businesses in India as part of the Airtel integrated ICT portfolio. G-suite services include Google's intelligent apps — Gmail, Docs, Google Drive and Calendar based on the cloud. Thomas Kurian, Chief Executive of Google Cloud, said in a statement, "The combination of G-Suite's collaboration and productivity tools with Airtel's digital business offerings will help accelerate digital innovations for thousands of Indian businesses." Bharti Airtel had already ventured into offering cloud-based solutions to businesses with its Airtel Cloud service. Airtel already has a set consumer base for its cloud services in India. In the official release, Airtel said that it currently serves 2,500 large businesses and over five lakh small and medium-sized businesses and start-ups in India.

## Mindtree brings in talent from Genpact, Infosys – Economic Times

**Jan 17, 2020** – Mid-tier IT services provider Mindtree has hired top talent from Genpact and Infosys and is scouting for sales talent, particularly in digital technology areas in the United States, as CEO Debashis Chatterjee seeks to boost growth following its acquisition by engineering conglomerate Larsen & Toubro last year. The company hired Manikandesh Venkatchalam as SVP and head of strategic large pursuits in October. He was previously vice-president at Genpact. Mindtree also brought in Vijay Ram as vice-president and head of technology & media in October. Ram was previously Associate Vice President and Global Client Partner at Infosys. "He (Chatterjee) is filling in the roles and particularly wants to diversify the customer base. One of the things he has highlighted is trying to leverage the large connect with Microsoft to try and win deals in which Microsoft also plays a role," a source with knowledge of Chatterjee's plans told ET.

## Wipro Ventures raises \$150m fund to invest in startups – The Mint

**Jan 16, 2020** – Wipro Ventures, the investment arm of Wipro Ltd, said it has raised its Fund II, of \$150 million, which will invest in early to mid-stage companies building innovative enterprise software solutions in areas such as cyber security, application development, analytics, cloud infrastructure, test automation and artificial intelligence (AI). Wipro Ventures launched its first fund of \$100 million in 2015. Our strategy has been to invest in promising enterprise software start-ups, establish strategic partnerships with them and bring their leading-edge solutions to our customers. By doing this, we differentiate our customer services, generate revenue for our portfolio companies and deliver strategic as well as financial returns to Wipro. Wipro Ventures' Fund II demonstrates our continued commitment to this strategy," Abidali Z Neemuchwala, chief executive officer and managing director, Wipro said in a statement.

# Recent news excerpts – Industry

<b>Economic Times</b> <b>Jan 31, 2020</b>	<b>Contraction in domestic revenue growth softened IT-BPM sector growth in FY19: Survey</b> Contraction in domestic revenue growth "softened" the overall pace of revenue growth of the IT-BPM sector to 6.8 per cent in 2018-19 from 8.2 per cent in the previous year, the Economic Survey said. Nearly 83 per cent of the IT-Business Process Management (BPM) industry continues to be export-driven, with export revenues crossing USD 135 billion in 2018-19, it said. "During 2018-19, the revenue growth (y-o-y) for IT-BPM sector (excluding hardware) softened to 6.8 per cent from 8.2 per cent in 2017-18. This was driven by a contraction of 0.3 per cent in domestic revenue growth even as export revenue growth accelerated to 8.3 per cent," it added. Of the total USD 135.5 billion of exports of the IT-BPM sector in 2018-19, IT services accounted for 55 per cent, and BPM and software products & engineering services for the remaining 45 per cent (with each accounting for almost half of the share).
<b>The Mint</b> <b>Jan 29, 2020</b>	<b>India's IT workforce may become obsolete unless government supports reskilling programs: NASSCOM</b> India's vast IT workforce, which has powered the nation's growth in the IT services sector, is in danger of becoming obsolete unless the government supports a massive reskilling program in the upcoming budget, the National Association of Software and Services Companies (NASSCOM) said. The industry body said that such reskilling is desperately needed if "India has to stay relevant in the sector," noting that there is a huge demand-supply gap currently in segments such as Artificial Intelligence (AI) and Big Data Analytics for roles like Machine Learning engineers as well as data scientists. The talent demand-supply gap in AI and Big Data Analytics is expected to grow from 62,000 to 140,000 over the next 3 years according to a report by the World Economic Forum. Thus the need for reskilling is top priority.
<b>Economic Times</b> <b>Jan 26, 2020</b>	<b>India and Russia explore joint development of IT products and AI solutions</b> India and Russia are exploring possibility of joint development of IT and related products for third country exports. This was discussed when Ajay Sawhney, Secretary, MEIT recently visited Moscow. Sawhney met Mikhail Mamonov Deputy Minister of Digital Development, Communications and Mass Media of the Russian Federation. According to Sawhney, this visit was fruitful and promising as the two sides discussed about joining hands in the field of digital technology, AI, blockchain, Machine learning, 5G and cyber security. India and Russia complement each other in joint production of IT products. Russians are expert at pure science and robust engineering. India is significant market. India has young talents, business ecosystem and gateway to global market.
<b>Economic Times</b> <b>Jan 23, 2020</b>	<b>IT rejigs its bills as deals dry up</b> As IT services companies compete to win in a market where demand is dwindling and there is increased pressure to retain clients, large deals are witnessing a financial engineering component. These could range from one-time discounts or deferred payment plans to upfront cheques for expected savings. The financial aspects of deals are particularly important in the legacy area, which still accounts for a significant chunk of IT services revenue despite the rise of newer technologies. In services which are getting more and more commoditised and price-led, the focus is first, how do you extract more efficiency, and once the efficiency (has) reached a logical limit, you tend to go to this kind of financial engineering," said Rajesh Gopinathan, CEO of Tata Consultancy Services.
<b>Economic Times</b> <b>Jan 22, 2020</b>	<b>India SaaS firms eye Japan, LATAM to pip global giants</b> Indian Software-as-a-Service companies are speeding up forays into non-mainstay regions such as Japan and Latin America, as selling business software in advanced economies other than North America becomes increasingly important in taking the battle to market leaders such as Salesforce and Microsoft. North America, which includes Canada, remains the key target market for most companies, but clients have emerged in Singapore, Indonesia and Japan, as well as some countries in Latin America and Africa. The global SaaS business, dominated by the North American market, is slated to grow at a 16% clip to \$116 billion this year, according to market research firm Gartner. Indian firms are aiming to diversify focus on the Rest-of-the-World markets. The market expansion coincides with a push towards a platform play.



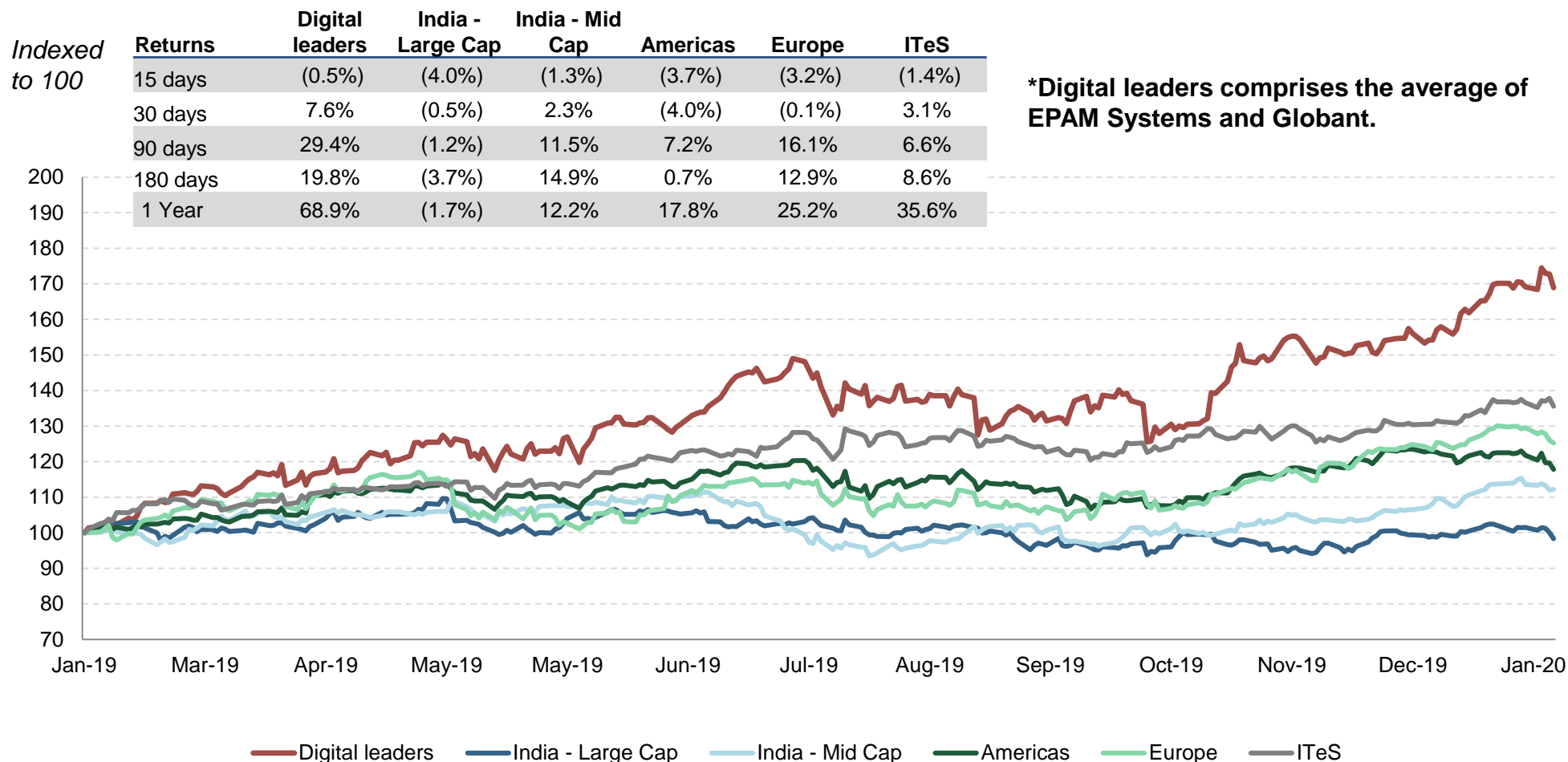
# Section 3:

## Valuation overview

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# Share price evolution – IT / ITeS companies

Over the past 15 days, both mid cap and large cap Indian IT services valuations have declined, with the latter showing a higher drop. TCS has declined 7.9% since it reported a flat growth in third quarter net profit and confirmed that it will not be able to achieve double digit revenue growth in FY20.

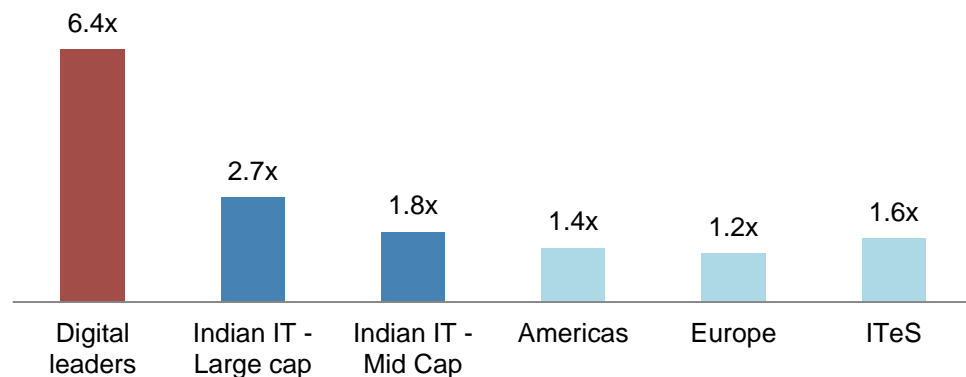


Source: Capital IQ

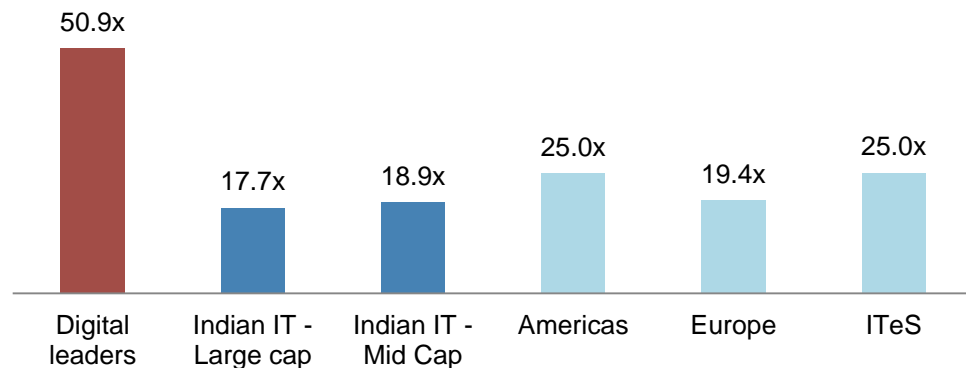
Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)

# Valuation summary

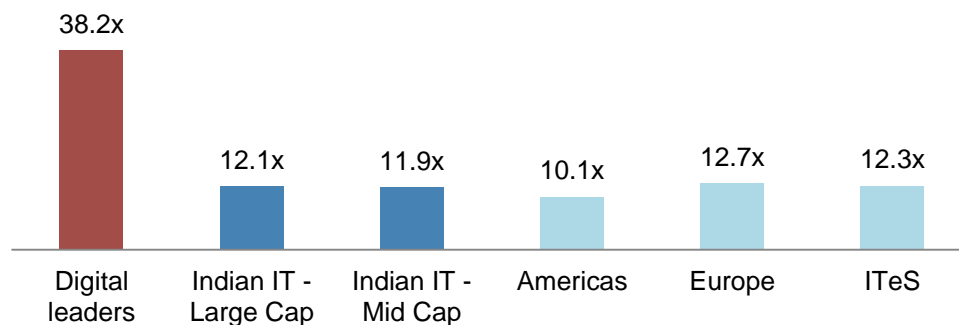
## EV / LTM Sales



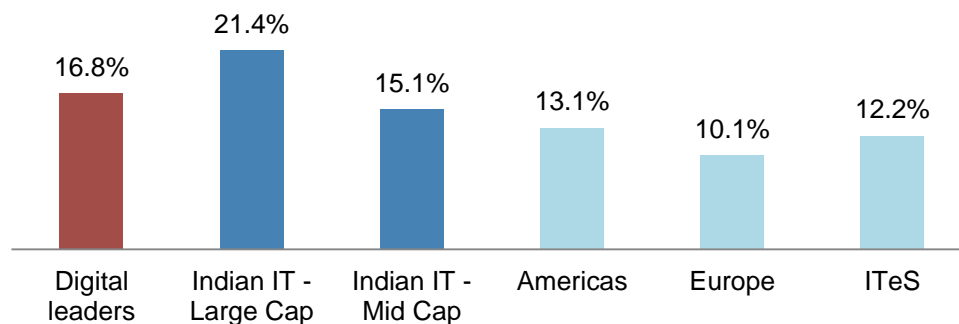
## P / E (LTM)



## EV / LTM EBITDA



## LTM EBITDA Margins









**\*Digital leaders comprises the average of EPAM Systems and Globant.**

Source: Capital IQ

Note: For every parameter, we have used market capitalization of the companies in each segment (composition of each segment can be seen in the appendix)




# Key transactions in January

Overview	Target business description	Transaction rationale
<p>Jan -20</p>   <p>(Workday, Salesforce &amp; MuleSoft practice)</p> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 1981, Sierra Cedar provides consulting, technical and managed services for next generation applications and technology.</li> <li>The firm has 275 professionals across its Workday, Salesforce and MuleSoft practices.</li> <li>Its Workday practice has deep experience and expertise in small and medium education and government markets.</li> <li>Headquartered in Alpharetta, GE with an offshore centre in Hyderabad.</li> </ul>	<ul style="list-style-type: none"> <li>The acquisition will fortify Accenture's leading position in Workday ecosystem and broaden Accenture's services to higher education and government organizations seeking to transform core software systems for HR, finance and student services.</li> <li><i>"We are focused on our clients' priorities for more efficient, secure, transparent and customer service-oriented operations, and the practitioners joining Accenture have the industry and platform skills that are at the centre of many such efforts,"</i> said Ryan Gaetz, MD of Accenture's education and government-focused Workday practices.</li> </ul>
<p>Jan -20</p>   <ul style="list-style-type: none"> <li>Target country – Australia</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 1994, M2K is a managed service provider focused on mobility, security and cloud solutions.</li> <li>Offers mobility, technology, connectivity, collaboration, cloud and security services.</li> <li><b>Clients:</b> Infosys, Caterpillar, Zinfra, Jemena, BMC, Emerson, Crowe Horwath, Nilsen, United Energy and Accolade Wines.</li> <li>The firm is headquartered in Melbourne, Australia.</li> </ul>	<ul style="list-style-type: none"> <li>The acquisition strengthens Ericom's capabilities and position in the managed services market.</li> <li><i>"We assume that buyers will go to a mobile-first policy. We make money today from fixed networks and the NBN. In the future that will come from mobile. When we discussed strategy we felt we had to be there or we would miss out."</i> said Kyle Page, CEO of Ericom</li> <li>Terms of the deals were not disclosed but M2K's principals will be exiting the business.</li> </ul>
<p>Jan -20</p>   <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2017, Snapworx develops an artificial intelligence platform for patient management and workflow optimisation for CPAP<sup>1</sup> resupply market.</li> <li>Its solutions focus on patient engagement and automation of workflow for collecting the supporting documentation required for dispensing and billing of CPAP supplies.</li> <li>The company employs c.40 people.</li> <li>The firms is headquartered in Brentwood, TN.</li> </ul>	<ul style="list-style-type: none"> <li>The combination of Brightree ReSupply's technology and live-call services with SnapWorx software platform creates the largest CPAP<sup>1</sup> resupply patient base in the industry with the most comprehensive set of solutions for multi-channel patient engagement and workflow automation.</li> <li><i>"By adding SnapWorx's capabilities to our industry-leading resupply program, we're helping more HMEs keep patients on comfortable, effective CPAP therapy long term, and efficiently optimizing their own resupply business,"</i> said Matt Mellott, President and CEO at Brightree.</li> </ul>




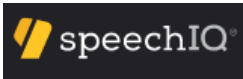


Source: Press release, news reports, Capital IQ

Note: (1) Continuous positive airway pressure







# Key transactions in January (cont'd)

Overview	Target business description	Transaction rationale
<p>Jan -20</p> <div>  </div> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – \$12m</li> <li>EV / Sales – 0.8x</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 1986, InsPro Technologies develop and sells software for the life and annuity insurance market.</li> <li>It offers an insurance administration and marketing system that supports group and individual business lines as well as processes agent, direct market, worksite, and website generated business.</li> <li>It processes over 15m policies in US.</li> <li>Headquartered in Eddystone, PA with a team of 50 employees.</li> </ul>	<ul style="list-style-type: none"> <li>The acquisition will strengthen and expand Majesco's domain depth in voluntary, group, voluntary benefits, and worksite markets that will enable successful digital transformation journeys for insurers.</li> <li>"The InsPro team brings years of experience and amazing talent to the global Majesco team. Together, we'll focus on bridging customers to the new world with continuous software innovation that helps them take advantage of the market growth opportunities in today's insurance experience with cloud and digital transformation." said Adam Elster, CEO of Majesco.</li> </ul>
<p>Jan -20</p> <div>  </div> <ul style="list-style-type: none"> <li>Target country – Denmark</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2012, UNSILO is an artificial intelligence (AI) and natural language processing company and specialises in text analytics, linguistics and data science.</li> <li>It has partnered with STM industry leaders like BMJ, Wiley, Clarivate Analytics, and Taylor &amp; Francis to develop solutions for the publishing ecosystem</li> <li>Headquartered in Aarhus, Denmark.</li> </ul>	<ul style="list-style-type: none"> <li>The acquisition allows CACTUS to increase the pace and quality of AI products that it is building for its target industries.</li> <li>"CACTUS has taken several steps to establish itself as a leading provider of machine learning and AI-driven solutions. I am very excited about this opportunity to work with the UNSILO team and further scale up the Cactus Labs team. For the next 5 years, our vision is to create technologies and products that will transform work through augmentation and automation." said Nishchay Shah, CTO of CACTUS.</li> </ul>
<p>Jan -20</p> <div>  </div> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2016, Passage AI designs and develops artificial intelligence driven conversational interfaces to help companies create chatbots.</li> <li><b>Clients:</b> Accenture, Mercedes, BMW, Mastercard, Renault, Shell, Nissan, Ford, GM, Gold's Gym, NordicTrack and SoftBank.</li> <li>Headquartered in Mountain View, CA with offices in Pune, Canada, Germany and Japan.</li> </ul>	<ul style="list-style-type: none"> <li>The deal complements ServiceNow's strategy as it continues to modernize its digital service platform.</li> <li>"Building deep learning, conversational AI capabilities into the Now Platform will enable a work request initiated in German or a customer inquiry initiated in Japanese to be solved by Virtual Agent," said Debu Chatterjee, senior director of AI engineering at ServiceNow.</li> <li>The acquisition is expected to close in the current quarter. Terms of the deal were not disclosed.</li> </ul>

# Key transactions in January (cont'd)

Overview	Target business description	Transaction rationale
<p>Jan -20</p> <div>   </div> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – \$85m</li> <li>EV / Sales – 1.9x</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2002, Blackstone Federal provides IT consulting, web design and IT asset management services.</li> <li>Offerings include agile application development, cloud modernisation, systems architecture, cybersecurity, user experience design and branding services.</li> <li>It has around 100 employees.</li> <li>The firm is headquartered in Arlington, VA.</li> </ul>	<ul style="list-style-type: none"> <li><i>“This acquisition fits perfect with ASGN’s (parent company of ECS) hybrid growth and capital allocation strategy, to scale ECS to over \$1 billion in revenue through a combination of strong organic growth and complementary acquisitions,”</i> ASGN CEO and President Ted Hanson said in a release.</li> <li><i>“Both ECS and Blackstone Federal share innovative and solutions-driven cultures focused on the customer, collaboration, and quick decision-making,”</i> ECS President George Wilson added. <i>“We’ve also both worked hard to deliver the most powerful technologies, tools and strategies to our DHS customers,”</i> he said.</li> </ul>
<p>Jan -20</p> <div>   </div> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2015, SpeechIQ develops an artificial intelligence driven speech analytics and quality assurance platform.</li> <li>The company offers an easy-to-use, cost-effective solution that helps drive agent productivity, operational efficiency, and improved customer engagement in contact centres.</li> <li>The firm is headquartered in Columbus, OH.</li> </ul>	<ul style="list-style-type: none"> <li>Joining the two platforms will equip organizations with the ability to measure, monitor and improve customer conversations across all channels while identifying the potential for operational efficiencies through analytics.</li> <li>It will also further bolster LiveVox’s posture on Compliant Communication, as the transaction couples the industry-leading risk mitigation platform with an integrated speech analytics solution.</li> <li>This is the second acquisition recently announced by LiveVox.</li> </ul>
<p>Jan -20</p> <div>   </div> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2013, Digital Pi is a leading marketing agency focused on marketing automation consulting services to B2B sector.</li> <li>Its framework leverages native capabilities of Marketo and other martech platform to create a predictable approach to the process, design and optimisation of scalable, repeatable and measurable marketing strategies.</li> <li>The firm is headquartered in Dallas, TX.</li> </ul>	<ul style="list-style-type: none"> <li>Digital Pi’s marketing technology expertise and data-driven services support Merkle’s strategic plans in several key areas including its people-based marketing and enterprise solutions.</li> <li>Through this acquisition, Merkle boosts its data, technology, and audience skills, creating a fundamental cornerstone of B2B agency solutions.</li> <li><i>“Merkle is the ideal partner for us. We bring industry-leading marketing automation consulting expertise and a proven track record of helping hundreds of Adobe Marketo Engage customers to achieve success,”</i> said Ryan Vong CEO of Digital Pi.</li> </ul>







# Key transactions in January (cont'd)

Overview	Target business description	Transaction rationale
<p>Jan -20</p>   <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2009, Ncontracts is a leading provider of integrated risk management software and services for the financial services industry.</li> <li>The firm's expanded product line includes a comprehensive set of risk management tools encompassing compliance, vendor management and enterprise risk management.</li> <li>The company has over 1,300 clients across US.</li> <li>The firm is headquartered in Brentwood, TN.</li> </ul>	<ul style="list-style-type: none"> <li>The transaction marks Gryphon's second investment in governance, risk and compliance (GRC) enterprise software solutions. In Dec-18, it bought RegEd, also a provider of GRC solutions for financial services industry.</li> <li><i>"While Ncontracts has experienced tremendous growth over the last few years, there are still opportunities for expansion across this fragmented market. With Gryphon's resources and leadership, we are confident that we can continue to increase our market share, and we are excited to embark upon a strong partnership."</i> said Mr. Berman, CEO of Gryphon.</li> </ul>
<p>Jan -20</p>   <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – \$700m</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2002, Regulatory DataCorp provides governance, risk and compliance solutions to Fortune 100 companies across a range of industries.</li> <li>Its platform incorporates artificial intelligence for compliance screening to help process customer requests at greater speeds and accuracy while reducing false positives.</li> <li>Headquartered in King of Prussia, PA with an additional office in Singapore.</li> </ul>	<ul style="list-style-type: none"> <li>The transaction complements Moody's previous acquisition of company data provider Bureau van Dijk, creating a global leader in compliance solutions.</li> <li><i>"The addition of RDC's proprietary data and technology to BvD's comprehensive company information offerings provides an industry-leading platform that will help customers make better informed decisions as they manage AML and KYC risks and requirements."</i> said Dan Russell, ED of Bureau van Dijk.</li> <li>Regulatory DataCorp was previously backed by Vista Equity Partners.</li> </ul>
<p>Jan -20</p>   <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 1999, Enviance develops cloud-based environment, health and safety (EHS) software.</li> <li>The Enviance EHS platform simplifies integrating EHS into operations to better measure, manage, and report mission critical EHS results.</li> <li>Its software is used by over 400 organisations across 30 industries with over 800,000 active profiles.</li> <li>The firm is headquartered in Carlsbad, CA.</li> </ul>	<ul style="list-style-type: none"> <li>The strategic acquisition follows the recent private equity growth investment in Cority by Thoma Bravo and the recent acquisition by Cority of Axion Health.</li> <li><i>"The functional strengths of Enviance and Cority are highly complementary. Moreover, both our companies stand for technology innovation and a relentless focus on customer satisfaction. Our SaaS solutions currently serve global organizations across EHS and Quality and now, our clients will benefit from even more industry-leading capabilities."</i> said Mark Wallace, President and CEO of Cority.</li> </ul>

Source: Press release, news reports, Capital IQ




# Key transactions in January (cont'd)

Overview	Target business description	Transaction rationale
<p>Jan -20</p> <p></p> <p></p> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2015, Loom Systems is an Israel based AIOps company.</li> <li>It offers an AIOps-powered log analytics solution capable of preventing IT incidents before customers are impacted.</li> <li>In Nov-19, it raised \$10m from existing investors taking the total funding raised to \$16m.</li> <li>The firm has its registered headquarters in San Francisco, CA with an office in Tel Aviv, Israel.</li> </ul>	<ul style="list-style-type: none"> <li>The transaction will extend ServiceNow's AIOps capabilities, giving customers deeper insights into their digital operations so they can prevent and fix IT issues at scale before they become problems..</li> <li><i>"By bringing together Loom Systems' ability to analyze log and metrics data with ServiceNow's AIOps and workflow automation capabilities, IT departments will be able to proactively pin-point and resolve operational issues, enabling seamless experiences for their customers and employees."</i> said Jeff Hausman, VP of IT Operations management at ServiceNow.</li> </ul>
<p>Jan -20</p> <p></p> <p></p> <ul style="list-style-type: none"> <li>Target country – Bulgaria</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2014, Beam specialises in consulting, implementation and support for SAP solutions.</li> <li>Its focuses on automotive, manufacturing and financial sectors.</li> <li>The company helps small and medium-sized companies improve their business processes and undergo a complete digital transformation</li> <li>The firm is headquartered in Sofia, Bulgaria.</li> </ul>	<ul style="list-style-type: none"> <li>Bulpros has historically grown through acquisition of several Bulgarian and international companies. Beam is the sixth acquisition as Bulpros continues to grow.</li> <li><i>"Now, together with the Beam team, we will increase our technical competencies in SAP solutions and expand our portfolio with an even wider range of services. The focus is on the overall digitalization of the business and the enhancement of customer experience by building intelligent and innovative technological solutions."</i> said Ivaylo Slavov, CEO of Bulpros.</li> </ul>
<p>Jan -20</p> <p></p> <p></p> <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2014, Cloudvisory develops a platform for cloud visibility, security and policy management.</li> <li>It provides a visibility framework for understanding the infrastructure intricacies, finding areas of concern and incorporates a push-button remediation solution that aligns with enterprise change management procedures.</li> <li>The firm is headquartered in Dallas, TX.</li> </ul>	<ul style="list-style-type: none"> <li>Cloudvisory gives FireEye's customers the ability to actively auto-discover cloud assets to map their policies and relationships in Amazon AWS, Microsoft Azure, or Google Cloud. It also extends to private clouds running on-premise versions of Kubernetes or OpenStack.</li> <li>The addition of Cloudvisory fits FireEye Security Suite, complementing its detection capabilities with additional visibility, reporting and active policy enforcement tools for cloud-enabled enterprises.</li> </ul>



# Key transactions in January (cont'd)

Overview	Target business description	Transaction rationale
<p>Jan -20</p>  <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – NA</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2013, Nyansa is an artificial intelligence based network analytics firm.</li> <li>Its cloud sourced, vendor agnostic network analytics platform Voyance provides customers with operational assurance for user, clients and IoT devices connected to enterprise networks,</li> <li>The firm's customer base includes Uber, Walmart, Tesla and Procter and Gamble.</li> <li>The firm is headquartered in Palo Alto, CA.</li> </ul>	<ul style="list-style-type: none"> <li>This is VMware's second AI acquisition in less than six months. In Aug-19 it bought Bitfusion, a firm specialising in virtualisation software for machine learning workloads.</li> <li>VMware intends on pairing Voyance technology with the VMware SD-WAN by VeloCloud, its software-defined wide area networking platform, to bring an end-to-end network visibility, monitoring, and remediation solution.</li> <li><i>"Nyansa can proactively predict client problems, optimize their network, better enable the behavior of critical IoT devices, and justify infrastructure changes based on actual user, network, and application data,"</i> said Sanjay Uppal, VP at VMware.</li> </ul>
<p>Jan -20</p>  <ul style="list-style-type: none"> <li>Target country – United Kingdom</li> <li>Deal size – \$150m</li> <li>EV / Sales – NA</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 2015, Snyk develops a cybersecurity platform that helps developers find vulnerabilities in their open source applications.</li> <li>The firm is focusing on using AI and ML to provide vulnerability intelligence and developer insights.</li> <li><b>Clients:</b> Google, Salesforce, Skyscanner, AuthO, Orange, mongoDB, Asos, Ocado and Coveo.</li> <li>Headquartered in London with additional offices in Tel Aviv, Boston and Canada.</li> </ul>	<ul style="list-style-type: none"> <li>The \$150m funding round was led by PE player Stripes with participation from Salesforce Ventures, Tiger Global, BoldStart, Trend Forward and Amity.</li> <li>This raises the total funding received to \$250m. The company is now valued at over \$1bn, at least double of \$500m it was valued at in Sep-19.</li> <li>The firm is looking to capitalize on growing appetite for automated security and will use the funds to double down on product development and global expansion.</li> </ul>
<p>Jan -20</p>  <ul style="list-style-type: none"> <li>Target country – United States</li> <li>Deal size – \$950m</li> <li>EV / Sales – 4.6x</li> </ul>	<ul style="list-style-type: none"> <li>Founded in 1990, Decision Resources Group is a premier provider of high-value data, analytics and insights products and services to the healthcare industry.</li> <li>Part of the Piramal Group, it helps clients propel commercial success with evidence-based business decision by delivering consultation, data and analysis enhanced by AI and ML.</li> <li>Headquartered in Burlington, MA with another 16 offices across 6 countries.</li> </ul>	<ul style="list-style-type: none"> <li>Together, DRG and Clarivate will be well-positioned in the life sciences analytics market, which currently is enjoying double-digit growth.</li> <li><i>"This is a milestone acquisition which doubles the size of our Life Sciences business, is accretive to our 2020 earnings, and sets us up to become an essential, end-to-end, industry-leading data and analytics provider to the highly attractive Life Sciences ecosystem. We expect the acquisition of DRG to increase Clarivate's total company revenue by 20%, deliver approximately \$77 million in annual Adjusted EBITDA before the pursuit of any revenue synergies"</i> said Jerre Stead, CEO of Clarivate.</li> </ul>

# Appendix I:

## Market multiples

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# Market valuation

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price \$	52 week High	Low	Market cap \$m	EV \$m	Revenue \$m	EBITDA \$m	Net income \$m	EBITDA margin	CAGR 3 years	EV / Sales	EV / EBITDA	P/E
<b>Digital leaders</b>													
EPAM Systems, Inc.	228.1	233.7	141.5	12,544	11,921	2,166	339	246	15.7%	25.1%	5.5x	35.1x	NM
Globant S.A.	122.7	130.1	66.5	4,496	4,543	615	110	52	17.9%	26.0%	7.4x	41.2x	NM
<b>Average</b>									<b>16.8%</b>	<b>25.3%</b>	<b>6.4x</b>	<b>38.2x</b>	<b>NM</b>
<b>India - Large Cap</b>													
Cognizant Technology Solutions Corporation	61.4	74.6	56.9	33,610	32,233	16,783	3,194	1,842	19.0%	7.6%	1.9x	10.1x	18.2x
HCL Technologies Limited	8.3	8.5	7.1	22,435	22,227	9,670	2,209	1,487	22.8%	12.8%	2.3x	10.1x	15.1x
Infosys Limited	10.8	11.7	9.0	45,992	43,783	12,642	3,023	2,322	23.9%	7.8%	3.5x	14.5x	19.8x
Tata Consultancy Services Limited	29.1	32.8	26.7	109,060	104,957	21,780	5,661	4,555	26.0%	8.2%	4.8x	18.5x	23.9x
Tech Mahindra Limited	11.1	12.1	9.0	9,681	8,564	5,096	831	613	16.3%	6.7%	1.7x	10.3x	15.8x
Wipro Limited	3.3	4.3	3.3	18,832	15,490	8,475	1,737	1,388	20.5%	1.7%	1.8x	8.9x	13.6x
<b>Average</b>									<b>21.4%</b>	<b>7.5%</b>	<b>2.7x</b>	<b>12.1x</b>	<b>17.7x</b>
<b>India - Mid Cap</b>													
Accelya Solutions India Limited	14.7	16.6	9.9	219	214	63	24	16	37.6%	5.8%	3.4x	9.0x	13.4x
Birlasoft Limited	1.1	1.6	0.8	301	239	446	46	31	10.4%	(2.9%)	0.5x	5.2x	9.7x
Cyient Limited	6.9	9.9	5.4	755	658	635	76	67	12.0%	7.4%	1.0x	8.6x	11.3x
Hexaware Technologies Limited	5.1	6.0	4.5	1,519	1,512	751	116	84	15.4%	13.6%	2.0x	13.1x	18.0x
L&T Technologies Services Limited	23.5	25.7	19.6	2,453	2,422	779	145	113	18.6%	17.8%	3.1x	16.7x	21.7x
Larsen & Toubro Infotech Limited	27.1	27.5	20.8	4,722	4,522	1,455	263	207	18.1%	15.7%	3.1x	17.2x	22.8x
Mastek Limited	6.1	7.2	4.3	149	121	141	20	14	14.1%	23.6%	0.9x	6.1x	10.3x
Mindtree Limited	12.4	14.2	9.4	2,043	1,975	1,061	133	88	12.5%	11.2%	1.9x	14.9x	23.3x
Mphasis Limited	13.0	14.8	11.7	2,424	2,361	1,163	191	153	16.4%	8.5%	2.0x	12.3x	15.8x
NIT Technologies Limited	27.1	28.2	17.0	1,697	1,573	569	87	61	15.3%	12.1%	2.8x	18.0x	27.7x
Perficient, Inc.	49.7	50.3	25.5	1,621	1,736	552	73	33	13.2%	4.6%	3.1x	23.9x	49.4x
Persistent Systems Limited	9.8	10.3	7.2	748	628	488	64	48	13.1%	5.4%	1.3x	9.8x	15.6x
Sasken Technologies Limited	8.2	10.9	6.7	141	118	72	12	14	16.9%	1.4%	1.6x	9.7x	10.3x
Sonata Software Limited	4.7	5.2	4.1	487	439	513	51	39	9.9%	14.0%	0.9x	8.7x	12.4x
TAKE Solutions Limited	1.3	2.2	1.3	195	238	318	43	22	13.6%	20.7%	0.7x	5.5x	8.7x
Virtusa Corporation	41.6	56.5	32.7	1,243	1,614	1,290	103	34	8.0%	20.5%	1.3x	15.6x	36.7x
Zensar Technologies Limited	2.4	3.8	2.4	538	521	593	67	39	11.2%	9.4%	0.9x	7.8x	13.9x
<b>Average</b>									<b>15.1%</b>	<b>11.6%</b>	<b>1.8x</b>	<b>11.9x</b>	<b>18.9x</b>

# Market valuation (cont'd)

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price	52 week		Market cap	EV	Revenue	EBITDA	Net income	EBITDA	CAGR	EV / Sales	EV /	P/E
	\$	High	Low	\$m	\$m	\$m	\$m	\$m	margin	3 years		EBITDA	
<b>Americas</b>													
Accenture plc	205.2	212.2	153.6	130,307	128,310	43,968	7,069	4,861	16.1%	9.6%	2.9x	18.2x	26.8x
CGI Inc.	76.6	86.9	65.7	20,565	22,697	9,408	1,645	958	17.5%	5.8%	2.4x	13.8x	21.5x
DXC Technology Company	31.9	69.2	26.3	8,161	16,398	20,199	3,711	(1,220)	18.4%	40.0%	0.8x	4.4x	NM
Positivo Tecnologia S.A.	1.7	2.8	0.5	247	316	468	28	2.4	5.9%	(6.4%)	0.7x	11.4x	NM
Sonda S.A.	0.8	1.8	0.8	673	900	1,126	112	31	9.9%	(2.6%)	0.8x	8.0x	21.9x
The Hackett Group, Inc.	15.5	19.5	15.2	462	456	259	41	21	15.7%	0.2%	1.8x	11.3x	22.2x
Unisys Corporation	9.7	14.5	6.5	606	960	2,968	251	19	8.5%	0.9%	0.3x	3.8x	32.6x
<b>Average</b>									<b>13.1%</b>	<b>13.5%</b>	<b>1.4x</b>	<b>10.1x</b>	<b>25.0x</b>
<b>Europe</b>													
Alten SA	123.7	130.6	95.8	4,167	4,342	2,802	277	181	9.9%	15.3%	1.5x	15.7x	23.0x
Atos SE	83.3	106.1	68.2	9,050	13,640	14,521	1,989	4,139	13.7%	4.6%	0.9x	6.9x	2.2x
Aubay Société Anonyme	33.3	38.7	31.4	439	461	468	50	32	10.7%	11.6%	1.0x	9.2x	13.9x
Cancom SE	59.8	61.3	37.4	2,306	2,258	1,742	116	61	6.7%	15.9%	1.3x	19.5x	38.0x
Capgemini SE	124.6	131.3	107.4	20,831	23,820	15,632	2,019	915	12.9%	3.9%	1.5x	11.8x	22.8x
Capita plc	1.9	2.4	1.3	3,178	4,963	4,775	318	292	6.7%	(8.6%)	1.0x	15.6x	10.9x
Devoteam SA	93.7	125.2	80.7	767	831	818	96	44	11.8%	14.5%	1.0x	8.6x	17.3x
Indra Sistemas, S.A.	11.5	12.5	7.4	2,025	2,863	3,600	297	142	8.2%	5.0%	0.8x	9.6x	14.3x
Know it AB (publ)	20.4	23.6	17.2	394	405	335	39	23	11.5%	7.1%	1.2x	10.5x	17.0x
Sopra Steria Group SA	160.3	166.3	92.9	3,242	4,306	4,880	431	168	8.8%	5.9%	0.9x	10.0x	19.3x
TietoEVRY Oyj	32.7	32.7	24.1	3,865	4,210	1,759	184	112	10.5%	1.8%	2.4x	22.9x	34.5x
<b>Average</b>									<b>10.1%</b>	<b>3.8%</b>	<b>1.2x</b>	<b>12.7x</b>	<b>19.4x</b>

Company	Market data					LTM Performance				Growth	Valuation multiples		
	Price	52 week		Market cap	EV	Revenue	EBITDA	Net income	EBITDA	CAGR	EV / Sales	EV /	P/E
	\$	High	Low	\$m	\$m	\$m	\$m	\$m	margin	3 years		EBITDA	
<b>ITeS</b>													
Conduent Incorporated	4.3	15.4	4.3	905	2,679	4,650	518	(1,493)	11.1%	(11.1%)	0.6x	5.2x	NM
ExlService Holdings, Inc.	73.1	74.5	57.5	2,493	2,557	969	130	50	13.4%	12.8%	2.6x	19.7x	49.7x
Firstsource Solutions Limited	0.6	0.8	0.5	426	539	560	70	49	12.5%	2.4%	1.0x	7.7x	8.7x
Genpact Limited	44.3	44.9	29.8	8,410	9,539	3,415	545	302	16.0%	10.4%	2.8x	17.5x	27.9x
Hinduja Global Solutions Limited	9.4	10.0	7.6	197	293	727	71	25	9.8%	10.2%	0.4x	4.1x	7.8x
StarTek, Inc.	7.6	8.8	6.1	294	575	670	40	(21)	6.0%	NA	0.9x	14.4x	NM
Sykes Enterprises, Incorporated	33.6	38.2	24.8	1,392	1,543	1,605	168	58	10.5%	4.5%	1.0x	9.2x	24.0x
TTEC Holdings, Inc.	39.7	49.9	31.8	1,846	2,158	1,602	194	69	12.1%	8.0%	1.3x	11.1x	26.7x
WNS (Holdings) Limited	71.4	73.0	48.8	3,543	3,582	890	167	117	18.7%	15.0%	4.0x	21.5x	30.3x
<b>Average</b>									<b>12.2%</b>	<b>11.4%</b>	<b>1.6x</b>	<b>12.3x</b>	<b>25.0x</b>

Source: Capital IQ

## ABOUT US

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Founded in 1987, The Chesapeake Group is an independent financial advisory company with over 30 years of history in helping clients – from venture stage to large corporations – achieve their corporate development goals. We are focused on the Technology and Software services sector with significant experience in cross – border transactions. Since our inception, we have advised numerous companies on mergers and acquisitions, capital raising, recapitalization, and strategic alliances. Headquartered in New York, with an additional office in Bangalore. Team of 10 professionals with an average experience of more than 30 years.

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