



DIGITAL SERVICES

INDUSTRY UPDATE

Q3 2023

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

OCTOBER 2023



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SAM LEVY

PARTNER

OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 9th 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

RALF PHILIPP HOFMANN, MANAGING PARTNER & MEMBER OF THE EXCOM



Q3 has seen significant deal momentum with landmark transactions across several Digital Services verticals. The need for digital transformation and cost-efficiency continues to fuel demand for Digital Services, which enable companies to remain competitive in today's volatile climate. Overall, activity in the space saw an uptick from Q2, with **305+ M&A deals & \$10.0bn+ disclosed** and **280+ fundraises & \$3.5bn+ disclosed** in Q3 2023¹, including:

- ✦ **CoreMedia** acquired **BySide & Smarkio** for an undisclosed amount, advised by **Drake Star Partners**
- **Bain & Company** acquired **Max Kelsen** for an undisclosed amount
- **Tietoevry** acquired **MentorMate** for an undisclosed amount
- **Inetum** acquired **Proceed, 47 Quai** and **Viseo's Microsoft Dynamics business** for an undisclosed amount
- **Denodo** raised **\$336m** of development capital from **TPG**
- **Josys** raised **\$92.7m** of Series B funding from **Global Brain** and **Globis Capital Partners**
- **MediaMint** raised an undisclosed amount of development capital from **Everstone Capital** and **Recognize Partners**

As interest rates stabilise in Q4, we anticipate investor confidence will continue to strengthen. Firms with disruptive AI and Machine Learning capabilities will keep attracting strategic and private investors looking to buy a stake within the next generation of Digital Services providers. [We also expect to see higher demand in the Tech-Enabled Services & Digital Transformation verticals as firms continue to invest in technology in the race towards modernisation and digitalisation.](#)

DIGITAL SERVICES KEY HEADLINES

SELECTED SUBSECTORS



DIGITAL TRANSFORMATION



EU Digital Transformation report projects at least €200bn required to meet 2030 targets including gigabit for all

European Commission, Sep 27, 2023

EY announces strategic alliance with **SymphonyAI** to transform organisations with generative AI-enabled platforms

EY, Aug 10, 2023

Gilead and **Cognizant** expand deal to expedite digital transformation

Pharmaceutical-technology.com, Jul 25, 2023



CLOUD MIGRATION



NASDAQ migrates NASDAQ Bond Exchange to **AWS' cloud**

Waters Technology, Aug 30, 2023

Dynatrace expands **Microsoft** partnership to help businesses accelerate cloud migration & optimisation

Technology Recond, Jul 19, 2023

Legal & General taps **Kyndril, Microsoft & Dell** for hybrid cloud data centre migration

Tech Monitor, Jul 11, 2023



TECH-ENABLED SERVICES



Inetum makes three strategic acquisitions as part of **Bain Capital**-backed accelerated build-up

Inetum, Sep 27, 2023

Accenture invests **\$3bn** in Generative AI & plans to double its AI expert headcount

Forbes, Aug 07, 2023

Wavestone and **Q_Perior** merge to form European consulting powerhouse

Consultancy.eu, July 26, 2023



SECURITY SERVICES



Orca Security expands relationship with **Google Cloud** & adds Generative AI features

Forbes, Sep 20, 2023

DHS announces further \$375m in Cybersecurity grants for State & Local Government

DHS.gov, Aug 07, 2023

Thales partners with **European Space Agency** on **Galileo** cybersecurity enhancements

GPS World, Aug 01, 2023



BUSINESS INTELLIGENCE & DATA ANALYTICS



Cisco triples down on observability with announcement of **\$28bn Splunk** acquisition

Forbes, Sep 25, 2023

HCLTech taps **Snowflake** to launch AI-based business intelligence solution for enterprise

TechCircle, Jul 14, 2023

Data Analytics are top priority for Chief Audit Executives in 2023

Gartner, Jul 11, 2023

SELECTED M&A DEALS IN Q3 2023

305+ DEALS AND \$10.0BN+ IN DISCLOSED DEAL ACTIVITY IN Q3 2023

Year founded
 Employees
 Sub-sector
 Total Website Visits



Undisclosed ACQUISITION BY

 a portfolio company of

DEAL DESCRIPTION

CoreMedia, a portfolio company of OpenGate Capital acquired BySide, a pioneer in customer journey, engagement, and personalisation technology and Smarkio, a leading chatbot technology.

August 3rd, 2023

2006

75

Tech-Enabled Services

n.a.

BUSINESS DESCRIPTION

Porto

BySide 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. Smarkio offers cross-cutting solutions in contact management, from chatbots to automation tools and lead management.

KEY PERSONNEL

Vítor Magalhães – Co-Founder & CEO
Susana Silva – Co-Founder & COO

KEY SHAREHOLDERS



Undisclosed ACQUISITION BY

DEAL DESCRIPTION

Bain & Company acquired Max Kelsen for an undisclosed amount. The acquisition will allow Bain to offer enhanced ML and AI capabilities to clients around the globe.

July 31st, 2023

2015

54

Tech-Enabled Services

6.8k

BUSINESS DESCRIPTION

Brisbane

Operator of a machine learning and artificial intelligence solutions company, offering machine learning research, development and implementation at scale to automate manual workflows, extract value from internal data and personalise customer interactions.

KEY PERSONNEL

Nicholas Terry – Co-Founder & CEO
Ryan McStay – Chief People Officer & Co-Founder
Darren Gaunt - COO

KEY SHAREHOLDERS



Undisclosed ACQUISITION BY

DEAL DESCRIPTION

TietoEVRY acquired MentorMATE for an undisclosed amount. The acquisition strengthens TietoEVRY Create's North American customer base and global digital talent.

July 21st 2023

2001

1000

Digital Transformation

60.7k

BUSINESS DESCRIPTION

Minneapolis

Provider of application development services for web and mobile platforms, as well as UX design, backend integration, data analytics and management and consulting services, helping clients to deliver digital transformation at scale.

KEY PERSONNEL

Bjorn Stansvik – Founder & CEO

KEY SHAREHOLDERS

































SELECTED FUNDRAISING DEALS IN Q3 2023

280+ DEALS AND \$3.5BN+ IN DISCLOSED FUNDRAISING ACTIVITY IN Q3 2023

























Year founded
 Employees
 Sub-sector
 Total Website Visits

<p>\$336m PRIVATE PLACEMENT</p>	<p>DEAL DESCRIPTION</p> <p>Denodo raised \$336m of development capital from TPG. The funds will be used to accelerate growth.</p> <p>September 14th, 2023</p>	<p> 1999</p> <p> 722</p> <p> Tech-Enabled Services & Business Intelligence</p> <p> 109.6k</p>	<p>BUSINESS DESCRIPTION Palo Alto</p> <p>Developer of real-time data integration platform created to integrate data without moving it from its original repository. The company's virtualisation platform provides data integration and abstraction across a broad range of sources.</p>	<p>KEY PERSONNEL</p> <p>Angel Vina – Founder, CEO & President</p> <p>Alberto Pan – CTO & EVP</p>	<p>KEY SHAREHOLDERS</p>
<p>\$92.7m PRIVATE PLACEMENT</p>	<p>DEAL DESCRIPTION</p> <p>Josys raised \$92.7m of Series B funding in a deal led by Global Brain and Globis Capital Partners. The funds will be used to expand its global business and enter the enterprise market.</p> <p>September 6th, 2023</p>	<p> 2021</p> <p> 30</p> <p> Digital Transformation</p> <p> 7.9k</p>	<p>BUSINESS DESCRIPTION Tokyo</p> <p>Operator of an IT services company designed to empower small and mid-sized businesses to develop and execute IT strategies that enable their future growth. The company offers managed IT services, digital transformation, cybersecurity, physical security, consulting services and web services.</p>	<p>KEY PERSONNEL</p> <p>Yasukane Matsumoto – Co-Founder & CEO</p> <p>Sanjay Rajasekhar – Co-Founder & CTO</p>	<p>KEY SHAREHOLDERS</p>
<p>Undisclosed PRIVATE PLACEMENT</p>	<p>DEAL DESCRIPTION</p> <p>Mediamint raised an undisclosed amount of development capital from Everstone Capital and Recognize Partners. The investment will help accelerate the company's roadmap.</p> <p>July 26th, 2023</p>	<p> 2017</p> <p> 1,712</p> <p> Tech-Enabled Services</p> <p> 17.5k</p>	<p>BUSINESS DESCRIPTION Hyderabad</p> <p>Provider of digital marketing and technological services intended to provide strategic, operational and technical support. The company specialises in providing ad operations, creative design, technical development, data analytics customer experience and other services.</p>	<p>KEY PERSONNEL</p> <p>Aditya Vuchi – Co-Founder & CEO</p> <p>Neelima Marupuru – Co-Founder & VP, Finance</p>	<p>KEY SHAREHOLDERS</p>

SELECTED M&A DEALS IN 2023

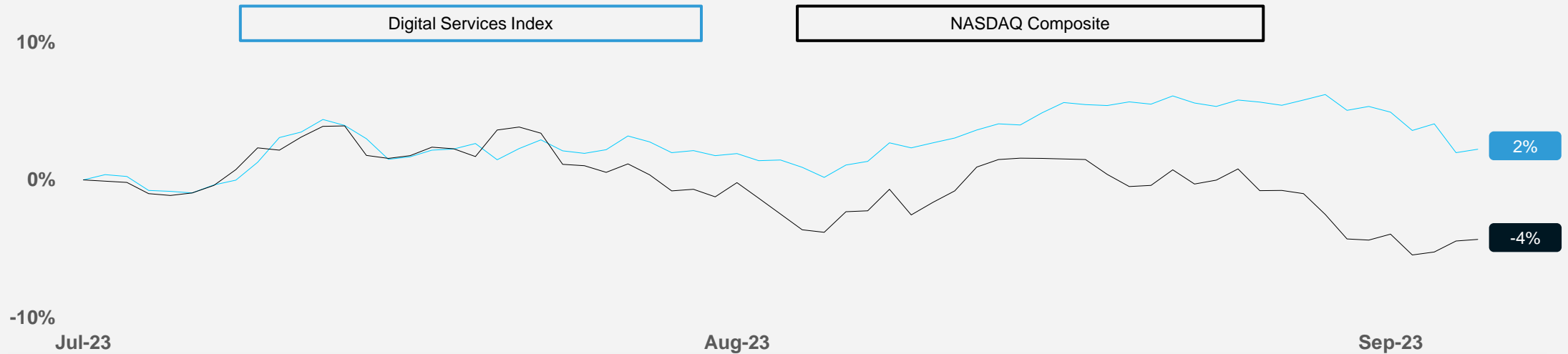
TARGET	COUNTRY	ACQUIRER	SIZE	DATE	DESCRIPTION
			Undisclosed	03.08.23	Helps companies turn visitors into buyers by designing and executing valuable marketing and sales strategies on top of their integrated platform, the Lead Activation Hub
			Undisclosed	31.07.23	Operator of a machine learning and artificial 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
			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	11.02.23	Developer and provider of cyber defence and risk management
			\$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

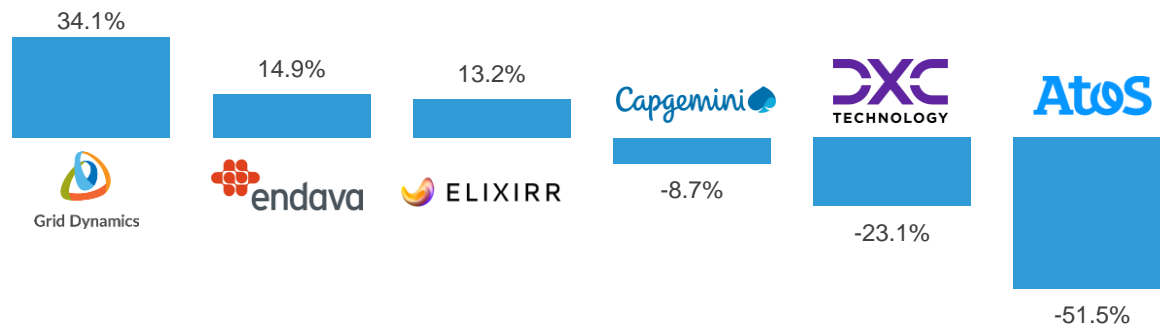
TARGET	COUNTRY	INVESTOR	SIZE	DATE	DESCRIPTION
 denodo		 TPG	\$336m	14.09.23	Developer of real-time data integration platform
 Josys		 global brain  GLOBIS	\$92.7m	06.09.23	Operator of an IT services company delivering managed services, digital transformation, cybersecurity and consulting to SMEs
 mediamint		 RECOGNIZE  Everstone Capital	Undisclosed	26.07.23	Provider of digital marketing and technological services intended to provide strategic, operational and technical support
 evroc		 IEGT VENTURES  <norrskens>	Undisclosed	06.06.23	Provider of next-generation cloud infrastructure and services intended to offer networking and computing services
 Labrys		 MD ONE  OFFSET VENTURES	Undisclosed	01.04.23	Developer of information and operational services for dynamically managing people and teams, globally, in real time
 STRATUS		 NEW HERITAGE CAPITAL	Undisclosed	08.03.23	Provider of specialised technology consulting services and solutions including application managed services, implementation and consulting
Brainsquare		 Capital-A	Undisclosed	02.03.23	Provider of IT management services intended to design, develop and manage complex critical application landscapes
 ETIX EVERYWHERE		 EURAZEO	\$47m	24.02.23	Developer of local data centres, offering construction, monitoring and operative responsibility
 SKYBOX SECURITY		 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

DIGITAL SERVICES OVERALL OUTPERFORM NASDAQ

AS DIGITALISATION & THE ADOPTION DISRUPTIVE TECH REMAINS AT THE FOREFRONT OF COMPANY AGENDAS



TOP 3 RISERS & FALLERS JULY – SEPTEMBER 2023



KEY HIGHLIGHTS

- **Grid Dynamics** (+29.6) rose after beating analysts earnings estimates in its Q2 report
- **Endava** (+15.3%) bounced back as concerns abated about the possible negative impact of Generative AI on the business
- **Capgemini** (-8.1%) fell amidst a more conservative and cost conscious market in the US
- **Atos** (-53.7%) declined due to spiraling restructuring costs relating to its planned split into two publicly listed firms

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



M&A AND CORPORATE FINANCE ADVISORY FOR LEADING GLOBAL TECH COMPANIES

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

5
countries



+450
transactions



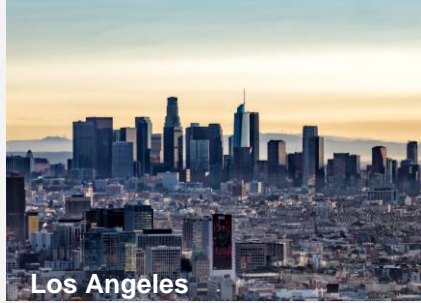
+70%
cross-border
transactions



8
offices



3
continents



+100
professionals



DRAKE STAR

BELIEVE IN INNOVATION CHANGE THE WORLD

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