



# DIGITAL SERVICES

INDUSTRY UPDATE

Q2 2024

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

JULY 2024



**RALF PHILIPP  
HOFMANN**

MANAGING PARTNER &  
MEMBER OF THE EXCOM



**CHRISTOPHE  
MORVAN**

MANAGING  
PARTNER



**GABY SILVESTRIS**

PARTNER



**SAM LEVY**

PARTNER

# OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 12<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

## CONTACT THE DIGITAL SERVICES TEAM



**RALF PHILIPP HOFMANN**

MANAGING PARTNER & MEMBER OF THE EXCOM

[ralf.hofmann@drakestar.com](mailto:ralf.hofmann@drakestar.com)

+49 173 3930070



**CHRISTOPHE MORVAN**

MANAGING PARTNER

[christophe.morvan@drakestar.com](mailto:christophe.morvan@drakestar.com)

+33 6 87 99 05 37



**GABY SILVESTRIS**

PARTNER

[gaby.silvestris@drakestar.com](mailto:gaby.silvestris@drakestar.com)

+44 777 305 2247



**SAM LEVY**

PARTNER

[sam.levy@drakestar.com](mailto:sam.levy@drakestar.com)

+1 646 245 3550



# THE DRAKE VIEW FROM OUR INVESTMENT BANKERS

CHRISTOPHE MORVAN, MANAGING PARTNER



As Corporates are pressured to manage costs, increase topline growth and deliver healthy cash flow profiles, the need for strategic M&A and fundraising is stronger than ever before. Those with an internal debate to ‘Buy vs. Build’ are increasingly exploring inorganic growth to unlock value, achieve efficiencies and stay ahead of technological disruption. Despite uncertain macro-economic conditions, Q2 2024 saw an uptick in deal momentum with overall activity totaling **350+ & \$7.4bn+ disclosed M&A deals** and **880+ & \$8.1bn+ disclosed fundraises<sup>1</sup>**, including:

- **Cognizant** acquired **Belcan** for **\$1.3bn**
- **EQT** has entered into a definitive agreement to acquire **Perficient** for **\$3.0bn**
- **Virtusa Corporation** acquired **ITMAGINATION** for an undisclosed amount
- **Sikich** raised **\$250m** from **Bain Capital**
- **Uniquis Consultech** announced a **\$10m** Series B fundraise led by **Nexus Ventures**
- **Raft** raised **\$60m** of venture funding from **Washington Harbour**

Looking ahead in Q3 2024, we expect generative AI and other AI-powered technologies to fuel further company events, as companies adapt to stay at the forefront of innovation. This, in combination with the pent-up demand and abundance of dry-powder across the PE ecosystem, will drive M&A and fundraising deal activity in the coming months.

# DIGITAL SERVICES KEY HEADLINES

## SELECTED SUBSECTORS



### DIGITAL TRANSFORMATION



Worldwide spending on Digital Transformation to reach **\$4tn by 2027**

IDC, May 30, 2024

**Swiss Re** to boost Digital Transformation with **Cortical.io** partnership

Reinsurance News, May 15, 2024

**Globant** to drive **Formula 1's** Digital Transformation

Technology Magazine, May 2, 2024



### CLOUD MIGRATION



**Porsche Informatik** secures and automates 'Cloud Smart' migration of over 3,000 dealer websites with **Cloudflare**

Intelligent CIO, May 14, 2024

**Telefonica Germany** to migrate 1m 5G users to **AWS Cloud**

Techerati, May 8, 2024

**JPMorgan Chase** to host 75% of its data in the cloud in 2024

DataCentreDynamics, Apr 15, 2024



### TECH-ENABLED SERVICES



**EDF** taps **Accenture** and **Kraken** to modernise customer experience

Current News, Jun 4, 2024

**Beech Tree Private Equity** invests in sustainable energy consulting specialist

Business Cloud, Apr 29, 2024

**Apax Digital Growth** backs **IANS Research** to boost InfoSec services

Fintech Global, Apr 24, 2024



### SECURITY SERVICES



**Telefonica Tech** inks cybersecurity services deal with **Microsoft**

Total Telecom, May 21, 2024

**HGS** launches comprehensive suite of cybersecurity solutions

Security Info Watch, May 14, 2024

Managed security services will be cybersecurity's **largest sub-segment** in 2027

Verdict, May 9, 2024



### BUSINESS INTELLIGENCE & DATA ANALYTICS



**Camwood** and **Pentaho** team up to enhance data analytics capabilities

Fintech Global, May 17, 2024

**Sigma** closes \$200m round led by **Spark Capital, Avenir**, at \$1.5bn valuation

SiliconAngle, May 16, 2024

**Insightsoftware** accelerates data analytics services with **Yellowbrick**

BusinessWire, May 14, 2024

# SELECTED M&A DEALS IN Q2 2024

350+ DEALS AND \$7.4BN+ IN DISCLOSED DEAL ACTIVITY IN Q2 2024

Year founded
 Employees
 Sub-sector
 Total Website Visits



## DEAL DESCRIPTION

Cognizant acquired Belcan for \$1.3bn. The acquisition expands Cognizant's footprint in the aerospace, defense, space and automotive sectors.

June 10<sup>th</sup>, 2024

1958  
 5,100  
 Tech-Enabled Services  
 187.0k

## TARGET DESCRIPTION

Cincinnati, OH  
Provider of engineering project management and technical staffing services intended to serve the aerospace, automotive, industrial, pharmaceutical, electronics, and government sectors.

## KEY PERSONNEL

Lance Kwasniewski – CEO  
Devanand Prasad – CTO

## BUYER DESCRIPTION

Teaneck, NJ  
Provider of consulting and outsourcing IT services to enterprises in industries including financial services, media, healthcare and consumer products. 70% of Cognizant's employees are based in India.

## KEY PERSONNEL

Ravi Kumar Singiseti – CEO



## DEAL DESCRIPTION

EQT has entered into a definitive agreement to acquire Perficient, a leading global digital consultancy transforming the world's largest enterprises and biggest brands.

May 5<sup>th</sup>, 2024

1998  
 4,402  
 IT Services  
 294k

## TARGET DESCRIPTION

Saint Louis, MO  
Perficient is a leading global digital consultancy. With unparalleled strategy, creative, and technology capabilities, they bring big thinking and innovative ideas and a practical approach.

## KEY PERSONNEL

Tom Hogan – CEO  
Paul Martin – CFO

## BUYER DESCRIPTION

Stockholm  
Purpose-driven global leading investment organisation with EUR 242BN in total assets under management (EUR 132BN in fee-generating assets under management)

## KEY PERSONNEL

Conni Jonsson – Chairperson of the Board



## DEAL DESCRIPTION

Virtusa Corporation, acquired ITMAGINATION for an undisclosed amount. The acquisition will enhance Virtusa's digital transformation offerings & nearshore delivery capabilities.

April 4<sup>th</sup>, 2024

2008  
 270  
 IT Services  
 183.0k

## TARGET DESCRIPTION

Warsaw  
Provider of IT services and software development solutions offering comprehensive IT outsourcing, custom software development, data analytics and digital transformation services.

## KEY PERSONNEL

Dawid Łaziński – Co-Founder & Board Member  
Daniel Arak – Co-Founder

## BUYER DESCRIPTION

Southborough, MA  
Provider of business consulting and IT outsourcing services. Capabilities include digital transformation, AI and cloud computing. Virtusa operates in over 25 countries and is backed by EQT Private Capital Asia.

## KEY PERSONNEL

Santosh Thomas – CEO

# SELECTED FUNDRAISING DEALS IN Q2 2024

880+ DEALS AND \$8.1BN+ IN DISCLOSED FUNDRAISING ACTIVITY IN Q2 2024

Year founded
 Employees
 Sub-sector
 Total Website Visits

**\$250m**  
PRIVATE PLACEMENT

## DEAL DESCRIPTION

Sikich has raised \$250m minority growth investment from Bain Capital. This strategic partnership cements their leading position in an industry undergoing rapid consolidation.

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

1982  
 2,199  
 Tech-Enabled Services  
 239k

## TARGET DESCRIPTION

Global company specialising in technology-enabled professional services. Sikich draws on a diverse portfolio of tech solutions to deliver transformative digital strategies.

## KEY PERSONNEL

Christopher Geier – CEO  
Ryan Spohn – CFO

## LEAD INVESTOR DESCRIPTION

Leading alternative investment firm with more than 1,750 employees across 25 locations in four continents managing c.\$185bn in assets.

## KEY SHAREHOLDERS

**\$10m**  
PRIVATE PLACEMENT

## DEAL DESCRIPTION

Uniqus Consultech raised \$10m of Series B capital from Nexus Ventures and Sorin Investments. The capital will be used to launch adjacent service offerings and expand geographically.

April 18<sup>th</sup>, 2024

2022  
 348  
 Tech-Enabled Services  
 176.0k

## TARGET DESCRIPTION

Tech-enabled global platform that offers ESG, and accounting & reporting consulting through a combination of technological solutions and people-led consulting projects.

## KEY PERSONNEL

Jamil Khatri – Co-Founder & CEO  
Sandip Khetan – Co-Founder

## LEAD INVESTOR DESCRIPTION

Nexus Venture Partners is a venture capital firm preferring to invest at early stage in two primary areas: enterprise software companies in the US and digitally-powered businesses within India. Nexus Venture Partners has \$2.6b AUM.

## KEY SHAREHOLDERS

+13 Angel Investors

**\$60m**  
PRIVATE PLACEMENT

## DEAL DESCRIPTION

Raft raised over \$60m of growth capital from Washington Harbour. The capital will be used for R&D, especially for its 'C2' product offerings.

April 10<sup>th</sup>, 2024

2018  
 280  
 Tech-enabled Services  
 17.3k

## TARGET DESCRIPTION

Provider of digital consultancy services intended to develop digital products and services based on data analytics, cloud, bioinformatics, and program management.

## KEY PERSONNEL

Shubhi Mishra – Co-Founder & CEO

## LEAD INVESTOR DESCRIPTION

Washington Harbour is a private investment firm that offers flexibility and operational expertise in non-cyclical businesses, including defence technology, cybersecurity, tech-enabled services and government IT & software.

## KEY SHAREHOLDERS

## SELECTED M&A DEALS IN LAST 12 MONTHS

TARGET	COUNTRY	ACQUIRER	SIZE	DATE	DESCRIPTION
 <b>Belcan</b>		 cognizant	\$1.3bn	10.06.24	Provider of engineering project management and technical staffing services
 <b>PERFICIENT</b>		 IEQT	\$3.0bn	04.05.24	Leading global digital consultancy
 ITMAGINATION		 virtusa	Undisclosed	04.04.24	Provider of IT services and software development solutions
 <b>ams</b> Group		 <b>accenture</b>	Undisclosed	18.03.24	Provider of information technology projects and systems management services
 SADA		 <b>Insight.</b>	\$800m	01.12.23	Award-winning Google Cloud partner assisting in management and automation of IT operations
 sapphire		 <b>NTT DATA</b>	Undisclosed	08.11.23	Provider of digital transformation consulting and management services
 <b>tesseract</b>		 <b>THALES</b>	\$113m	04.10.23	Full-service cybersecurity and cloud services provider for organisations across the Asia Pacific
 <b>byside &amp; SMARKIO</b>		 <b>COREMEDIA</b>	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
 <b>MaxKelsen</b>		 <b>BAIN &amp; COMPANY</b>	Undisclosed	31.07.23	Operator of a machine learning and artificial intelligence solutions company
 <b>mentormate</b>		 <b>tietoevry</b>	Undisclosed	21.07.23	Provider of application development services for web and mobile platforms and other digital transformation services



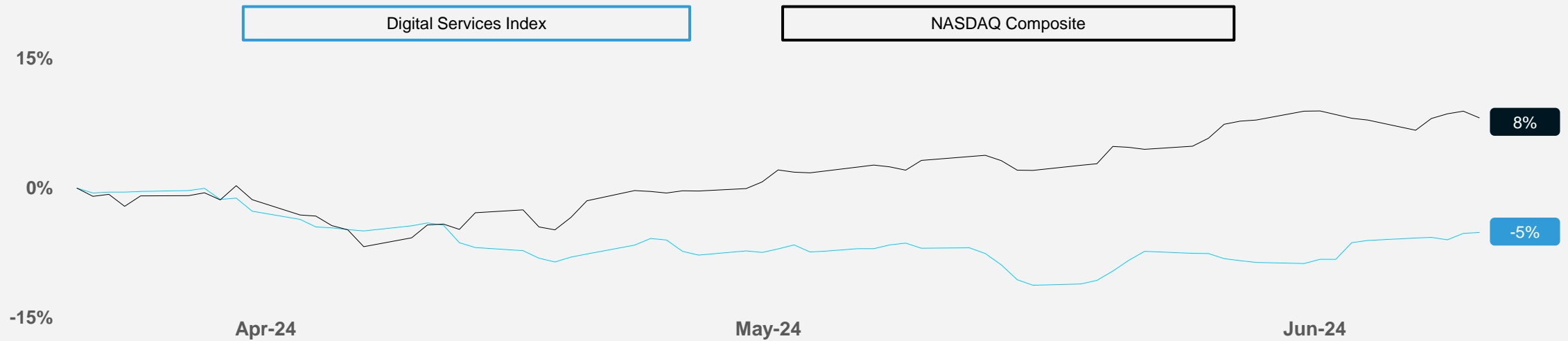
## SELECTED FUNDRAISING DEALS IN LAST 12 MONTHS

TARGET	COUNTRY	INVESTOR	SIZE	DATE	DESCRIPTION
 SIKICH		 BainCapital	\$250m	09.05.24	Technology-enabled professional services
 (RAFT)		 WASHINGTON HARBOUR	\$60m	10.04.24	Provider of digital consultancy services including data analytics, cloud, bioinformatics and program management
 GSS Global Screening Services		 AlixPartners  CommonwealthBank  CYNOSURE GROUP	\$47m	25.03.24	Provider of financial screening services including sanctions transactions screening, compliance and watchlist screening
 Velosio		 COURT SQUARE	Undisclosed	01.03.24	Provider of cloud-based business management services including implementation of process automation, business intelligence and analytics solutions
 PLEXUS <sup>TECH</sup>		 Portobello	Undisclosed	20.02.24	Provider of IT consulting services including data-led digital transformation, hyper-automation, systems consulting, and cybersecurity services
 VIA TEL TECHNOLOGY GROUP		 MACQUARIE	Undisclosed	15.12.23	Provider of a range of digital services including digital transformation, data storage, managed services, cloud computing and cybersecurity
 Skytap		 VISTARA GROWTH	\$18m	19.10.23	Developer of automation platform for cloud migration
 dsp		 LDC 	\$93m	09.10.23	Enterprise database management specialist delivering managed services & consulting for Oracle, SQL server & multi-cloud technology
 denodo		 TPG	\$336m	14.09.23	Developer of real-time data integration platform
 mediamint		 RECOGNIZE  Everstone Capital	Undisclosed	26.07.23	Provider of digital marketing and technological services intended to provide strategic, operational and technical support

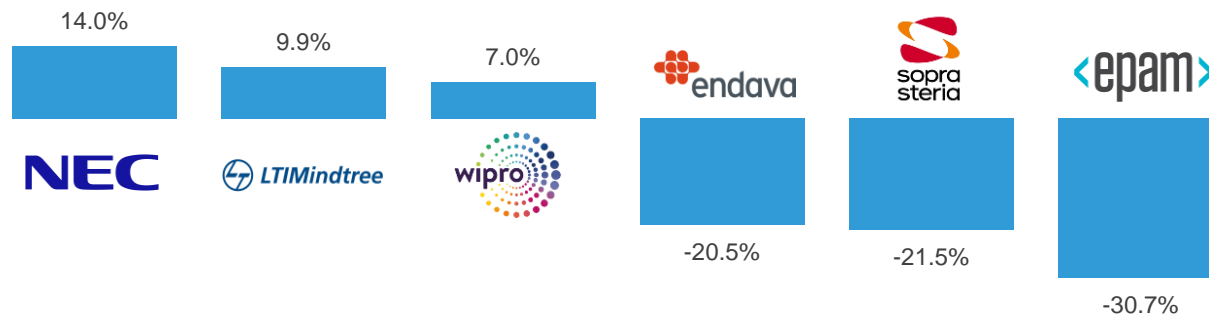


# VOLATILITY IN DIGITAL SERVICES INDEX

## FALLS IN MAJOR PLAYERS DEPRESS OVERALL INDEX



### TOP 3 RISERS & FALLERS APRIL - JUNE 2024



### KEY HIGHLIGHTS

- **NEC Corporation** (+14.0%) rose due to revenues beating expectations and EPS in line with estimates
- **Endava** (-20.5%) fell due to unexpected negative growth in business against a mismatched cost structure
- **Sopra Steria** (-21.5%) fell due to sales slowdown, despite longer term gains
- **EPAM** (-30.7%) fell due to missed sales estimates and following revised guidance in May

# 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



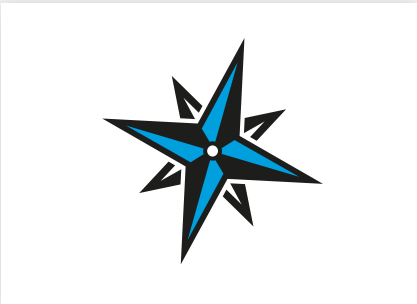
**5**  
countries



**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

Drake Star is an award-winning global tech investment bank that has completed over 450 transactions since 2013. Drake Star team of over 100 senior professionals across offices in New York, London, Paris, Munich, San Francisco, Los Angeles, Berlin, and Dubai\* focuses on mergers & acquisitions and corporate finance services worldwide in Consumer & Retail Technology, Digital Media, FinTech, Mobility & Sustainability, Software/SaaS, Digital Services, and Industrial Tech sectors.

Past performance does not guarantee future results.

This report is published solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security. The information herein is based on sources we believe to be reliable but is not guaranteed by us, and we assume no liability for its use. Any opinions expressed herein are statements of our judgment on this date and are subject to change without notice.

All product and company names are trademarks or registered trademarks of their respective holders. Use of them does not imply any affiliation with or endorsement by them.

Drake Star did not act as a financial advisor for the transactions in this report if not stated otherwise.

Drake Star is the marketing name for the global investment bank Drake Star Partners Limited and its subsidiaries and affiliates. In the USA, all securities are transacted through Drake Star Securities LLC. In the USA, Drake Star Securities LLC is regulated by FINRA and is a member of SIPC. Drake Star UK Limited (FRN 942020) is an appointed representative of Razlin Ltd (FRN 730805), which is authorized and regulated by the FCA. © 2024 Drake Star Partners Limited.

For more information, visit [www.drakestar.com](http://www.drakestar.com).

\*Partner Office

For Institutional Use Only.

© Copyright 2024 Drake Star