



# DIGITAL SERVICES

INDUSTRY UPDATE

Q4 2024

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

JANUARY 2025



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**GABY SILVESTRIS**

PARTNER



**SAM LEVY**

PARTNER

# OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 14<sup>th</sup> 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

GABY SILVESTRIS, PARTNER



The Digital Services sector remained active and resilient despite a challenging macro-economic environment in 2024. In particular, we have seen continuous appetite from the Private Equity community for acquisitions of assets with resilient business models led by disruptive technologies and strong management teams. Overall Digital Services M&A activity in Q4 increased, totaling **390+ & \$8.0bn+ disclosed M&A deals**, with consistent fundraising transactions at **430+ & \$8.5bn+ disclosed fundraises<sup>1</sup>**, including:

- **Atlantic** acquired **BrainSell** for an undisclosed amount
- **EPAM Systems** acquired **First Derivative** for **\$293m**
- **G42** acquired **CPX** for an undisclosed amount
- **Sia Partners** raised **\$263m** of development capital from **Blackstone**
- **SDG** raised an undisclosed amount of development capital from **Recognize Partners**
- **VFS Global** raised **\$950m** of development capital from **Temasek Holdings**

We anticipate increased momentum in M&A and fundraising activity from Strategics and Private Equity, as businesses continue to prioritise Digital Transformation initiatives to enhance margins and strengthen the resilience of their operating models. We expect an uptick in investment into adjacent technologies that will drive further efficiencies, scalability and market differentiation such AI, automation and IoT.

# DIGITAL SERVICES HIGHLIGHTS ACROSS KEY SUBSECTORS

GLOBAL DIGITAL TRANSFORMATION MARKET EXPECTED TO REACH \$3.9TN BY 2027



## DIGITAL TRANSFORMATION



**BMW** accelerates Digital Transformation with process intelligence

Venture Beat, Nov 19, 2024

Global Digital Transformation spend to reach **\$3.9tn** by 2027

Statista, Nov 11, 2024

**Microsoft & UK Government** sign 5-year Digital Transformation deal

Microsoft, Oct 21, 2024



## CLOUD MIGRATION



**Marelli** signs \$100m Cloud Migration deal with **Wipro**

Data Center Dynamics, Nov 29, 2024

**TCS & Air France** partner to migrate core systems to the cloud

Technology Magazine, Nov 8, 2024

Swiss telco **Sunrise** migrates to **Oracle Cloud**

Data Center Dynamics, Oct 23, 2024



## TECH-ENABLED SERVICES



**Fujitsu** snubbed on **Centrica** deal following **UK Post Office** scandal

Computer Weekly, Nov 21, 2024

**Infosys** launches AI lab in collaboration with **Cambridge University**

Investment Monitor, Oct 24, 2024

**Accenture & Nvidia** expand partnership to scale agentic AI adoption

Tech Informed, Oct 2, 2024



## SECURITY SERVICES



**Allied Universal** expands tech-enabled growth strategy with **Unified Command** acquisition

Security Infowatch, Dec 18, 2024

**Cognizant** partners with **Palo Alto Networks** to deliver AI-led cybersecurity services

PR Newswire, Oct 24, 2024

**Ooredoo Qatar** partners with **Tech Mahindra** to enhance managed Security Services

Verdict, Oct 8, 2024



## BUSINESS INTELLIGENCE & DATA ANALYTICS



**NTT Data** and **Google Cloud** expand partnership in APAC

TN Global, Nov 4, 2024

**Chase** rolls out Business Intelligence tool to 5m SMEs

Fintech Finance News, Oct 31, 2024

**ICE** and **Dun & Bradstreet** to launch climate data and analytics services

Business Wire, Oct 24, 2024

# SELECTED M&A DEALS IN Q4 2024

390+ DEALS AND \$8.0BN+ IN DISCLOSED DEAL ACTIVITY IN Q4 2024

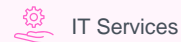
Year founded
 Employees
 Sub-sector
 Total Website Visits



## DEAL DESCRIPTION

Atlantic acquired BrainSell for an undisclosed amount. The acquisition will enable Atlantic to enhance its professional services and business consulting capabilities.

February 1<sup>st</sup>, 2025



## TARGET DESCRIPTION

Danvers, MA  
Provider of consulting, data and implementation services, focusing on enabling businesses to scale through digital transformation.

## KEY PERSONNEL

Jim Ward – Founder & CEO

## BUYER DESCRIPTION

New York, NY  
Managed services provider offering managed IT, cybersecurity, business consulting, and digital transformation solutions.

## KEY PERSONNEL

Jason Weiss – Executive Vice President, Chief Operating & Legal Officer



## DEAL DESCRIPTION

EPAM Systems acquired First Derivative for \$293m. The acquisition will enable EPAM to enhance its capabilities in capital markets, banking operations and asset servicing and strengthen client offerings globally.

December 3<sup>rd</sup>, 2024



## TARGET DESCRIPTION

Newry  
Provider of consulting services to the capital markets industry. The company specialises in services including application & data engineering, and regulatory compliance & reporting.

## KEY PERSONNEL

Mark Moore – CEO

## BUYER DESCRIPTION

Newtown, PA  
Global IT services firm that offers platform engineering, software development, and consulting services.

## KEY PERSONNEL

Arkadiy Dobkin – President, CEO & Chairman



## DEAL DESCRIPTION

G42 acquired CPX for an undisclosed amount. The acquisition integrates advanced cybersecurity capabilities across the group's infrastructure and solutions.

October 8<sup>th</sup>, 2024



## TARGET DESCRIPTION

Abu Dhabi  
Provider of cybersecurity services for government, healthcare, defence and intelligence, and banking and finance sectors.

## KEY PERSONNEL

Khaled Melhi – CEO

## BUYER DESCRIPTION

Abu Dhabi  
Operator of an artificial intelligence and cloud computing company with offerings including AI research, cloud computing, and other software and services.

## KEY PERSONNEL

Peng Xiao – Group CEO

# SELECTED FUNDRAISING DEALS IN Q4 2024

430+ DEALS AND \$8.5BN+ IN DISCLOSED FUNDRAISING ACTIVITY IN Q4 2024

Year founded
 Employees
 Sub-sector
 Total Website Visits

**\$263m**
  
 PRIVATE PLACEMENT

## DEAL DESCRIPTION

Sia Partners raised \$263m of development capital from Blackstone. The capital will be used to support expansion into the US market and strategic M&A.

December 16<sup>th</sup>, 2024

1999
   
 3,000
   
 Tech-Enabled Services
   
 208.6k

## TARGET DESCRIPTION

Paris  
 Provider of consulting services, specialising on strategy, management consulting and AI, focusing on leveraging technology and data to drive business transformation.

## KEY PERSONNEL

Matthieu Courtecuisse – Founder, CEO & General Manager

## LEAD INVESTOR DESCRIPTION

New York, NY  
 Blackstone is a global investment firm with a range of investment strategies.

## KEY SHAREHOLDERS

Undisclosed
   
 PRIVATE PLACEMENT

## DEAL DESCRIPTION

SDG raised an undisclosed amount of development capital from Recognize Partners. The capital will be used enhance offerings and to drive growth.

December 9<sup>th</sup>, 2024

1993
   
 400
   
 Security Services
   
 21.5k

## TARGET DESCRIPTION

Norwalk, CT  
 Provider of advisory, implementation, and managed cybersecurity services focused on identity and access management, threat, and risk.

## KEY PERSONNEL

Ajay Gupta – Founder & CEO

## LEAD INVESTOR DESCRIPTION

New York, NY  
 Recognize Partners are a private equity firm focused on investing in technology services businesses with a thematic and operationally-oriented strategy.

## KEY SHAREHOLDERS

**\$950m**
  
 PRIVATE PLACEMENT

## DEAL DESCRIPTION

VFS Global raised \$950m of development capital from Temasek Holdings. The capital will be used for further growth.

October 17<sup>th</sup>, 2024

2001
   
 12,800
   
 Tech-Enabled Services
   
 31.9m

## TARGET DESCRIPTION

Dubai  
 Provider of outsourcing and technology services intended for governments and their diplomatic missions worldwide.

## KEY PERSONNEL





























Zubin Karkaria – Founder & CEO

## LEAD INVESTOR DESCRIPTION







Singapore  
 Temasek Holdings is a Singaporean state-owned investment company, established in 1974.

## KEY SHAREHOLDERS

## SELECTED M&A DEALS IN LAST 12 MONTHS

TARGET	COUNTRY	ACQUIRER	SIZE	QUARTER	DESCRIPTION
			Undisclosed	Q1	Provider of consulting, data and implementation services, focusing on enabling businesses to scale through digital transformation
			\$400m	Q4	Provider of information technology solutions and services
			Undisclosed	Q4	Provider of cybersecurity services for government, healthcare, defence and intelligence, and banking and finance sectors
NEORIS			\$630m	Q3	Provider of digital engagement and transformation services
			Undisclosed	Q3	Provider of cyber security services intended to serve corporate networks including data analytics, monitoring and consulting & implementation services
			Undisclosed	Q3	Provider of end-to-end managed services, specialising in business applications and cloud technology
			\$1.3bn	Q2	Provider of engineering project management and technical staffing services
			\$3.0bn	Q2	Leading global digital consultancy
ITMAGINATION			Undisclosed	Q2	Provider of IT services and software development solutions
			Undisclosed	Q1	Provider of information technology projects and systems management services

## SELECTED FUNDRAISING DEALS IN LAST 12 MONTHS

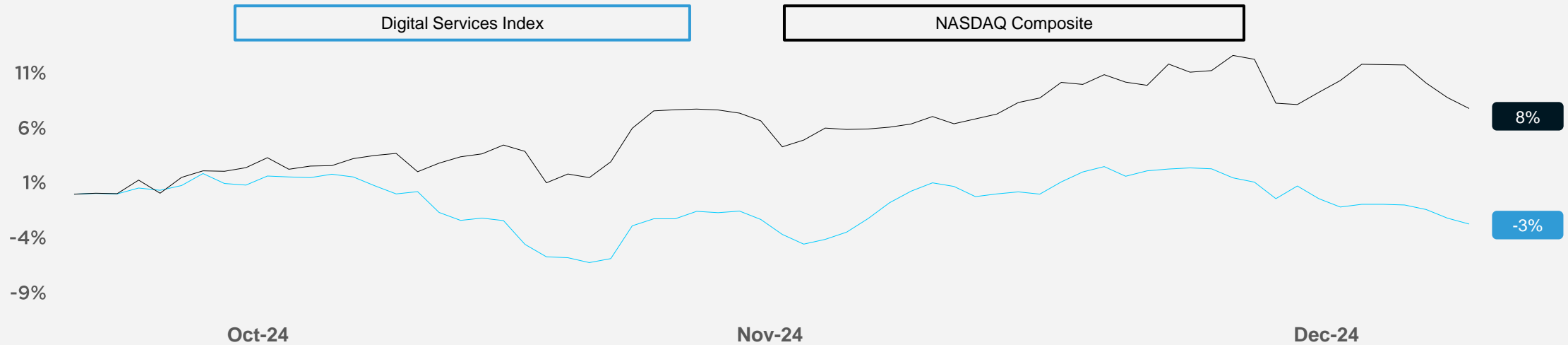
TARGET	COUNTRY	INVESTOR	SIZE	QUARTER	DESCRIPTION
			\$263m	Q4	Provider of tech-enabled consulting services specialising on strategy, management consulting and AI
			Undisclosed	Q4	Provider of advisory, implementation, and managed cybersecurity services focused on identity and access management, threat, and risk
			\$950m	Q4	Provider of outsourcing and technology services intended for governments and their diplomatic missions worldwide
			Undisclosed	Q3	Provider of software development services in the areas of IoT, cloud, machine learning and UI/UX design
		 	\$4.2bn	Q3	Provider of technology services to clients in the manufacturing, distribution and services sectors
			\$538m	Q3	Provider of human capital management services dedicated to supporting businesses in their digital transformation
			\$250m	Q2	Technology-enabled professional services
			\$60m	Q2	Provider of digital consultancy services including data analytics, cloud, bioinformatics and program management
		  	\$47m	Q1	Provider of financial screening services including sanctions transactions screening, compliance and watchlist screening
			Undisclosed	Q1	Provider of cloud-based business management services including implementation of process automation, business intelligence and analytics solutions



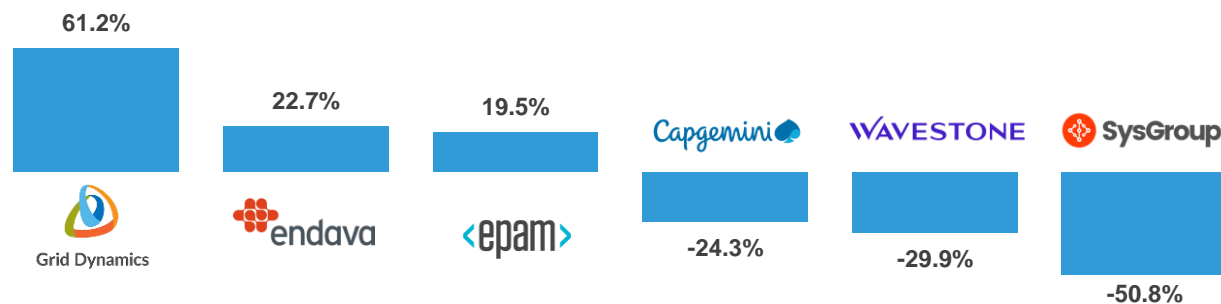


# DIGITAL SERVICES DISPLAY RESILIENCE DESPITE TRACKING BELOW NASDAQ

CLIENT SECTOR HEADWINDS AND INCREASED COMPETITION DENT PERFORMANCE



## TOP RISERS & FALLERS OCTOBER - DECEMBER 2024



## KEY HIGHLIGHTS

- **Grid Dynamics (+61.2%)** performed well, with analysts upgrading ratings
- **Endava (+22.7%)** rose following strong performance and expansions of partnerships
- **Capgemini (-24.3%)** fell with a fall in year-on-year revenues, partly attributed to exposure to poorly-performing client verticals
- **Sysgroup (-50.8%)** suffered from poor performance in Q3 and a warning in November that full-year results would be disappointing

# 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



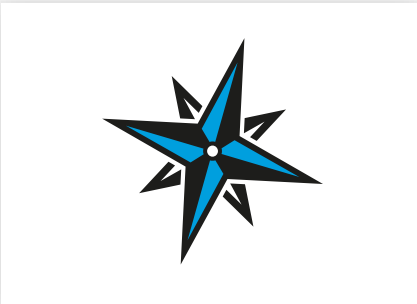
**5**  
countries



**8**  
offices



**500+**  
transactions



**+40**  
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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