



DIGITAL SERVICES

INDUSTRY UPDATE

Q1 2023

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

APRIL 2023



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OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 7th 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 was a positive quarter for the Digital Services vertical, with consistent dealmaking from large strategics and the PE community alike. Digitalisation remains critical for businesses hoping to gain or retain a competitive edge, and IT leaders continue to turn to Digital Services as pressure increases to modernise complex and outdated systems while ensuring cybersecurity. Productivity-enabling technologies and services are more important than ever to increase business efficiencies and enhance customer experiences. Overall, the quarter has seen landmark dealmaking with **350+ M&A deals & \$5.0bn+ disclosed** and **290+ fundraises & \$2.5bn+ disclosed** in **Q1 2023¹**, including:

- **Axiom Partners** acquired **Swisslinx** for an undisclosed amount, advised by **Drake Star Partners**
- **Concentrix** acquired **Webhelp** for **\$4.8bn**
- **GlobalLogic** acquired **Hexacta** for an undisclosed amount
- **Skybox** raised **\$50m** of development capital from **CVC Capital Partners, J.P.Morgan, and Pantheon Ventures**
- **Brainsquare** raised an undisclosed sum of from **Capital A Investment Partners**
- **DV Bern** raised an undisclosed sum from **EGS Beteiligungen**

Looking ahead to Q2, we expect to continue to see consolidation in the market. As the 'revolution' around generative AI continues and Big Tech players invest in OpenAI initiatives, we expect to see increased demand for services which help companies to optimise the applications of AI for their business intelligence, automation and cloud migration initiatives.

DIGITAL SERVICES KEY HEADLINES

SELECTED SUBSECTORS



DIGITAL TRANSFORMATION



Capgemini established Egypt as a major outsourcing hub within its global delivery network

Consultancy-me.com, Mar 13, 2023

Zurich selects **AWS** to help accelerate digital transformation

Technology Magazine, Jan 31, 2023

Cognizant to acquire **Mobica** to enhance its IoT software engineering service offerings

Cognizant, Jan 23, 2023



CLOUD MIGRATION



Virtusa finalises strategic cloud migration partnership with **Aecon** to Bring Digital Operations to **AWS**

PRNewsWire, Mar 24, 2023

InfoSys and **Microsoft** extend partnership to accelerate industry cloud adoption

UC Today, March 10, 2023

KMPG UK announces major alliance expansion with **Google Cloud**

Technology Magazine, Feb 7, 2023



TECH-ENABLED SERVICES



Qualcomm Aware brings software as a service to IoT silicon

Tech Republic, Feb 23, 2023

Kyndryl and **Delta** extend collaboration on IT infrastructure

Technology Magazine, Feb 23, 2023

HERE and **Cognizant** collaborate to provide location insights and analytics for global businesses

GlobeNewswire, Feb 28, 2023



SECURITY SERVICES



Zenoss launches identity management capabilities

Businesswire, Mar 23, 2023

Atos announces new integrated, automated 5G security offering

GlobeNewswire, Feb 22, 2023

Accenture acquires **Morphus** to expand cyber security solutions to Brazil and Latin America

dbta.com, Feb 14, 2023



BUSINESS INTELLIGENCE & DATA ANALYTICS



Tellus announces Copilot, GPT-Integrated capabilities to break through barriers to self-service analytics

PRNewswire, Mar 17, 2023

Mulesoft, Tableau uptake fuels **Salesforce** growth spurt

CIO, Mar 2, 2023

Pyramid Analytics launches integration with **OpenAI**

TechTarget, Jan 11, 2023

SELECTED M&A DEALS IN Q1 2023

350+ DEALS AND \$5.0BN+ IN DISCLOSED DEAL ACTIVITY IN Q1 2023

Year founded
 Employees
 Sub-sector
 Total Website Visits



DEAL DESCRIPTION

Axiom Partners, Amsterdam-based investment fund, acquired Swisslinx for an undisclosed amount. The acquisition cements Axiom's ambitious international expansion plans and its buy and build strategy.

March 24th, 2023

- 1999
- Undisclosed
- Tech-Enabled Services
- 22.3k

BUSINESS DESCRIPTION Zurich

Swisslinx is a leading tech-enabled provider of business intelligence and data-driven IT talent solutions to blue-chip global financial services, technology and life sciences clients.

KEY PERSONNEL

Oliver Ruedin – CEO & Founder

KEY SHAREHOLDERS



DEAL DESCRIPTION

Concentrix, a subsidiary of TD SYNEX, acquired Webhelp for \$4.8bn. The acquisition enhances Concentrix's position as a leader in the \$550bn+ growing customer experience market.

March 29th, 2023

- 2000
- 125k
- Tech-Enabled Services
- 425.9k

BUSINESS DESCRIPTION Paris

Provider of CRM outsourcing services intended to serve automotive and mobility, fashion and luxury, healthcare, financial services, and high-tech and media. The company's services include engineering customer experiences on behalf of brands driving performance improvement through outsourcing.

KEY PERSONNEL

Olivier Duha – CEO & Founder
Mohamed Bouchouirab – CFO

KEY SHAREHOLDERS



DEAL DESCRIPTION

GlobalLogic, a subsidiary of Hitachi, acquired Hexacta for an undisclosed amount. The acquisition will help GlobalLogic's strategy to expand its offerings.

January 5th, 2023

- 1999
- 746
- Digital Transformation
- 29.5k

BUSINESS DESCRIPTION Buenos Aires

Software development and digital services company catering to banking and finance, TMT, retail, and natural resources industries. The company provides services such as IT consulting, nearshore & offshore custom software development services, testing, and user interface design.

KEY PERSONNEL

Juan Navarro – Managing Partner & President

KEY SHAREHOLDERS



SELECTED FUNDRAISING DEALS IN Q1 2023

290+ DEALS AND \$2.5BN+ IN DISCLOSED FUNDRAISING ACTIVITY IN Q1 2023

Year founded
 Employees
 Sub-sector
 Total Website Visits

\$50m
PRIVATE PLACEMENT

 +2

DEAL DESCRIPTION

The company received \$50m of development capital from CVC Capital Partners, Pantheon Ventures and J.P. Morgan.

February 8th, 2023

2002

311

Security Services

1.6k

BUSINESS DESCRIPTION San Jose

Provider of a cybersecurity platform and services that address security challenges in large, complex networks with a SaaS based security posture management platform delivering visibility, analytics and automation for identifying and remediating vulnerabilities, and professional services to help identify, prioritise and deliver solutions.

KEY PERSONNEL

Mordecai Rosen – CEO
Todd Hollands – CFO

KEY SHAREHOLDERS

Brainsquare

Undisclosed
PRIVATE PLACEMENT

DEAL DESCRIPTION

Brainsquare received an undisclosed amount of development capital from Capital A. The capital will be used to accelerate growth.

March 2nd, 2023

1998

68

Cloud Migration

1.6k

BUSINESS DESCRIPTION Zaventem

Provider of IT management services intended to design, develop and manage complex critical application landscapes. The company offers various services such as application development, application integration and collaboration tools.

KEY PERSONNEL

Mark Van Hamme – Co-Founder, Co-Owner & CEO

KEY SHAREHOLDERS

dvbern
DIGITAL WÄLDE

Undisclosed
PRIVATE PLACEMENT

ERNST GÖHNER STIFTUNG

DEAL DESCRIPTION

DV Bern raised an undisclosed amount of development capital from EGS Beteiligungen.

January 1st, 2023

1977

113

Digital Transformation

8.7k

BUSINESS DESCRIPTION Bern

Provider of digital services offering development and implementation of IT strategies, providing and managing the city's IT infrastructure and offering various online tools and resources to facilitate communication and collaboration within the municipal government.

KEY PERSONNEL

Marc Schmid – Co-Owner & Co-CEO
Xavier Weibel – Co-CEO & Board Member

KEY SHAREHOLDERS

ERNST GÖHNER STIFTUNG

SELECTED M&A DEALS IN 2023

TARGET	COUNTRY	ACQUIRER	SIZE	DATE	DESCRIPTION
			\$4.8bn	29.03.23	Provider of tech-enabled CRM outsourcing services
			Undisclosed	24.03.23	Tech-enabled provider of business intelligence and data-driven IT talent solutions to blue-chip global financial services, technology and life sciences clients
			Undisclosed	01.03.23	Provider of data and technology services intended to transform digital business
			Undisclosed	17.02.23	Operator of a consultancy platform intended to support the financial sector
			Undisclosed	13.02.23	Provider of CRM consulting services intended to create innovative experiences that connect customers and organisations
			Undisclosed	11.02.23	Developer and provider of cyber defence and risk management
			Undisclosed	20.01.23	Provider of IT and cloud consulting services focused on android, connected cars, big data, cloud computing, enterprise IT and salesforce
			\$290m	11.01.23	Provider of digital transformation services to accelerate the digitalisation of businesses on a global scale
			\$75m	05.01.23	Provider of professional and managed services to accelerate salesforce eCommerce growth
			Undisclosed	05.01.23	Provider of software development and digital services

SELECTED FUNDRAISING DEALS IN 2023

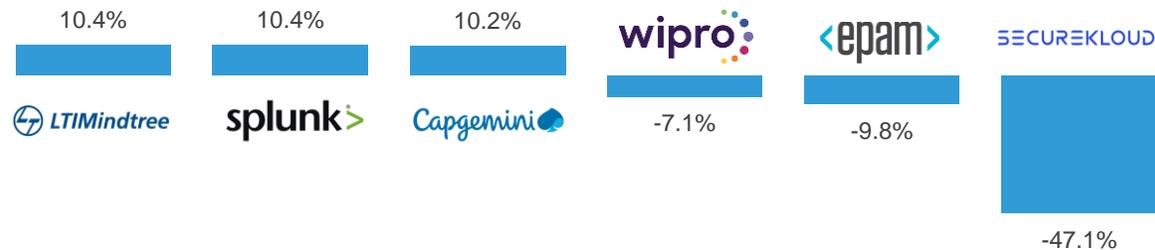
TARGET	COUNTRY	INVESTOR	SIZE	DATE	DESCRIPTION
 STRATUS			Undisclosed	08.03.23	Provider of specialised technology consulting services and solutions including application managed services, implementation and consulting
Brainsquare			Undisclosed	02.03.23	Provider of IT management services intended to design, develop and manage complex critical application landscapes
 Hakkōda			Undisclosed	01.03.23	Provider of data engineering consultancy services and other business services
		EURAZEO	\$46.8m	24.02.23	Developer of local data centres, offering construction, monitoring and operative responsibility
		CVC	\$50m	08.02.23	Developer of a cybersecurity management platform that addresses security challenges in large, complex networks
TERASKY		abry partners	Undisclosed	23.01.23	Provider of digital transformation services including cloud structures, microservices infrastructure and application migration
 Cloud			\$119m	26.01.23	Operator of a cloud based platform for providing integrated services including network interface and database management
		ADAXTRA CAPITAL	Undisclosed	20.01.23	Provider of IT services intended for business development projects
			Undisclosed	01.01.23	Provider of IT services delivering accelerated end-to-end cloud adoption for enterprises
		ERNST GÖHNER STIFTUNG	Undisclosed	01.01.23	Provider of digital services offering development and implementation of IT strategies, and managing urban IT infrastructure

SHARE PRICES REMAIN STABLE ACROSS THE BOARD

WITH DIGITAL TRANSFORMATION IN THE LEAD



TOP 3 RISERS & FALLERS JANUARY - MARCH 2023



KEY HIGHLIGHTS

- **LTIMindtree's** (+10.4%) share price continued to increase in Q1 following the merger in November
- **Splunk** (+10.4) saw momentum in early 2023 after EPS outperformed estimates
- **SecureKloud** (-35.9%) stock fell due to uncertainty around the impact of a money laundering investigation

Note: Price-weighted indexes calculated as the simple average of the share prices; Capital IQ as of March 31st 2023
 Digital Transformation: Accenture, Capgemini, Cognizant, EPAM, Grid Dynamics, HCL, TCS, Tech Mahindra, Wipro
 Cloud Services: LTIMindtree, Splunk, SecureKloud
 Tech-Enabled Services: Elixir, Wavestone
 Security Services: Securitas

UNPARALLED TRACK-RECORD IN THE DIGITAL SERVICES SPACE

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

<p>swissinX EXECUTIVE TECHNOLOGY FINANCE</p> <p>SALE TO</p> <p>AXIOM PARTNERS</p> <p>HR Tech-Enabled / Digital Transformation</p> 	<p>THE TNS GROUP</p> <p>SALE TO</p> <p>OMEGA SYSTEMS a portfolio company of</p> <p>PFINGSTEN IT Services</p> 	<p>VIM GROUP</p> <p>SALE TO</p> <p>FARNER a Waterland Private Equity Fund VIII company</p> <p>Digital Services</p> 	<p>cognodata,</p> <p>SALE TO</p> <p>AUDENSIEL</p> <p>Digital Services</p> 	<p>Synoptek a portfolio company of</p> <p>SVERICA HAS RECEIVED MAJORITY INVESTMENT FROM</p> <p>QUAD-C Digital Services</p> 	<p>exeta</p> <p>RECAPITALISATION</p> <p>ICG</p> <p>Digital Transformation</p> 	<p>Container Solutions</p> <p>SALE TO</p> <p>gcp Cloud Native Transformation</p> 	<p>SysEleven</p> <p>SALE TO</p> <p>secunet Security Networks AG</p> <p>Digital Transformation / Secure Cloud Services</p> 
<p>INNOVATIVE</p> <p>HAS RECEIVED INVESTMENT FROM</p> <p>Guidepost GROWTH EQUITY</p> <p>Digital Services</p> 	<p>xerris</p> <p>SALE TO</p> <p>ACCOLITE DIGITAL Transforming The Future. Now</p> <p>a portfolio company of</p> <p>NEW MOUNTAIN CAPITAL LLC</p> <p>Digital Services</p> 	<p>primetsr</p> <p>SALE TO</p> <p>ConvergeOne a portfolio company of</p> <p>CVC CAPITAL PARTNERS</p> <p>Cloud Services</p> 	<p>gcompany</p> <p>SALE TO</p> <p>Xebia (a portfolio company of Waterland)</p> <p>Cloud Infrastructure</p> 	<p>]init[</p> <p>SALE TO</p> <p>EMERAM CAPITAL PARTNERS</p> <p>AND ROLLOVER OF MANAGEMENT SHARES</p> <p>Digital Transformation Services</p> 	<p>BLOOM</p> <p>PRIVATE PLACEMENT</p> <p>DASSAULT SYSTEMES</p> <p>bpifrance swisscom Habert Dassault Finance</p> <p>Social media analytics platform</p> 	<p>SUNSTONE PARTNERS and portfolio company</p> <p>cloudbakers</p> <p>INVESTMENT IN & MERGER WITH</p> <p>QWINIX</p> <p>IT Services</p> 	<p>sourced cloud at scale™</p> <p>SALE TO</p> <p>amdocs</p> <p>IT Services</p> 
<p>Presence of IT excellence in people</p> <p>SALE TO*</p> <p>Deloitte.</p> <p>IT Services</p> 	<p>OEE</p> <p>SALE TO*</p> <p>gobeyond KKR</p> <p>Tech-Enabled / Digital Transformation</p> 	<p>THRIVE a portfolio company of</p> <p>MIC PARTNERS</p> <p>SALE TO</p> <p>COURT SQUARE</p> <p>IT Services</p> 	<p>harlex consulting</p> <p>SALE TO*</p> <p>SNP</p> <p>IT Services</p> 	<p>3Cloud</p> <p>HAS RECEIVED INVESTMENT FROM</p> <p>GRYPHON INVESTORS</p> <p>IT Services</p> 	<p>cloudbakers</p> <p>HAS RECEIVED INVESTMENT FROM</p> <p>SUNSTONE PARTNERS</p> <p>IT Services</p> 	<p>Privo</p> <p>SALE TO</p> <p>NAVISITE a portfolio company of</p> <p>MDP</p> <p>IT Services</p> 	<p>SUNSTONE PARTNERS</p> <p>ACQUISITIONS & COMBINATION OF</p> <p>evergreen a portfolio company of</p> <p>CERNA novo/scale</p> <p>IT Services</p> 

UNPARALLELED TRACK-RECORD IN THE DIGITAL SERVICES SPACE

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



M&A AND CORPORATE FINANCE ADVISORY FOR THE WORLD'S LEADING TECH COMPANIES

ONE OF THE LARGEST TECH TEAMS WITH OVER 100 PROFESSIONALS IN THE US, EUROPE, AND MIDDLE EAST

5
countries



+450
transactions



+70%
cross-border
transactions



8
offices



3
continents



+100
professionals



DRAKE STAR

BELIEVE IN INNOVATION CHANGE THE WORLD

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