

D|A|DAVIDSON|*mcf*
INTERNATIONAL

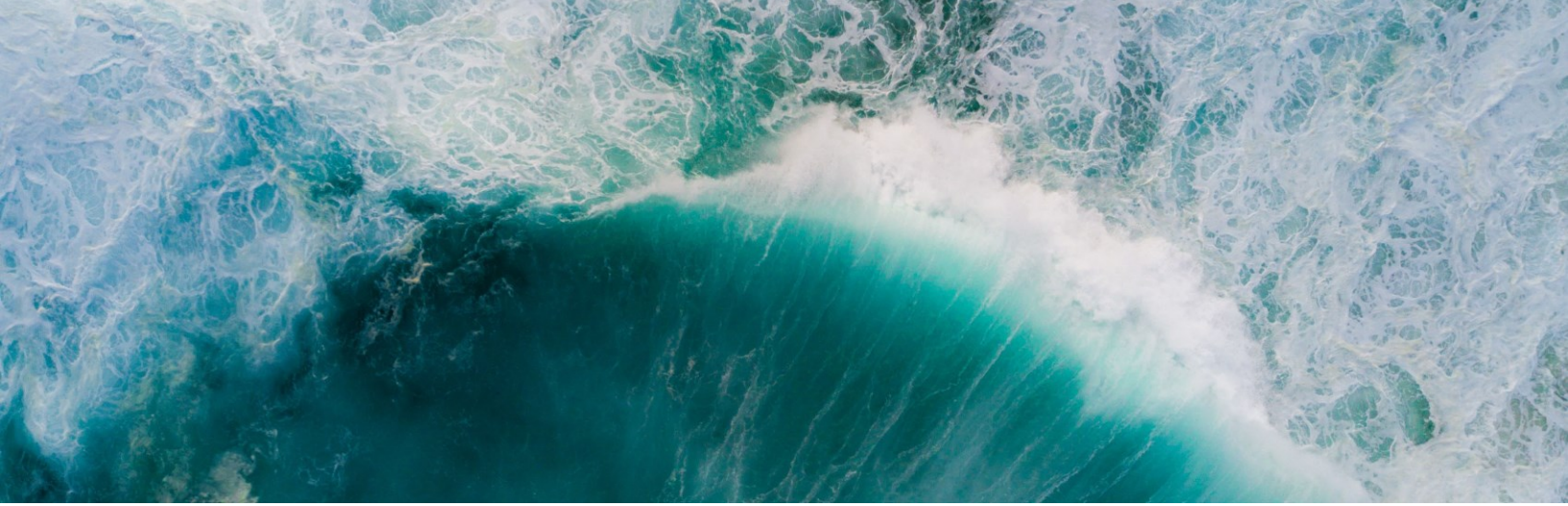
Spring

20
23

CLOUD CONSULTING SERVICES

INDUSTRY UPDATE

Hamburg | Helsinki | London | Stockholm | Frankfurt



A PARTNERSHIP THAT BRIDGES THE ATLANTIC

IN AN INCREASINGLY INTERCONNECTED WORLD, OUR CLIENTS REQUIRE A GLOBAL APPROACH

The D.A. Davidson MCF International brand is a strategic partnership between D.A. Davidson and MCF Corporate Finance. Together, we offer clients unparalleled access to a transatlantic M&A and debt advisory platform. Our team’s international expertise provides best-in-class capabilities to clients in the middle market.

BULGE BRACKET CAPABILITIES & BOUTIQUE FOCUS ON CLIENTS

D | A | DAVIDSON



D.A. Davidson is a US-based, employee-owned financial services firm offering a full-service platform spanning Investment Banking, Equity Research, Sales & Trading, Fixed Income Capital Markets and Wealth Management. With more than 1,500 employees and 100+ offices, we offer a reach that few firms can provide.

MCF Corporate Finance is a leading independent M&A and debt advisory firm with offices in Hamburg, Helsinki, London, Stockholm and Frankfurt. Our mission is to provide honest and relationship-driven advice, tailor-made to fit each client’s business journey.

173

Investment Banking Professionals

85+

M&A Transactions 2022

17

Transatlantic Locations

30+

Equity & Debt Financings

OUR TECHNOLOGY PRACTICE

BRINGING DEEP DOMAIN EXPERTISE ACROSS KEY VERTICALS

<p>APPLICATION SOFTWARE</p>	<p>FINTECH</p>	<p>INFRASTRUCTURE SOFTWARE</p>
<p>INTERNET & DIGITAL MEDIA</p>	<p>TECH-ENABLED SERVICES</p>	<p>COMMUNICATION & HARDWARE</p>

OUR TEAM OFFERS DIFFERENTIATED ADVICE TO LEADING TECHNOLOGY BUSINESSES

<p>ONE TEAM DEVOTED TO MIDDLE MARKET TECHNOLOGY TRANSACTIONS</p>	<p>DEEP VERTICAL EXPERTISE TRANSLATING INTO SUPERIOR RESULTS</p>	<p>GLOBAL M&A EXECUTION EXPERTISE PAIRED WITH LOCAL PRESENCE</p>
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D.A. Davidson MCF International's technology team offers honest, relationship-driven and informed advice to clients in sell-side and buy-side M&A, capital raises, strategic transactions as well as debt advisory.

We offer access to an international investor universe, using our comprehensive coverage of the financial sponsor space on both sides of the Atlantic. D.A. Davidson MCF International has an extensive list of successful references across a variety of transactions involving sponsors and trade buyers.

Our scale and deep domain expertise give us direct access to senior executives and decision makers at major strategic acquirers, ensuring that we have real time insights into market value drivers. Our joint practice is enriched by D.A. Davidson's proprietary equity research, market reports and thought leading industry events.

TECHNOLOGY REFERENCES

ONE OF THE MOST ACTIVE MID-MARKET TECH ADVISORY FIRMS

<p>TECHNOLOGY</p>  <p>has been acquired by Formica Capital-backed C-Resiliens</p> <p>FINANCIAL ADVISER</p> <p>2023 </p>	<p>TECHNOLOGY</p> <p> LiquidPlanner a portfolio company of</p> <p> TVC CAPITAL sold to</p> <p> Tempo a portfolio company of</p> <p> DIVERSIS CAPITAL</p> <p>SELL-SIDE ADVISER</p> <p>2023 </p>	<p>TECHNOLOGY</p> <p> ADWAY Automated Social Recruitment Marketing</p> <p>Series A Funding</p> <p> octopus ventures</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> CONNEXPAY</p> <p>has received an investment from</p> <p> FTV CAPITAL</p> <p> PANORAMIC F-PRIME VENTURES</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> earnup</p> <p>has received Series C investments from multiple companies</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>
<p>TECHNOLOGY</p> <p> PROTECH Performance Tech</p> <p>has received a growth equity investment from</p> <p> Arrowroot Capital</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> iPLYTICS</p> <p>sold to</p> <p> LexisNexis</p> <p>a portfolio company of</p> <p> RELX</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> seriline</p> <p>sold to</p> <p> FSN CAPITAL</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> etradingsoftware</p> <p>has received a significant investment from</p> <p> LDC BACKING AMBITION FOR 40 YEARS</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> NINJA TRADER ASSOCIATE OF ECONOMIC TRADING INSTITUTE</p> <p>a portfolio company of</p> <p> LONG RIDGE</p> <p>acquired</p> <p> tradovate</p> <p>BUY-SIDE ADVISER</p> <p>2022 </p>
<p>TECHNOLOGY</p> <p> Formulate</p> <p>sold to</p> <p> RELEX</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> confermapay</p> <p>sold to</p> <p> Sabre</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> platform.sh</p> <p>has received a significant growth investment from</p> <p> DIGITAL PARTNERS Morgan Stanley</p> <p>Revaia</p> <p>FINANCIAL ADVISER</p> <p>2022   </p>	<p>TECHNOLOGY</p> <p> GOFORE</p> <p>acquired</p> <p> emundo Software-Projekte & IT-Beratung</p> <p>BUY-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> Miradore</p> <p>a portfolio company of</p> <p> Standout Capital</p> <p>sold to</p> <p> GoTo</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>
<p>TECHNOLOGY</p> <p> TIER1 FINANCIAL SOLUTIONS</p> <p>a portfolio company of</p> <p> WAVECREST GROWTH PARTNERS</p> <p> salesforce ventures</p> <p> MassMutual</p> <p>sold to</p> <p> SS&C</p> <p>SELL-SIDE ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> Amenity</p> <p>a company backed by</p> <p> Allstate intel capital</p> <p> SOMV STARR COMPANIES</p> <p>sold to</p> <p> SYMPHONY</p> <p>SELL-SIDE ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> MARLIN EQUITY PARTNERS</p> <p>has made a significant equity investment into</p> <p> exegy</p> <p>and</p> <p> VELA</p> <p>BUY-SIDE ADVISER</p> <p>2021 </p>	<p>TECHNOLOGY</p> <p> Xantaro SERVICE INTEGRATION</p> <p>sold to</p> <p> K K A PARTNERS</p> <p>SELL-SIDE ADVISER</p> <p>2021 </p>	<p>TECHNOLOGY</p> <p> swarm64</p> <p>sold to</p> <p> servicenow</p> <p>SELL-SIDE ADVISER</p> <p>2021  </p>

CASE STUDY | GOFORE

THE DEAL

Gofore Plc ("**Gofore**"), a leading Finnish digital transformation consultancy listed on Nasdaq Helsinki has acquired eMundo GmbH ("**eMundo**"), a German specialist in digitalization and software development. MCF advised Gofore on this transaction from the identification and approach of eMundo through the entire transaction process to the successful closing of the acquisition.



eMundo is a big step in our consistent development in the German market, where we want to invest in local expertise and substantial customer relationships. eMundo shares the values we have followed throughout our 20-year journey: to be the best possible workplace and to succeed through the success of our customers."

Mikael Nylund
CEO GOFORE

GOFORE

ACQUISITION OF

e.mundo
Software Projects & IT Consulting



MCF's ROLE

Our expertise in the German IT consulting environment, coupled with a broad network of German SMEs, enabled a successful transaction. MCF helped identify, approach and analyze potential sellers, enabling a bilateral process with eMundo.

MCF led the due diligence and assisted the shareholders in negotiating and structuring the transaction to optimize both the valuation and the further terms of the future cooperation.

Together, eMundo and Gofore Germany will leverage their capabilities and reach to drive growth with existing and new customers based on their shared values.

CASE STUDY | CLOUDFLIGHT



Deutsche
Beteiligungs AG

ACQUISITION OF CATALYSTS AND
CRISP RESEARCH, FORMING

cloudflight



THE DEAL

DBAG, a German leading private equity investor listed on the SDAX acquired Austrian Catalysts GmbH, a specialist in agile software development and German Crisp Research AG, a research and consultancy firm specialized on cloud computing in 2019, which subsequently formed the Cloudflight group. MCF supported DBAG in arranging the debt financing of the acquisition.



We are now in a position to pursue a European growth strategy, which will be offering a holistic portfolio of services to our clients, as well as exciting areas of activity and attractive locations to our software developers.”

Christian Federspiel

Co-Founder and CEO Catalysts

Source: DBAG Press Release, May 2019

MCF's ROLE

Through our long-term expertise within the financing market and the structuring of competitive financing processes, MCF successfully advised DBAG on the arrangement of a unitranche financing for the acquisition of Catalysts and Crisp Research. The financing structure included an acquisition facility to enable strategic add-ons.

MCF led the selection of suitable financing parties and managed the communication with lenders as well as the negotiation of the financing documentation.

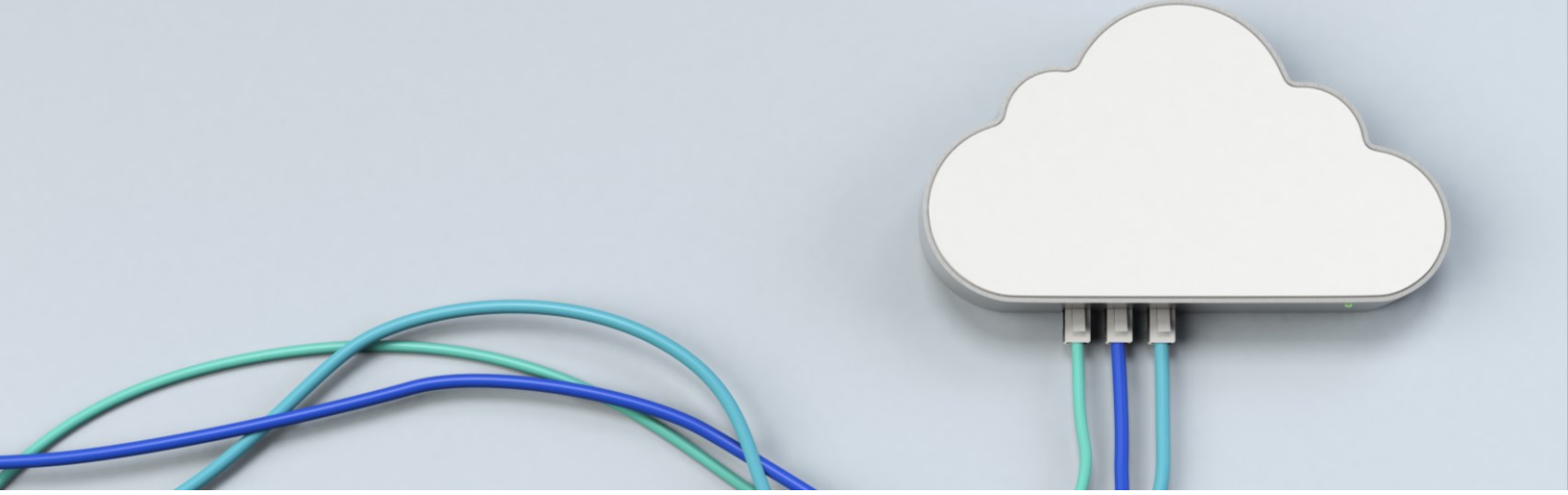
DBAG and the newly formed group used their joint expertise to support public sector clients, SMEs and corporates in implementing and accelerating their digital transformation.

GROWTH AREAS IN TECH-ENABLED SERVICES

INCREASING DEMAND FOR CLOUD CONSULTING SERVICES DRIVEN BY INNOVATION AND SHIFT TOWARDS DIGITIZATION

The Tech-Enabled Services sector is undergoing a period of rapid change and innovation. Emerging technologies such as artificial intelligence, machine learning, and IoT are transforming the way companies operate and serve their customers. As a result, companies are increasingly turning to Tech-Enabled Services providers for expertise and support. Within this sector, Cloud Consulting Services are an area that is particularly dynamic due to the increasing need for digital transformation, collaboration tools, and remote work solutions. As more organizations migrate their applications and data to the cloud, there is a growing need for expert advice and support to ensure a smooth transition and effective use of cloud technologies. The Cloud Consulting Services sector has experienced high M&A activity in recent years due to the rapid growth of cloud computing and the resulting demand for these services. This has led to consolidation within the industry, as larger firms acquire smaller ones with niche expertise and technology to offer a comprehensive suite of services to clients. This has led to increased competition and valuation levels within the sectors, as investors seek to capitalize on the strong market demand for these services.

Cloud Consulting Services are a rapidly expanding area with enormous growth potential. With the increasing demand for digital transformation and remote work solutions, cloud services are becoming a critical component of business operations. As the industry continues to evolve, we expect to see continued investment and M&A activity in this space.



INDUSTRY TRENDS AND DRIVERS IN CLOUD SERVICES

CLOUD MIGRATION

As more companies move their IT infrastructure to the cloud, cloud migration consulting services are in high demand. This involves assessing an organization's current infrastructure, identifying what can be migrated to the cloud as well as planning and executing the migration

AI & MACHINE LEARNING

Cloud computing is a key enabler of artificial intelligence (AI) and machine learning (ML), and many firms are seeking the expertise of consulting firms to help them leverage these technologies. Services include developing custom AI and ML applications or optimizing existing models as well as integrating AI and ML into existing business processes and IT infrastructures

SECURITY

Security is a top concern for companies moving to the cloud, and cloud consulting firms are offering services to help ensure that their clients' data and applications are secured. This includes implementing security controls, monitoring systems for potential threats, or providing training for staff

HYBRID SOLUTIONS

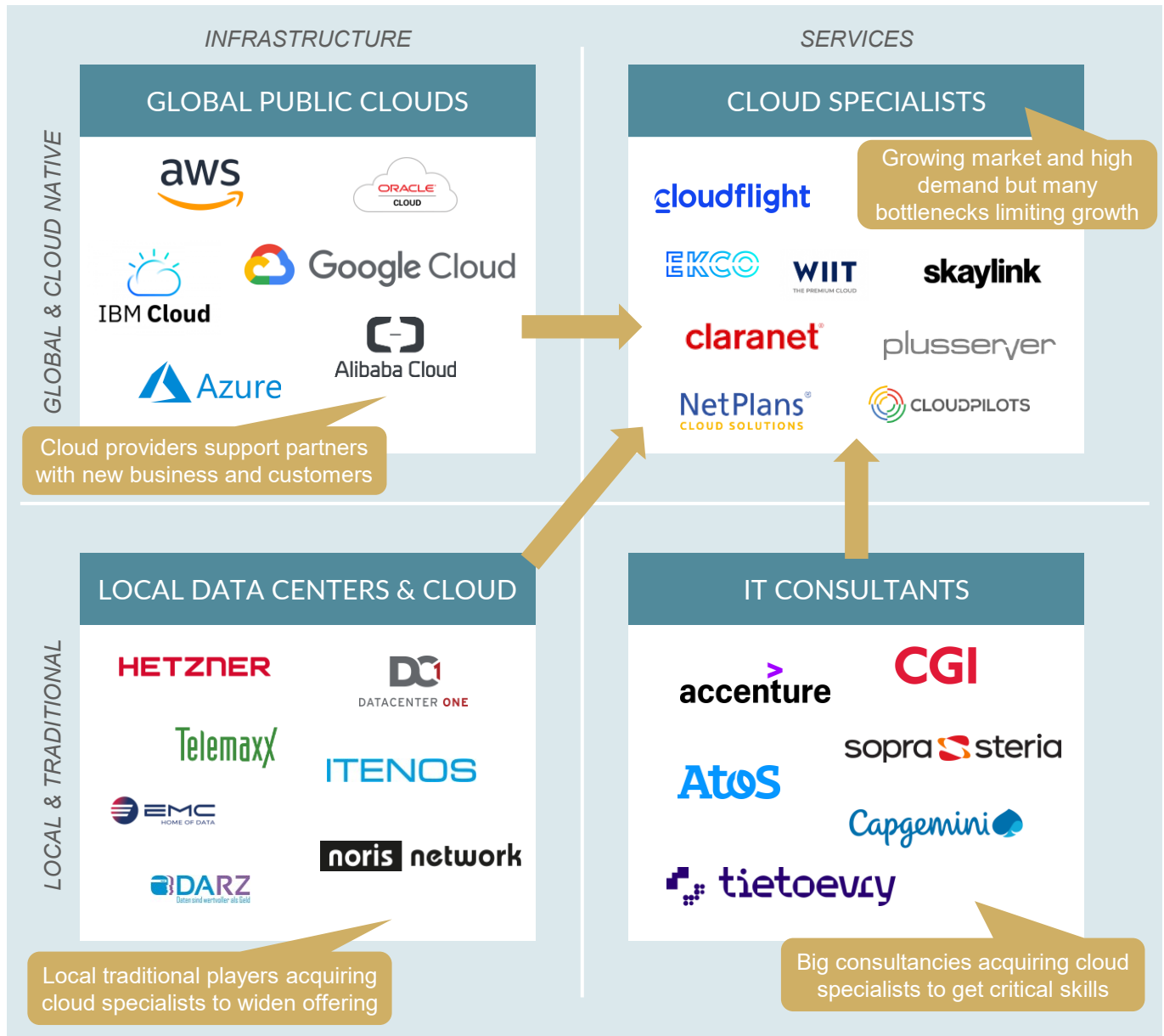
Many firms are opting for hybrid cloud solutions, which combine the benefits of both public and private clouds. This trend is driven by the need for flexibility and scalability, while also maintaining security and compliance

SERVERLESS COMPUTING

Serverless computing allows organizations to run code without the need for dedicated servers, reducing costs and increasing scalability. Cloud consulting firms are offering services to help clients implement serverless architectures and optimize their use of serverless technologies

CLOUD PLAYERS & DYNAMICS

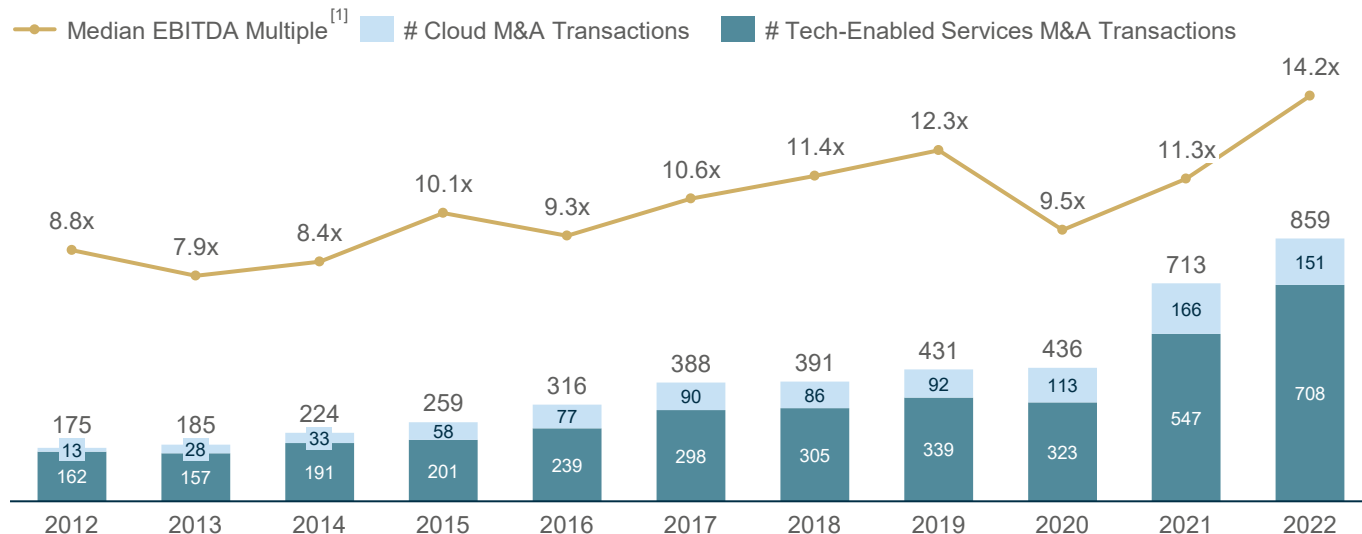
STRONG CONSOLIDATION DYNAMICS AS THE MARKET MOVES TO THE CLOUD



The cloud services market has been witnessing a significant surge in demand over the past few years, owing to the benefits of scalability, cost efficiency, and flexibility that it offers to businesses. As a result, the market has been growing at a rapid pace. Overall, the cloud services market is witnessing a dynamic and rapidly evolving landscape, with trends towards consolidation, hybrid and multi-cloud solutions, and the integration of cloud services with other technologies. As the market continues to mature, we can expect to see further consolidation and specialization among players, as well as the emergence of new players focused on specific regions and industries.












M&A ENVIRONMENT

DEVELOPMENT OF THE EUROPEAN M&A MARKET IN THE TECH-ENABLED SERVICES SEGMENT



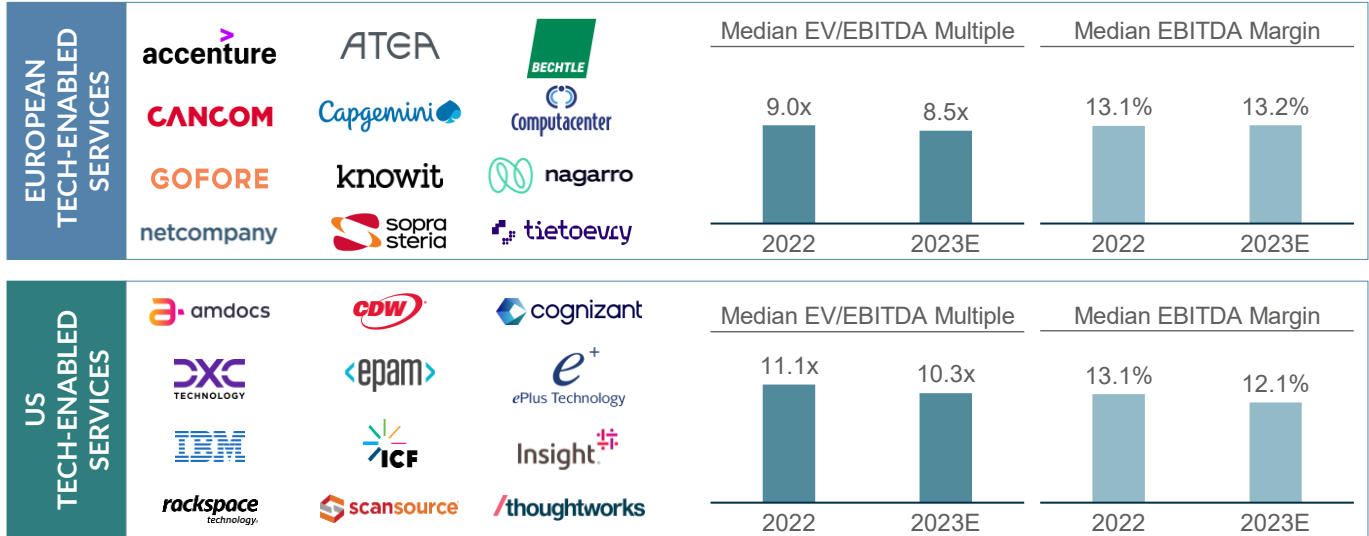
The European Tech-Enabled Services market has experienced a significant increase in demand, driven by the shift towards automation and digitization in industries, the need for innovative software solutions, and the acceleration of remote working and online services due to the COVID-19 pandemic. Investors and acquirers have shown a growing appetite for Tech-Enabled Service companies that have strong growth potential, particularly those offering cloud services. This trend has been evidenced by the surge in M&A activity in the sector, which has been further fueled by private equity firms actively seeking investment opportunities in companies with high growth potential and innovative solutions. This trend is likely to continue in the near future as the demand for digital services and innovative software solutions is expected to remain strong, as more companies embrace digital transformation and seek out ways to increase efficiency and reduce costs.

SELECTED M&A TRANSACTIONS

 <p>In March 2023, Sopra Steria has signed a conditional agreement to acquire Ordina NV, the Netherlands based provider of digital strategy and consulting, software development, data analytics, cloud services, and managed services.</p>  <p>Enterprise Value: €514m</p> 	 <p>In March 2023, Cognizant Technology Solutions Corp. has acquired Mobica Ltd, the United Kingdom based software development, technology consulting, cloud and integration company. Mobica is a cloud expert for AWS, Azure, GCP and other cloud environments.</p>  <p>Enterprise Value: €285m</p> 
 <p>In October 2022, Partners Group, the Swiss private equity firm, has acquired Cloudflight, the digital transformation expert offering digital consulting, cloud, data & AI, customer experience and design services. Cloudflight is a Microsoft gold partner.</p>  <p>Enterprise Value: €400m</p> 	 <p>In July 2021, Telefonica announced to acquire the UK & Ireland business of Cancom. Cancom offers professional and managed services in IT, cyber security and cloud solutions. Cancom UK&I is a certified Microsoft Gold Partner for 9 competencies.</p>  <p>Enterprise Value: €398m</p> 

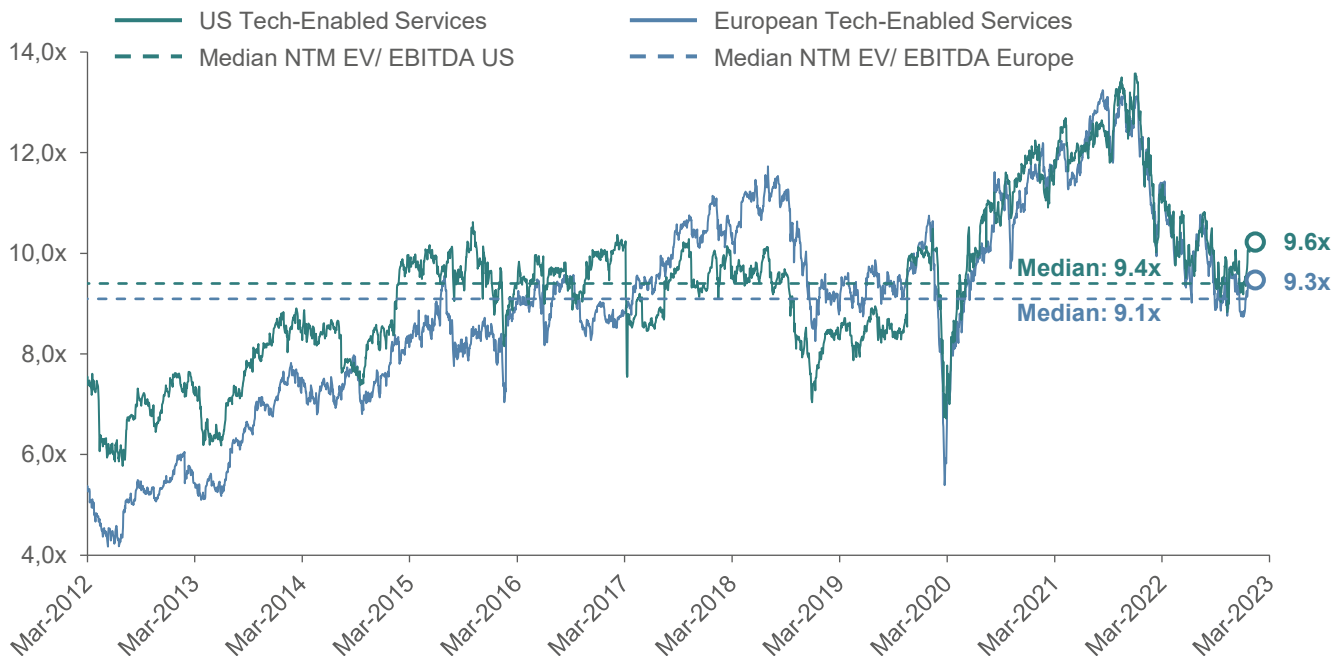
PUBLIC VALUATION ENVIRONMENT

PUBLIC TRADING MULTIPLES OF TECH-ENABLED SERVICES COMPANIES



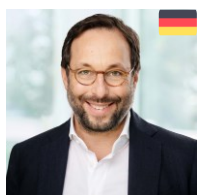
Since most companies in this sector focus on offering Tech-Enabled Services that are as holistic as possible, the peer group is divided based on regional origin. The European sector achieves stable profitability and is currently trading slightly lower than US competitors but above the European median. US companies have lower EBITDA multiples year-on-year due to the decline in Technology stocks in the US last year. As with European peers, the US companies are currently trading above the 10-year median.

NTM^[1] EV/ EBITDA DEVELOPMENT OF TECH-ENABLED SERVICES COMPANIES^{[2][3]}





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