



DIGITAL SERVICES

INDUSTRY UPDATE

Q2 2022

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

JULY 2022



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HOFMANN**

MANAGING PARTNER &
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**CHRISTOPHE
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MANAGING
PARTNER



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SILVESTRIS**

PARTNER

OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 4th edition of our quarterly Digital Services Report, providing 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 IT SERVICES

CLOUD PROVIDERS

SECURITY SERVICES

BUSINESS INTELLIGENCE

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THE DRAKE VIEW FROM OUR INVESTMENT BANKERS

GABY SILVESTRIS, PARTNER



As artificial intelligence, machine learning & cloud computing continue to disrupt business models and advance transformation agendas, growth in the Digital Services sector remains steady. We are on-track for a record year exceeding 2021 with the number of deals and transaction value already up 19% and 90% respectively from Q1 2022 ⁽¹⁾. Q2 has seen an uptick in Digital Services transactions with **375+ M&A deals & \$70bn+ disclosed** and **445+ fundraises & \$10bn+ disclosed**, including;

- **AMD** acquired **Pensando** for **\$1.9bn**
- **Amdocs** acquired **MYCOM OSI** for **\$188m** ⁽²⁾ to expand its network service assurance and monetisation offering
- **Secunet Security** acquired **Syseleven** for **\$69m** to accelerate its secure cloud infrastructure activities
- **Fortress Information Security** received **\$125m** of growth funding from **Goldman Sachs Asset Management**
- **OSF Digital** raised a **\$100m** of Series C funding led by **Sunstone Partners**
- **Container Solutions** received a significant minority investment from **Growth Capital Partners**

Heading into Q3, we predict continued consolidation in the sector, as operational optimisation and digital efficiency move to the top of the IT agenda in this increasingly competitive environment. **We expect a surge in demand for artificial intelligence and machine learning backed-businesses focused on data analytics and business intelligence as corporates seek to monitor and predict key business metrics in real-time.**

DIGITAL SERVICES KEY HEADLINES

SELECTED SUBSECTORS



DIGITAL TRANSFORMATION



Tech Mahindra collaborates with **IBM** and **Red Hat** to accelerate digital transformation for enterprises

Tech Mahindra, Jun 29, 2022

Healthcare charity **Amref Health Africa** integrates digital tools with **Cognizant**

Computerweekly.com, Jun 28, 2022

Dassault Aviation accelerates its digital transformation with **Capgemini**

Yahoo!Finance, Jun 28, 2022



CLOUD MIGRATION



Cloud Migration Services market to witness **\$7.1bn** growth

Technavio, Jun 13, 2022

SAP RISE chosen by **Microsoft** for their migration to S/4HANA

Technology, May 12, 2022

Kraft Heinz partners with **Microsoft** for migration to Azure Cloud

Microsoft, Apr 21, 2022



TECH-ENABLED IT SERVICES



IT services company **Atos** plans to spin-off, its digital transformation, big data and cybersecurity divisions

CIO, Jun 20, 2022

Immuta and **Wipro** expand partnership to advance **Snowflake** solutions

Businesswire, Jun 15, 2022

Gartner forecasts worldwide IT spending to reach **\$4.4tn** in 2022

Gartner, Apr 6, 2022

DIGITAL SERVICES KEY HEADLINES

SELECTED SUBSECTORS



CLOUD PROVIDERS



Google Cloud's new sustainability platform aims to help enterprises reach their climate goals

TechCrunch, Jun 28, 2022

VMware to help clients bring the benefits of the cloud to existing on-premises infrastructure

Cloud Computing, Jun 28, 2022

Dropbox has revamped its cloud backup service

Techradar, Apr 5, 2022



SECURITY SERVICES



Darktrace CEO calls for 'Tech NATO' to police cybercrime

BusinessWeekly, Jun 15, 2022

UK National Cybersecurity Centre significantly expands services to protect from **record number of online scams**

NCSC.gov.uk, May 10, 2022

Microsoft launches cybersecurity services to help clients fight off **cyber-threats**

CNBC, May 9, 2022



BUSINESS INTELLIGENCE



IBM and Wimbledon are partnering to transform data into a personalised digital fan experience

IBM, Jun 25, 2022

Accenture and Microsoft to partner and deploy data management, AI & cloud services to help clients reach ESG goals

Microsoft, Jun 2, 2022



Business intelligence and analytics firm **Pyramid Analytics** raises \$120m

TechCrunch, May 9, 2022

SELECTED M&A DEALS OF THE MONTH

375+ DEALS AND \$70BN+ IN DISCLOSED DEAL ACTIVITY IN Q2 2022

Year founded
 Employees
 Sub-sector
 Total Website Visits




 <p>\$1.9bn ACQUISITION BY</p> 	<p>DEAL DESCRIPTION</p> <p>AMD acquired Pensando systems, a distributed services platform for \$1.9bn. The Pensando distributed services platform will be integrated with the AMD Data Center Solutions Group</p> <p>May 26th, 2022</p>	<p> 2017</p> <p> 303</p> <p> Tech-Enabled Services</p> <p> 15.3k</p>	<p>BUSINESS DESCRIPTION Milpitas</p> <p>Pensado is an operator of a distributed services platform designed to offer holistic services for cloud computing, networking, storage, and cloud security. The company's platform offers a distributed computing system by executing a software stack delivering network, storage, and security services at a cloud-scale</p>	<p>KEY PERSONNEL</p> <p>Prem Jain – Co-Founder & CEO, Pensando</p> <p>Vipin Jain – Senior Fellow Engineer, AMD (Previously Co-Founder & CTO at Pensando)</p>	<p>KEY SHAREHOLDERS</p> 
 <p>\$188m ⁽¹⁾ ACQUISITION BY</p> 	<p>DEAL DESCRIPTION</p> <p>Amdocs entered into a definitive agreement to acquire MYCOM OSI. The acquisition will expand Amdoc's network portfolio to include end-to-end service and network orchestration</p> <p>May 20th, 2022</p>	<p> 1997</p> <p> 476</p> <p> Business Intelligence</p> <p> 9.5k</p>	<p>BUSINESS DESCRIPTION London</p> <p>Provider of automation and analytics services intended for communication and managed services providers as well as enterprises. The company specialises in telecom and network virtualisation and offers services such as advanced automation and data analytics for performance management, fault management, digital ecosystem deployment</p>	<p>KEY PERSONNEL</p> <p>Andrew Coll – CEO</p> <p>Mounir Ladki – Co-Founder, President & CTO</p>	<p>KEY SHAREHOLDERS</p> 
 <p>\$69m ACQUISITION BY</p> 	<p>DEAL DESCRIPTION</p> <p>Secunet Security Networks acquired SysEleven for \$53m + \$16m of possible earn-out. The acquisition will accelerate Secunet's activities for secure cloud infrastructure</p> <p>May 17th, 2022</p>	<p> 2007</p> <p> 98</p> <p> Cloud Services</p> <p> 41k</p>	<p>BUSINESS DESCRIPTION Berlin</p> <p>Provider of IT infrastructure and cloud services. The company offers solutions including Metakube managed Kubernetes, SysEleven stack OpenStack cloud, managed cloud, SysEleven DDoS Guard and provides high-speed internet access services for the efficient management and optimisation of computing, storage and network resources</p>	<p>KEY PERSONNEL</p> <p>Marc Korthaus – Founder & CEO</p> <p>Jens Ihlenfeld – CFO</p>	<p>KEY SHAREHOLDERS</p> 

(1) Expected transaction price
 Source: Similar Web, Capital IQ, Pitchbook, LinkedIn, Company Websites
 Note: Drake Star did not act as financial advisor on transactions listed on this page

SELECTED FUNDRAISING DEALS OF THE MONTH

445+ DEALS AND \$10BN+ IN DISCLOSED FUNDRAISING ACTIVITY IN Q2 2022

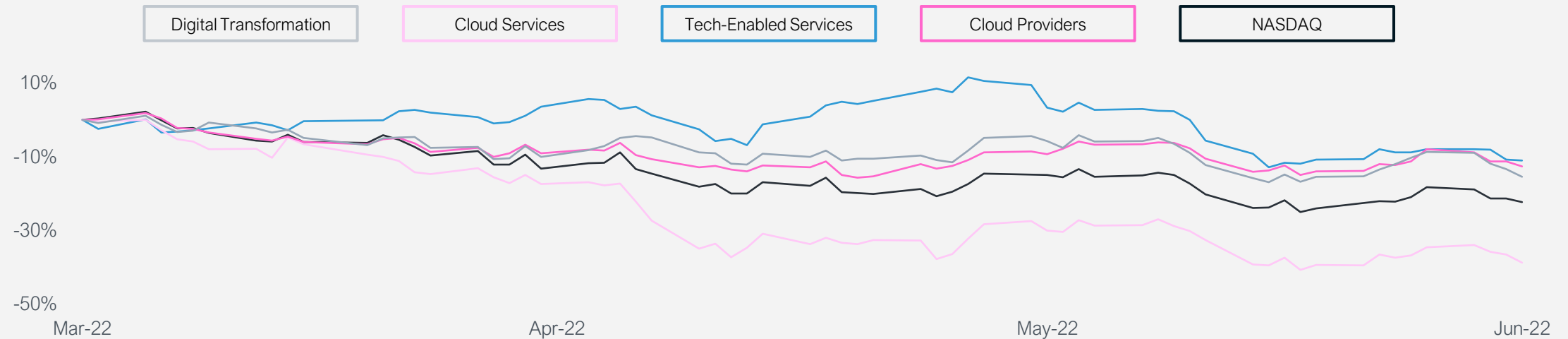
Year founded Employees Sub-sector Total Website Visits

 <p>\$125m PRIVATE PLACEMENT</p> <p>Goldman Sachs Asset Management</p>	<p>DEAL DESCRIPTION</p> <p>Fortress Information Security received \$125m of development capital from Goldman Sachs Asset Management. The investment will help the company secure US critical industries from cybersecurity and operational threats</p> <p>April 19th, 2022</p>	<p>2015</p> <p>225</p> <p>Security Services</p> <p>n.a.</p>	<p>BUSINESS DESCRIPTION 🇺🇸 Orlando</p> <p>Provider of cybersecurity and supply chain risk managed services intended to accelerate security and increase regulatory compliance. The company's services specialise in third-party vulnerability risk management for regulatory-driven businesses catering to power utilities, port authorities, transportation, finance, utilities and healthcare industries</p>	<p>KEY PERSONNEL</p> <p>Alex Santos – Co-Founder & CEO Peter Kassabov – Co-Founder & Executive Chairman</p>	<p>KEY SHAREHOLDERS</p> <p>CARON CAPITAL ClearSky First Analysis KMMT CAPITAL</p>
 <p>\$100m PRIVATE PLACEMENT LED BY</p> <p>SUNSTONE PARTNERS</p>	<p>DEAL DESCRIPTION</p> <p>OSF Digital raised \$100m of Series C funding led by Sunstone Partners. The funding will be used to accelerate service capability expansion, sales and marketing, and support their M&A strategy</p> <p>Apr 13th, 2022</p>	<p>2003</p> <p>1,751</p> <p>Digital Transformation</p> <p>226.3k</p>	<p>BUSINESS DESCRIPTION 🇨🇦 Quebec City</p> <p>Provider of global commerce and digital cloud transformation services to premier brands, and merchants. The company, via its platform, delivers consulting, application development, and implementation services across channels, devices, and locales with an agile approach to scale global growth</p>	<p>KEY PERSONNEL</p> <p>Gerard Szatvanyi – Co-Founder, President & CEO Alin Dorobantu – Co-Founder & COO</p>	<p>KEY SHAREHOLDERS</p> <p>bdc Delta-v Capital salesforce ventures TRUE BLUE PARTNERS</p>
 <p>Undisclosed PRIVATE PLACEMENT</p> <p>gcp</p>	<p>DEAL DESCRIPTION</p> <p>Container Solutions received a significant minority investment from GCP. GCP will support their ambitious growth plans to become a consolidating platform and dominate the 'independent' cloud native space</p> <p>June 16th, 2022</p>	<p>2014</p> <p>90</p> <p>Cloud Services</p> <p>62.7k</p>	<p>BUSINESS DESCRIPTION 🇨🇭 Zurich</p> <p>Container Solutions is the leading pan-European cloud native specialist that delivers complex end-to-end cloud transformation programmes for global blue-chip clients. Supported by a proprietary transformation centric engagement model, they solve complex business problems by identifying, designing, building, implementing and running technology solutions in a Cloud Native manner</p>	<p>KEY PERSONNEL</p> <p>Jamie Dobson – CEO Pini Reznik – COO</p>	<p>KEY SHAREHOLDERS</p> <p>gcp</p>

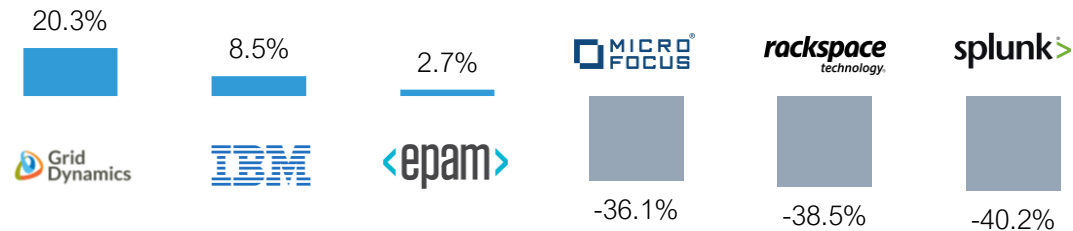


SHARE PRICES BROADLY DOWN VS. MARCH

WITH TECH-ENABLED SERVICES IN THE LEAD



TOP 3 RISERS & FALLERS APRIL - JUNE 2022¹



KEY HIGHLIGHTS

- Grid Dynamics's share price (+20.3%) gained momentum after announcing a geographical expansion and 'European hub' in Switzerland
- IBM's share price (+8.5%) rose as they exceeded consensus expectations for both earnings and revenue for Q1 2022
- Rackspace's stock (-38.5%) fell due to concerns over operating margins

UNPARALLED TRACK-RECORD IN THE DIGITAL SERVICES SPACE

WE HAVE SUCCESSFULLY EXECUTED 35+ DIGITAL SERVICES TRANSACTIONS IN THE PAST 5 YEARS



A LEADING GLOBAL TECH M&A INVESTMENT BANK

400+

TRANSACTIONS
COMPLETED

70%

CROSS-BORDER
DEALS

100+

BANKERS

10*

OFFICES
GLOBALLY



NEW YORK



LONDON



MUNICH



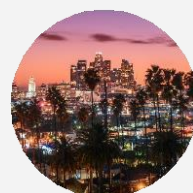
SINGAPORE



SAN
FRANCISCO



DUBAI



LOS ANGELES



PARIS



BERLIN



GENEVA



DRAKE STAR

BELIEVE IN INNOVATION
CHANGE THE WORLD

