

SECTORWATCH:

Corporate Performance Management Consulting

February 2018

7 MILE 
ADVISORS

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Corporate Performance Management Consulting

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- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↓ -8.0%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↓ -1.4%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↑ 0.7%

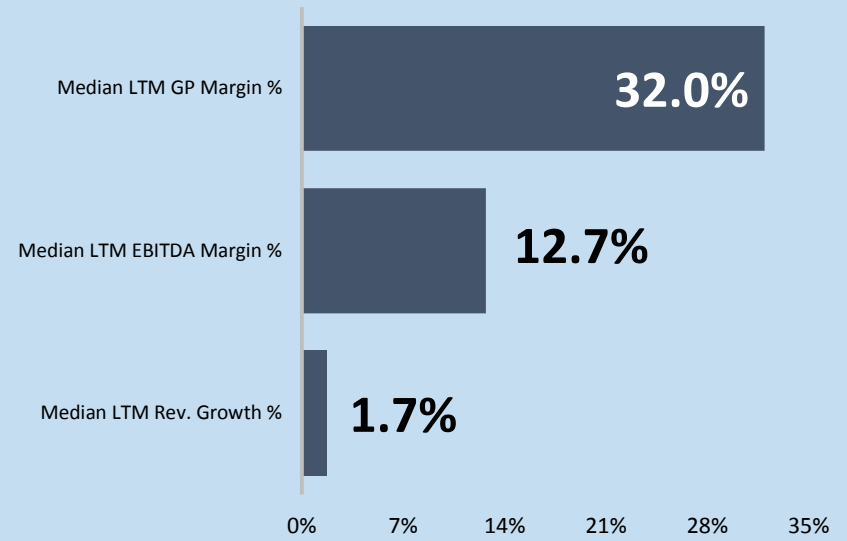
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

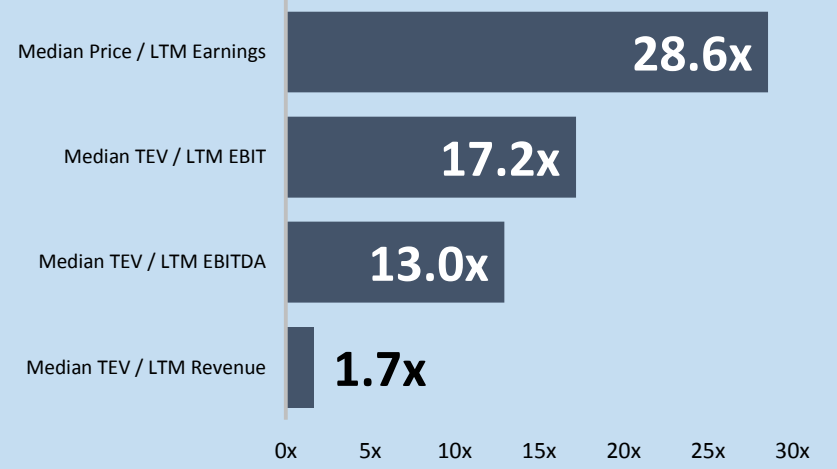
PUBLIC BASKET CONSTITUENTS

- NasdaqGS:CRAI NYSE:FCN
- NasdaqGS:HCKT ENXTPA:CAP
- NasdaqGS:PRFT NasdaqGS:CTSH
- NasdaqGS:HURN NYSE:CAN
- NASDAQ: VRTU

Operating Metrics



Valuation



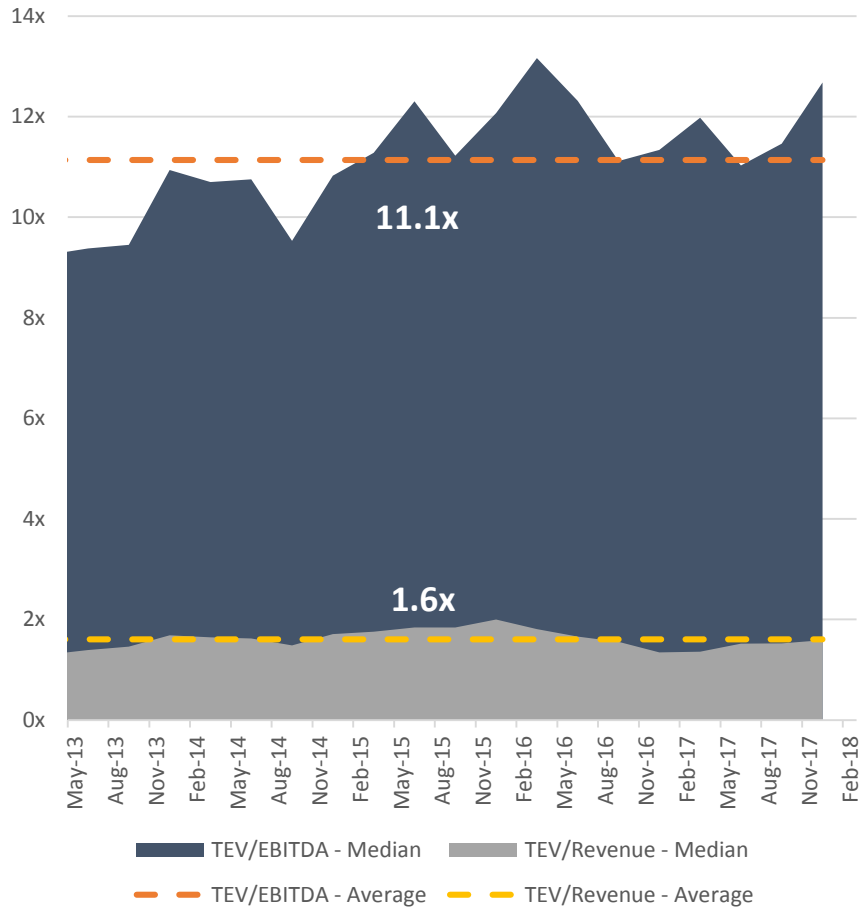
PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
CRA International, Inc.	356	353	11%	30%	9%	1.0	11.6	540	653
The Hackett Group, Inc.	465	262	2%	38%	16%	1.8	11.4	1,079	243
Perficient, Inc.	739	458	-5%	34%	11%	1.6	14.5	2,728	168
Huron Consulting Group Inc.	1,220	725	-1%	37%	13%	1.7	12.6	2,818	257
Virtusa Corporation	1,375	919	24%	28%	6%	1.5	23.1	17,750	52
FTI Consulting, Inc.	1,912	1,782	-2%	32%	9%	1.1	12.0	4,718	378
Capgemini SE	24,372	14,483	1%	27%	13%	1.5	12.1	193,077	75
Cognizant Technology Solutions Corporation	42,091	14,444	9%	39%	20%	2.9	14.6	260,200	56
Accenture plc	96,233	35,858	7%	32%	16%	2.7	16.4	425,000	84

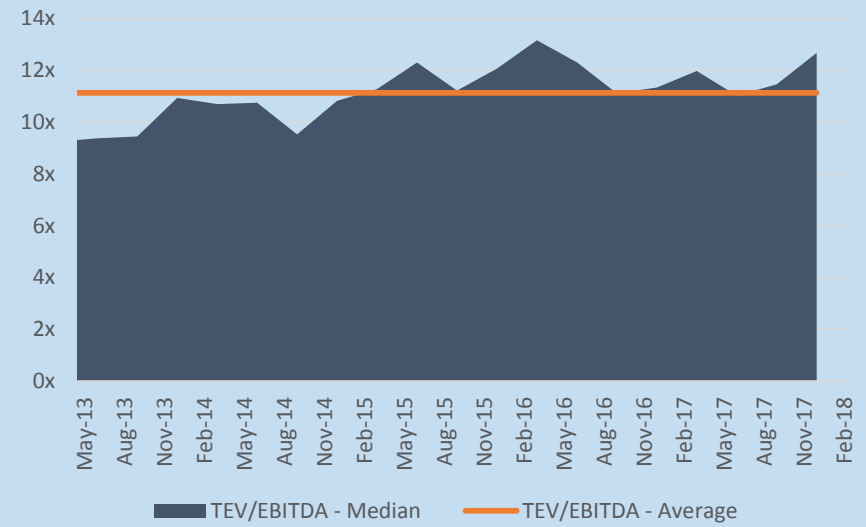
Average	18,751	7,698	5%	33%	13%	1.8	14.3	100,879	218
Median	1,375	919	2%	32%	13%	1.6	12.6	4,718	168

share price as of 01Feb18

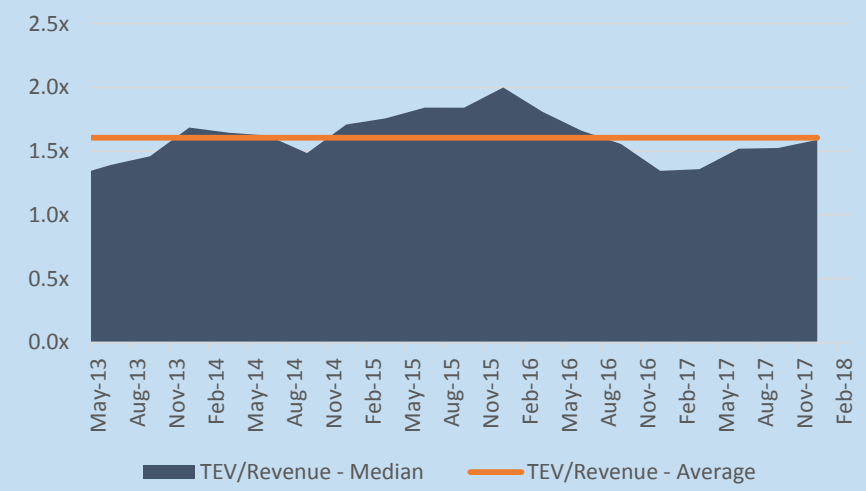
PUBLIC BASKET VALUATION TRENDS



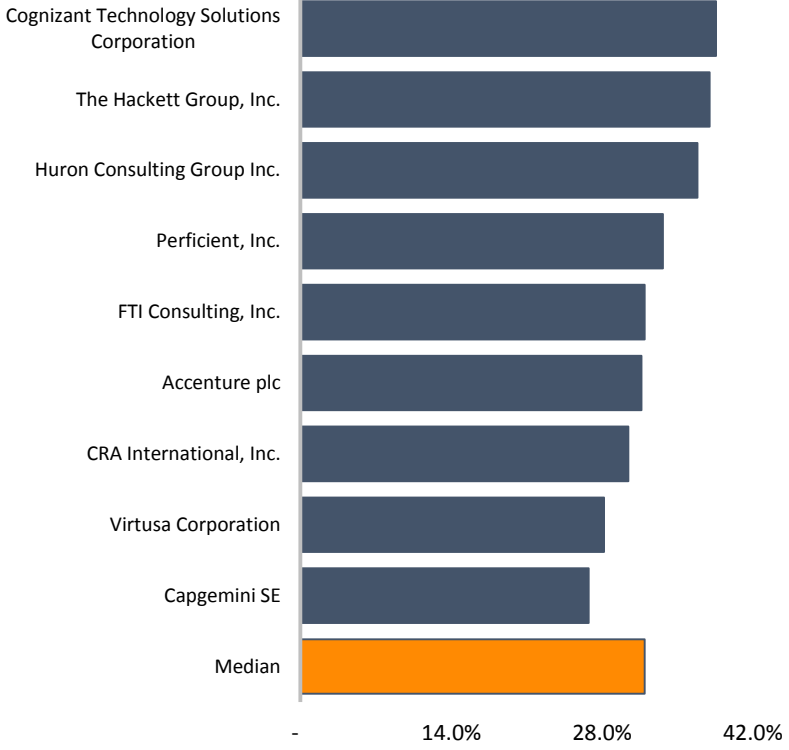
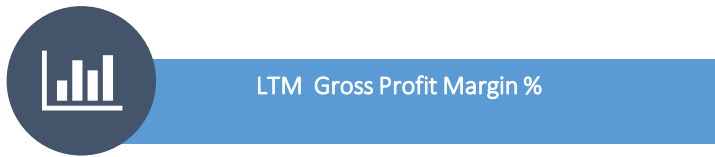
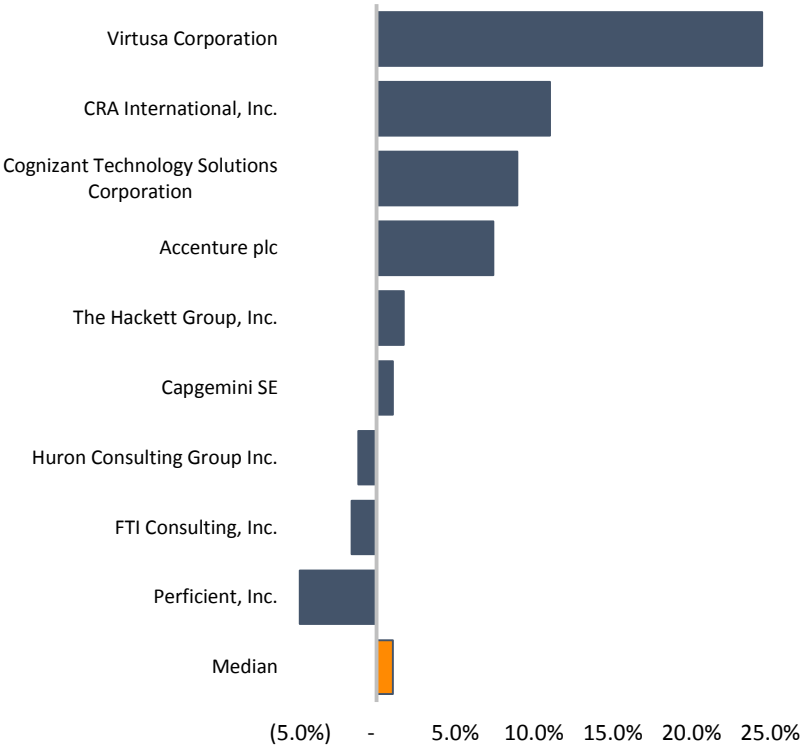
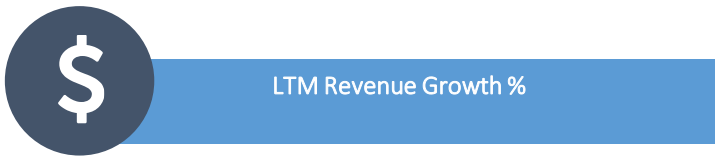
Public EBITDA Multiples Over Time




Public Revenue Multiples Over Time



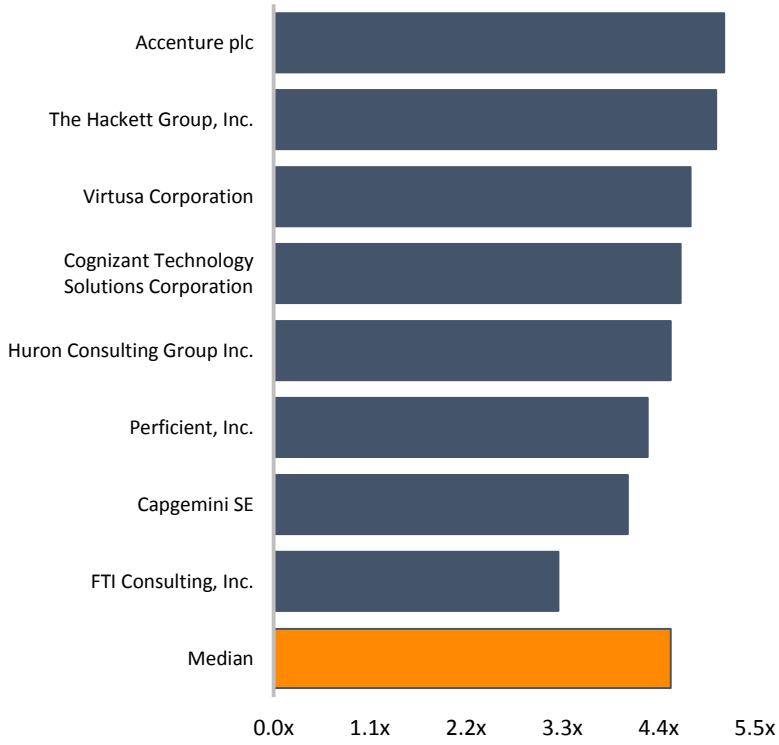

OPERATIONAL METRICS



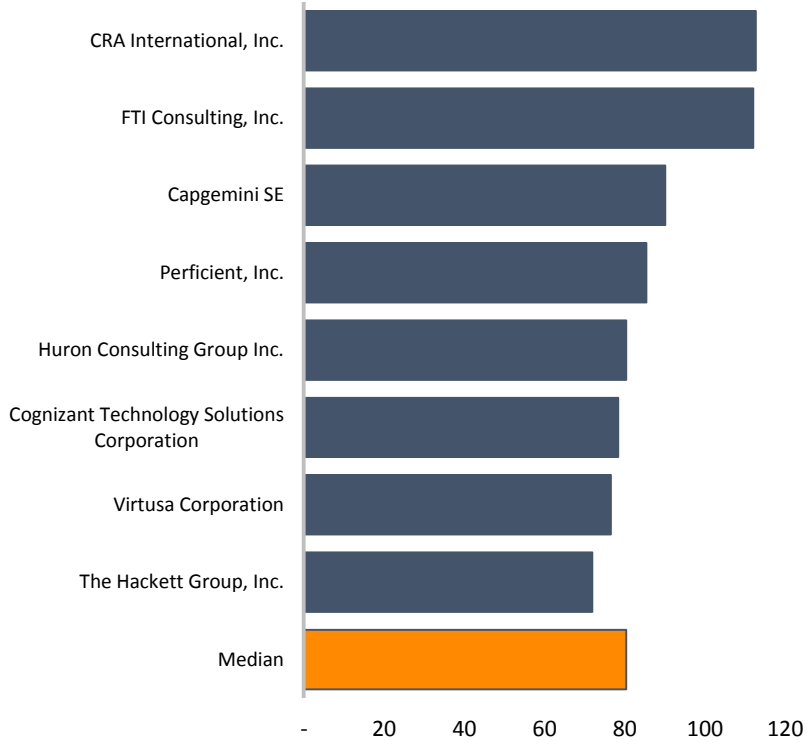
OPERATIONAL METRICS



Accounts Receivable Turnover

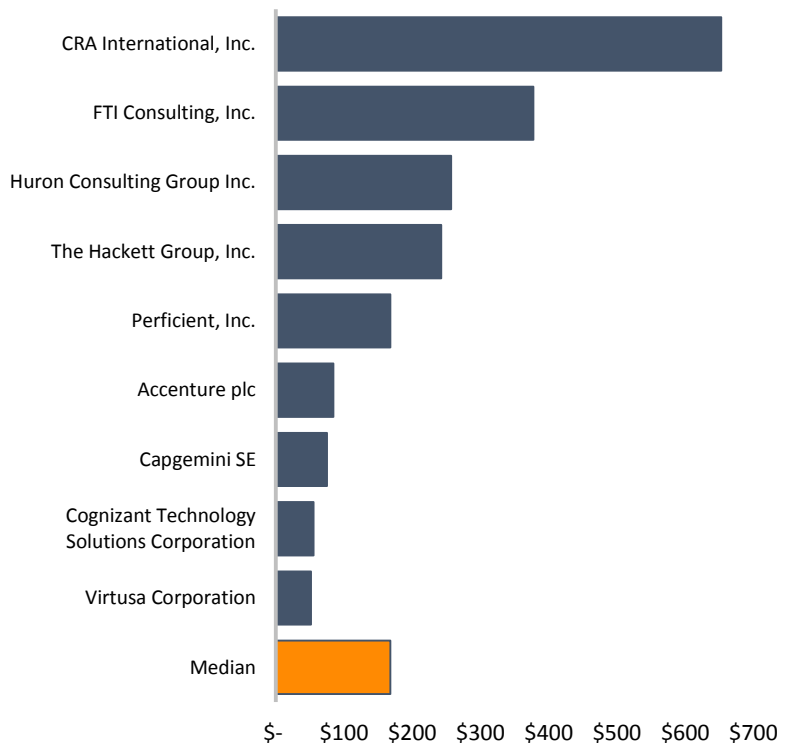
Average Days Sales Outstanding



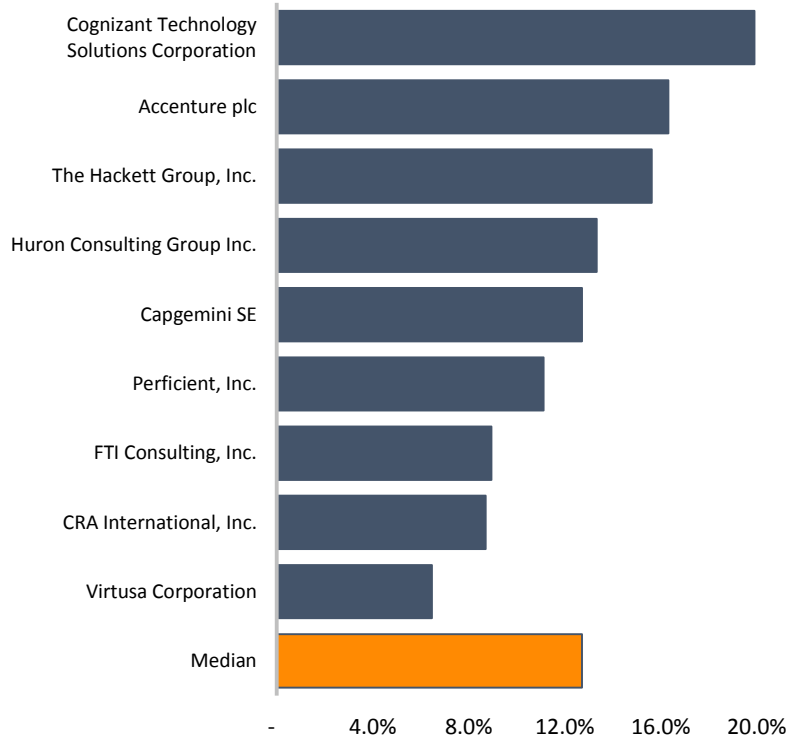
OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



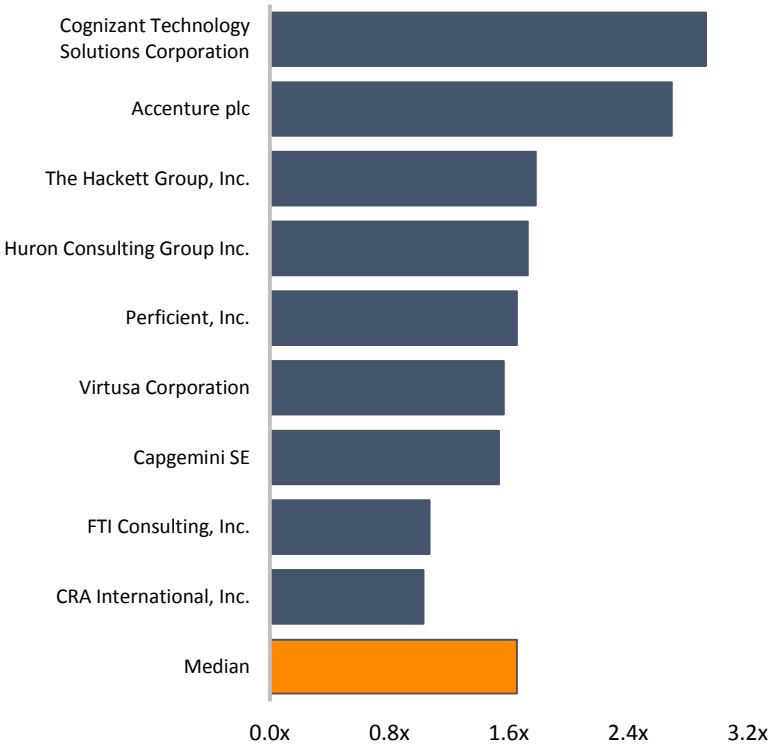
LTM EBITDA %



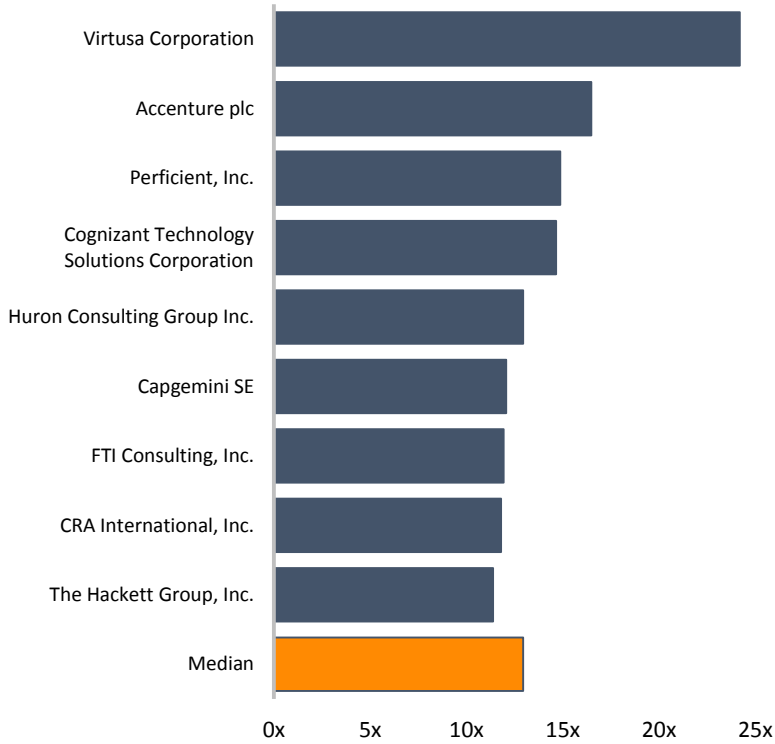
VALUATION



TEV / LTM Revenue



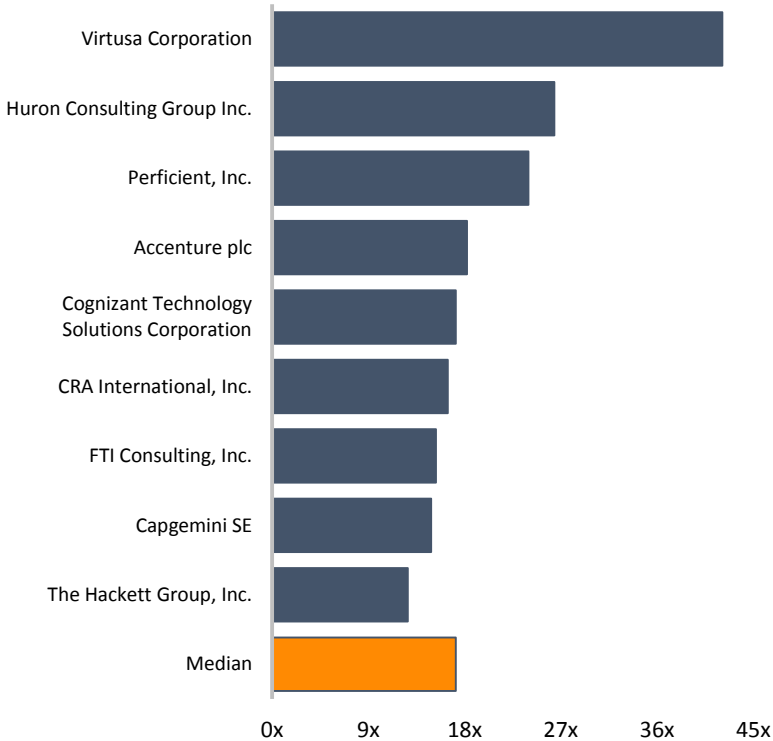
TEV / LTM EBITDA



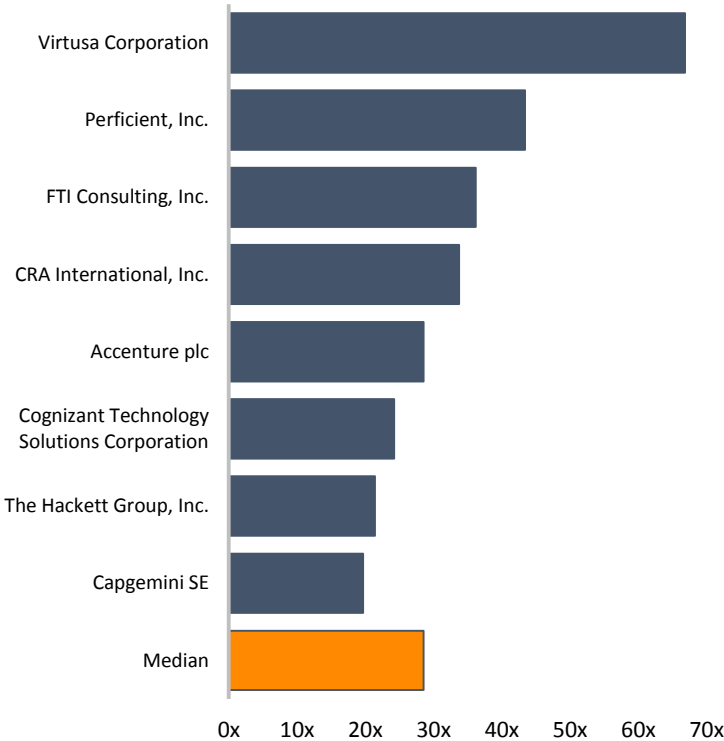
VALUATION



TEV / LTM EBIT



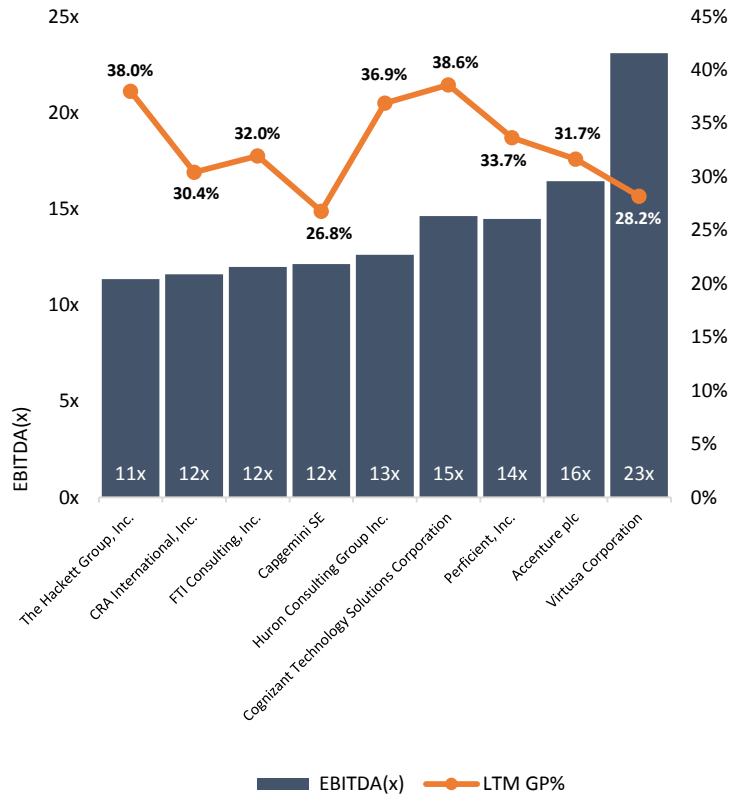
Price / LTM Earnings



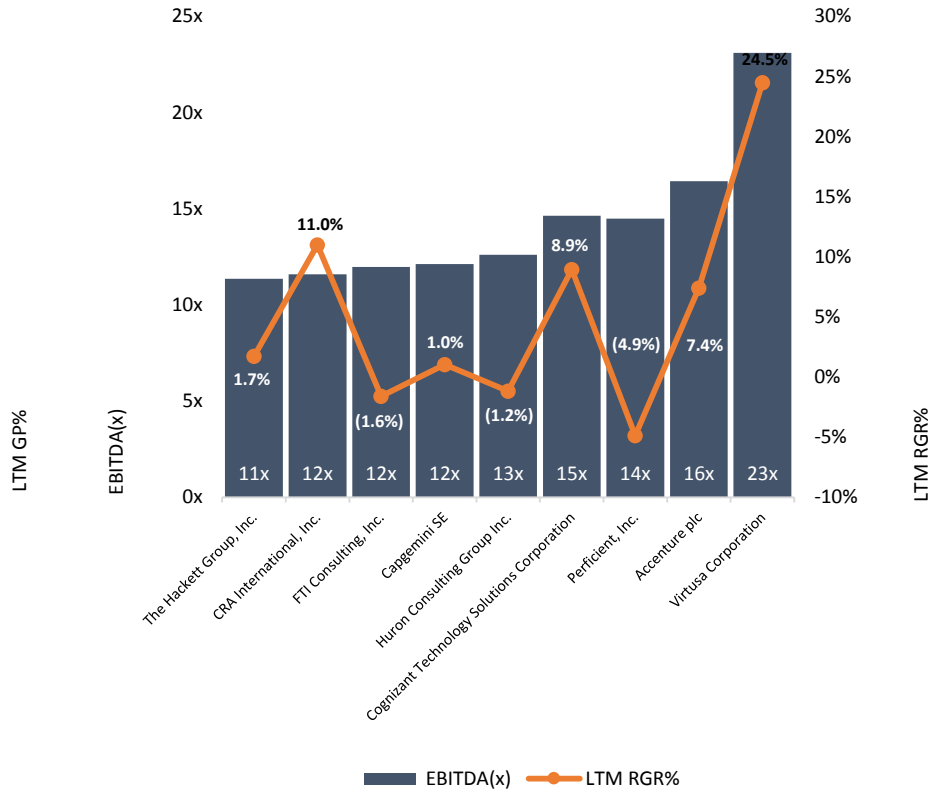
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
1May17	Tomont Solutions Inc.	KPMG LLP (Canada)	-	-	-	-
5Feb17	Fiserv Solutions of Australia Pty Ltd., Item Processing Business	Genpact Australia Pty Ltd	16.28	-	-	-
31Jan17	InvestTech Systems Consulting, LLC	Accenture plc	-	-	-	-
18Oct16	Allen International Consulting Group Limited	Accenture plc	-	-	-	-
29Sep16	Promontory Financial Group, LLC	International Business Machines Corporation	-	-	-	-
1Jun16	WhitLight Group LLC	Venture Technologies, Inc.	-	-	-	-
20Apr16	Comprise Limited	BackOffice Associates, LLC	-	-	-	-
27Jan16	KBACE Technologies, Inc.	Cognizant Technology Solutions Corporation	-	-	-	-
21Dec15	M2Dynamics Inc.	Edgewater Technology, Inc.	22.70	9.97	2.3x	-
15Dec15	Beacon Consulting Group, Inc.	Accenture plc	-	-	-	-
9Dec15	Cimation LLC	Accenture plc	-	-	-	-
28Oct15	CPM Braxis S.A.	Cap Gemini S.A. (nka:Capgemini SE)	-	-	-	-
17Sep15	Market Street Solutions, Inc.	Perficient, Inc.	5.30	10.00	0.5x	-
2Apr15	Lucidity Consulting Group, LP (nka:Emtec Consulting Services LLC)	Emtec, Inc.	-	-	-	-
1Apr15	Apparatus, Inc.	Virtusa Corporation	36.65	-	-	-
9Jun14	PureApps Ltd.	Accenture plc	-	-	-	-
6Jun14	GGA Software Services LLC	EPAM Systems, Inc.	-	-	-	-
4Apr14	Mantis Technology Group, Inc.	ProKarma Inc.	-	-	-	-
1Apr14	TITAN Technology Partners Limited	Velocity Technology Solutions, Inc.	80.00	-	-	-
5Mar14	Netsoft USA, Inc.	EPAM Systems, Inc.	-	-	-	-
1May17	Tomont Solutions Inc.	KPMG LLP (Canada)	-	-	-	-
5Feb17	Fiserv Solutions of Australia Pty Ltd., Item Processing Business	Genpact Australia Pty Ltd	16.28	-	-	-
31Jan17	InvestTech Systems Consulting, LLC	Accenture plc	-	-	-	-
18Oct16	Allen International Consulting Group Limited	Accenture plc	-	-	-	-
29Sep16	Promontory Financial Group, LLC	International Business Machines Corporation	-	-	-	-
1Jun16	WhitLight Group LLC	Venture Technologies, Inc.	-	-	-	-
20Apr16	Comprise Limited	BackOffice Associates, LLC	-	-	-	-

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Appendix: Public Basket
Constituents

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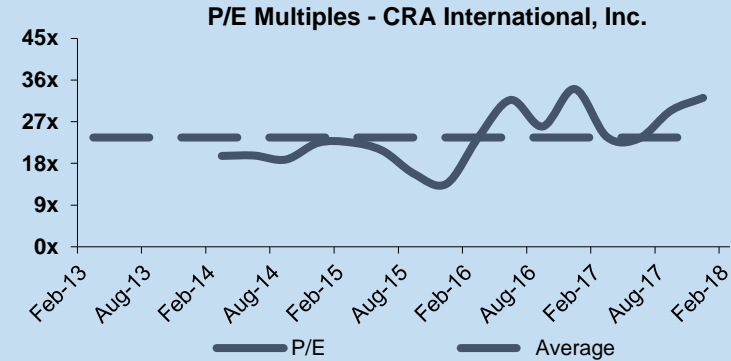
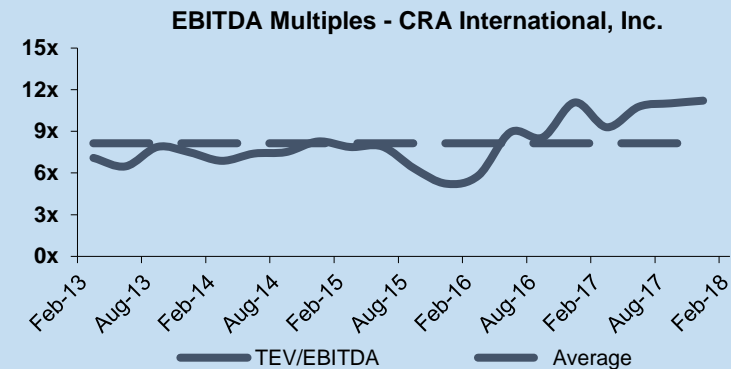
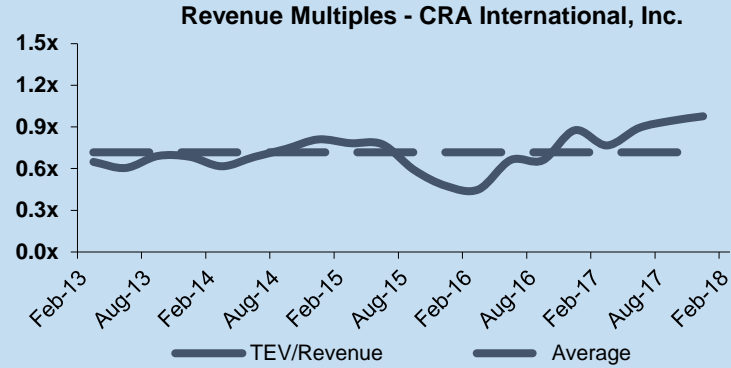


PUBLIC BASKET CONSTITUENTS

CRA International, Inc.

CRA International, Inc., a consulting company, provides economic, financial, and management consulting services worldwide. The company advises clients on economic and financial matters pertaining to litigation and regulatory proceedings; and guides corporations through critical business strategy and performance-related issues. It provides consulting services, including research and analysis, expert testimony, and support in litigation and regulatory proceedings in the areas of finance, accounting, economics, insurance, and forensic accounting and investigations to corporate clients and attorneys. The company also offers services related to class certification, damages analysis, expert reports and testimony, regulatory analysis, strategy development, valuation of tangible and intangible assets, risk management, and transaction support to law firms, businesses, and government agencies. In addition, it provides management consulting services, such as strategy development, performance improvement, corporate strategy and portfolio analysis, estimation of market demand, new product pricing strategies, valuation of intellectual property and other assets, assessment of competitors' actions, and analysis of new sources of supply. The company serves various industries, including agriculture; banking and capital markets; chemicals; communications and media; consumer products; energy; entertainment; financial services; health care; insurance; life sciences; manufacturing; metals, mining, and materials; oil and gas; real estate; retail; sports; telecommunications; transportation; and technology. CRA International, Inc. was founded in 1965 and is headquartered in Boston, Massachusetts.

Date	Key Development Headline
1/30/17	CRA International, Inc. (NasdaqGS:CRAI) acquired substantially all of the assets of C1 Consulting.

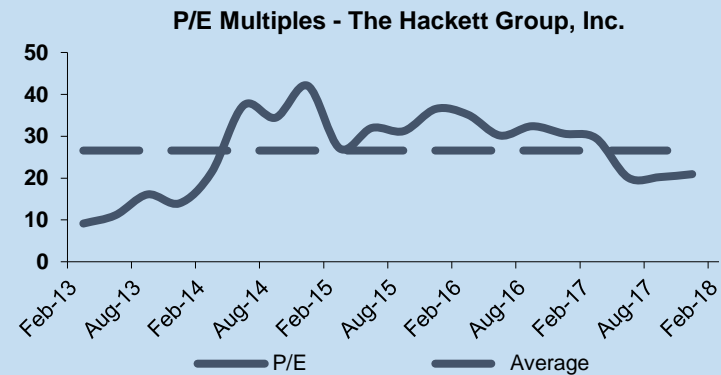
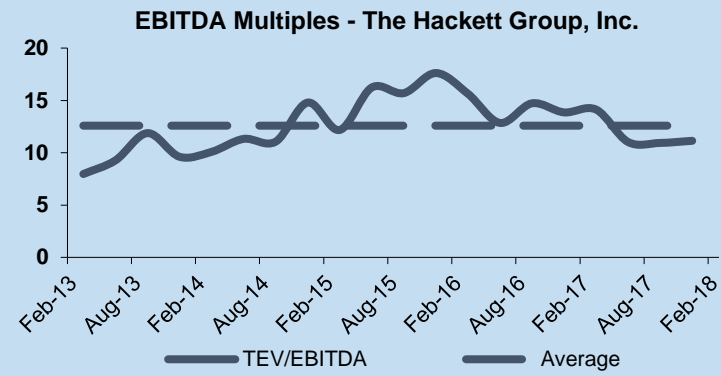
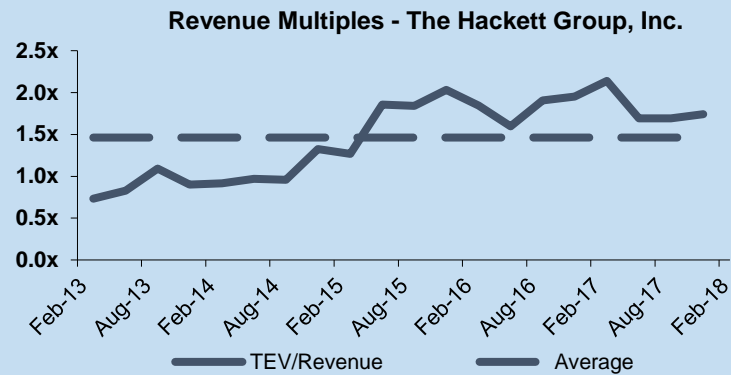


PUBLIC BASKET CONSTITUENTS

The Hackett Group, Inc.

The Hackett Group, Inc. operates as a strategic advisory and technology consulting firm primarily in the United States and Western Europe. Its executive advisory programs include advisor inquiry, an inquiry service used by clients for access to fact-based advice on proven approaches and methods; best practice research, a research that provides insights into the proven approaches; peer interaction comprising member-led Webcasts, annual best practice conferences, annual member forums, membership performance surveys, and client-submitted content; best practice accelerators that provide Web based access to best practices, customized software configuration tools, and best practice process flows; and best practice intelligence center, an online searchable repository of best practices, performance metrics, conference presentations, and associated research. The company's benchmarking services conduct studies in the areas of selling, general and administrative, finance, human resources, information technology, procurement, enterprise performance management, shared service centers, and working capital management. These services are used by clients to establish priorities, generate organizational consensus, align compensation to establish performance goals, and develop the required business case for business and technology investments. The company was founded in 1991 and is headquartered in Miami, Florida.

Date	Key Development Headline
11/7/17	Hackett Group Seeks Acquisitions
5/9/17	Hackett Group Seeks Acquisitions
5/8/17	The Hackett Group, Inc. (NasdaqGS:HCKT) acquired Aecus Limited for £6.2 million.

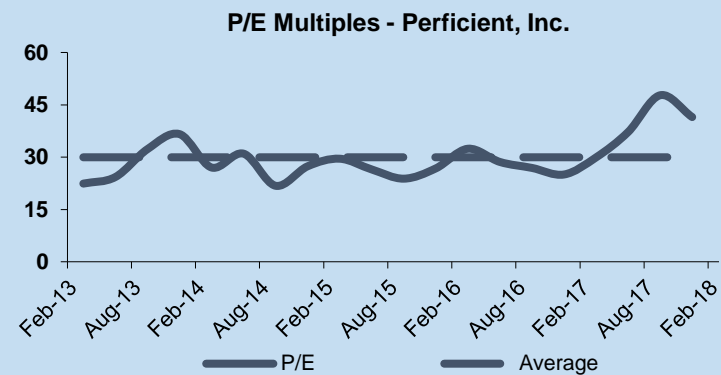
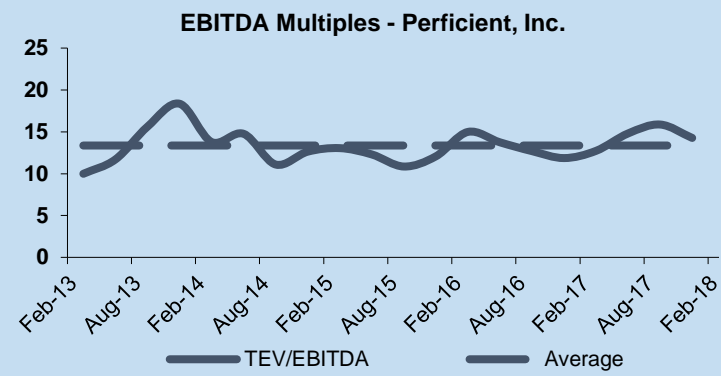
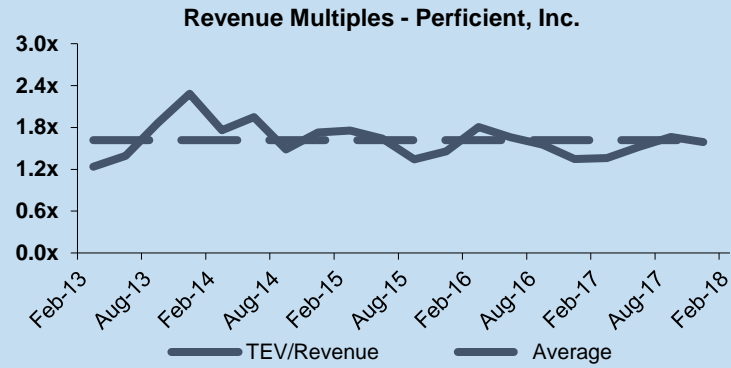


PUBLIC BASKET CONSTITUENTS

Perficient, Inc.

Perficient, Inc. provides information technology and management consulting services in the United States. The company designs, builds, and delivers solutions using middleware software products developed by third-party vendors. Its solutions include platform implementations services, including application server selection, architecture planning, installation and configuration, clustering for availability, performance assessment and issue remediation, security, and technology migrations; and portals and collaboration, such as searchable data systems, collaborative systems for process improvement, transaction processing, unified and extended reporting, and other services. The company also offers management consulting services in the areas of organizational change management, business analytics, project management, process excellence, and other; and cloud services comprising architecture, business value and health checks assessments, strategy and road maps, and vendor evaluation and selection services. In addition, it provides enterprise social solutions consisting of ideation and crowdsourcing, mobile apps, employee onboarding, partner and vendor collaboration, user and customer support, expert location/Q&A, and others; and digital marketing services, including search engine marketing, user experience and design, and conversion rate optimization. Further, the company offers business intelligence and analytics; commerce; content management; custom applications; business integration and APIs; business process management; customer relationship management; enterprise performance management; and enterprise mobile solutions. Perficient, Inc. was founded in 1997 and is headquartered in St. Louis, Missouri.

Date	Key Development Headline
6/22/17	Perficient, Inc. (NasdaqGS:PRFT) acquired Clarity Consulting, Inc. for \$9.4 million.

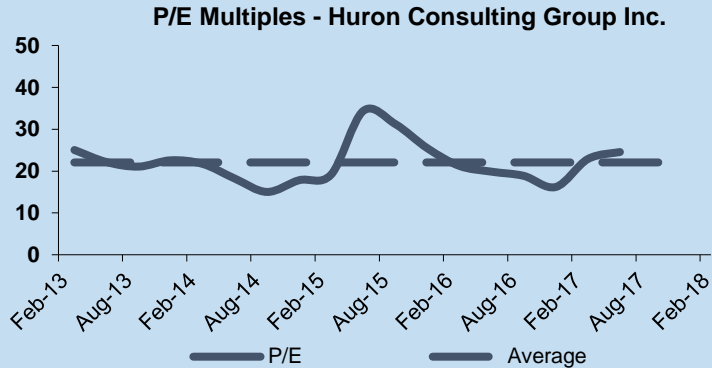
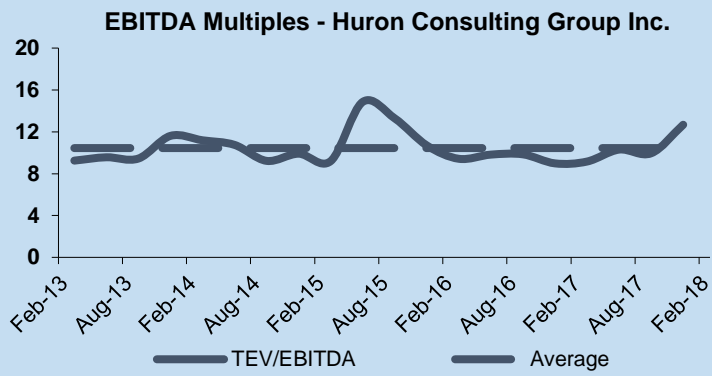
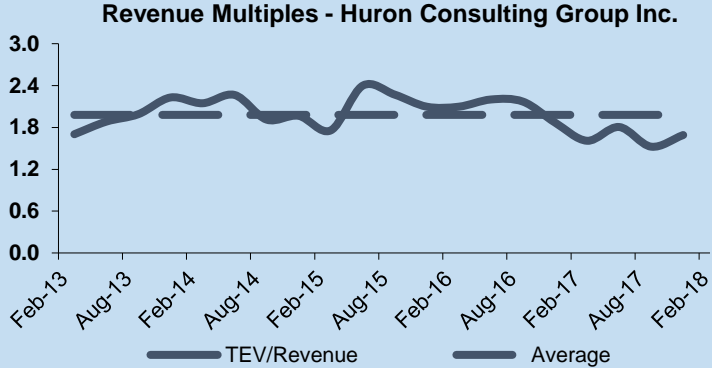


PUBLIC BASKET CONSTITUENTS

Huron Consulting Group Inc.

Huron Consulting Group Inc., a professional services firm, provides advisory, technology, and analytic solutions in the United States and internationally. The company operates through the Healthcare, Education and Life Sciences, and Business Advisory segments. The Healthcare segment provides advisory services from strategy setting through implementation in the areas of organizational and resource alignment, clinical transformation, financial and operational performance, patient and caregiver engagement, and technology implementation and optimization to national and regional hospitals and integrated health systems, academic medical centers, community hospitals, and medical groups. The Education and Life Sciences segment offers consulting and technology solutions related to business and technology strategy, financial management, operational and organizational effectiveness, research administration, and regulatory compliance to higher education, academic medical center, pharmaceutical and medical device, biotechnology, and research industries. Huron Consulting Group Inc. was founded in 2002 and is headquartered in Chicago, Illinois.

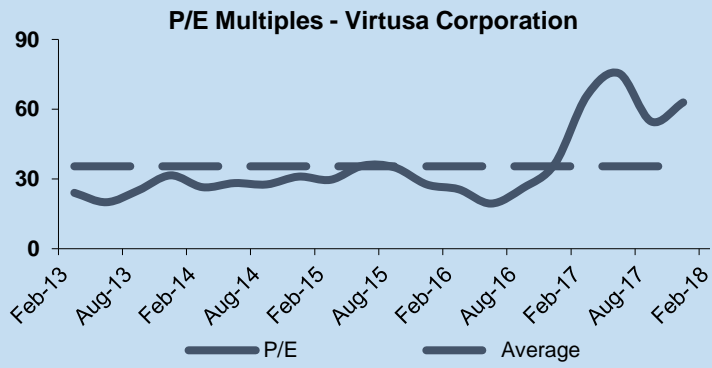
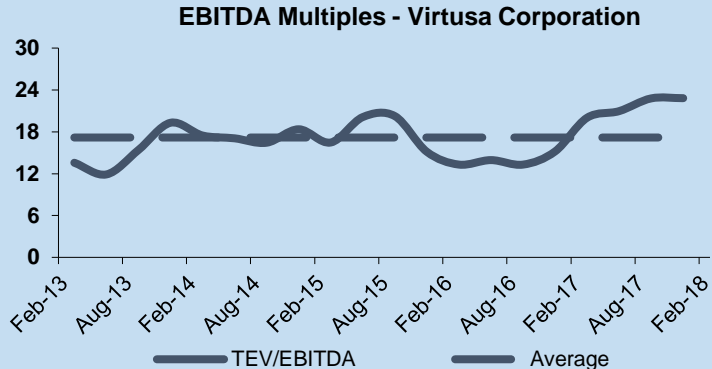
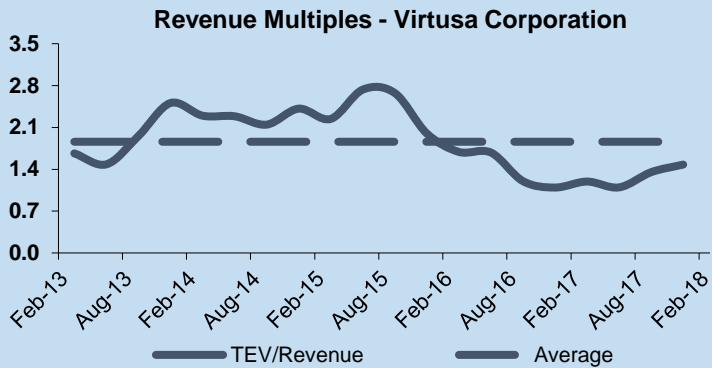
Date	Key Development Headline
4/2/17	Huron Consulting Group Inc. (NasdaqGS:HURN) acquired ADI Strategies, Inc.
2/28/17	Huron Consulting Group Inc. (NasdaqGS:HURN) completed the acquisition of Innosight LLC.
2/28/17	Huron Consulting Group Seeks Strategic Acquisitions
2/17/17	Huron Consulting Group Inc., Innosight LLC - M&A Call
2/15/17	Huron Consulting Group Inc. (NasdaqGS:HURN) signed an agreement to acquire Innosight LLC for approximately \$140 million.



PUBLIC BASKET CONSTITUENTS

Virtusa Corporation

Virtusa Corporation operates as an information technology (IT) services company. It offers business and IT consulting services comprising advisory/target operating model, business process re-engineering/BPM, transformational solution consulting, and business/technology alignment analysis; omni-channel digital strategy, experience design ASD, and employee engagement; and application portfolio rationalization, SDLC transformation, and BA competency transformation services. The company also provides technology implementation services, such as application development, software product engineering, CRM and SAP implementation, content management, enterprise mobility, cloud computing, and social media solutions; systems consolidation and rationalization, technology migration and porting, and legacy application Web-enablement; data management, business intelligence, reporting and decision support, master data management, data integration, and big data analytics; and software quality assurance and managed testing services. In addition, it offers application outsourcing services, such as the application maintenance and support, maintenance and enhancement of applications, and cloud-environment management and support; managed infrastructure services, and remote application monitoring and support; and IT efficiency improvement services. Further, the company offers digital transformation and innovation; operational excellence; and transformational solutions. Virtusa Corporation provides its services to communications and technology; banking, financial services, and insurance; and media and information industries worldwide. The company was formerly known as eRunway, Inc. and changed its name to Virtusa Corporation in April 2002. Virtusa Corporation was founded in 1996 and is headquartered in Westborough, Massachusetts.



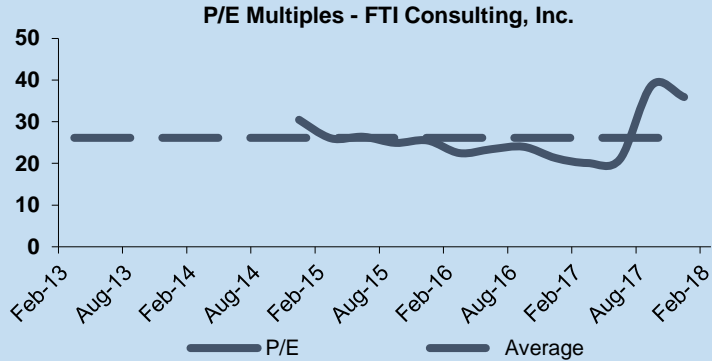
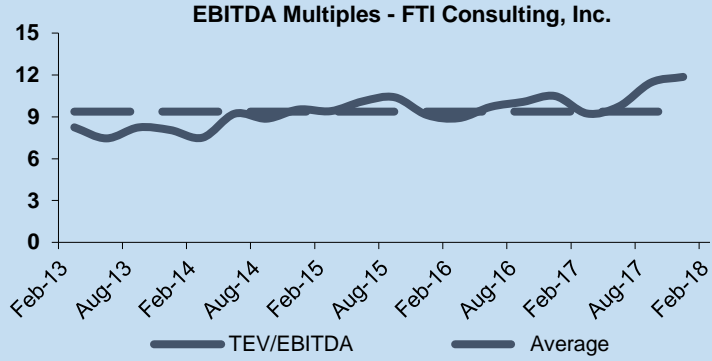
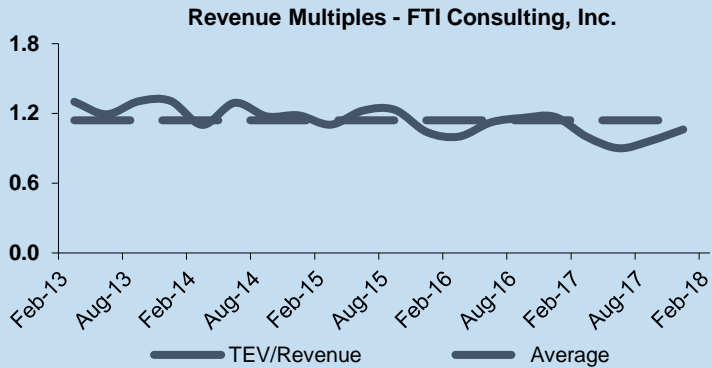
Date	Key Development Headline
9/7/17	Virtusa Corporation Seeks Acquisitions

PUBLIC BASKET CONSTITUENTS

FTI Consulting, Inc.

FTI Consulting, Inc. provides business advisory services to manage change, mitigate risk, and resolve disputes worldwide. The company's Corporate Finance & Restructuring segment provides business transformation, turnaround and restructuring, interim management, transaction, valuation and financial advisory, dispute advisory, and tax services, as well as mergers and acquisitions (M & A), and M & A integration services. Its Forensic and Litigation Consulting segment offers forensic accounting and advisory, global risk and investigations practice, dispute advisory, intellectual property (IP) related, civil trial, financial and enterprise data analytics, anti-corruption investigations and compliance, and health consulting services, as well as compliance, monitoring, and receivership services; and assistance in business insurance claims. The company's Economic Consulting segment provides financial, economic, and econometric consulting services; business and expert valuation, and expert testimony services; IP and international arbitration services; economic and statistical analyses services for labor and employment issues; services related to public policy and regulated industries, and healthcare economics and policy; and network and economic impact analysis, and securities litigation and risk management services. FTI Consulting, Inc. was founded in 1982 and is headquartered in Washington, District of Columbia.

Date	Key Development Headline
11/13/17	FTI Consulting, Inc. Seeks Acquisitions
7/5/17	FTI Consulting, Inc. (NYSE:FCN) acquired CDG Group, LLC.

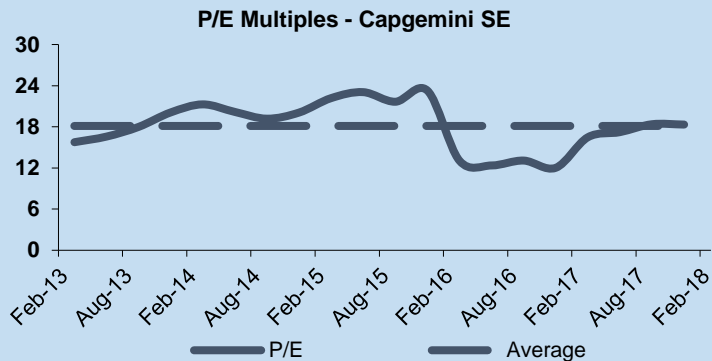
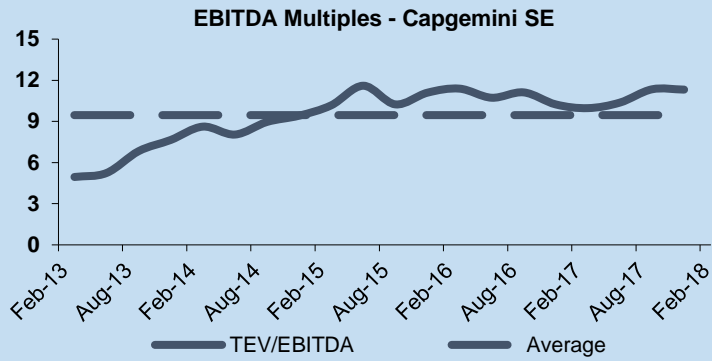
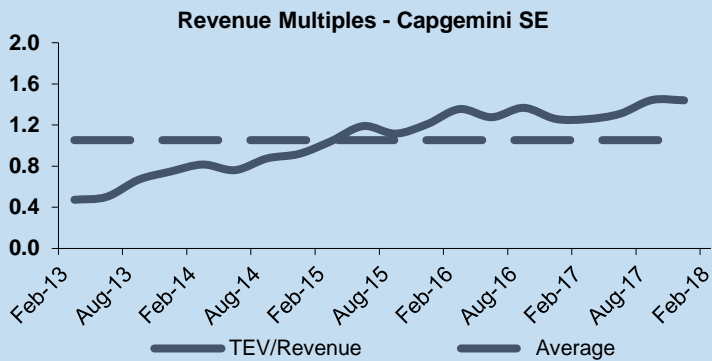


PUBLIC BASKET CONSTITUENTS

Capgemini SE

Capgemini SE provides consulting, technology, and outsourcing services. It operates through Consulting Services, Technology & Engineering Services, Application Services, and Other Managed Services segments. The company offers consulting services in the areas of digital transformation, strategy and transformation, supply chain management, finance transformation, people and performance, CIO strategy and transformation, accelerated solutions environment, and big data and analytics, as well as marketing, sales, and services. It also designs, develops, and implements technology projects; and provides system integration, and IT application development and maintenance services. In addition, the company integrates, manages, and/or develops client's IT infrastructure systems, transaction services, on-demand services, and/or business process outsourcing services; and offers professional technology services for applications, engineering, testing, and operations. ICapgemini SE was founded in 1967 and is based in Paris, France.

Date	Key Development Headline
9/25/17	Capgemini Seeks Investments
9/19/17	Capgemini SE (ENXTPA:CAP) agreed to acquire Lyons Consulting Group.
7/6/17	Capgemini SE (ENXTPA:CAP) agreed to acquire Radi Software Do Brasil Ltda. from McDonald's Corporation (NYSE:MCD).
5/22/17	Tradeshift Holdings Inc. completed the acquisition of IBX Business Network from Cap Gemini S.A. (ENXTPA:CAP).
3/22/17	Cap Gemini S.A. (ENXTPA:CAP) agreed to acquire Itelios.

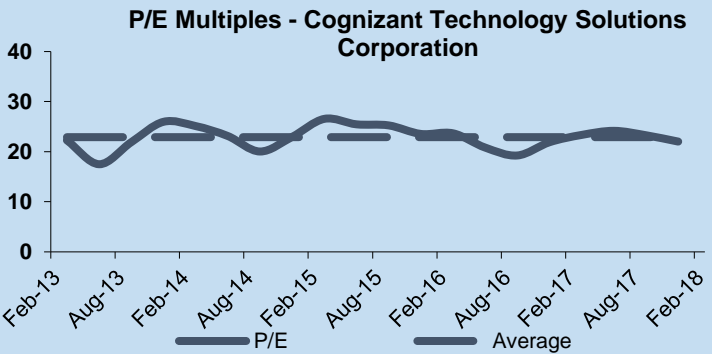
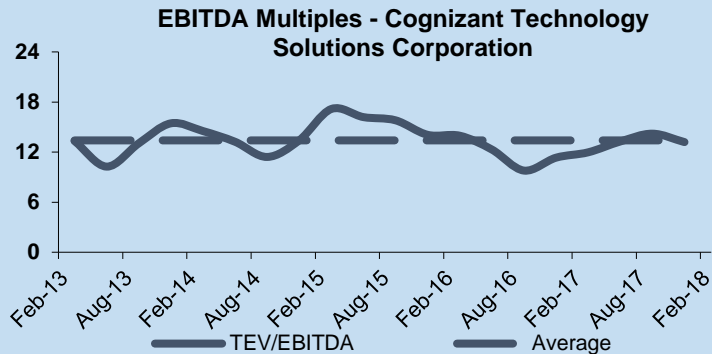
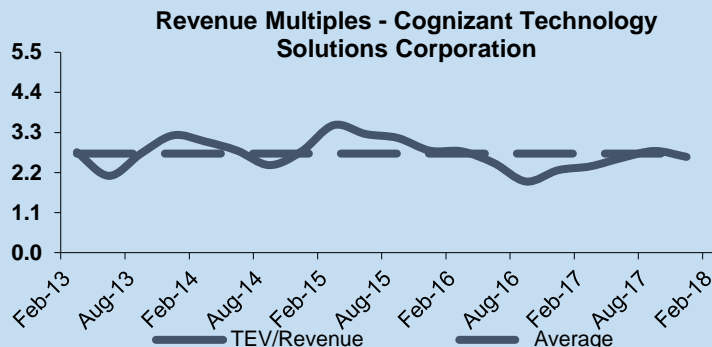


PUBLIC BASKET CONSTITUENTS

Cognizant Technology Solutions Corporation

Cognizant Technology Solutions Corporation provides information technology (IT), operations and technology consulting, infrastructure, and business process services worldwide. The company operates through four segments: Financial Services, Healthcare, Manufacturing/Retail/Logistics, and Other. Its consulting and technology services include strategy consulting, business and operations consulting, technology strategy and change management, and program management consulting services; application design and development; systems integration; and application testing, consulting, and engineering services, as well as enterprise information management services. The company also develops, licenses, implements, and supports proprietary and third-party software products for the healthcare industry, including solutions for health insurance plans, third party benefit administrators, and healthcare providers. In addition, it provides outsourcing services, such as application maintenance services; IT infrastructure services; and business process services comprising clinical data management, pharmacovigilance, equity research support, commercial operations, and order management services, as well as related services, including platform-based services. Cognizant Technology Solutions Corporation was founded in 1994 and is headquartered in Teaneck, New Jersey.

Date	Key Development Headline
10/25/17	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Zone Ltd from Business Growth Fund plc and others.
10/23/17	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) entered into an agreement to acquire Netcentric AG.
8/31/17	Cognizant Technology Mulls Acquisitions

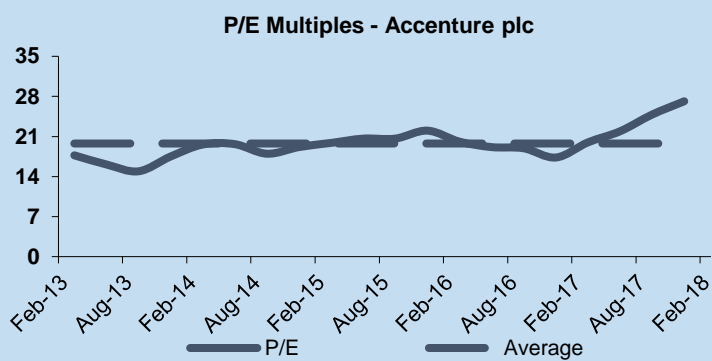
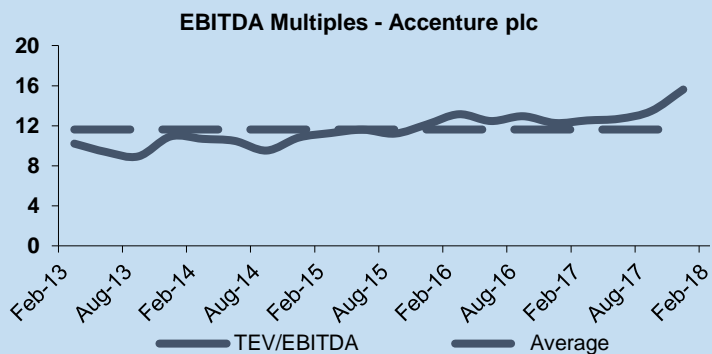
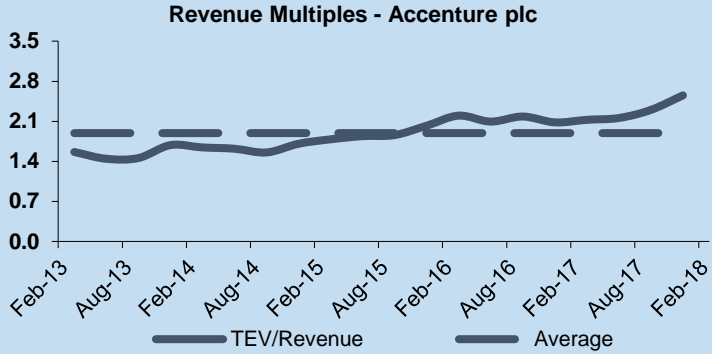


PUBLIC BASKET CONSTITUENTS

Accenture plc

Accenture plc provides consulting, technology, and outsourcing services worldwide. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, and enhance business results through industry-specific solutions for communications, media, and high tech industries, as well as for software platforms. The company's Financial Services segment offers services that address profitability pressures, industry consolidation, regulatory changes, and the need to continually adapt to new digital technologies. This segment serves clients in banking, capital markets, and insurance industries. Its Health & Public Service segment provides research-based insights and offerings, including consulting services and digital solutions to help clients deliver social, economic, and health outcomes. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
1/9/18	Accenture plc (NYSE:ACN) signed an agreement to acquire MACKEVISION Medien Design GmbH from GIMV NV (ENXTBR:GIMB) and other shareholders.
1/7/18	Accenture plc (NYSE:ACN) acquired Altima SAS from Capital Croissance SAS and others.
1/5/18	Faurecia and Accenture Join Forces to Reinvent Onboard Experience for Connected and Autonomous Vehicles
12/13/17	Accenture plc (NYSE:ACN) entered into an agreement to acquire Rothco.
11/17/17	Accenture and Pivotal Software, Inc. Launch New Business Group to Help Enterprises Accelerate Cloud Migration and Speed Software Development



CONTACT INFORMATION

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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