



Houlihan
Lokey

IT Services

Market Update—Winter 2023



About Our Firm

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

CORPORATE FINANCE

2023 M&A Advisory Rankings
All Global Transactions

Advisor	Deals
1 Houlihan Lokey	352
2 Rothschild & Co	349
3 Goldman Sachs & Co	300
3 JP Morgan	300
5 Morgan Stanley	253

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

No. 1

Global M&A Advisor

Leading

Capital Markets Advisor

FINANCIAL RESTRUCTURING

2023 Global Distressed Debt &
Bankruptcy Restructuring Rankings

Advisor	Deals
1 Houlihan Lokey	73
2 PJT Partners Inc	64
3 Rothschild & Co	51
4 Lazard	37
5 Evercore Partners	27

Source: LSEG (formerly Refinitiv).

No. 1

Global Restructuring Advisor

1,700+

Transactions Completed Valued at
More Than \$3.5 Trillion Collectively

FINANCIAL AND VALUATION ADVISORY

1999–2023 Global M&A
Fairness Advisory Rankings

Advisor	Deals
1 Houlihan Lokey	1,247
2 JP Morgan	1,035
3 Duff & Phelps, A Kroll Business	977
4 UBS	884
5 Morgan Stanley	716

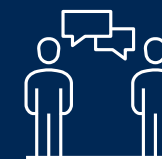
Source: LSEG (formerly Refinitiv).
Announced or completed transactions.

No. 1

Global M&A Fairness Opinion
Advisor Over the Past 25 Years

2,000+

Annual Valuation Engagements



Learn more about how
our advisors can serve
your needs:

Corporate Finance →

Financial Restructuring →

Financial and
Valuation Advisory →

Our Industry Coverage →

Our clients benefit from our local presence and global reach.



36 Locations Worldwide ~2,000 Total Financial Professionals 312 Managing Directors⁽¹⁾ 2,000+ Clients Served Annually \$8.3B Market Cap⁽²⁾ \$1.8B Annual Revenue⁽³⁾

- AMERICAS**
- Atlanta
 - Baltimore
 - Boston
 - Charlotte
 - Chicago
 - Dallas
 - Houston
 - Los Angeles
 - Miami
 - Minneapolis
 - New York
 - San Francisco
 - São Paulo
 - Washington, D.C.

- EUROPE AND MIDDLE EAST**
- Amsterdam
 - Antwerp
 - Dubai
 - Frankfurt
 - London
 - Madrid
 - Manchester
 - Milan
 - Munich
 - Paris
 - Stockholm
 - Tel Aviv
 - Zurich

- ASIA-PACIFIC**
- Beijing
 - Fukuoka
 - Gurugram
 - Hong Kong SAR
 - Mumbai
 - Shanghai
 - Singapore
 - Sydney
 - Tokyo

(1) As of December 31, 2023; excludes corporate MDs.
 (2) As of January 31, 2024.
 (3) LTM ended December 31, 2023.

Fully Integrated Financial Sponsor Coverage

29 Senior officers dedicated to the sponsor community in the Americas and Europe

1,100+ Sponsors covered, providing market insights and knowledge of buyer behavior

730+ Companies sold to financial sponsors over the past five years



About Our Business Services Industry Group

Houlihan Lokey's Business Services Group combines extensive industry relationships with substantial experience to offer a broad array of M&A, corporate finance, restructuring, and financial and valuation advisory services to the business services industry.

Business Services: No. 1 for All Global Transactions

2023 M&A Advisory Rankings
All Global Business Services Transactions

Advisor	Deals
1 Houlihan Lokey	63
2 Rothschild & Co	46
3 Lincoln International	32
4 Clearwater International	31
5 Goldman Sachs & Co	27

Based on the number of transactions and according to data provided by LSEG (formerly Refinitiv), Houlihan Lokey was ranked the

No. 1

investment bank for all global business services M&A transactions in 2023.



Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

Selected Business Services Industry Transactions

The grid displays 12 transaction cards, each with a company logo and advisor information:

- SPARQ** (a portfolio company of BainCapital GROUP SERVICE) has been acquired by QUANTUM ESCROW. Sellside Advisor.
- OVLS** (a portfolio company of TSQUARED CAPITAL) has acquired Texas Molecular. Buy-side Advisor.
- OPEN HEALTH** (a portfolio company of AMULET CAPITAL) has been acquired by aetorq. Sellside Advisor.
- SANNETT FLEMING** has received a strategic investment from OCEAN SOUND PARTNERS. Sellside Advisor.
- HILL International** has been acquired by GISI. Sellside Advisor & Fairness Opinion.
- Odyssey** has acquired MAGNA. Buy-side Advisor.
- HOST HEALTHCARE** has been acquired by Medical Solutions (a portfolio company of Centerbridge and CDPO). Sellside Advisor.
- WILLIAMS MARSTON** (a portfolio company of ALIGN CAPITAL PARTNERS) has been acquired by KELSC. Sellside Advisor.
- PHENNA GROUP** (a portfolio company of inflexion) has received secondary investment from Oakley Capital. Sellside Advisor.
- us ecology** has been acquired by REPUBLIC SERVICES. Sellside Advisor.
- REVHEALTH** has received an investment from WINDROSE. Sellside Advisor.
- OCEAN TOMES** (a portfolio company of BOW RIVER) has been acquired by JSHELD (a portfolio company of KELSO). Sellside Advisor.

Industry Sector Coverage

We cover a broad array of sectors, with financial professionals dedicated to each of our primary coverage areas.



BPO Services



Engineering and Infrastructure



Environmental Services



Equipment-as-a-Service



Facility and Residential Services



HCM Services



IT Services



Marketing Services



Pharma Commercialization



Specialty Consulting and Risk Services



Testing, Inspection, Certification, and Compliance



Training and Education



Transportation and Logistics

Key Facts and Figures

170+

Dedicated Business Services Financial Professionals

63

Completed Business Services M&A/Private Placement Transactions in CY23

About Our IT Services Team

The IT services sector operates across both Houlihan Lokey's Business Services and Technology groups and has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital-raising, restructuring, and financial and valuation advisory services.

Our clients run the gamut from early-stage businesses and mid-sized companies to large, publicly traded corporations. We understand that an industry driven by innovation and change requires the sophistication of an advisor who can think ahead of the market and utilize solid industry relationships to help advance your vision. We optimize client outcomes by running executed, competitive processes, focusing on deep domain knowledge to position for synergy and scarcity value, and leveraging our world-class strategic and private equity access to bring the right senior decision-makers to the negotiation table.

Subsector Coverage



Cyber



Digital Transformation



IT Consulting



IT Solutions



Managed Services



Software Development/
Engineering

Featured Transactions

ZURI GROUP
has formed a strategic partnership with
MissionWired
a portfolio company of
STONE GOFF
Sellside Advisor

TENZING
has acquired a majority share in
Mahr EDV
Sönngstfrei arbeiten!
Buiside Advisor

bridging IT
Gruppe
has sold a majority stake to
SPIE
Sellside Advisor

CARLYLE
has acquired a majority stake in
NEVERHACK
formerly known as
PROPHECY
a portfolio company of
IK Partners
Buiside Advisor

SPARQ
a portfolio company of
BainCapital
DOUBLE IMPACT
has been acquired by
HARVEST
ASCEND
Sellside Advisor

VISTRIA
has made a strategic investment in
MGT
a portfolio company of
TRIVEST
Buiside Advisor

TXO
has been acquired by
TOWERBROOK
Sellside Advisor

NETROM
SOFTWARE
a portfolio company of
ICELAKE
has been acquired by
INVESTCORP
TECHNOLOGY PARTNERS
Sellside Advisor

mobica
a portfolio company of
inflexion
has been acquired by
cognizant
Sellside Advisor

Deutsche
Beteiligungs AG
has sold its stake in
cloudflight
to
Partners Group
REALIZING POTENTIAL IN PRIVATE PROJECTS
Sellside Advisor

launch
a portfolio company of
TA GROUP HOLDINGS
has been acquired by
The Planet
Group
a portfolio company of
Odyssey
SUSTAINABLE INVESTMENT
Sellside Advisor

OCI
and partners group + spira
has received a minority partnership
investment from
CHEQUERS
CAPITAL
Sellside Advisor

NEUDESIC
has been acquired by
IBM
Sellside Advisor

INTERLOCK
EQUITY
has made a growth investment in
APPLY
DIGITAL
Buiside Advisor

AUCTUS
has sold its stake in
DATAIDERS
to
Rivean
Capital
Sellside Advisor

netrics
a portfolio company of
WATERLANE
PRIVATE EQUITY INVESTMENTS
has been acquired by
BregalUnternehmerkapital
Sellside Advisor

Tombstones included herein represent transactions closed from 2021 forward.

About Our IT Services Team

Leadership



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Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

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 [Request a Meeting](#)

Join Us at Our Upcoming Spring and Fall Conferences

Attendees will gain insights into the market dynamics and strategies employed within a variety of business services sectors and participate in insightful discussions on the state of the market and current issues.



BPO Services



Engineering and Infrastructure



Environmental Services



Equipment-as-a-Service



Facility and Residential Services



HCM Services



IT Services



Marketing Services



Pharma Commercialization



Specialty Consulting and Risk Services



Testing, Inspection, Certification, and Compliance



Training and Education



Transportation and Logistics



Presentations From Highly Successful Companies



Targeted One-on-One Meetings

1,000+

Registered Conference Attendees

2024 Global Business Services Spring Summit

April 17–18, 2024
Virtual Conference



Register Today

2024 Global Business Services Conference

October 10, 2024
Lotte New York Palace



Request an Invite

Interested in presenting your company at our conferences?



Email Us

Introduction IT Services Market Update

The Houlihan Lokey IT Services Index⁽¹⁾ outperformed the S&P 500, ending up 20% at the end of the year over June 30. On the year, global IT spending growth has slowed to 4.4% in 2023. However, Gartner projects a rebound to 6.8% in 2024, with total IT spend to exceed \$5 trillion in 2024.

IT services firms have been adversely affected by general uncertainty throughout the market, which has directly translated to tighter IT budgets across industries. Corporate IT spend has been concentrated in mission-critical segments of IT services, while at the same time, organizations seek opportunities to minimize costs. This has led to greater dependence on lower-cost delivery alternatives outside of the U.S., including software development and managed services from Asia and Eastern Europe. This pressure, combined with the geopolitical instability and disruption coming first from Ukraine and now the Middle East, has also accelerated the continued emergence of nearshoring, better defined as the outsourcing of work for U.S.-based customers to Latin America. This outsourcing of work outside of the U.S. has predictably been a boon to the performance of the offshore IT services leaders, which, as an index, has outperformed other IT services providers throughout 2023. To keep up with the growing demand for nearshore services, Globant announced a five-year, \$1 billion investment plan into Latin America to strengthen its presence in the region.⁽²⁾

Public company growth rates have slowed compared to 2020–2022, with IT Services public comparable companies showing single-digit growth or even slight contractions in the winter 2023 period. The private sector reflects much of the same, although some top performers are exhibiting double-digit growth rates in 2023. Many of these companies share a common theme—a lower-cost and flexible delivery model such as nearshoring or offshoring and/or the ability to embed within accounts and represent the majority or even the entirety of a client’s software development team. Such footholds continue to reap rewards for companies that can establish them.

Transaction activity in winter 2023 was headlined by firms typically included in the Houlihan Lokey IT Services Index. Strategics and PE-backed strategics led M&A activity, including Insight’s acquisition of software development provider Amdaris and GCP solution provider SADA and Nearform’s acquisition of DX and MACH consultancy Formidable. Still, some notable PE transactions, such as Audax’s acquisition of Cybersecurity VAR Guidepoint, hint at the continued appetite from sponsors.

Sources: Gartner (data as of September 28, 2023), earnings call transcripts, S&P Capital IQ.











(1) The Houlihan Lokey IT Services Index consists of a diversified set of 17 companies across the IT services sector. See pages 18 and 19 for a complete list.

(2) “Globant Announces \$1 Billion USD Investment in Latin America,” PR Newswire, August 10, 2023.



Featured Sector News

Notable events from winter 2023 include the continued investment in hyperscaler partnerships to advance generative AI capabilities and collaboration among hyperscalers and cybersecurity-focused managed services providers to ensure secure solutions.

Date	Company	Description	Article Link
12/19/2023	 HCLTech	HCLTech has signed a service provider agreement with Red Hat Inc. to offer managed services for its enterprise open-source solutions, further expanding its hybrid, multi-cloud strategy and commitment to providing flexible and secure solutions for organizations in North America.	Read More
12/13/2023	 IBM	IBM has signed a contract with NATO to improve the Alliance’s cybersecurity posture through a custom-made asset management service and unified security solution, utilizing its global security expertise.	Read More
11/30/2023	 Wipro	Wipro and AWS are collaborating to create a cloud-based platform called the Lab of the Future to address inefficiencies and fragmentation in lab processes in the life sciences industry.	Read More
11/28/2023	 Wipro	Wipro has launched a Continuous Compliance Solution in partnership with Amazon Web Services, using Amazon Security Lake to centralize security data and provide ongoing visibility into compliance posture and governance for businesses in a constantly changing regulatory landscape.	Read More
11/27/2023	 TCS TATA CONSULTANCY SERVICES	TCS has launched an AWS generative AI practice, utilizing responsible AI frameworks and PacePort™ innovation hubs to help clients transform their value chain and achieve superior business outcomes through the use of generative AI services.	Read More
11/20/2023	 Persistent	Persistent has launched an open-source maintenance service, partnering with Lineaje, to quickly and effectively address delays in upgrades and fixes for applications using open-source components, ensuring compatibility and compliance through fast, high-quality, secure solutions.	Read More
10/26/2023	 Infosys	Infosys has entered into a five-year collaboration with smart Europe GmbH to improve its D2C business model, enhance customer experience, and utilize machine learning to forecast sales and aftersales demand for its electric vehicles, utilizing its expertise in automotive sales and e-commerce processes.	Read More
10/23/2023	 Atos	Atos shares fell by 12% and reached a historic low as French lawmakers called for the company’s nationalization, potentially jeopardizing a deal with Czech billionaire Daniel Kretinsky, who was brought in to help turn the company around after the appointment of former UniCredit CEO Jean-Pierre Mustier as chairman.	Read More
10/18/2023	 MACH ALLIANCE	The MACH standard is rapidly gaining traction, and even well-established software vendors are adopting it, leading to a more complex admissions process with stricter guidelines for certification, outlined in the new Admissions Playbook.	Read More
9/28/2023	 IBM	The new IBM Transformation Index helps business leaders assess gaps in their cloud transformation journey, with many respondents expressing concerns about security and compliance, as well as a lack of skills to manage cloud environments.	Read More

Sources: Company websites, press releases.

Selected Transactions Executed by Houlihan Lokey's IT Services Team

Houlihan Lokey Advises Auctus



- Houlihan Lokey is pleased to announce that AUCTUS has sold its stake in Dataciders, one of the leading providers of data and analytics services in Germany, to Rivean Capital. The transaction was completed on 31 January 2024.
- Dataciders is a leading data and analytics domain expert headquartered in Dortmund, Germany. The group has more than 500 employees providing end-to-end digitalization services for enterprise customers. Dataciders offers a broad range of services, including data strategy, data science, preprocessing of data for AI applications, software engineering, data management, business intelligence, and analytics. In the most recent Lünendonk List, Dataciders ranked second among data and analytics specialists in the DACH region.
- With more than 400 transactions completed since 2001, AUCTUS is a leading private equity investor for European SMEs. AUCTUS focuses on taking controlling interests in companies with annual revenues of €10 million to €150 million within the scope of succession solutions, buy-and-build concepts, and corporate carve-outs. The company has more than 35 experienced investment specialists currently looking after 47 platform investments from diverse segments and with total annual revenues of over €2 billion.
- Rivean Capital, a European private equity firm, and the management team of Dataciders have agreed to acquire the latter from investment funds advised by AUCTUS. The goal of the partnership is to provide the group with capital and strategic expertise for the next phase of its growth and to establish it as the segment leader in the German-speaking region (DACH).
- Houlihan Lokey served as the financial sellside advisor to AUCTUS and the founders, supporting all aspects of the transaction.

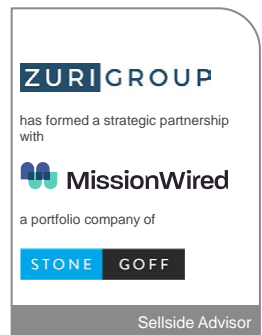
Houlihan Lokey Advises Waterland



- Houlihan Lokey is pleased to announce that Netrics, a portfolio company of Waterland, has been acquired by Bregal Unternehmerkapital. The transaction closed on December 20, 2023.
- Formed as a merger of the Waterland portfolio companies Netrics, Tineo, and nexellent, Netrics has developed into one of the largest and most powerful cloud and modern workplace providers in Switzerland. In the past two years, Netrics has completed two further acquisitions: BlueStone Consulting and PageUp.
- Netrics currently serves more than 600 enterprise and SME customers from diversified industries, allowing employees to work in a modern, efficient, and secure way. The company is a 10-time Microsoft Gold Partner for applications—cloud and modern workplace—employing approximately 140 people across four offices in Switzerland. Netrics also founded an independent consulting boutique for the digitalization of the workplace in Basel under the name AliceBlue AG.
- Bregal Unternehmerkapital is a leading family-backed investment firm with offices in Zug, Munich, and Milan. As a part of a family-owned business that has grown over several generations, the funds advised by Bregal Unternehmerkapital invest in mid-sized companies based in Germany, Austria, Switzerland, and Northern Italy.
- Houlihan Lokey acted as the exclusive financial advisor to Waterland.

Selected Transactions Executed by Houlihan Lokey's IT Services Team (cont.)

Houlihan Lokey Advises Zuri Group



- Zuri Group, Inc., a strategy and technology consulting firm, has formed a strategic partnership with MissionWired, a portfolio company of Stone-Goff Partners.
- Zuri Group, a digital consultancy focused on leveraging leading technology platforms and delivering digital services to nonprofits, has formed a partnership with MissionWired, a provider of tech-enabled marketing and data services that support nonprofit and political clients in digital fundraising. With deep expertise in Blackbaud and Salesforce, Zuri Group helps its nonprofit clients design and implement their technology stacks to more effectively connect with supporters, convert more donors, and deliver powerful insights. MissionWired's acquisition of Zuri Group is part of an ongoing trend to align technology, data, and marketing services.
- "Organizations' tech stacks need to be as unique as the organizations themselves to help them achieve success and see their missions forward," said John Murphy, Founder and CEO of Zuri Group. "We are thrilled to combine our technical expertise with MissionWired's unique ability to innovate and shatter records. We are confident this will allow us to support nonprofits and universities in entirely new ways."
- "This partnership is based on the strategic and technological resources of both firms, immediately providing an expanded set of products and services to a critical set of end-users," said Hannah Stone Craven, Co-Founder of Stone-Goff Partners.
- Houlihan Lokey served as the financial advisor to Zuri Group.

Houlihan Lokey Advises Tenzing



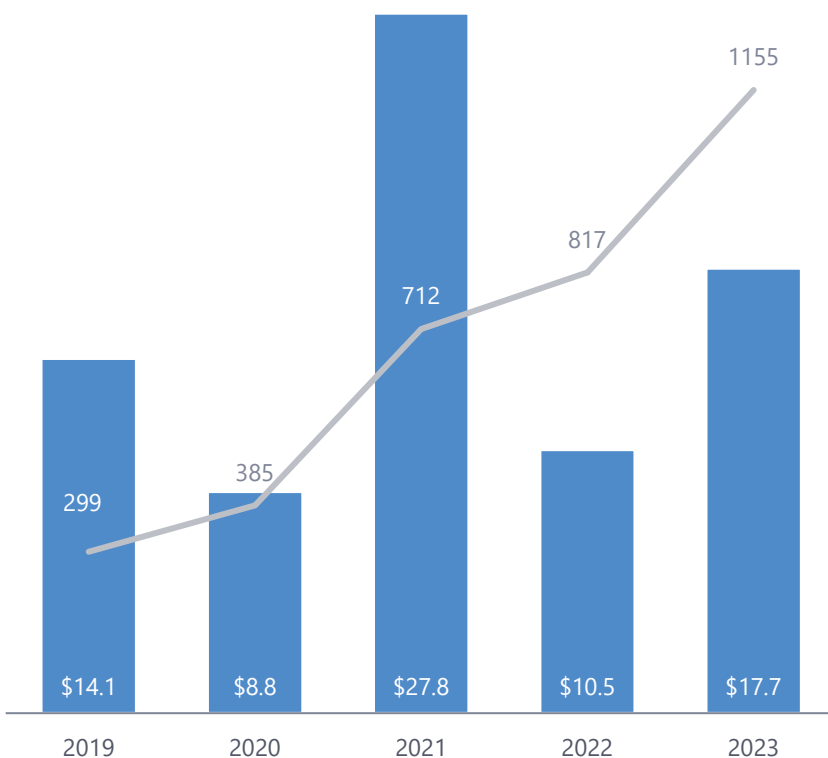
- European tech investor Tenzing has acquired a majority share in Mahr EDV (Mahr), a managed IT service provider catering to small and medium-sized enterprises (SMEs). This collaboration marks a significant milestone for Tenzing as its first European investment since expanding into the DACH region in January 2023. The transaction was completed on September 28, 2023.
- Tenzing is a founder-focused, growth equity investor investing in tech and tech-enabled businesses in the U.K. and Europe. The company helps entrepreneurs realize the value of their business to help them grow. Mahr is the ninth investment within Tenzing's £400 million Fund II, which started investing in 2021, and is one of 16 high-growth businesses within the Tenzing portfolio.
- Established in 1999 by visionary CEO Fabian Mahr, Mahr is headquartered in Berlin. With a strong presence across Germany, including key locations such as Düsseldorf, Cologne, Dresden, Leipzig, Essen, and Hamburg, Mahr boasts a dynamic team of more than 180 experts. Its dedicated workforce caters to a diverse client base comprising more than 600 SME customers, primarily situated in Germany.
- Mahr's distinctive outsourcing solution alleviates the burden on SMEs, who often grapple with the pressure of securing in-house IT specialists amid fierce competition. The company's unwavering commitment to delivering unparalleled customer service has garnered recognition in the leading DACH IT services study "Beste IT Dienstleister", voted by IT decision-makers from 2,500 SMEs and conducted by ChannelPartner and iSCM market research institute, where Mahr clinched the top spot in categories including Domain Expertise, Strategic Customer Understanding, and Response Time among over 700 IT service providers.
- Houlihan Lokey served as the exclusive financial advisor to Tenzing.

Additional Winter 2023 IT Services M&A Highlights

Transaction Value and Deal Volume

(\$ in Billions)

■ Disclosed Value (\$B)



Source: S&P Capital IQ as of December 31, 2023.

Additional Notable Transactions

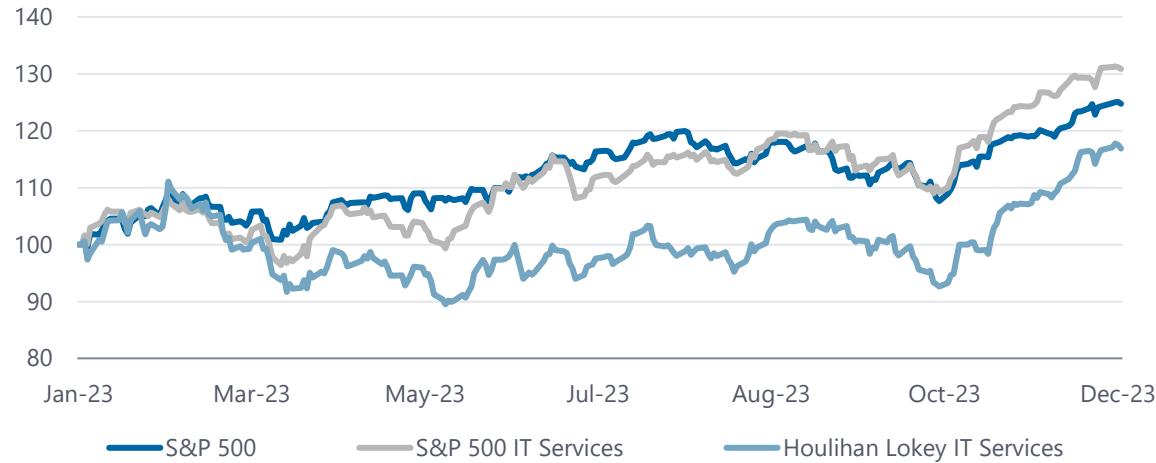
Date	Acquirer	Target(s)
1/11/2024	accenture	NAVISITE
1/10/2024	ICREON	CHANGE CX
12/20/2023	Ntiva Managed IT & Cloud Services	Middleground CONNECTED
12/13/2023	cognizant	THIRDERA
12/12/2023	GlobalLogic	katzion
12/4/2023	H I G CAPITAL	Mainline INFORMATION SYSTEMS
12/1/2023	KPMG	iCom BUSINESS SERVICES
12/1/2023	Insight.	SADA™
10/10/2023	ABS Capital and Audax Group	GUIDEPOINT SECURITY
10/10/2023	NearForm	Formidable
9/13/2023	GTCR	FOUNDATIONSOURCE
9/5/2023	BainCapital and OROGEN™	brillio
8/15/2023	GALLANT CAPITAL	DYNTEK
8/14/2023	Hero DIGITAL	AVIONOS
7/11/2023	SVERICA	ZYSTON

Key Market Trends

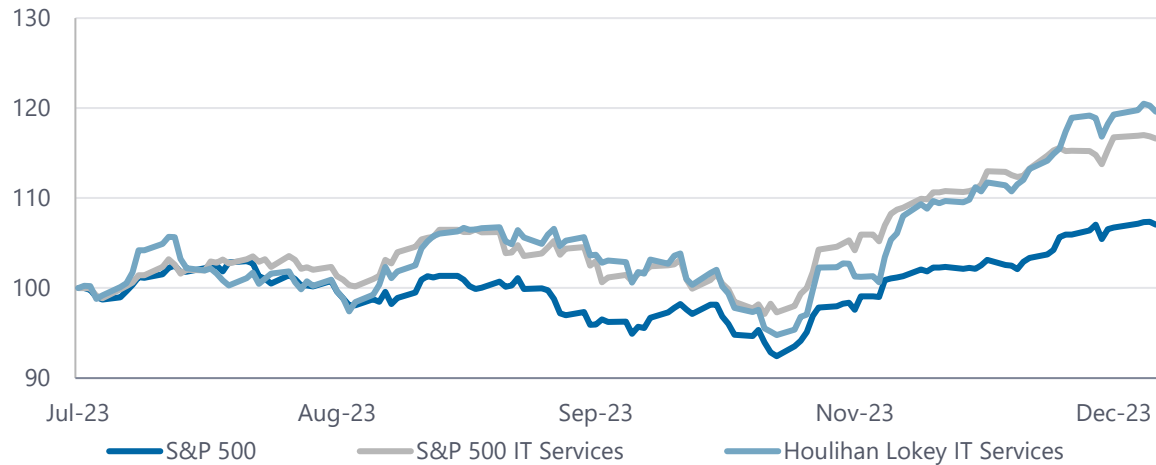
- Compared to Q4 2022, Q4 2023 deal activity decreased by 13% in total volume; however, Q4 2023 increased 168% in disclosed transaction value.
- Compared to Q3 2022, Q3 2023 deal activity increased 56% in total volume and 591% in disclosed transaction value.
- A continued theme this winter was the demand for assets in the cybersecurity and risk management category, including Audax's acquisition of Guidepoint, Gallant Capital's acquisition of DynTek and rSolutions, and Sverica's acquisition of Zyston.
- Strategic demand for elite partners in leading ecosystems also remains prominent, with Cognizant's acquisition of Thirdera (ServiceNow) and Insight's acquisition of SADA (GCP).

Equity Market Index Performance

LTM Dec 2023 Performance



July–December 2023 Performance



Key Market Trends

- From July to December, the Houlihan Lokey IT Services Index outperformed the S&P 500 IT Services Index and the S&P 500 while underperforming both indices in the LTM December period.
- Within the Houlihan Lokey IT Services Index, offshore IT services firms continued to outperform global and next-gen IT services firms, as offshore outsourcing demand has remained strong compared to general IT services spend.
- Each firm in the Offshore IT Services Index outperformed year-over-year, particularly Persistent (NSE:PERSISTENT), which closed up 90% at the end of Q4.
- The Next-Gen IT Services Index continued to underperform within the IT Services Index, particularly Thoughtworks (NASDAQ:TWKS), which closed down 53% at the end of the quarter and is undergoing a cost restructuring plan announced in Q2 2023.

Source: S&P Capital IQ.

Notes: Data as of December 31, 2023. All share prices rebased to 100.

(1) The Houlihan Lokey IT Services Index consists of a diversified set of 17 companies across the IT services sector. See pages 18 and 19 for a complete list.

Equity Market Index Performance IT Services Subsectors

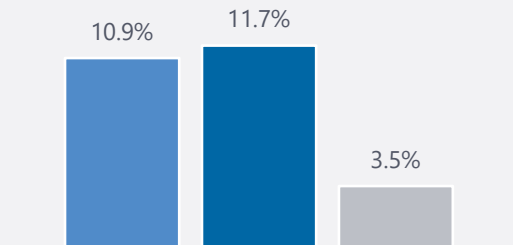
LTM Dec 2023 Performance

Over the LTM period, offshore IT services and global IT services have returned 42% and 25%, respectively. On a three-year basis, offshore IT services and global IT services have returned 30% and (13)%, respectively, with next-gen IT services up 78%.

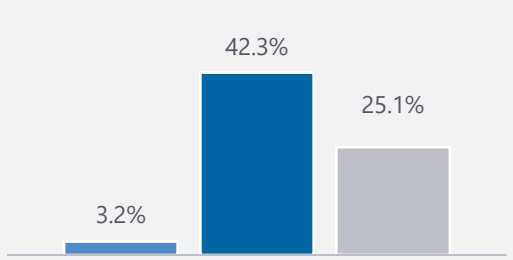


Offshore IT Services	42.3%
Global IT Services	25.1%
Next-Gen IT Services	3.2%

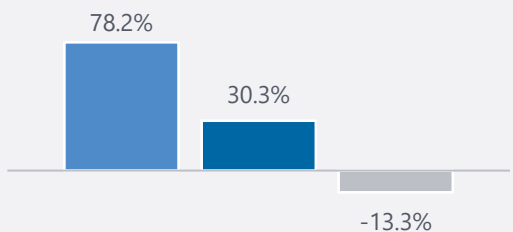
Monthly Performance



2023 Performance

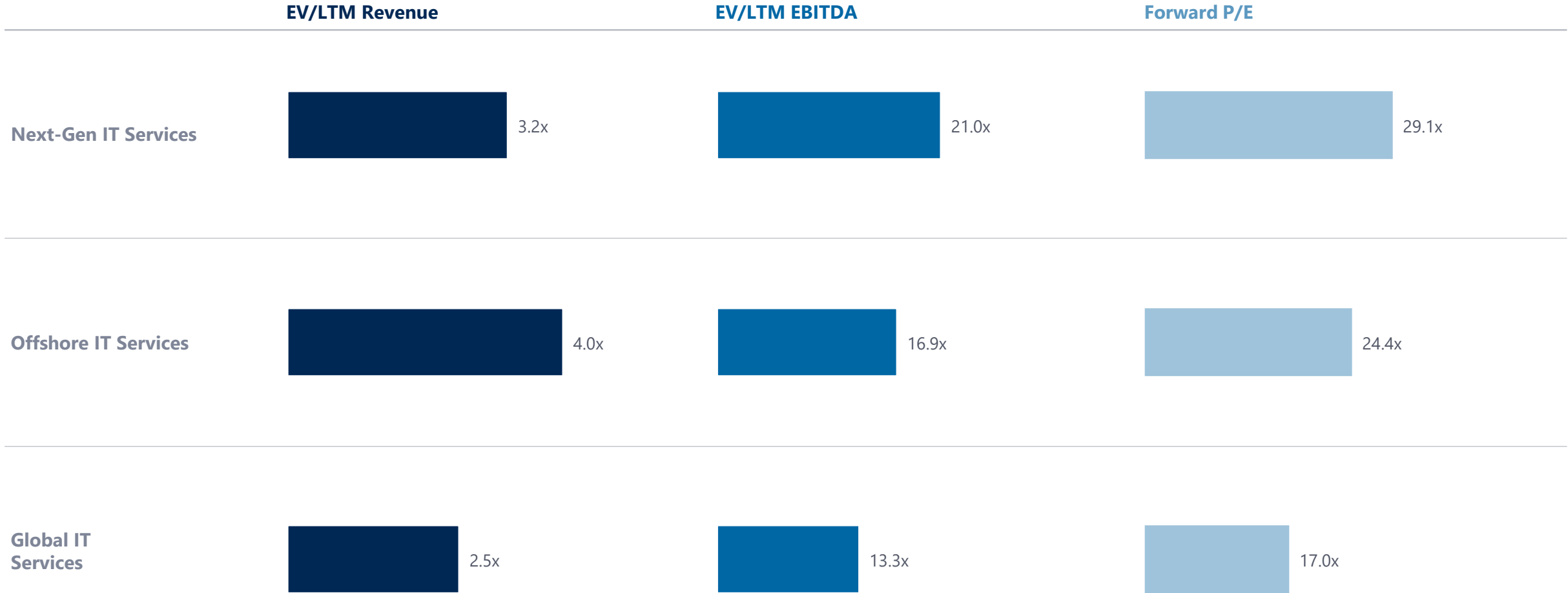


Three-Year Performance



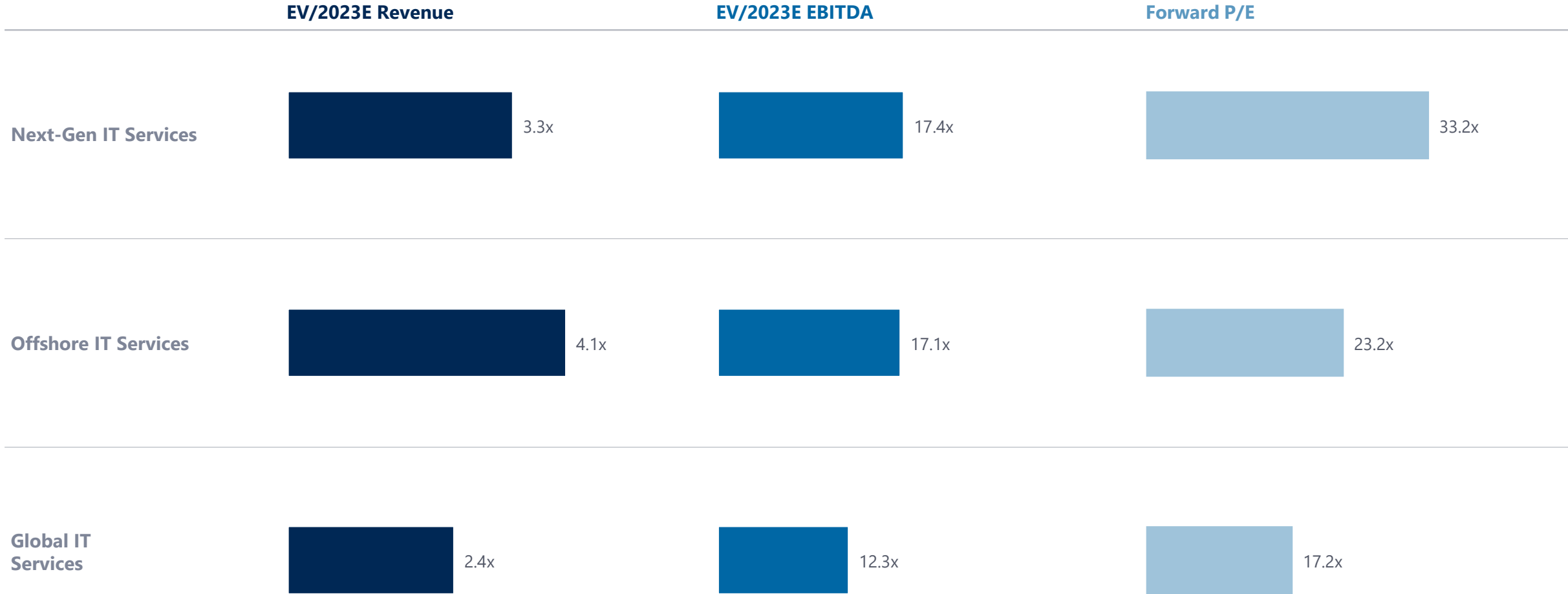
Source: S&P Capital IQ.
Notes: Data as of December 31, 2023. All share prices rebased to 100.

Public Company Valuations LTM December 2023



Source: S&P Capital IQ.
 Note: Data as of December 31, 2023.

Public Company Valuations 2023E



Source: S&P Capital IQ.
 Note: Data as of December 31, 2023.

Public Comparables (2023E)

IT Services

IT Services Publicly Traded Companies

(\$ in Millions, Except per-Share Prices)

As of 12/31/23

		Market Cap	EV	Net Debt	Net Debt/LTM EBITDA	LTM				TEV/		
						Revenue	EBITDA	EBITDA Margin	EPS	Forward P/E	LTM EBITDA	LTM Revenue
Next-Gen IT Services	EPAM Systems	\$17,156.7	\$15,398.0	(\$1,905.9)	N/M	\$4,764.6	\$762.1	16.0%	\$8.0	29.1x	20.2x	3.2x
	Globant	10,059.3	10,060.6	(46.1)	N/M	2,006.0	342.5	17.1%	3.6	36.9x	29.4x	5.0x
	Endava	4,534.9	4,413.7	(121.2)	N/M	960.4	176.7	18.4%	1.6	33.6x	25.0x	4.6x
	Netcompany Group	1,658.3	2,027.9	352.6	2.5x	853.2	138.5	16.2%	1.3	20.4x	14.6x	2.4x
	Thoughtworks	1,531.6	1,783.8	207.5	2.1x	1,185.2	97.8	8.3%	(0.1)	25.2x	18.2x	1.5x
	Kainos Group	1,788.6	1,649.8	(133.0)	N/M	473.8	75.6	16.0%	0.4	23.3x	21.8x	3.5x
	Grid Dynamics	1,007.6	765.0	(253.7)	N/M	315.4	6.4	2.0%	(0.2)	40.2x	N/M	2.4x
Median				(\$121.2)	2.3x	\$960.4	\$138.5	16.0%	\$1.3	29.1x	21.0x	3.2x
Mean				(\$271.4)	2.3x	\$1,508.4	\$228.5	13.4%	\$2.1	29.8x	21.5x	3.2x
Offshore IT Services	Tata Consultancy	\$164,884.5	\$159,297.7	(\$5,674.6)	N/M	\$28,690.6	\$7,355.5	25.6%	\$1.5	28.6x	21.7x	5.6x
	Infosys Ltd.	76,717.4	74,995.6	(1,547.0)	N/M	18,552.0	4,436.0	23.9%	0.7	24.4x	16.9x	4.0x
	HCL Technologies	47,694.6	45,686.4	(2,118.0)	N/M	13,075.0	2,787.0	21.3%	0.7	23.7x	16.4x	3.5x
	Wipro	29,563.0	27,669.4	(2,451.0)	N/M	10,901.4	2,058.7	18.9%	0.3	21.9x	13.4x	2.5x
	Persistent Systems	6,511.5	6,475.3	(36.3)	N/M	1,102.1	190.3	17.3%	1.5	47.3x	34.0x	5.9x
Median				(\$2,118.0)	N/A	\$13,075.0	\$2,787.0	21.3%	\$0.7	24.4x	16.9x	4.0x
Mean				(\$2,365.4)	N/A	\$14,464.2	\$3,365.5	21.4%	\$0.9	29.2x	20.5x	4.3x
Global IT Services	Accenture	\$220,017.7	\$216,761.2	(\$6,998.3)	N/M	\$64,588.2	\$12,362.3	19.1%	\$10.8	28.2x	17.5x	3.4x
	IBM	149,340.5	196,962.5	44,264.0	3.0x	61,171.0	14,767.5	24.1%	7.7	16.6x	13.3x	3.2x
	Capgemini	35,664.4	40,898.2	5,150.7	1.4x	24,817.7	3,683.4	14.8%	10.4	15.6x	11.1x	1.6x
	Cognizant	37,871.7	36,948.7	(1,721.0)	N/M	19,434.0	3,684.5	19.0%	4.1	17.0x	10.0x	1.9x
	CGI	24,981.3	26,621.9	1,601.7	0.8x	10,568.4	1,958.2	18.5%	5.1	18.4x	13.6x	2.5x
Median				\$1,601.7	1.4x	\$24,817.7	\$3,684.5	19.0%	\$7.7	17.0x	13.3x	2.5x
Mean				\$8,459.4	1.7x	\$36,115.9	\$7,291.2	19.1%	\$7.6	19.1x	13.1x	2.5x
Overall Median				(\$133.0)	2.1x	\$10,568.4	\$1,958.2	18.4%	\$1.5	24.4x	17.2x	3.2x
Overall Mean				\$1,680.6	2.0x	\$15,497.6	\$3,228.4	17.4%	\$3.4	26.5x	18.6x	3.3x

Source: S&P Capital IQ.

Note: Data as of December 31, 2023.

Public Comparables (LTM December 2023)

IT Services

IT Services Publicly Traded Companies

(\$ in Millions, Except per-Share Prices)

As of 12/31/23

		Net Debt/ 2022 EBITDA	EV/Revenue		EV/EBITDA		P/E		2021–23E CAGR		EBITDA Margin		Forward P/E	
			2022	2023E	2022	2023E	2022	2023E	Revenue	EBITDA	2022	2023E	2022	2023E
Next-Gen	EPAM Systems	N/M	3.2x	3.3x	18.1x	18.9x	41.9x	28.8x	11.5%	7.4%	17.6%	17.4%	25.2x	29.1x
IT Services	Globant	N/M	5.7x	4.8x	30.7x	23.7x	N/M	41.5x	27.1%	32.9%	18.4%	20.3%	41.5x	36.9x
	Endava	N/M	4.9x	4.5x	25.5x	22.6x	39.9x	33.2x	14.4%	14.9%	19.1%	20.0%	25.6x	33.6x
	Netcompany Group	2.3x	2.5x	2.3x	13.1x	14.5x	19.2x	26.6x	26.9%	1.9%	19.4%	15.6%	15.1x	20.4x
	Thoughtworks	27.5x	1.4x	1.6x	N/M	13.9x	N/M	37.0x	3.3%	29.9%	0.7%	11.2%	9.9x	25.2x
	Kainos Group	N/M	3.8x	3.3x	23.9x	17.1x	37.5x	25.0x	13.4%	15.6%	16.0%	19.4%	26.1x	23.3x
	Grid Dynamics	N/M	2.5x	2.5x	N/M	17.4x	N/M	41.1x	21.4%	193.4%	0.1%	14.1%	29.3x	40.2x
Median		14.9x	3.2x	3.3x	23.9x	17.4x	38.7x	33.2x	14.4%	15.6%	17.6%	17.4%	25.6x	29.1x
Mean		14.9x	3.4x	3.2x	22.3x	18.3x	34.6x	33.3x	16.9%	42.3%	13.1%	16.9%	24.7x	29.8x
Offshore	Tata Consultancy	N/M	6.1x	5.5x	23.0x	21.2x	30.9x	27.8x	7.6%	3.8%	26.4%	26.2%	30.8x	28.6x
IT Services	Infosys Ltd.	N/M	4.2x	4.1x	17.5x	17.1x	26.1x	23.4x	8.4%	1.1%	23.9%	23.8%	24.8x	24.4x
	HCL Technologies	N/M	3.7x	3.5x	17.4x	16.1x	25.2x	23.2x	7.6%	2.3%	21.2%	21.9%	25.4x	23.7x
	Wipro	N/M	2.6x	2.5x	14.0x	13.6x	22.4x	21.1x	4.3%	(3.8%)	18.6%	18.8%	21.6x	21.9x
	Persistent Systems	N/M	6.9x	5.7x	39.0x	32.0x	N/M	N/M	27.9%	31.7%	17.8%	17.8%	N/M	47.3x
Median		N/A	4.2x	4.1x	17.5x	17.1x	25.6x	23.3x	7.6%	2.3%	21.2%	21.9%	25.1x	24.4x
Mean		N/A	4.7x	4.3x	22.2x	20.0x	26.2x	23.9x	11.2%	7.0%	21.6%	21.7%	25.6x	29.2x
Global	Accenture	N/M	3.5x	3.4x	17.7x	18.5x	32.5x	28.2x	9.6%	8.5%	19.6%	18.2%	30.3x	28.2x
IT Services	IBM	3.5x	3.3x	3.2x	14.5x	13.1x	N/M	17.2x	3.8%	5.1%	22.5%	24.4%	17.0x	16.6x
	Capgemini	1.5x	1.7x	1.6x	11.7x	11.5x	22.2x	16.4x	9.9%	7.4%	14.9%	14.3%	16.7x	15.6x
	Cognizant	N/M	1.9x	1.9x	9.6x	11.3x	17.1x	17.1x	2.3%	(5.6%)	19.7%	16.9%	16.6x	17.0x
	CGI	0.9x	2.7x	2.4x	14.7x	12.3x	23.7x	19.6x	6.5%	9.0%	18.6%	19.9%	21.7x	18.4x
Median		1.5x	2.7x	2.4x	14.5x	12.3x	22.9x	17.2x	6.5%	7.4%	19.6%	18.2%	17.0x	17.0x
Mean		2.0x	2.6x	2.5x	13.6x	13.3x	23.9x	19.7x	6.4%	4.9%	19.0%	18.7%	20.5x	19.1x
Overall Median		2.3x	3.3x	3.3x	17.5x	17.1x	25.6x	25.8x	9.6%	7.4%	18.6%	18.8%	25.0x	24.4x
Overall Mean		7.1x	3.6x	3.3x	19.4x	17.3x	28.2x	26.7x	12.1%	20.9%	17.3%	18.8%	23.6x	26.5x

Source: S&P Capital IQ.

Note: Data as of December 31, 2023.

Houlihan Lokey's IT Services Practice: Recent Reports and News

Composable Commerce Market



Reach out to the Houlihan Lokey IT Services team for our full market primer at WMahaffey@HL.com.

SAP Primer



Reach out to the Houlihan Lokey IT Services team for our full market primer at EFeldman@HL.com.

7 Mile Advisors Acquisition



With the acquisition of 7 Mile Advisors now complete, we are delighted to welcome our new colleagues to Houlihan Lokey. The thirty-strong team will significantly augment our existing global IT services expertise and, additionally, add to our geographic footprint with a new office in Charlotte, North Carolina. With their arrival, our No. 1 ranked global Business Services Group now numbers more than 170 financial professionals.

[Read more here.](#)

OneStream Primer



Reach out to the Houlihan Lokey IT Services team for our full market primer at WMahaffey@HL.com.

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