

# SALESFORCE ECOSYSTEM

1Q 2024 M&A REPORT

April 2024



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# Macro Update

Section 1

# IT Services & Consulting M&A Activity is Picking-up Materially in 2024 and Expected to Accelerate Throughout the Year Due to Several Favorable Factors

Following a pull-back in deal volume in 2023, the M&A market is in the midst of a strong rebound that is expected to persist (and accelerate) over the next several months

## Market is “Turning the Page”

**Equiteq is Witnessing a Strong Rebound in Overall Deal Volume and Bidding Activity Amid Several Favorable Market Trends**



**Record Levels of PE Dry-Powder Waiting to Be Deployed**



**Stabilizing / Loosening Monetary Policy Trends Worldwide**



**Strengthening Public Market Valuations**



**Inflecting Performance for Strategic Acquirers**



**Growing Interest in IT Services & Tech Ecosystems**



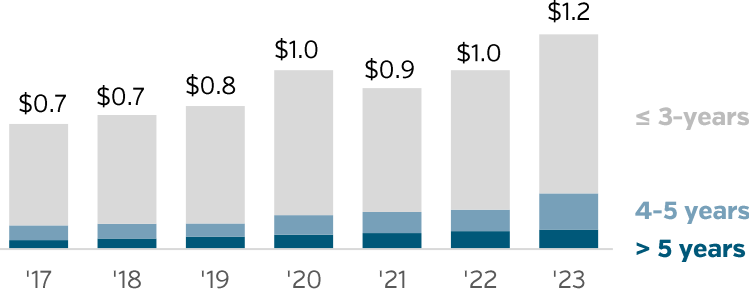
**Potential for Stabilizing Geopolitical Environment**

# Overview of Key Drivers Supporting Strong M&A Market in 2024 (1 of 3)

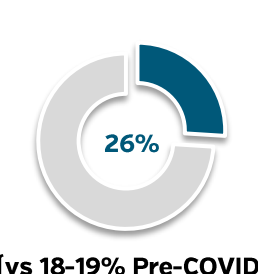
## PE Firms Are Facing Significant Pressure to Deploy Capital Amid Record Levels of Dry Powder and Aging Funds

### Global Buyout Dry Powder

Figures in USD, Trillions

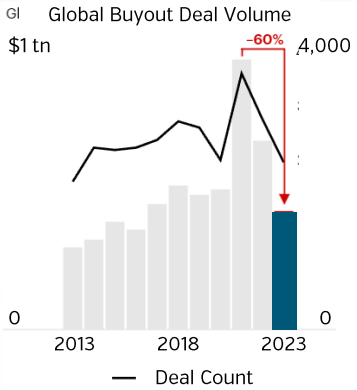


Share of Dry-Powder ≥ 4 Years Old

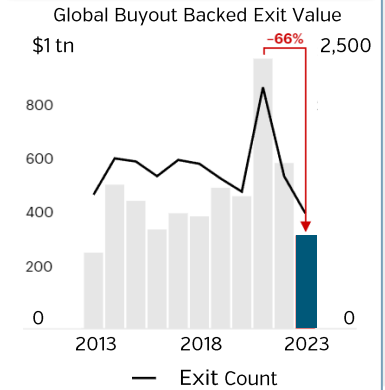


[vs 18-19% Pre-COVID]

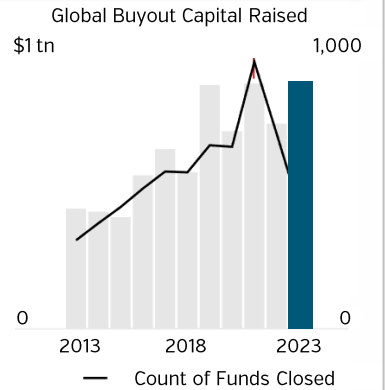
### Investments



### Exits



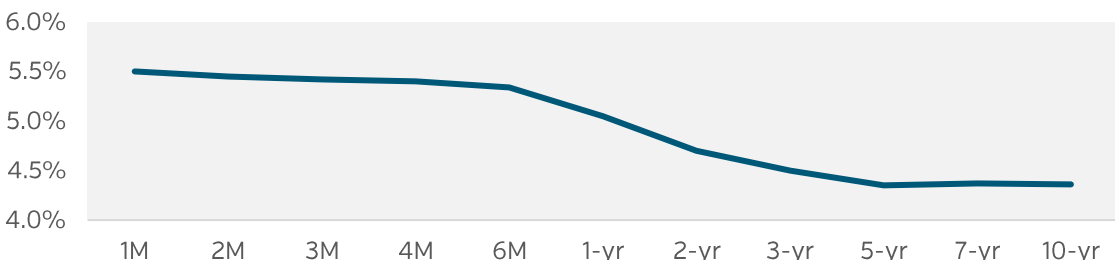
### Fund Raising



## Global Interest Rates Have Stabilized and Monetary Policymakers Are Expected to Implement Rate Cuts in Intermediate Term

### Rates in the U.S. Have Stabilized With Expectations for Rate Cuts to Begin Later this year

U.S. Treasury Yield Curve Demonstrates Market Conviction in Rate Cuts

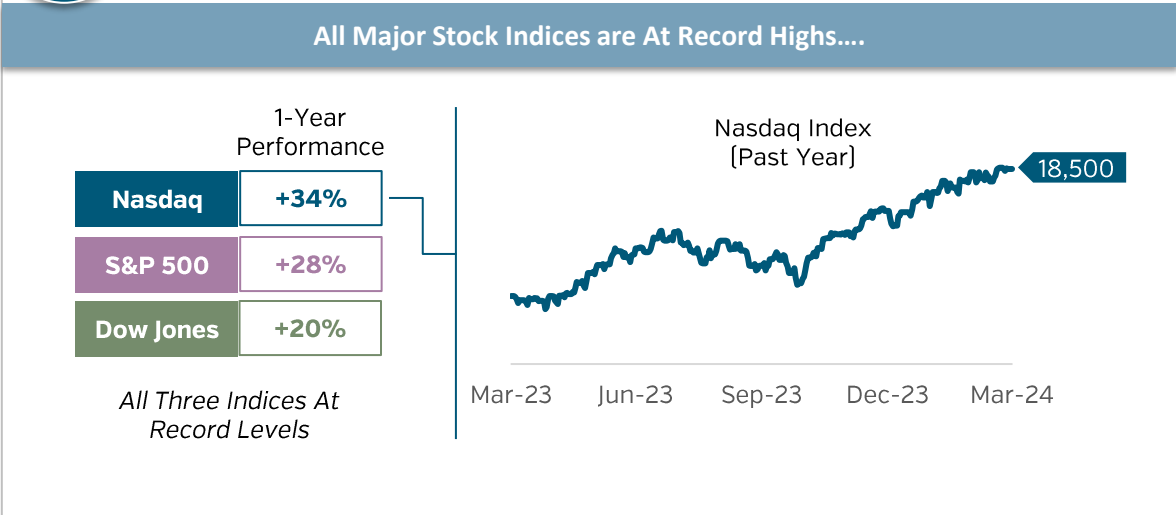


### ECB United Kingdom Switzerland

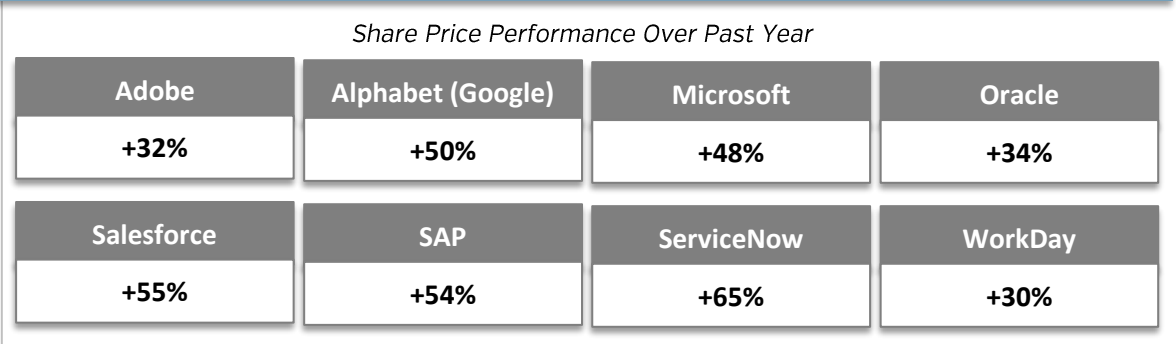
- Euro area inflation is nearing the region's 2% target
- ECB policy makers have indicated they will likely start monetary easing with a "moderate" rate cut this Spring
- Bank of England expects inflation to return to 2% target in 2Q 2024
- Committee members are rumored to be considering bringing forward its first rate cut from August to June 2024
- Swiss National Bank proactively cut interest rates by 25bps to 1.5% in March 2024
- Switzerland, in effect, became the first major economy to begin cutting rates

# Overview of Key Drivers Supporting Strong M&A Market in 2024 (2 of 3)

## Valuations in Public Markets are Strengthening With U.S. Stock Indices Reaching New Records (Largely Driven by Tech & IT Services Sectors)



## ... Underpinned by Strengthening Valuations in the Technology & IT Sectors

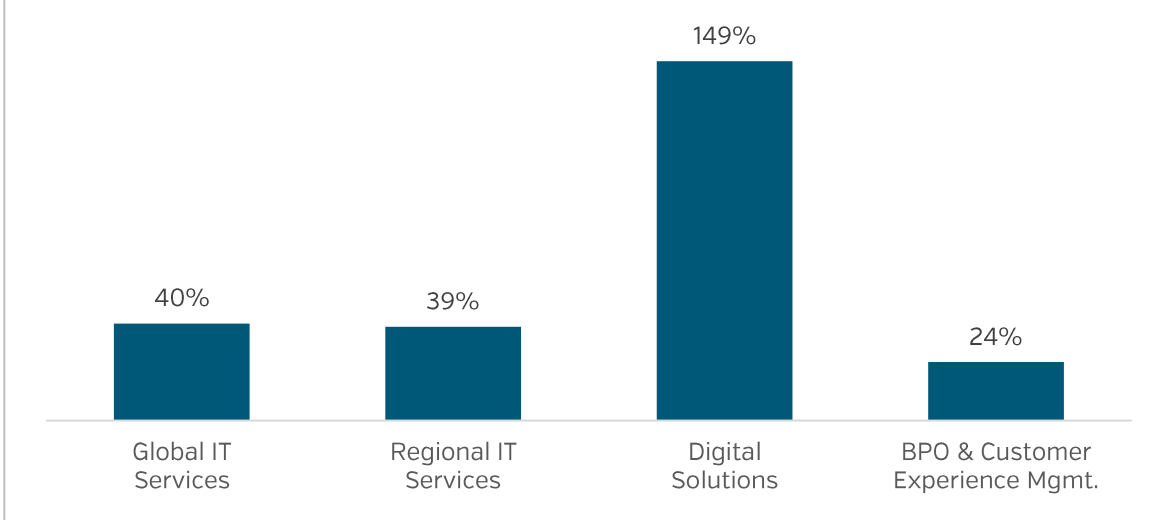


## Peers and Strategic Acquirers in the Market Are Experiencing Strong Growth, Which is Leading to Greater Appetite for M&A

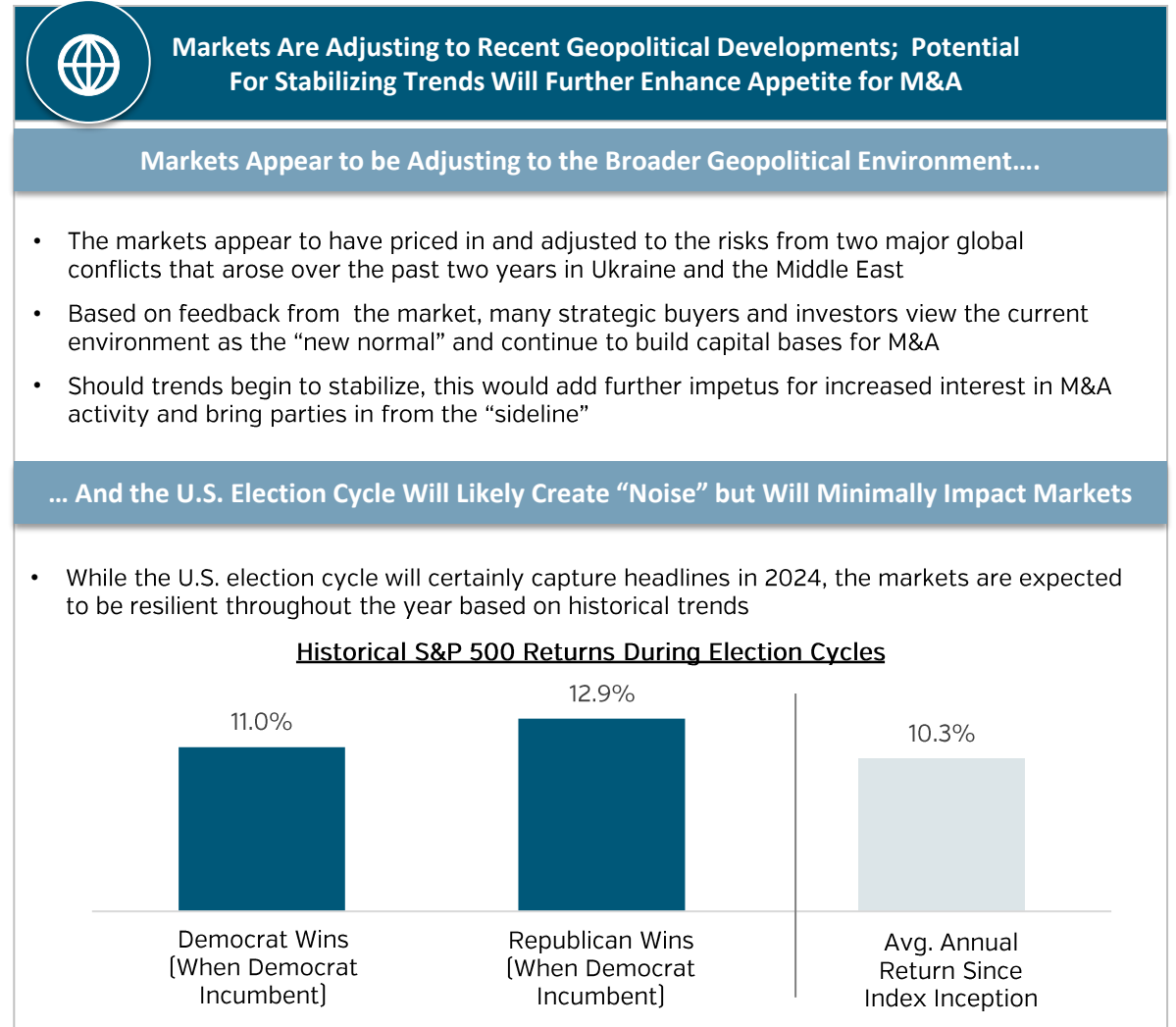
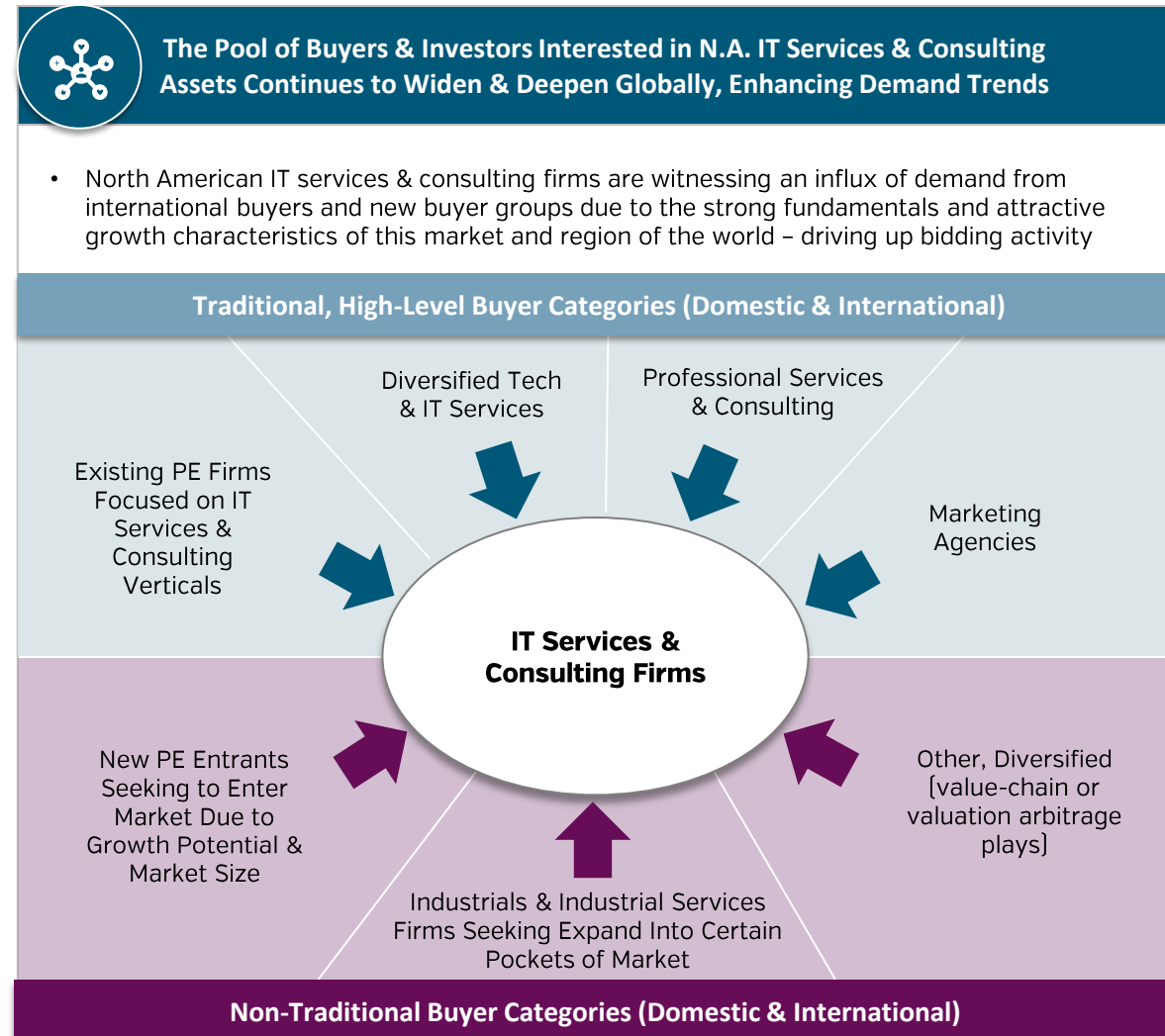
### Sector Operating Performance Is Expected to Inflect in 2024

- Companies in the IT services and consulting markets are witnessing a rebound in operating performance in 2024
- Strong growth leads to enhanced liquidity, improved credit ratios, and greater access to capital, which all contribute to more financial flexibility for inorganic growth initiatives

### Forecasted 2024 EBITDA Growth [Based on Consensus Estimates]



# Overview of Key Drivers Supporting Strong M&A Market in 2024 (3 of 3)





# M&A Activity in the Partner Ecosystem


















## Section 2



# Salesforce Ecosystem M&A Activity in 1Q 2024

Equiteq advised on the first and only domestic Salesforce ecosystem transaction for the year

(Equiteq is advising multiple other Salesforce clients on transactions we expect to close later this year)



Announce Date	Target	HQ	Acquirer	HQ	Target Description / Commentary	Equiteq Led Deal
Mar. '24			<b>DATAMATICS</b>		Dextara is a leading Indian Salesforce consulting and ISV partner (Summit Partner) with a team of >250 certified Salesforce experts with very deep capabilities in CPQ, CLM, LWC, and integrations, along with Einstein Analytics. The company also has a strong portfolio of proprietary products and solutions that support a differentiated value proposition for clients.	
Mar. '24			<b>rallyday</b> PARTNERS		Kicksaw is a fully-dedicated, multi-cloud Salesforce consultancy (Crest Partner) with end-to-end capabilities and deep expertise in the healthcare & life sciences and technology sectors. The company is headquartered in the U.S. and has >75 onshore resources; it provides implementation, data migration, process optimization, tool integration, and proprietary solutions.	
Feb. '24			<b>SQI</b> DIGITAL EXPERIENCE		Levana is a dedicated Salesforce consultancy (Summit Partner) with operations in France and Israel. The company has deep expertise in Sales, Service, Community, and Marketing Clouds and specialized skills in CPQ, Billing, Pardot, Tableau, and Mulesoft. Levana has ~150 employees.	
Jan. '24					Suyati (Ridge Partner) is an India-based diversified IT services firm focused Salesforce and Microsoft, as well as advanced analytics, digital engineering, and process automation. Suyati has ~400 employees.	
Jan. '24					Mployee is a Netherlands-based provider of Salesforce-based solutions for recruitment agencies. The company offers an automated and fully integrated solution on the Salesforce platform that can be deployed across every facet of the staffing process. The company has ~20 employees.	

Note: Equiteq would be pleased to share color / perspectives on valuation multiples in the Salesforce Ecosystem and broader IT Services space upon request




Source: Equiteq Research

# Kicksaw Transaction – Case Study

Equiteq acted as exclusive financial advisor to Kicksaw on its recent equity sale to Rallyday partners

Client / Target Overview	<div><p>Kicksaw is a leading provider of end-to-end Salesforce solutions to a variety of clients ranging from PE-Backed middle market to larger enterprise clients. The Company is made up of a diverse group of technical experts, holding ~300 certifications, that harness their capabilities to deliver bespoke solutions to address clients' specific business challenges - with specializations across the HLS and high-tech clouds.</p></div>
Buyer Overview	<div><p>Rallyday Partners is a private investment firm investing out of their fund of \$350M+ in AuM in lower-middle market growth companies with compelling secular trends, disruptive, scalable business models and audacious leadership. The firm seeks to invest in education, corporate training and development, digital infrastructure, healthcare services, precision manufacturing, and tech-enabled business services sectors.</p></div>
Transaction Goals	<ul style="list-style-type: none"><li>• Conduct a customized M&amp;A process designed to optimize competitive tension among a list of high-quality strategic acquirers and financial investors to provide the founders optionality in exploring a transaction</li><li>• Provide the current management team and key employees an opportunity to participate in the future success of the business</li><li>• Optimize transaction structure and maximize shareholder value (and achieve specific valuation goals)</li></ul>

## Select Highlights about Kicksaw

-  Deep expertise and an exclusive focus across the entire product suite within the Salesforce ecosystem
-  Range of client-facing and industry-specific IP including delivery playbooks, accelerators, and proprietary code
-  Attractive client base with strong exposure to the healthcare/life sciences and technology sectors
-  Highly skilled workforce of consultants with ~300 employee certifications

## Why Kicksaw Selected Equiteq

- Deep expertise and transactional experience in the Salesforce ecosystem
- Dedicated focus on the IT services and consulting markets (Equiteq's exclusive focus)
- Global platform and extensive network of the most relevant and under-the-radar buyers
- Founder-oriented M&A advisory firm (Equiteq was formed by entrepreneurs who wanted to create a truly founder-oriented M&A advisory firm)

## Equiteq's Impact

- Developed a broad process with a mix of both strategic and financial sponsors
- Understood the key value drivers of the business, while identifying and positioning around any potential risks
- Generated competitive tension within the process to maximize optionality and value to the shareholders
- Facilitated an efficient diligence process to ensure a timely close

## Client Testimonial

*"Equiteq were a true partner throughout the M&A process. They worked with us to understand exactly what good looks like for us, what the key value drivers of our business are, and how best to articulate this to the market. Additionally, they brought a number of buyers to the table that gave us significant optionality and enabled us to find the right home for Kicksaw."*

Kenny Goldman and Kyle Morris (Co-Founders)

- Matt Rosen, CEO

# Equiteq Overview

Section 3



# Equiteq is the Leading, Global Investment Bank Serving the Knowledge Economy

Equiteq is custom built to deliver better transaction outcomes for clients in the Knowledge Economy

- 1

Focus on knowledge-specific sectors
- 2

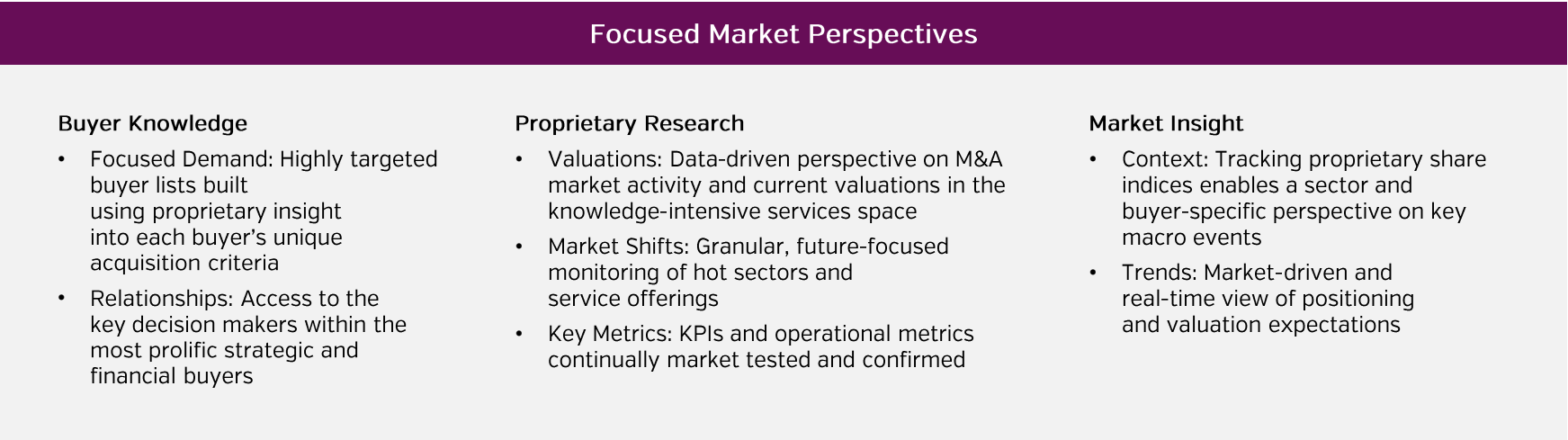
Strong expertise in positioning Knowledge Economy businesses
- 3

Established relationships with the most relevant buyers
- 4

Deep understanding of client's strategic needs
- 5

Preparing companies for a successful exit is in our DNA
- 6

Global presence informs our unique approach to M&A



# Equiteq's Five Core Values That Underpin the Team's Approach & Mentality on All Client Engagements

These values shape our behaviors, the way we work, and how we deliver exceptional value to clients

## Equiteq's Core Values



**Achievement:** We are driven by attaining measurable success for our clients, our colleagues, our firm, and ourselves.

**Empathy:** We are excellent at understanding entrepreneurs. We are comfortable stepping into difficult, uncertain situations and figuring out a path forward, with competent humility. We know when to do the banking work and when to focus on human connections. We treat our clients as the savvy entrepreneurs that they are and listen so that we can help them realize their vision.

**Integrity:** What we do is consistent with what we say. We define expectations and meet those; every time.

**Teamwork:** We value collaboration; we value our team. We work together to produce the best outcomes for our clients. We gravitate to working in teams even when solo work might be more efficient, easier, or faster.

**Entrepreneurial:** We understand entrepreneurs because we are entrepreneurs ourselves. We all think and act like owners, which means we care passionately about our clients, our reputation, and our success.

# Select Equiteq-Led Transactions in the Salesforce Ecosystem

















































































Equiteq is one of, if not the most, active middle market investment banks in the Salesforce ecosystem





# Unparalleled Transactional Expertise in the IT Services & Consulting Market with a Strong, Global Network of Highly Active Buyers & Investors

## Recent Select Completed Transactions

 <b>Murphy</b> Multidisciplinary Geospatial Business Sold To  <b>Woolpert</b> Advised on the Sale March 2024	 <b>INFINITIUM</b> Leading Digital Payments Platform Sold to  <b>Euronet</b> Advised on the Sale February 2024	 <b>KEENSIGHT</b> Digital Transformation Consultancy Acquired  <b>PLATOMATION</b> Advised on the Acquisition February 2024	 <b>lumeri</b> Megaproject Consultancy Sold to  <b>ankura</b> Advised on the Sale January 2024	 <b>KRESK</b> Private Investment Manager Invested into  <b>Citwell</b> Advised on the Investment January 2024	 <b>oligos</b> Independent Pegasystems Specialist Sold to  <b>Magellan Partners</b> Advised on the Sale January 2024	 <b>onebridge</b> Data & Analytics Consultancy Sold to  <b>marlabs</b> Advised on the Sale January 2024	 <b>kicksaw</b> Premier Salesforce Partner Sold to  <b>rallyday</b> Advised on the Sale December 2023	 <b>evolv</b> Product Engineering & Data Solutions Sold to  <b>INTERLOCK</b> Advised on the Sale December 2023	 <b>ADIVO</b> Life Science Consultancy Sold to  <b>Herzogen Consulting</b> Advised on the Sale December 2023
 <b>solnet</b> IT Services Partner Sold to  <b>accenture</b> Advised on the Sale November 2023	 <b>ProcureAbility</b> Procurement Services Specialist Sold to  <b>JABIL</b> Advised on the Sale November 2023	 <b>tquila</b> Intelligent Automation Consultancy Acquired  <b>elementBlue</b> Advised on the Acquisition September 2023	 <b>bizanalytica</b> Data Governance Sold to  <b>Mastek</b> Advised on the Sale August 2023	 <b>aquient</b> Salesforce Gold Partner Sold to  <b>K2</b> Advised on the Sale June 2023	 <b>INTERLOCK</b> Private Equity Firm Invested into  <b>Lovelytics</b> Advised on the Investment June 2023	 <b>TSA</b> Project Management and Advisory Firm Acquired  <b>DGA</b> Advised on the Acquisition June 2023	 <b>zebu</b> Web3 Technology-Focused Marketing Agency Sold to  <b>flightstory</b> Advised on the Acquisition May 2023	 <b>TSA</b> Project Management and Advisory Firm Acquired  <b>Henry Riley</b> Advised on the Acquisition May 2023	 <b>nvm</b> Private Equity Invested in  <b>leadingresolutions</b> Advised on the Investment April 2023
 <b>cg consus</b> Procurement and Supply Chain Solutions Provider Sold to  <b>YCP Holdings</b> Advised on the Sale April 2023	 <b>HelloTech</b> Software CPaaS firm company Sold to  <b>soprano</b> Advised on the Sale April 2023	 <b>MML</b> Private Equity Firm Invested in  <b>KICKMAKER</b> Advised on the Investment February 2023	 <b>Talan</b> Digital Transformation Specialist Acquired  <b>Gemserv</b> Advised on the Acquisition January 2023	 <b>BAIN &amp; COMPANY</b> Management Consultancy (ET) Acquired  <b>Enterprise Blueprints</b> Advised on the Acquisition January 2023	 <b>CLEARTELLIGENCE</b> Data & Analytics Consultancy Recapitalized by  <b>ALIGN CAPITAL PARTNERS</b> Advised on the Sale January 2023	 <b>Delivery Associates</b> Public Sector Impact Consultancy Sold to  <b>TRILL IMPACT</b> Advised on the Sale November 2022	 <b>HBR CONSULTING</b> Legal Consultancy Sold to  <b>RENOVUS CAPITAL</b> Advised on the Sale November 2022	 <b>BIOS</b> Managed Cloud Provider Sold to  <b>ZAIN TECH</b> Advised on the Sale October 2022	 <b>VALUE POINT</b> Cybersecurity Solutions & Services Sold to  <b>softline</b> Advised on the Sale October 2022
 <b>LEXICON</b> Digital Consultancy Sold to  <b>endava</b> Advised on the Sale October 2022	 <b>ALLATA</b> CSD & Digital Transformation Consultancy Received Investment from  <b>CTVC</b> Advised on the Investment September 2022	 <b>NOVATIO</b> RPA Consultancy Received Investment from  <b>KEYSTONE CAPITAL</b> Advised on the Investment August 2022	 <b>SOLVERA</b> Digital Transformation Services Sold to  <b>accenture</b> Advised on the Sale July 2022	 <b>risuql</b> Azure Partner & Cloud Specialist Sold to  <b>NODE4</b> Advised on the Sale July 2022	 <b>SCANQMI</b> Anaplan Gold Partner Sold to  <b>VISEO</b> Advised on the Sale June 2022	 <b>Pexlify</b> Platinum Salesforce Partner Sold to  <b>dentsu group</b> Advised on the Sale June 2022	 <b>BEDFORD Consulting</b> Anaplan Gold Partner Received Investment from  <b>KEENSIGHT CAPITAL</b> Advised on the Investment May 2022	 <b>grit.</b> Design & Innovation Consultancy Sold to  <b>CYIENT</b> Advised on the Sale April 2022	 <b>infrata</b> Infrastructure Consultancy Receives Majority Investment  <b>Lonsdale Capital Partners</b> Advised on the Investment April 2022



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