



DIGITAL SERVICES

INDUSTRY UPDATE

Q1 2024

NEW YORK | LONDON | PARIS | MUNICH | SAN FRANCISCO
LOS ANGELES | BERLIN | DUBAI

APRIL 2024



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OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 11th edition of our quarterly Digital Services Report. This provides updates on industry happenings such as important news and events, mergers and acquisitions activity, and insights into the present and future trends impacting major areas of investment within the industry, including:

- DIGITAL TRANSFORMATION
- CLOUD MIGRATION
- TECH-ENABLED SERVICES
- SECURITY SERVICES
- BUSINESS INTELLIGENCE & DATA ANALYTICS

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THE DRAKE VIEW FROM OUR INVESTMENT BANKERS

SAM LEVY, PARTNER



Q1 2024 saw consistent deal-making with a slight uptick in M&A deals as financial and strategic buyers continued to look for disruptive Digital Services assets, with an emphasis on business optimisation, productivity and security benefits. The quarter marked consistent participation from Private Equity with a strong appetite for synergistic bolt-on acquisitions, to unlock further value and potential returns as part of a Buy & Build strategy. Overall activity for **Q1 2024** totaled **320+ & \$4.4bn+ disclosed M&A deals** and **420+ & \$2.1bn+ disclosed fundraises** in **Q1 2024¹**, including:

- **Accenture** acquired **Arhs Group** for an undisclosed amount
- **Saalex** acquired **Spalding Consulting** for **\$75m**
- **Wavestone** acquired **Aspirant Consulting** for an undisclosed amount
- **GSS** raised **\$47m** of Series A2 funding from **AlixPartners, Cynosure Group** and **Commonwealth Bank of Australia**
- **Velosio** raised an undisclosed amount of development capital from **Court Square**
- **Plexus** raised an undisclosed amount of development capital from **Portobello Capital**

Looking ahead in Q2 2024, we expect an upswing in M&A and fundraising activity as the market continues to consolidate. We anticipate continued demand for Digital & Tech-enabled Services with the potential to help companies understand and harness next-gen technologies, such as generative AI, for business intelligence, productivity, and to accelerate digital transformation agendas.

DIGITAL SERVICES KEY HEADLINES

SELECTED SUBSECTORS



DIGITAL TRANSFORMATION



KPMG UK joins **SAP** PartnerEdge to advance business transformation
ERP Today, Mar 27, 2024

ServiceNow unveils new intelligent automation tool
ITWeb, Mar 26, 2024

Digital transformation drives gains for IT and software groups
Financial Times, Mar 25, 2024



CLOUD MIGRATION



Accenture partners with **Microsoft** to launch Cloud Modernisation & Migration Factory
Accenture, Mar 27, 2024

AWS Joins **Google Cloud** in removing customer exit costs
Forrester, Mar 13, 2024

Economist Impact: European banks embrace **cloud migration**
The Paypers, Feb 16, 2024



TECH-ENABLED SERVICES



Cognizant launches state-of-the-art San Francisco lab to boost enterprise AI adoption
Venture Beat, Mar 7, 2024

Kyndryl bets on partnerships and consulting arm
CIO, Feb 23, 2024

Airbus signs multi-year modernisation contract with **Sopra Steria**
Airport Technology, Jan 22, 2024



SECURITY SERVICES



Keysight sparks £1.1bn bidding war for security expert **Spirent**
Sky News, Mar 28, 2024

AT&T Cybersecurity Director on Understanding Cybersecurity-as-a-Service
Spiceworks, Mar 27, 2024

Telefónica continues rollout of **NextDefense** Security Services to UK and Ireland
Telecoms.com, Mar 11, 2024



BUSINESS INTELLIGENCE & DATA ANALYTICS



KPMG partners with **Databricks** to offer clients advanced data analytics
Technology Magazine, Mar 15, 2024

Google Cloud puts AI at centre of data analytics plans
ComputerWeekly, Mar 1, 2024

Qlik expands unstructured data analysis capabilities with **Kyndi** acquisition
CRN, Jan 19, 2024

SELECTED M&A DEALS IN Q1 2024

320+ DEALS AND \$4.4BN+ IN DISCLOSED DEAL ACTIVITY IN Q1 2024

Year founded
 Employees
 Sub-sector
 Total Website Visits



DEAL DESCRIPTION

Accenture acquired Arhs Group for an undisclosed amount. The acquisition will further enhance Accenture's public service offering.

March 18th, 2024

2003
 2,330
 Digital Transformation
 26.4k

BUSINESS DESCRIPTION

Luxembourg

Provider of information technology projects and systems management services intended to serve Benelux and European institutional markets. The company's services include software development, data science, digital trust, mobile development, machine learning, and cloud services.

KEY PERSONNEL

Jourdan Serderidis – Co-Founder, CEO and Chairman

KEY SHAREHOLDERS



DEAL DESCRIPTION

Saalex acquired Spalding Consulting for \$75m. The acquisition enables Saalex to grow their access to federal agencies and enhance software development services.

January 23th, 2024

2001
 430
 Tech-Enabled Services
 <5k

BUSINESS DESCRIPTION

Lexington Park

Provider of Information Technology services catering to the Department of Defense. The company specialises in program management, financial management, software development, research and development, prototyping and development, mobile application, microservices architecture design, legacy systems, migration and other services.

KEY PERSONNEL

Barry Spalding – Founder & CEO

KEY SHAREHOLDERS



DEAL DESCRIPTION

Wavestone acquired Aspirant Consulting for an undisclosed amount. The merger enables Wavestone to strengthen its presence in the United States and take advantage of synergies.

January 16th 2024

2003
 405
 Tech-Enabled Services
 29.0k

BUSINESS DESCRIPTION

Pittsburgh

Provider of management consulting services including strategic planning, process design, marketing and customer experience, brand strategy, M&A, app development and Microsoft Cloud solutions.

KEY PERSONNEL

Michael McClaine – CEO

KEY SHAREHOLDERS



SELECTED FUNDRAISING DEALS IN Q1 2024

420+ DEALS AND \$2.1BN+ IN DISCLOSED FUNDRAISING ACTIVITY IN Q1 2024

Year founded
 Employees
 Sub-sector
 Total Website Visits

\$47m
PRIVATE PLACEMENT

AlixPartners
+2

DEAL DESCRIPTION

GSS raised \$47m of Series A2 funding from AlixPartners, Cynosure Group and Commonwealth Bank of Australia. The investment coincides with the company's preparation to go live with inaugural clients.

March 25th, 2024

2021

122

Tech-Enabled Services

10.5k

BUSINESS DESCRIPTION

London

Provider of financial screening services including sanctions transactions screening, compliance, watchlist screening and alert generation and disposition services, delivering clients reduced delays by increasing screening and delivering effectiveness & efficiency.

KEY PERSONNEL

Tom Scampion – CEO
Ruth Fletcher – CFO & COO

KEY SHAREHOLDERS

Undisclosed
PRIVATE PLACEMENT

DEAL DESCRIPTION

Velosio raised an undisclosed amount of development capital from Court Square. The funds will be used to further expand industry footprint as a provider of innovative business solutions and cloud technologies.

March 1st, 2024

2017

450

Cloud Services

56.0k

BUSINESS DESCRIPTION

Dublin, Ohio

Provider of cloud-based business management services including implementation of process automation, business intelligence and analytics solutions.

KEY PERSONNEL

Bob Knott – CEO
Dan Petschke – CFO

KEY SHAREHOLDERS

Undisclosed
PRIVATE PLACEMENT

DEAL DESCRIPTION

Plexus raised an undisclosed amount of development capital from Portobello Capital. The investment will support growth and financing of acquisitions.

February 20th, 2024

2000

2,425

Digital Transformation

25.2k

BUSINESS DESCRIPTION

Santiago































Provider of IT consulting services including data-led digital transformation, hyper-automation, systems consulting, cybersecurity, product development and managed services.

KEY PERSONNEL

Antonio Agrasar – Founder & CEO

KEY SHAREHOLDERS

SELECTED M&A DEALS IN LAST 12 MONTHS

TARGET	COUNTRY	ACQUIRER	SIZE	DATE	DESCRIPTION
			Undisclosed	18.03.24	Provider of information technology projects and systems management services
			\$800m	01.12.23	Award-winning Google Cloud partner assisting in management and automation of IT operations
			Undisclosed	08.11.23	Provider of digital transformation consulting and management services
			\$113m	04.10.23	Full-service cybersecurity and cloud services provider for organisations across the Asia Pacific
			Undisclosed	03.08.23	Helps companies turn visitors into buyers by designing and executing valuable marketing and sales strategies on top of their integrated platform, the Lead Activation Hub
			Undisclosed	31.07.23	Operator of a machine learning and artificial intelligence solutions company
			Undisclosed	21.07.23	Provider of application development services for web and mobile platforms and other digital transformation services
			Undisclosed	16.05.23	Provider of IT, telecom and managed services including customised IT, cloud solutions, business continuity, structured cabling and technology solutions
			Undisclosed	15.05.23	Provider of software development and digital services
			Undisclosed	03.04.23	Provider of consulting services including IT, data management, data centre and management, digital workspace, cloud and infrastructure and cybersecurity services

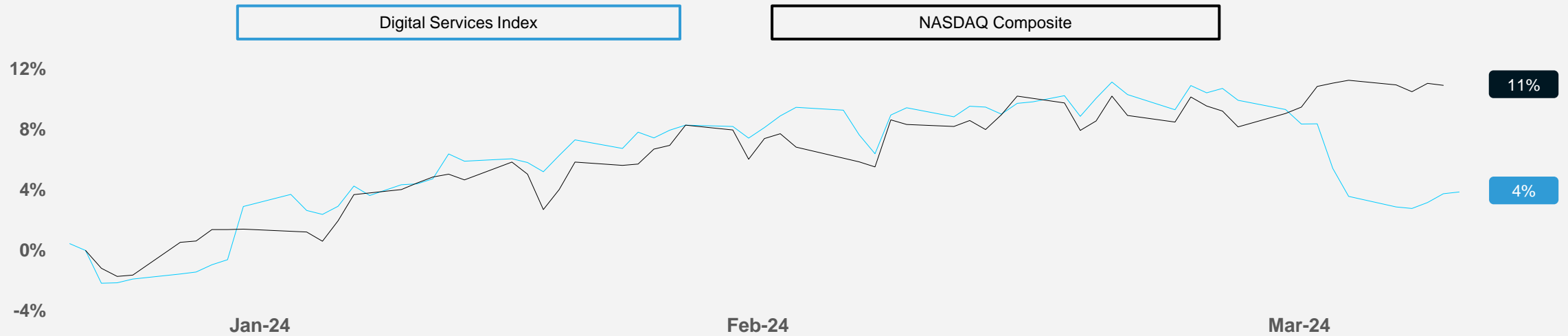


SELECTED FUNDRAISING DEALS IN LAST 12 MONTHS

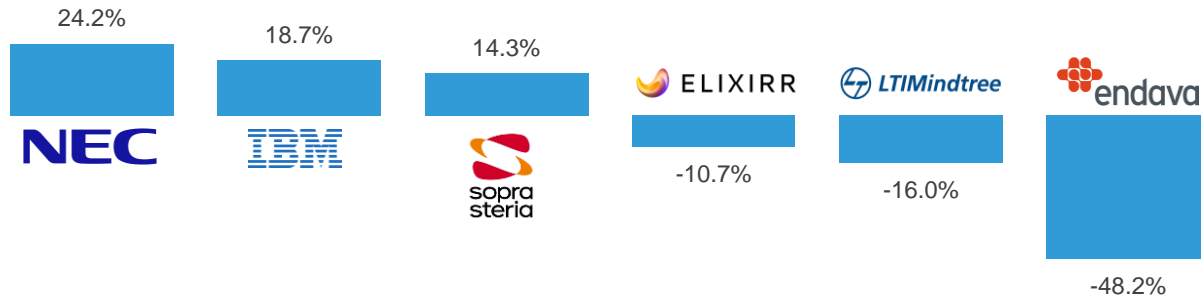
TARGET	COUNTRY	INVESTOR	SIZE	DATE	DESCRIPTION
		  	\$47m	25.03.24	Provider of financial screening services including sanctions transactions screening, compliance and watchlist screening
			Undisclosed	01.03.24	Provider of cloud-based business management services including implementation of process automation, business intelligence and analytics solutions
			Undisclosed	20.02.24	Provider of IT consulting services including data-led digital transformation, hyper-automation, systems consulting, and cybersecurity services
			Undisclosed	24.01.24	Provider of data-driven intelligence and tech-enabled services
			Undisclosed	15.12.23	Provider of a range of digital services including digital transformation, data storage, managed services, cloud computing and cybersecurity
			\$18m	19.10.23	Developer of automation platform for cloud migration
			\$93m	09.10.23	Enterprise database management specialist delivering managed services & consulting for Oracle, SQL server & multi-cloud technology
			\$336m	14.09.23	Developer of real-time data integration platform
		 	Undisclosed	26.07.23	Provider of digital marketing and technological services intended to provide strategic, operational and technical support
		 	Undisclosed	06.06.23	Provider of next-generation cloud infrastructure and services intended to offer networking and computing services

SLIGHT UPTICK IN DIGITAL SERVICES INDEX

DIGITAL SERVICES DISPLAY RESILIENCE, DESPITE TRACKING BELOW NASDAQ



TOP 3 RISERS & FALLERS JANUARY - MARCH 2024



KEY HIGHLIGHTS

- **IBM (+18.7%)** rose following strong revenue growth, especially in its Red Hat and consulting businesses
- **Sopra Steria (+14.3%)** reported improvements in operating performance in FY23 in February
- **LTI Mindtree (-16.0%)** fell having missed latest earnings expectations
- **Endava (-48.2%)** stock fell due to mixed quarterly results, following strong share price performance during Q4 2023

LANDMARK DEALMAKING IN THE DIGITAL SERVICES SPACE

SUCCESSFULLY EXECUTED 50+ DIGITAL SERVICES TRANSACTIONS OVER THE PAST 7 YEARS



LANDMARK DEALMAKING IN THE DIGITAL SERVICES SPACE

SUCCESSFULLY EXECUTED 50+ DIGITAL SERVICES TRANSACTIONS OVER THE PAST 7 YEARS



GLOBAL REACH COMBINED WITH LOCAL PRESENCE

ONE OF THE LARGEST TECH TEAMS ACROSS NORTH AMERICA, EUROPE AND ASIA



5
countries



8
offices



500+
transactions



+35
Deal of the Year
Awards



+70%
cross-border
transactions



+30
Partners &
Senior Advisors





DRAKE STAR

BELIEVE IN INNOVATION CHANGE THE WORLD

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