



# Salesforce Ecosystem M&A Report

March 2022



  
**Equiteq**

Growing equity, realizing value

# Executive Summary

Market Update	<ul style="list-style-type: none"><li>The Salesforce Ecosystem is expected to continue to grow at a rapid pace, supported by:<ul style="list-style-type: none"><li>Favorable macro trends with heightened focus on digital transformation initiatives world-wide, leading to wider and deeper market penetration</li><li>The roll-out of new products, innovations, and clouds by Salesforce, which create new market opportunities for service partners</li></ul></li><li>By 2026, the Salesforce Ecosystem is projected to expand more than 3-fold<sup>(1)</sup> and become &gt;6x the size of Salesforce itself</li><li>These strong growth prospects have translated to healthy valuations in both the public and private market</li></ul>	<p><i>Projected Salesforce Ecosystem Market Size</i></p> <p>Market Size</p> <p>Market Size</p> <p>Salesforce's Revenue</p> <p>Salesforce Ecosystem [2020]</p> <p>Salesforce Ecosystem [2026E]</p> <p>Salesforce [2026E]</p>
M&A Activity	<ul style="list-style-type: none"><li>Deal volume in the Salesforce Ecosystem has accelerated over the past few years, reaching a recent high in 2021 with strong demand across a wide range of geographies and buyer types<ul style="list-style-type: none"><li>Strategic buyers accounted for nearly two-thirds of deal volume in the Salesforce Ecosystem since 2017</li><li>More than 50% of transactions were consummated by smaller, emerging players in the space, including private equity-backed portfolio companies</li></ul></li><li>Based on the strong, diversified complexion of high-quality buyers, Sellers have significant optionality in terms of identifying the right fit for their business</li></ul>	<p><i>Salesforce Ecosystem Deal Volume</i></p> <p>9</p> <p>19</p> <p>33</p> <p>5</p> <p>2019</p> <p>2020</p> <p>2021</p> <p>2022 YTD [end of Feb]</p>
Equiteq Overview	<ul style="list-style-type: none"><li>Equiteq is a full-service, global investment bank with unrivaled market and transactional expertise in the IT services, consulting, and technology sectors (or the “Knowledge Economy”)</li><li>Equiteq has a very strong track-record of executing well-orchestrated, efficient, and successful sell-side and buy-side mandates for clients by leveraging its global footprint, broad network, and deep industry knowledge</li></ul>	<p><i>Select Accolades</i></p> <p>THE M&amp;A ADVISOR</p> <p>THE M&amp;A ADVISOR</p> <p>AI acquisition international</p> <p>Boutique Investment Bank Of The Year [2020]</p> <p>M&amp;A Deal of The Year [\$50-100mm] [2020]</p> <p>Best Global M&amp;A Advisory Firm [2019]</p>

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




## A Global, Full-Service Investment Bank for the Knowledge Economy...

- Equiteq is a highly regarded & trusted investment bank focused exclusively on the knowledge economy
  - ✓ **Unparalleled** transactional and market expertise
  - ✓ **Global platform** with full-suite of sell-side and buy-side advisory services
  - ✓ **Extensive network** of active strategic and financial buyers
  - ✓ **Excellent track-record** of executing well-orchestrated and successful sale processes
  - ✓ **Deep** repository of proprietary research and tools
- Equiteq is custom-built to efficiently and comprehensively deliver end-to-end M&A advisory solutions to companies within the Knowledge Economy


















## ... With Deep Transactional Expertise & A Proven Track-Record

Recent Transactions	  PE-Backed Cyber Security Firm Acquired  Advised on the Acquisition February 2022	 Data & Analytics Consultancy Sold to  Advised on the sale January 2022	 AI & Analytics Consultancy Sold to  Advised on the sale January 2022	 Salesforce Consulting Partner Sold to  Advised on the sale December 2021	 SAP & Business Process Consulting Sold to  Advised on the sale December 2021
	 Digital Consulting Acquired  Advised on the acquisition December 2021	 Private Equity Invested into  Advised on the investment December 2021	 Economics Consulting Sold to  Advised on the sale July 2021	 Retail Advisory Sold to  Advised on the sale July 2021	 SAP EPM Specialist Sold to  Advised on the sale June 2021

Recent Testimonials	 Nick Fogler (Founder & CEO)   Antony Karabus (CEO), Farla Efros (President)   Ali Sarraf (CEO), Winni Hesel (Partner), Rick Place (Partner)	<p>"Overall, Equiteq <b>far exceeded</b> our already very high expectations and became a <b>truly trusted partner</b> to our leadership team... <b>We could not have envisioned doing this, or having such a successful outcome, without Equiteq.</b>"</p> <p>"Selecting Equiteq to advise us on the sale of HRC Advisory to Accenture was <b>the best decision we could have made...</b> <b>We could not be happier with the result</b> and would <b>highly recommend Equiteq</b> to any business owner considering the sale of their consulting business"</p> <p>"We chose Equiteq, over a range of other highly-regarded investment banks, as our advisor due to their <b>global platform and relationships, proven-track record</b> of successful transactions in our space, and <b>highly-customized M&amp;A approach</b>. The team worked closely with us to create multiple strategic options that aligned with our personal and professional goals. We are very pleased about the outcome."</p>
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# ... With Deep Expertise and Global Transactional Experience in the Salesforce Ecosystem, and A Track-Record of Achieving Premium Valuations

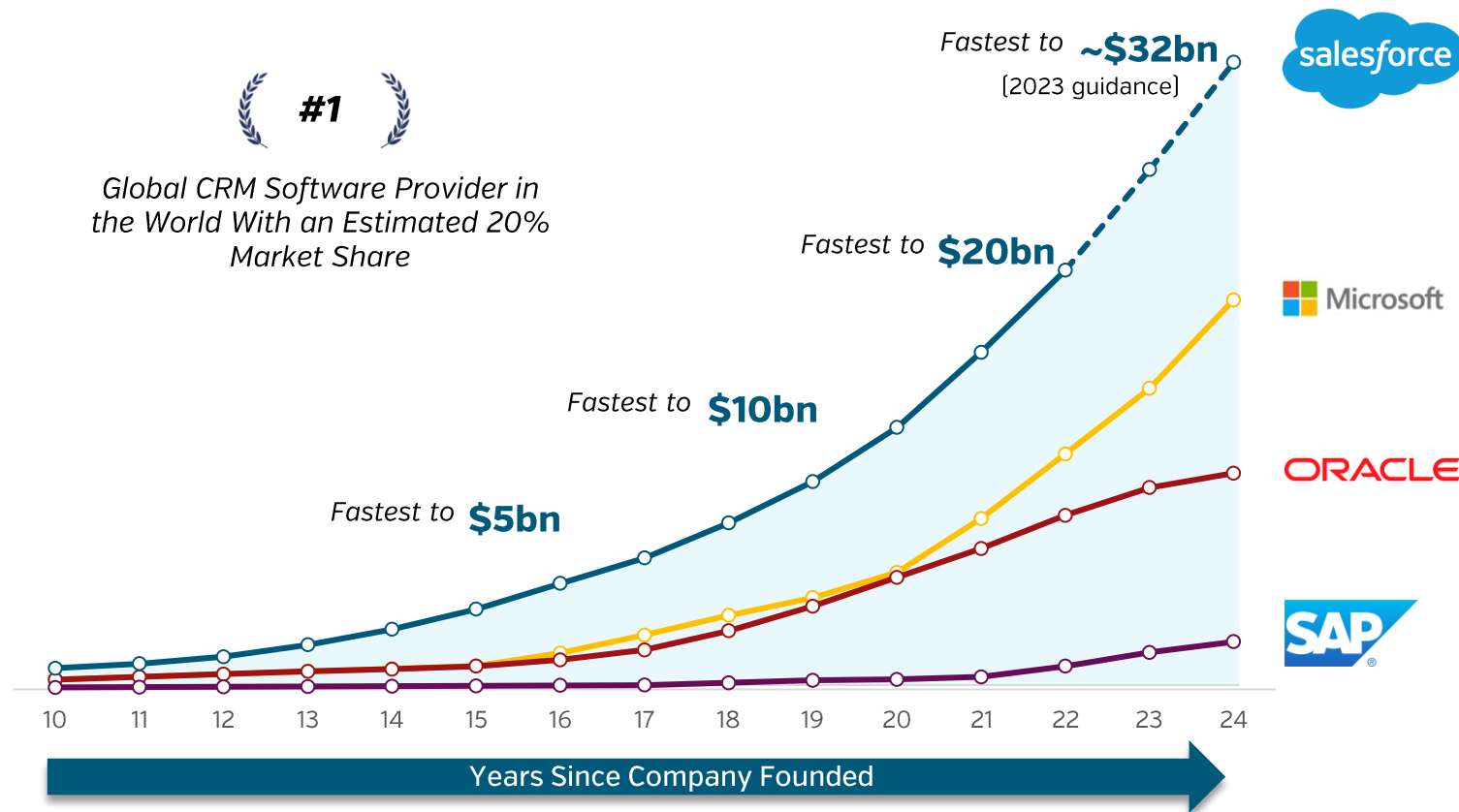
## Select Equiteq Transactions in the Salesforce Ecosystem Worldwide

	North America	Europe	Asia Pacific
<b>Transaction</b>	     Sold to [Dec. 2021]	     Sold to [Jul. 2020]	     Sold to [Sep. 2018]
<b>Target Description</b>	Premier Salesforce Crest Partner with a leading position in the direct selling vertical	EMEA's largest independent Salesforce Platinum Partner	Salesforce Platinum Partner with >100 consultants across the ANZ region
<b>Situation</b>	After receiving inbound M&A interest, Groundswell hired Equiteq to advise the company on a potential sale process. Equiteq structured a 2-step, targeted auction with a select group of highly interested financial and strategic bidders.	4C mandated Equiteq to advise the company on finding a partner in the mgmt. consulting space because of Equiteq's deep ties within the sector and proven track-record of delivering successful outcomes.	System Partner chose Equiteq as exclusive financial advisor due to its strong focus on the IT and digital marketing industries. Equiteq ran a robust, broad process to help identify the optimal partner.
<b>Outcome</b>	<ul style="list-style-type: none"> <li>✓ Structured a highly competitive process</li> <li>✓ Achieved a premium valuation multiple</li> <li>✓ Negotiated a highly complex, tax-advantaged structure</li> <li>✓ Closed transaction within targeted timeframe</li> </ul>	<ul style="list-style-type: none"> <li>✓ Leveraged deep network to identify optimal mgmt. consulting partner</li> <li>✓ Put in place a highly attractive structure [high proportion of cash upfront, MIP]</li> <li>✓ Realized above-market valuation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Prepared the company as it positioned for a sale</li> <li>✓ Cultivated strong competitive bidding activity to drive premium valuation</li> <li>✓ Found ideal strategic partner</li> </ul>

# Salesforce is the “Fastest Growing Enterprise Software Company Ever”...

Salesforce Has Quickly Established Itself as The Platform of Choice for Companies Worldwide With a ~20% Market Share in the CRM Space

Revenue Generation Since Founding



Equity Research Perspectives

J.P.Morgan

Mark Murphy

Dec. 2021

“Salesforce.com **stands out from almost any pack** as the pioneering trailblazer of the cloud computing movement, and it has blossomed into a **true multi-product success story** as it now rides atop multiple product pillars of substantial scale and trajectory.”

BofA SECURITIES

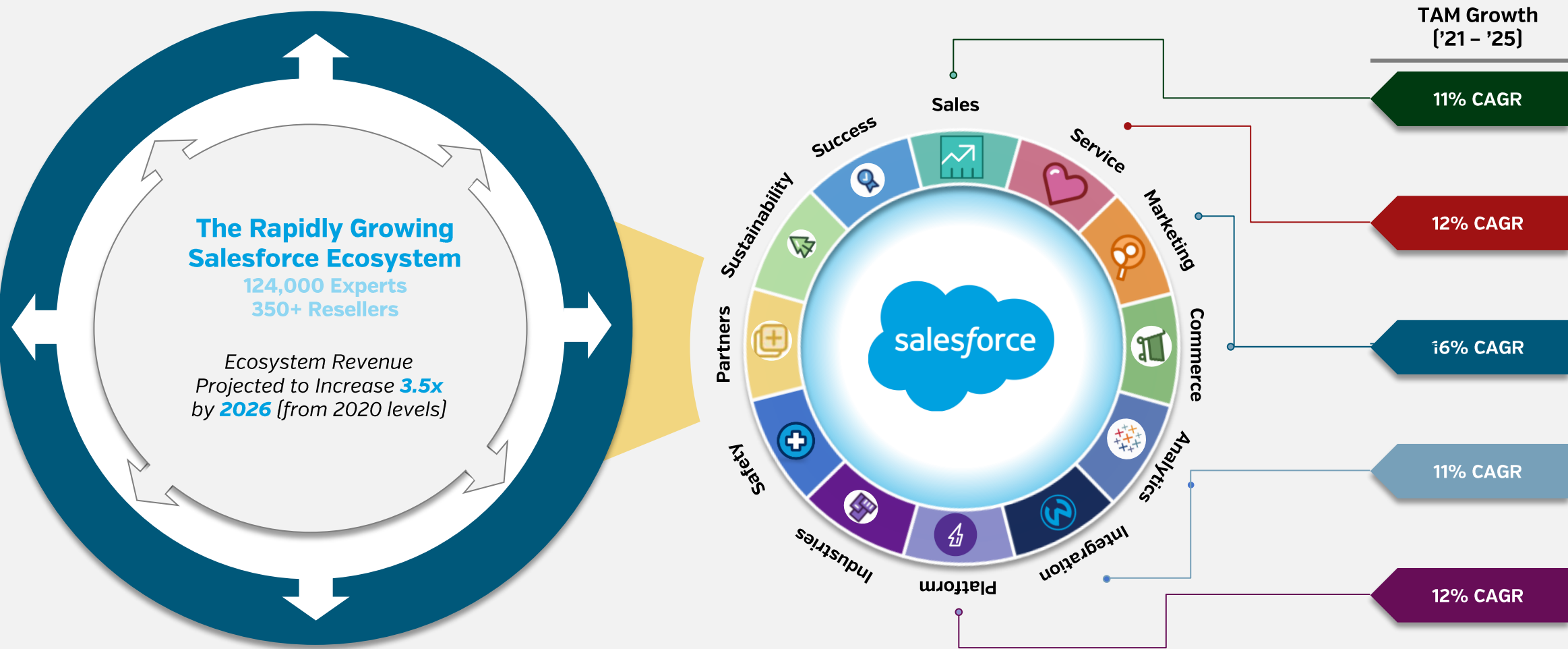
Brad Sills

Nov. 2021

“With a... formidable competitive moat, stemming from 1) **largest installed base of over 150,000 customers** in the core sales/front office category, 2) distribution channel of an estimated **14,000 personnel**, and 3) **breadth and depth of the suite**, we believe a long runway exists for Salesforce to continue **growing 17%+ organic** in the coming years.”

# ... Supported By an Evolving Suite of Highly Innovative Software Solutions and a Rapidly Expanding, Diversified Partner Ecosystem...

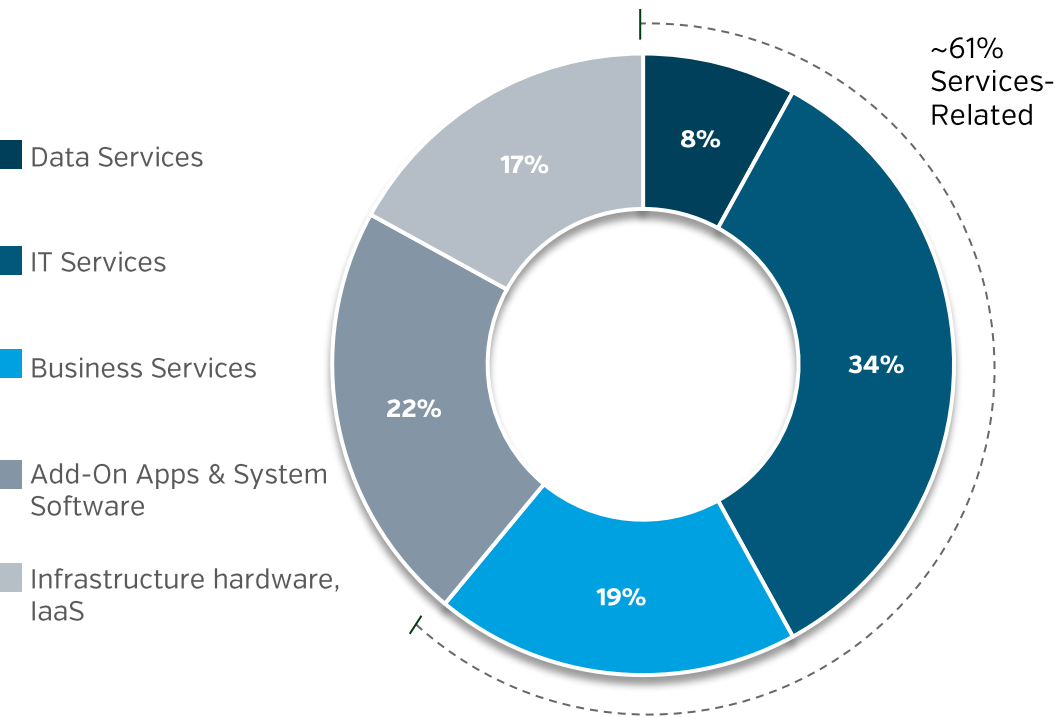
The Salesforce Ecosystem is Growing at a Remarkable Rate As Salesforce Continues to Innovate and Capture Market Share in High Growth Areas





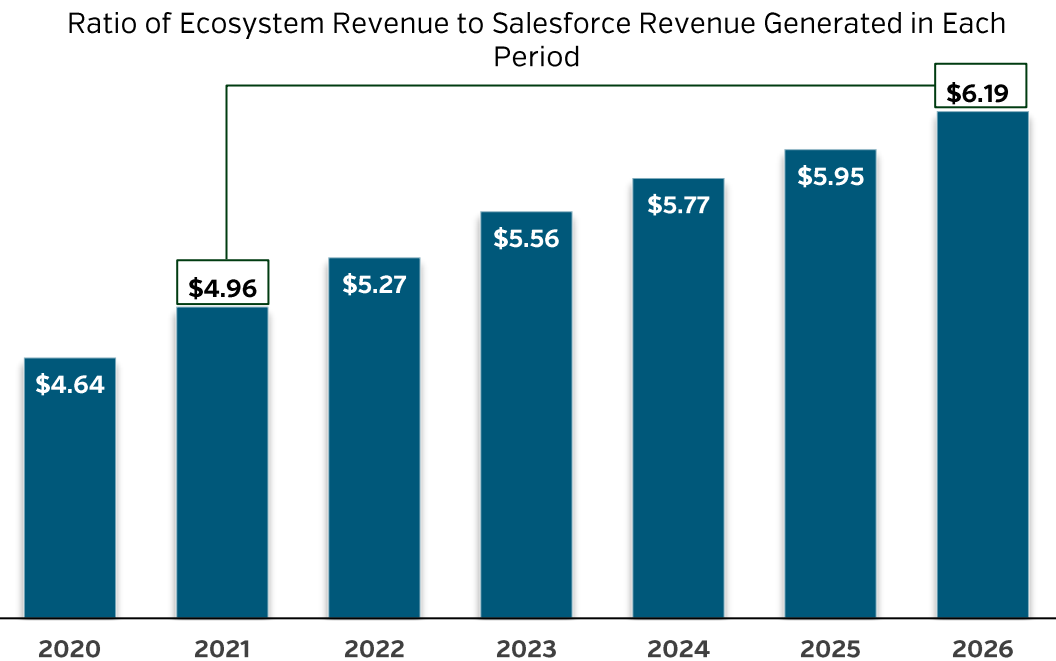
# ... That is Expected to More Than Triple in Size Over The Next Few Years and Grow to ~6x the Size of Salesforce Itself by 2026...

Professional Services Account for >60% of the Salesforce Ecosystem...



Over the next few years, the relative distribution of revenue within the Salesforce Ecosystem is expected to be generally consistent with current percentages; however, some IT services are expected to shift to business services as digital transformation efforts progress.

... Which is Forecasted to Grow Significantly Over the Next 5-Years



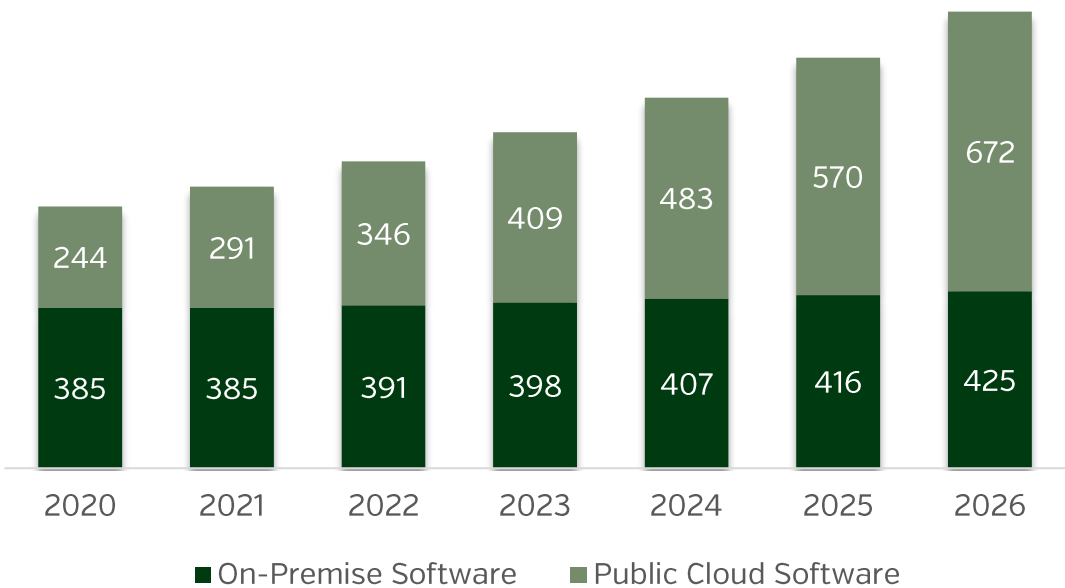
The Salesforce Ecosystem is projected to grow to >6x the size of Salesforce by the end of 2026, from just under 5x today; the key limiting factor to supporting Ecosystem growth is finding, developing, and maintaining skilled resources in a talent constrained environment.

# ... Driven by Very Favorable Trends in Digital Transformation Worldwide

The Salesforce engine is underpinned by strong trends away from on-premises software to public and non-public cloud

## Digital Transformation is Driving Trends Towards Cloud Software...

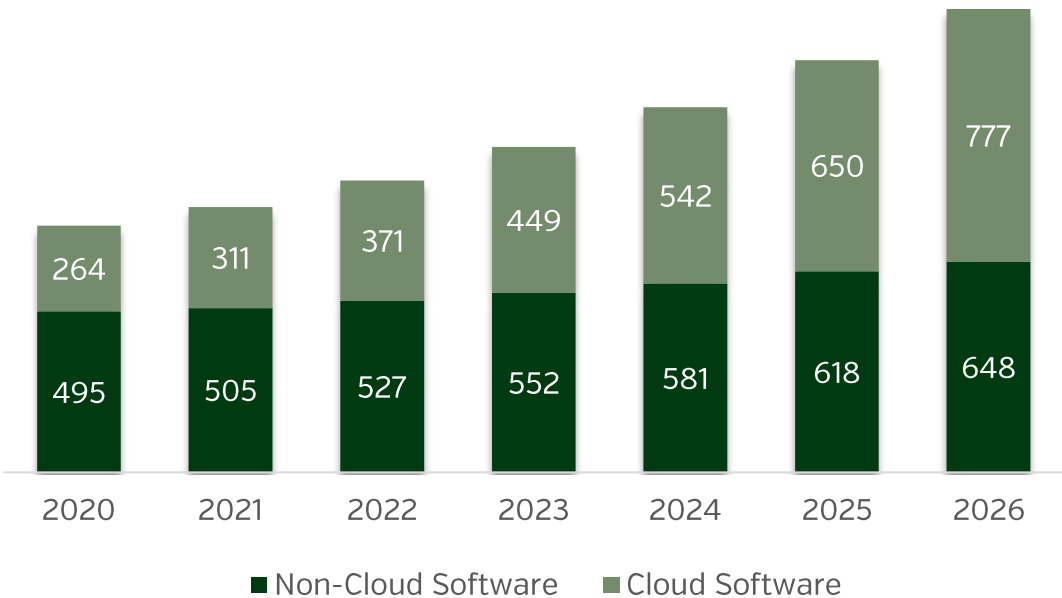
Global Software Spending: On-Premise vs. Public Cloud



Cloud-delivered software to account for 61% of the software market by 2026 [from 43% today].

## ... Which Is Expected to Grow at a ~20% CAGR Through 2026

Global Digital Transformation Software Spending



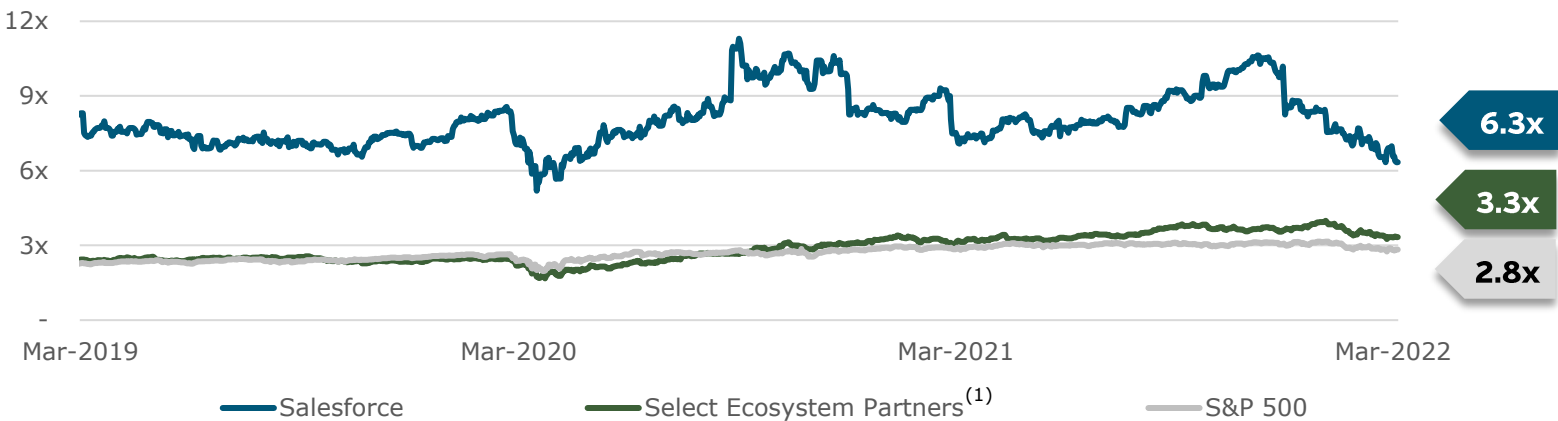
Cloud computing enables IT and business innovation while freeing up Company resources; external IT spending typically accounts for 2% - 5% of company expenses but extends to 50% - 90% of a Company's operations.



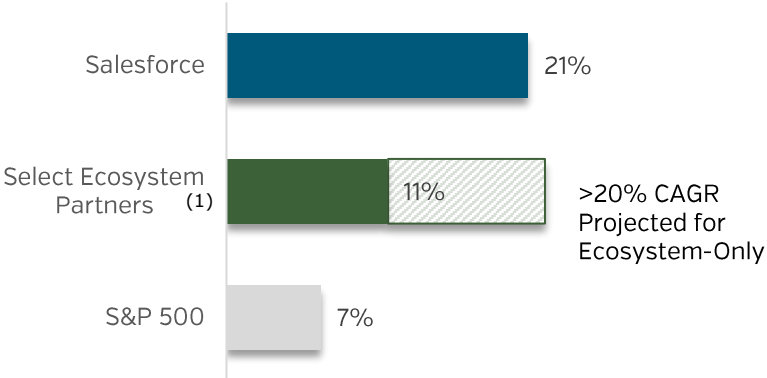
# Public Valuation Multiples Remain Highly Attractive for Companies that Participate in the Salesforce Ecosystem...

Companies with exposure to Salesforce continue to trade at a premium relative to the broader market

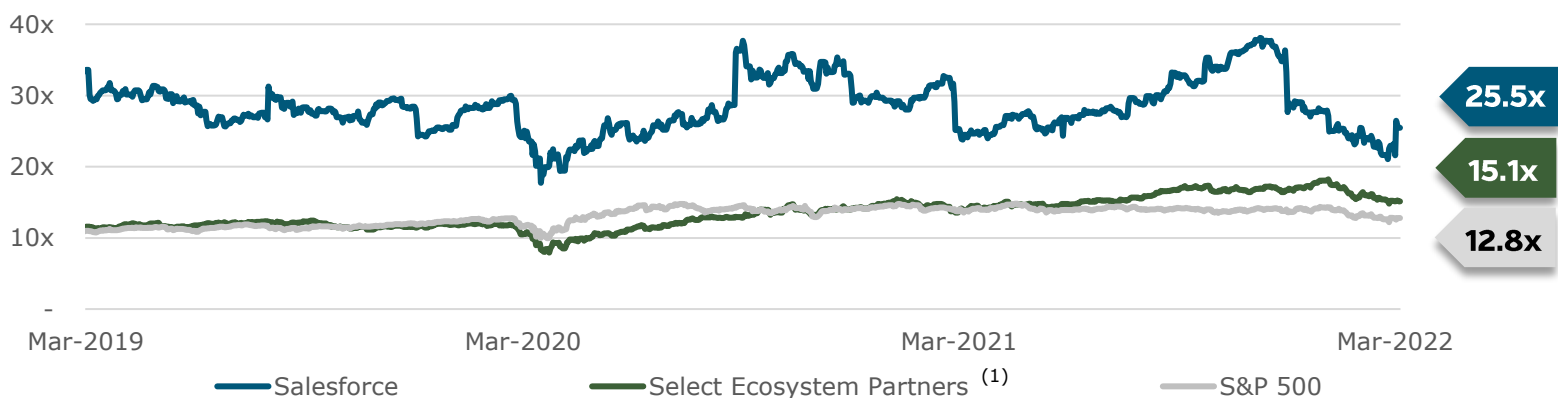
Public Trading Multiples – EV / Forecasted NTM Revenue



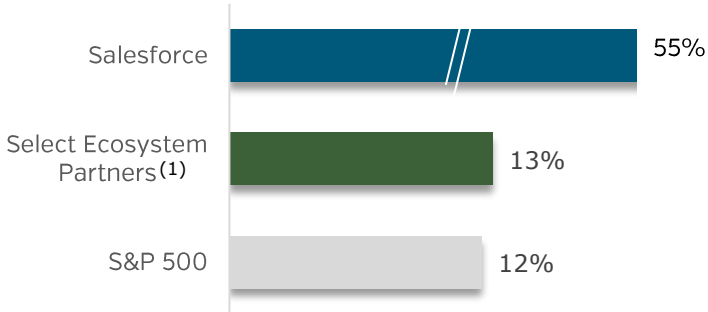
Forecasted 3-yr. Revenue Growth



Public Trading Multiples – EV / Forecasted NTM Adj. EBITDA



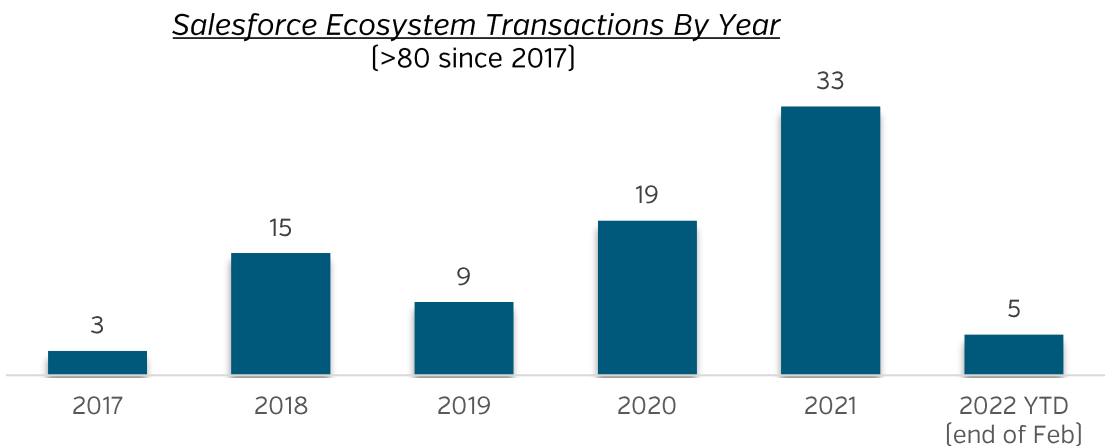
Forecasted 3-yr. EBITDA Growth



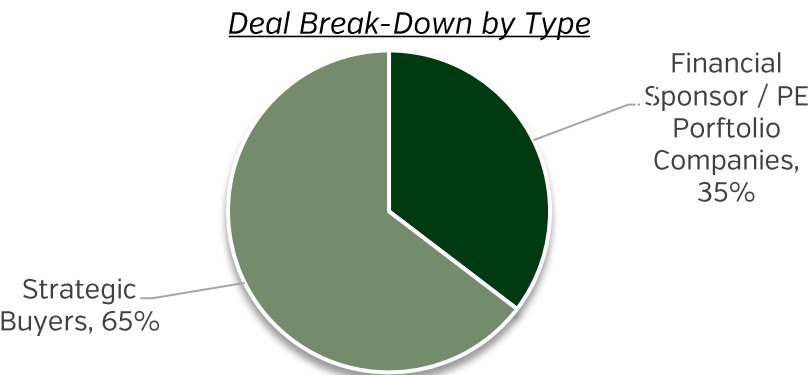
# ... And Deal Volume Has Accelerated Over The Past Few Years, Supported by Balanced Demand from Both Global and Regional Market Participants

M&A activity reached recent highs within the Salesforce Ecosystem in 2021 amid an economic rebound and solid industry growth prospects

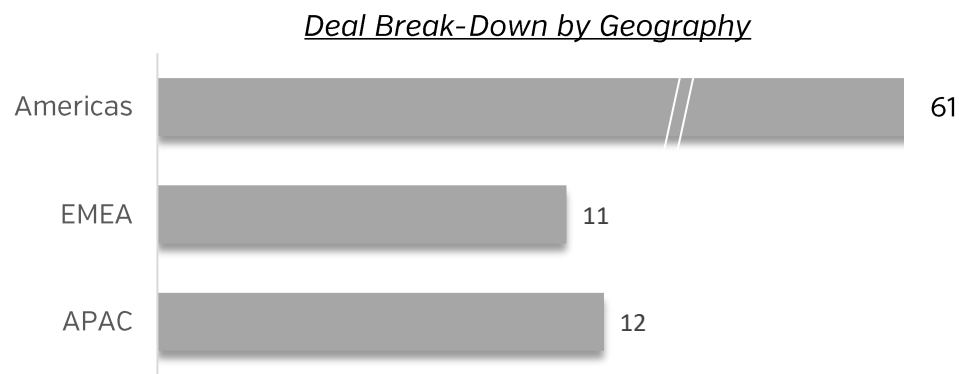
Global M&A Deal Volume in the Salesforce Space Has Picked Up Recently...



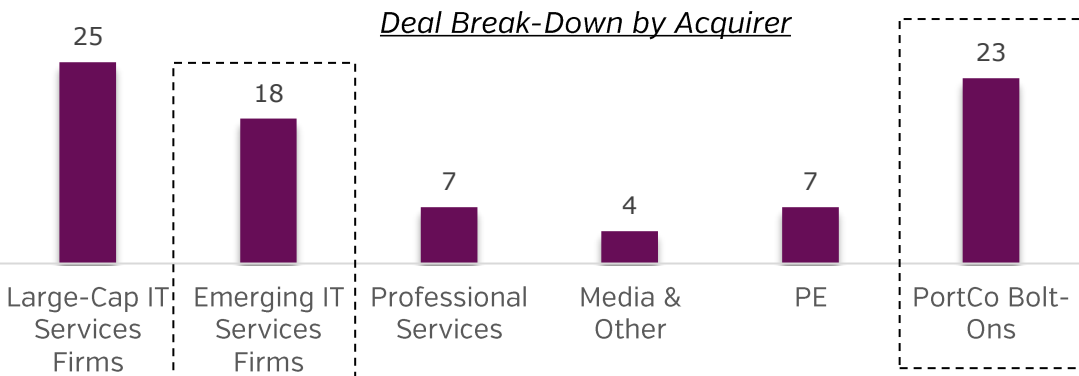
... With Increasing Activity by Financial Sponsors and Portfolio Co.'s



Deal Volume Has Been Strong Globally, Particularly in North America...



... And Among Smaller, Emerging IT Services and Portfolio Companies























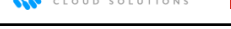

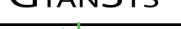

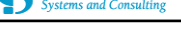







































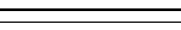

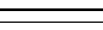



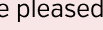

# Recent M&A Activity has been Predominately Consolidation of Smaller Assets

Attractive market dynamics have underpinned buoyant M&A activity for consultancies in the Salesforce space – however this is predominately market consolidation with limited acquisitions of assets greater than \$1bn

Strategic consolidation has continued within the Salesforce ecosystem, particularly as providers expand services to continue to keep up pace with continually evolving products

The majority of these transactions are driven by the fragmented market as platforms continue with buy & build strategies

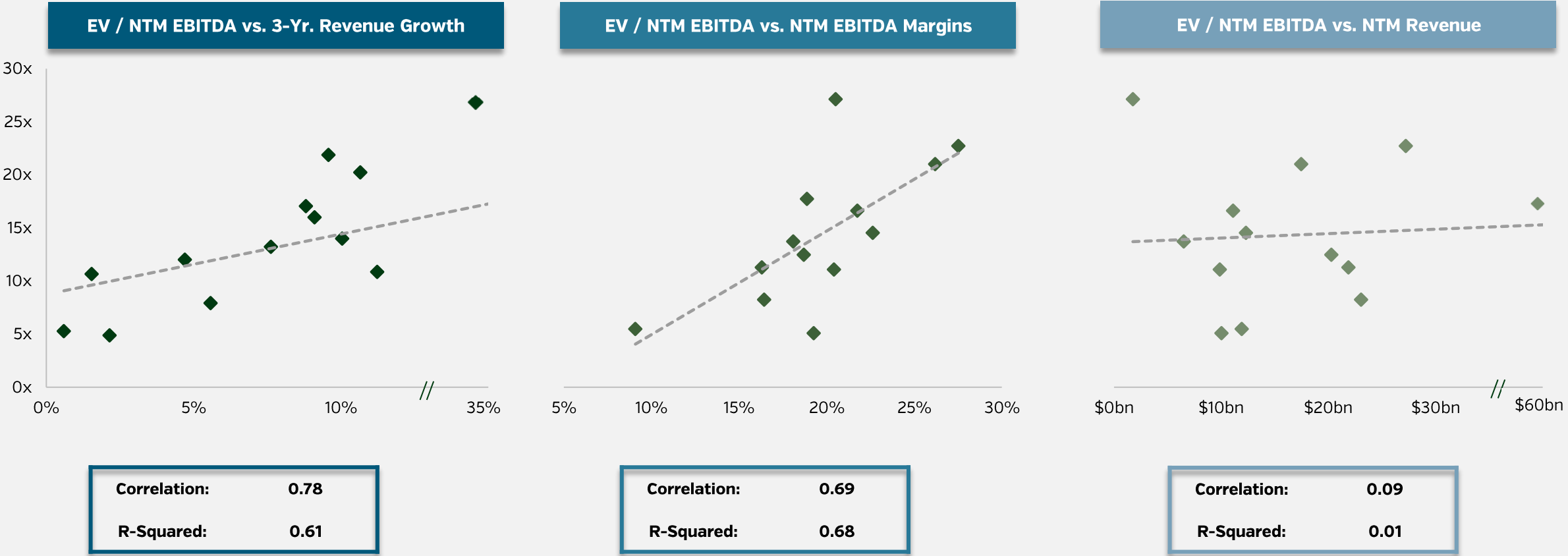
This is reflective of the wider IT services market, where the number of assets acquired **at an EV of >\$1bn are limited**

Date	Target	HQ	Acquirer	HQ	Headcount	Target Description / Commentary
Feb-22	 <b>TRACTION</b> <small>an Oracle</small>		 <b>salesforce</b>		~1,500	The largest dedicated Salesforce consulting and application development firm
Jan-22	 <b>Stratus360</b>		 <b>pwc</b>		<25	Leading Canadian Salesforce Consulting Partner with extensive experience in implementations across the Salesforce Platform
Jan-22	 <b>SILVR LINING</b>		 <b>SPAULDING RIDGE</b>		<25	Expertise in Salesforce Service Cloud, CPQ, Sales Cloud, Analytics Cloud, Marketing Cloud, Financial Services, and Einstein
Jan-22	 <b>Datarati</b>		 <b>OSF DIGITAL</b>		~50	CRM and Salesforce Marketing Cloud consultancy that supports clientele across Australia, New Zealand and Asia Pacific
Jan-22	 <b>Cloud Pacific</b>		 <b>k2</b>		<25	Expertise spans Sales Cloud, Service Cloud, and Experience Cloud implementation, app development, and business automation services
Dec-21	 <b>GROUNDSWELL</b> <small>CLOUD SOLUTIONS</small>		 <b>GYANSYS</b>		~100	Deploys Salesforce cloud applications for consumer goods, retail, technology, and life sciences industries; expertise in Sales Cloud, Service Cloud, Marketing Cloud, and Experience Cloud
Dec-21	 <b>CREATIVE</b> <small>Systems and Consulting</small>		 <b>ICF</b>		~270	A Salesforce, Microsoft and ServiceNow partner that provides IT consulting and digital transformation solutions to U.S. federal government agencies
Dec-21	 <b>AppCentrica</b>		 <b>AtoS</b>		~75	Offers cloud application modernization and development, as well as Salesforce and MuleSoft consulting
Dec-21	 <b>ACUMEN</b> <small>solutions</small>		 <b>salesforce</b>		~800	Leading professional services firm with deep Salesforce knowledge and extensive industry expertise across public sector, manufacturing, financial services and other verticals
Nov-21	 <b>Cloudalyze</b>		 <b>DynPro</b>		~50	Specializes in Salesforce CRM platform, the Salesforce.com ecosystem, Salesforce AppExchange
Nov-21	 <b>NAVINT</b> <small>A GLOBANT DIVISION</small>		 <b>Globant</b>		~175	Salesforce partner with capabilities including business processes, tools and technologies
Nov-21	 <b>brightgen</b>		 <b>CREDERA</b>		~160	Specializes in the design, delivery and implementation of solutions
Nov-21	 <b>tambourine</b>		 <b>accenture</b>		~70	Provides integrated commerce services on the Salesforce platform, CX design and engineering
Nov-21	 <b>eightcloud</b>		 <b>NAVISITE</b>		<50	Leader and pioneer in the managed services space for Salesforce
Nov-21	 <b>Standaw</b>		 <b>brillio</b>		~240	Quote-to-cash, price management and enterprise sales transformation solutions
Oct-21	 <b>sparkorange</b>		 <b>Crowe</b>		<50	Salesforce cloud platform implementation and solution provider serving private equity firms and the healthcare, life sciences, high tech, manufacturing, banking, and other verticals
Aug-21	 <b>CANDORIS</b>		 <b>CDI</b>		~110	Provides data center solutions, managed IT services, software engineering, Salesforce consulting
Aug-21	 <b>Confluence</b> <small>GLOBAL</small>		 <b>RSM</b>		<25	Provides strategic IT consulting and AMS implementation services

# Valuation Drivers: The Market Places A Premium on Growth & Margins Over Scale

A regression analysis on public valuations for IT services companies indicates the market is rewarding high-growth, high-margin companies with outsized valuation multiples

Regression Analysis: EV / NTM Adj. EBITDA Multiples Measured Against Growth Trends, Margin Profiles, and Scale



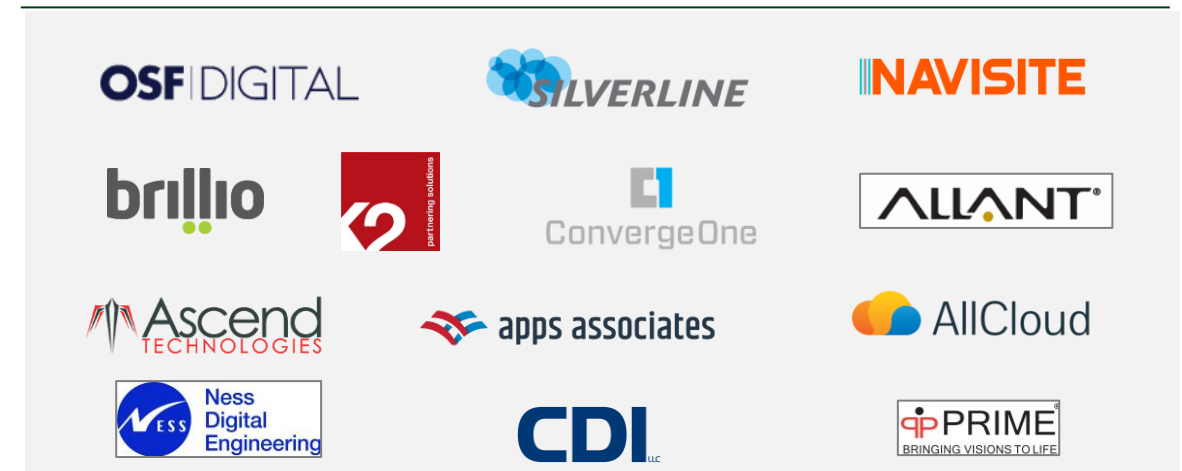
# The Salesforce Ecosystem Has Garnered Significant Interest From a Wide-Range of High Quality Buyers, Providing Significant Optionality for Sellers

Interest in the Salesforce Ecosystem remains strong and wide-ranging, from an investor type, industry, and size perspective

## IT Services



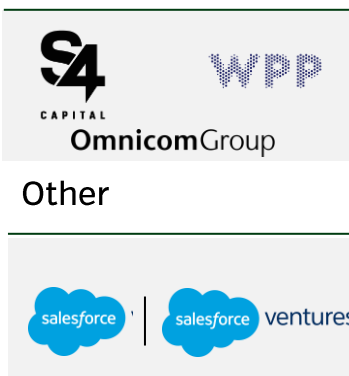
## Private Equity Portfolio Companies



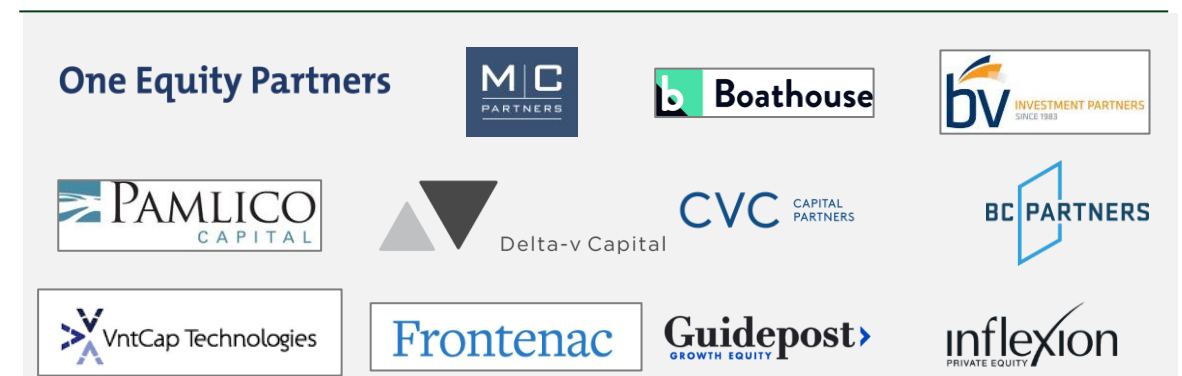
## Professional Services and Business Consulting



## Marketing & Comm.



## Private Equity



# The Equiteq Team is Comprised of Deeply Experienced Professionals Who Can Help You Navigate the M&A Market With Sound, Objective Strategic Advice

## Americas



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## Executive Leadership



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# Equiteq is the Most Active Middle-Market Investment Bank Serving the Knowledge Economy

Equiteq is able to effectively and efficiently leverage its extensive transactional experience, deep industry knowledge, and market insights to support clients end-to-end through an M&A process

After executing 100+ transactions, our unparalleled deal experience across the Knowledge Economy gives us an unrivaled depth of insight that we leverage to realize the best outcomes for our clients

  PE-Backed Cyber Security Firm Acquired   Advised on the Acquisition February 2022	 Data and Consulting Partner Sold to   Advised on the sale January 2022	 Data and Consulting Partner Sold to   Advised on the sale January 2022	 Salesforce Consulting Partner Sold to   Advised on the sale December 2021	 SAP & Business Process Consulting Sold to   Advised on the sale December 2021	 Digital Consulting Acquired   Advised on the acquisition December 2021	 Intelligent Automation Services Sold to   Advised on the sale December 2021	 Private Equity Invested into   Advised on the investment December 2021
 Procurement & Supply Chain Consulting Sold to   Advised on the sale December 2021	 Digital Consulting Sold to   Advised on the sale October 2021	 Construction Consulting Acquired   Advised on the acquisition October 2021	 Development Solutions Sold to   Advised on the sale August 2021	 Retail Consulting Sold to   Advised on the sale July 2021	 Economics Consulting Sold to   Advised on the sale July 2021	 SAP EPM Specialist Sold to   Advised on the sale June 2021	 Anaplan Gold Partner Sold to   Advised on the sale May 2021
 Microsoft Gold Partner Sold to   Advised on the sale May 2021	 Cloud Transformation Acquired   Advised on the acquisition May 2021	 Management & Strategy Consulting Sold Minority to   Advised on the sale April 2021	 Management Consulting Sold to   Advised on the sale January 2021	 Change Consulting Merged with   Advised on the merger January 2021	 Banking Technology Sold to   Advised on the sale December 2020	 ServiceNow Partner Sold to   Advised on the sale December 2020	 IT Solutions Sold to   Advised on the sale November 2020
 Operations Consultancy Sold to   Advised on the sale October 2020	 Salesforce Consultancy Sold to   Advised on the acquisition September 2020	 Engineering Consultancy Acquired   Advised on the acquisition September 2020	 JV Consultancy Sold to   Advised on the sale July 2020	 Engineering Consultancy Sold to   Advised on the sale March 2020	 Salesforce Consultancy Sold to   Advised on the sale July 2020	 Telecoms Consultancy Sold to   Advised on the sale March 2020	 Digital consulting Sold to   Advised on the sale July 2019



***New York – Boston – London – Singapore – Sydney – Paris***

*Securities offered through Equiteq Securities LLC, member FINRA/SIPC*

**Growing equity, realizing value**