



DIGITAL SERVICES

INDUSTRY UPDATE

Q4 2021

NEW YORK | LONDON | PARIS | MUNICH | SAN FRANCISCO
LOS ANGELES | BERLIN | GENEVA | DUBAI | SINGAPORE

FEBRUARY 2022



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HOFMANN**

MANAGING PARTNER &
MEMBER OF THE EXCOM



**CHRISTOPHE
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MANAGING
PARTNER



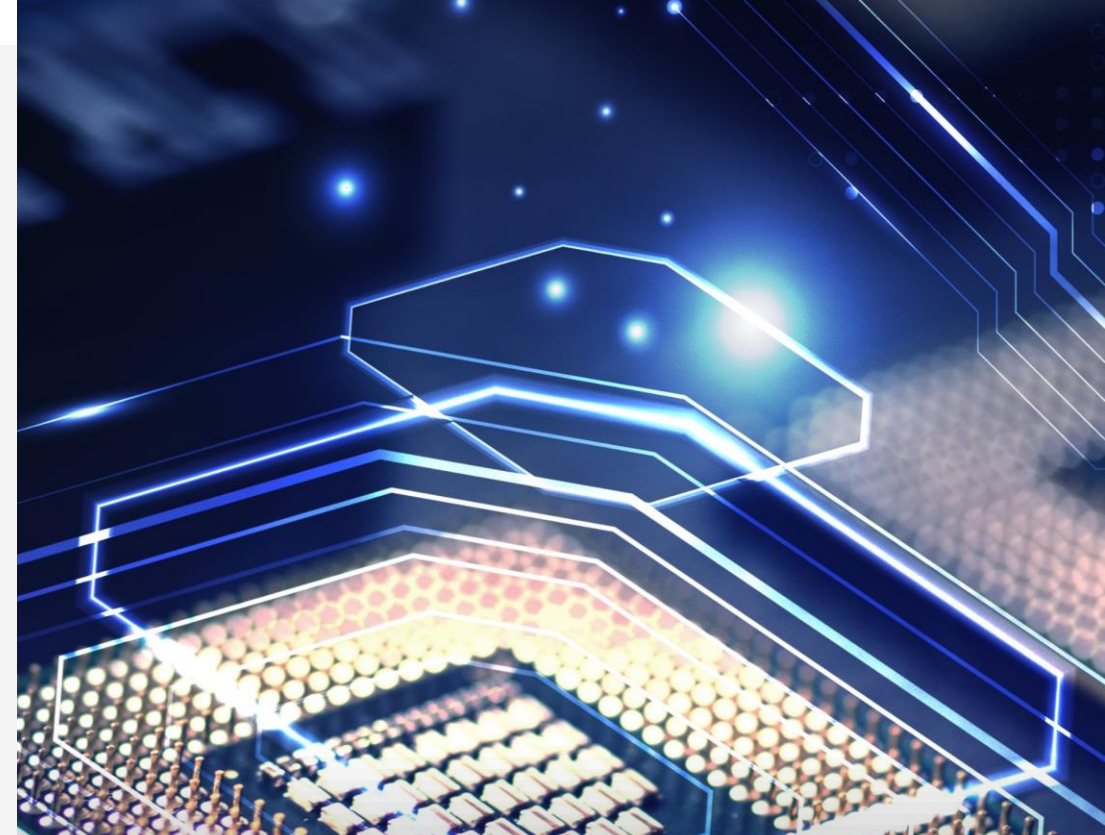
**JEFF
BAKER**

MANAGING
PARTNER



**GABY
SILVESTRIS**

PARTNER



OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 2nd edition of our quarterly Digital Services Report, providing updates on industry happenings such as important news and events, mergers and acquisitions activity and insights into the present and future trends impacting major areas of investment within the industry, including:

- DIGITAL TRANSFORMATION
- CLOUD MIGRATION
- TECH-ENABLED IT SERVICES
- CLOUD PROVIDERS
- SECURITY SERVICES
- BUSINESS INTELLIGENCE

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THE DRAKE VIEW FROM OUR INVESTMENT BANKERS

RALF PHILIPP HOFMANN, MANAGING PARTNER & MEMBER OF THE EXCOM



The Digital Services landscape has seen strong growth momentum throughout 2021 as the world continues down the path of digitisation. COVID-19 exposed supply chain vulnerabilities and operational flaws across sectors, leading to increased investment in IT resiliency and business intelligence. Q4 2021 has seen an uptick in Digital Services transactions with **380+ M&A deals** and **\$45bn+ disclosed** and **350+ fundraises** with **\$8bn+ disclosed**, including;

- **Gilde Buy Out Partners** became a new shareholder of **]init[** as part of a majority recapitalisation
- **Cisco** completed the **Epsagon** acquisition, a US-based, modern observability vendor for **\$500m**
- **Projekt202** acquired **Roam** for **\$31m**
- **DriveWealth** raised **\$735m** through a combination of Series D1, and Series D2 venture funding
- **Orca Security** secured a **\$550m** extension to the Series C venture led by **Temasek**
- **Kao Data** raised **\$171m** from **Infratil** in its 5th funding round

Heading into 2022, we believe the desire for M&A will remain strong as companies strive to optimise the efficiency of their business operations and require deeper thinking on migrating to the cloud; whilst still increasing organisational revenues in the era of working from home and lockdown. **Specifically, growing global demand is expected for businesses that are focused on AI and IOT-powered business intelligence solutions, data analytics, blockchain and cloud services to manage the proliferation of cloud platforms.**

DIGITAL SERVICES KEY HEADLINES

SELECTED SUBSECTORS



DIGITAL TRANSFORMATION



BT plans to expand presence in India to build products for digital transformation

ET Telecom, Dec 31, 2021

EU launches the **Digital for Development** Hub for Latin America

European Commission, Dec 14, 2021

Nokia helps **Volkswagen** embrace Industry 4.0 digital transformation

IoTnews, Dec 7, 2021



CLOUD MIGRATION



PwC and **Microsoft** partner on digital banking cloud product

Financial News, Nov 8, 2021

Kyndryl taps **Google Cloud** for data analytics

SDxCentral, Dec 9, 2021

Infoblox delivers another large database migration to **Oracle Cloud**

Cision PR Newswire, Dec 8, 2021



TECH-ENABLED IT SERVICES



Locix and **LAPIS Technology** develop LSI-Enabled Services to address challenges in the supply chain industry

Business Wire, Dec 15, 2021

Buy Now Pay Later providers see future in becoming 'Tech-Enabled' Digital Banks

pymnts.com, Nov 12, 2021

11:FS adds **Google Cloud** partnership to technology offering

Consultancy.uk, Nov 11, 2021

DIGITAL SERVICES KEY HEADLINES

SELECTED SUBSECTORS



CLOUD PROVIDERS



Verizon and Google Cloud to collaborate to deliver 5G mobile edge computing

Verizon.com, Dec 16, 2021

IBM launches modernisation centre to support hybrid cloud adoption

Cloud Computing News, Dec 15, 2021

Oracle partners with **Telecom Italia** to bring cloud services to Italy

Cloud Tech, Oct 11, 2021



SECURITY SERVICES



ITC Secure and Cassava Technologies announce Joint Venture to expand security operations and **Microsoft Cloud Security Expertise** in Africa

Business Wire, Dec 15, 2021

30% of growth to originate from Europe for Private Security Services Market

Cision PR Newswire, Dec 13, 2021



BUSINESS INTELLIGENCE



Tellius introduces live insights to accelerate finding valuable data

Database, Dec 20, 2021

DataRobot releases platform expanding its AI cloud solution for data science experts

Database, Dec 17, 2021

ISG Provider Lens report sees more German companies seeking digital transformation after pandemic

Business Wire, Dec 10, 2021

SELECTED M&A DEALS OF THE MONTH

380+ DEALS AND \$45BN+ IN DISCLOSED DEAL ACTIVITY IN Q4 2021

Year founded
 Employees
 Sub-sector
 Total Website Visits



DEAL DESCRIPTION

Gilde Buy Out Partners became a new shareholder of]init[as part of a majority recapitalisation. The goal of the newly-formed group of shareholders is to further accelerate]init['s growth trajectory

December 1st, 2021



BUSINESS DESCRIPTION Berlin

Leading provider of digital transformation solutions.]init[pursues a full-service approach along the digital value chain: development and implementation of digitalisation strategies, design and operation of websites and portals, IT strategy / IT security consulting, and operation of customer platforms in dedicated data centres

KEY PERSONNEL

Dirk Stocksmeier - Chairman of the Supervisory Board
Harald Felling CEO

KEY SHAREHOLDERS

EMERAM

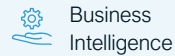
Gilde Buy Out Partners



DEAL DESCRIPTION

Cisco acquired Epsagon for \$500m. Epsagon will complement Cisco's work on full-stack observability for cloud-native environments, across multiple telemetry types including metrics, events and logs

October 25th, 2021



BUSINESS DESCRIPTION New York

Developer of an automated performance tracking platform designed to offer complete monitoring for serverless applications. The platform predicts performance issues before they occur and offers full support for cloud resources, enabling enterprises to fix issues efficiently with less time spent on troubleshooting

KEY PERSONNEL

Nitzan Shapira – Co-Founder & CEO
Ran Ribenzaft – Co-Founder & CTO

KEY SHAREHOLDERS

CISCO



DEAL DESCRIPTION

Projekt202 acquired Roam for \$31m. Epsagon compliments Projekt202's strong IT services consultancy capacities as well as expands its reach into the APAC region

October 1st, 2021



BUSINESS DESCRIPTION Sydney

Roam is a full-service digital transformation consultancy accompanying enterprises in their evolving business structures. They support firms in financial, healthcare, energy and utilities, retail, hospitality and telecommunication to drive digitisation and adaptability of businesses and products

KEY PERSONNEL

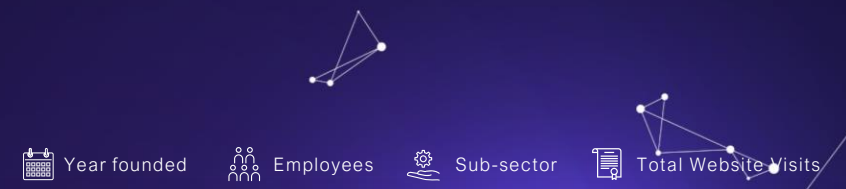
Chris Moore – CEO
Michelle Poulton – COO

KEY SHAREHOLDERS

projekt202

SELECTED FUNDRAISING DEALS OF THE MONTH

350+ DEALS AND \$8BN+ IN DISCLOSED FUNDRAISING ACTIVITY IN Q4 2021



DRIVE WEALTH
\$735m
 PRIVATE PLACEMENT
 LED BY
 Accel Citi VENTURES
 GREYHOUND CAPITAL INSIGHT
 SoftBank

DEAL DESCRIPTION

The company raised \$735m through Series D1 and Series D2 venture funding from Insight Partners, Citi Ventures, Greyhound Capital, and SoftBank, putting the company's pre-money valuation at \$3.0bn

October 5th, 2021

2012

236

Tech-enabled IT Services

423k

BUSINESS DESCRIPTION

New Jersey
 Developer of financial technology systems intended to provide embedded finance and API-driven brokerage infrastructure. The company provides full-stack, cloud-based services for real-time fractional trading, enabling global partners like digital advisors and online brokers to access the US equities market and invest in real-time fractional shares on a dollar-equivalent basis

KEY PERSONNEL

Donato Cuttone – CEO
 Michael Dugan – CFO

KEY SHAREHOLDERS

Base10
 Quiet

orca security
\$550m
 PRIVATE PLACEMENT
 LED BY
 TEMASEK

DEAL DESCRIPTION

The company raised \$550m extension to the Series C funding led by Temasek with Strategic Investments from SAIC and Splunk Ventures; to deliver more functionality and extend global reach

October 5th, 2021

2019

288

Security Services

n.a.

BUSINESS DESCRIPTION

Tel Aviv
 Developer of a cloud-based security platform designed to deliver a comprehensive full-stack visibility into cloud infrastructure. The company's platform offers cloud-wide, workload-deep security and compliance for AWS, Azure, and GCP

KEY PERSONNEL

Avi Shua – Co-Founder & CEO
 Gil Geron – Co-Founder & CPO

KEY SHAREHOLDERS

Adams Street
 harmony partners
 splunk
 stripes

KAO DATA
\$171m
 PRIVATE PLACEMENT
 LED BY
 Infratil

DEAL DESCRIPTION

Kao Data raised \$171m from Infratil in its 5th funding round, with a pre-money valuation at \$257m. The funds will feed into two new data centres, to provide multi-site services and reach capacity of ~55mw

October 5th, 2021

2014

26

Business Intelligence

n.a.

BUSINESS DESCRIPTION

Harlow
 Kao Data develops and operates data centres for high-performance colocation. The firm aims to accompany leading technology actors in high-density compute industries through specialist provision and build-to-suit data centre solutions at an industrial scale. This enables clients to access infrastructure suited for world-class enterprise, cloud, HPC and AI needs

KEY PERSONNEL

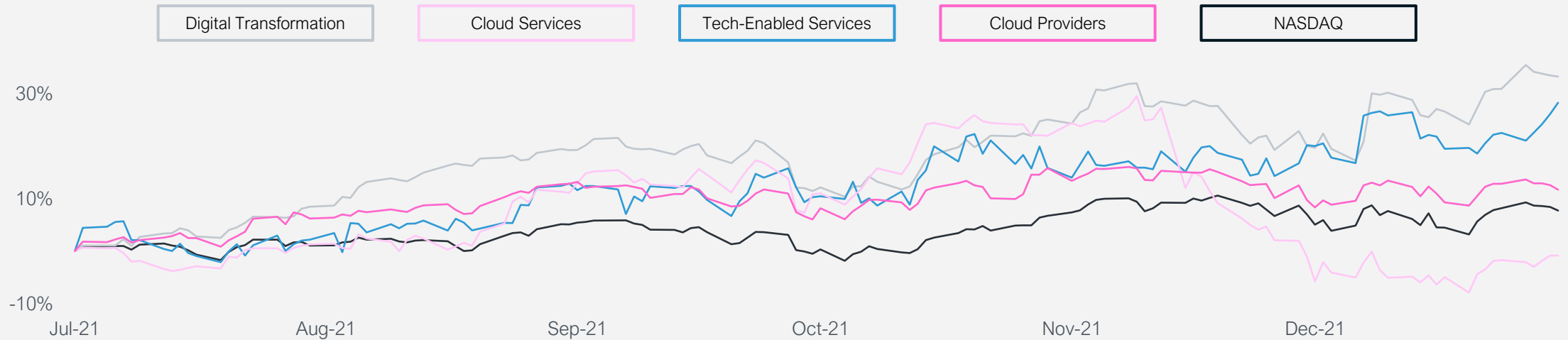
Lee Myall – CEO
 Matthew Harris – CFO

KEY SHAREHOLDERS

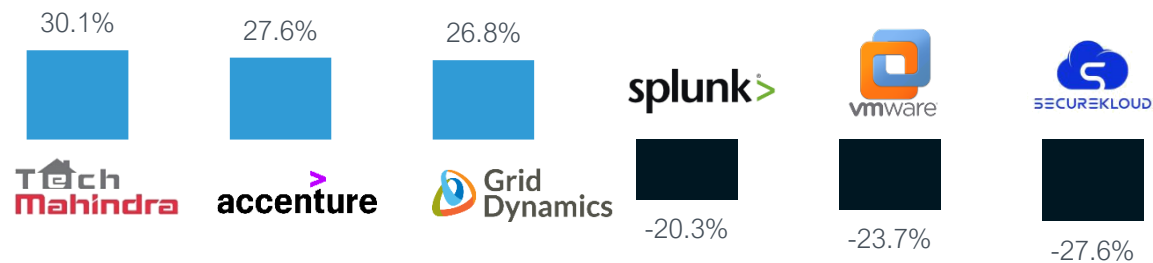
GOLDACRE
 Legal & General

SHARE PRICES SLIGHTLY UP VS. NOVEMBER

WITH DIGITAL TRANSFORMATION IN THE LEAD



TOP 3 RISERS & FALLERS DECEMBER 2021¹



KEY HIGHLIGHTS

- Tech Mahindra's (+30.1%) stock rose whilst the company announced its acquisition of Allyis India and Green Investments for \$125m
- Accenture (+27.6%) gained momentum after the IT services giant posted its first-quarter earnings report
- SecureCloud's stock (-27.6%) fell due to issues arising when announcing its revenue drop

UNPARALLELED TRACK-RECORD IN THE DIGITAL SERVICES SPACE

WE HAVE SUCCESSFULLY EXECUTED 35+ DIGITAL SERVICES TRANSACTIONS IN THE PAST 5 YEARS

 SALE TO ConvergeOne a portfolio company of CVC CAPITAL PARTNERS Cloud Services	 SALE TO Xebia (A Portfolio Company of Waterstone) Cloud Infrastructure	 RECAPITALIZATION Gilde Buy Out Partners EMERAM CAPITAL PARTNERS Founders and Management Digital Transformation Solutions	 and portfolio company cloudbakers INVESTMENT IN & MERGER WITH qwinix IT Services	 SALE TO CARBON60 a portfolio company of MIC PARTNERS IT Services	 cloud at scale SALE TO amdocs IT Services	 SALE TO GLOBAL IT Services	 SALE TO * S&P Global Platts Tech-enabled	 SALE TO * gobeyond KKR Tech-Enabled / Digital Transformation
 a portfolio company of MIC PARTNERS SALE TO SQUARED IT Services	 SALE TO * SNP IT Services	 HAS RECEIVED INVESTMENT FROM GRYPHON INVESTORS IT Services	 HAS RECEIVED INVESTMENT FROM SUNSTONE PARTNERS IT Services	 SALE TO NAVISITE a portfolio company of MDP IT Services	 ACQUISITIONS & COMBINATION OF evergreen novoscale IT Services	 a portfolio company of VSS MAJORITY SALE TO NEP Renewal Energy Partners IT Services	 SALE TO Accountabil IT a portfolio company of WESTVIEW CAPITAL PARTNERS IT Services	 SALE TO ONICA a portfolio company of SUNSTONE PARTNERS IT Services
 HERE TO STAY SALE TO * Apax PARTNERS Tech-enabled / Digital Transformation	 RECAPITALIZATION WITH abry partners IT Services	 SALE TO * DECISION INC. IT Services	 PRIVATE PLACEMENT Debeha SevenVentures VORWERK VENTURES BY Digital health insurance	 SALE OF SHARES TO EMERAM CAPITAL PARTNERS AND ROLLOVER OF MANAGEMENT SHARES Digital Transformation Services	 SALE TO COHERE CAPITAL IT Services	 SALE TO * WORKFORCE INSIGHT IT Services	 SALE TO * psi Waud Capital Tech-enabled	 SALE TO * RAG STITUNG Tech-enabled
 MAJORITY SALE TO findosinvestor AND ROLLOVER OF MANAGEMENT SHARES Digital Transformation Agency	 Business & Intelligence SALE TO * GFT IT Services	 MINORITY GROWTH INVESTMENT WESTVIEW CAPITAL PARTNERS IT Services	 PRIVATE PLACEMENT VSS IT Services	 SALE TO * Deloitte IT Services	 SALE TO dentsu AEGIS network Digital Transformation Specialist	 a portfolio company of VSS HAS ACQUIRED SOUNDSHORE TECHNOLOGY GROUP IT Services	 SALE TO * accenture Tech-Enabled	 SALE TO * OLIVER WYMAN Tech-Enabled

A LEADING GLOBAL TECH M&A INVESTMENT BANK

400+

TRANSACTIONS COMPLETED

70%

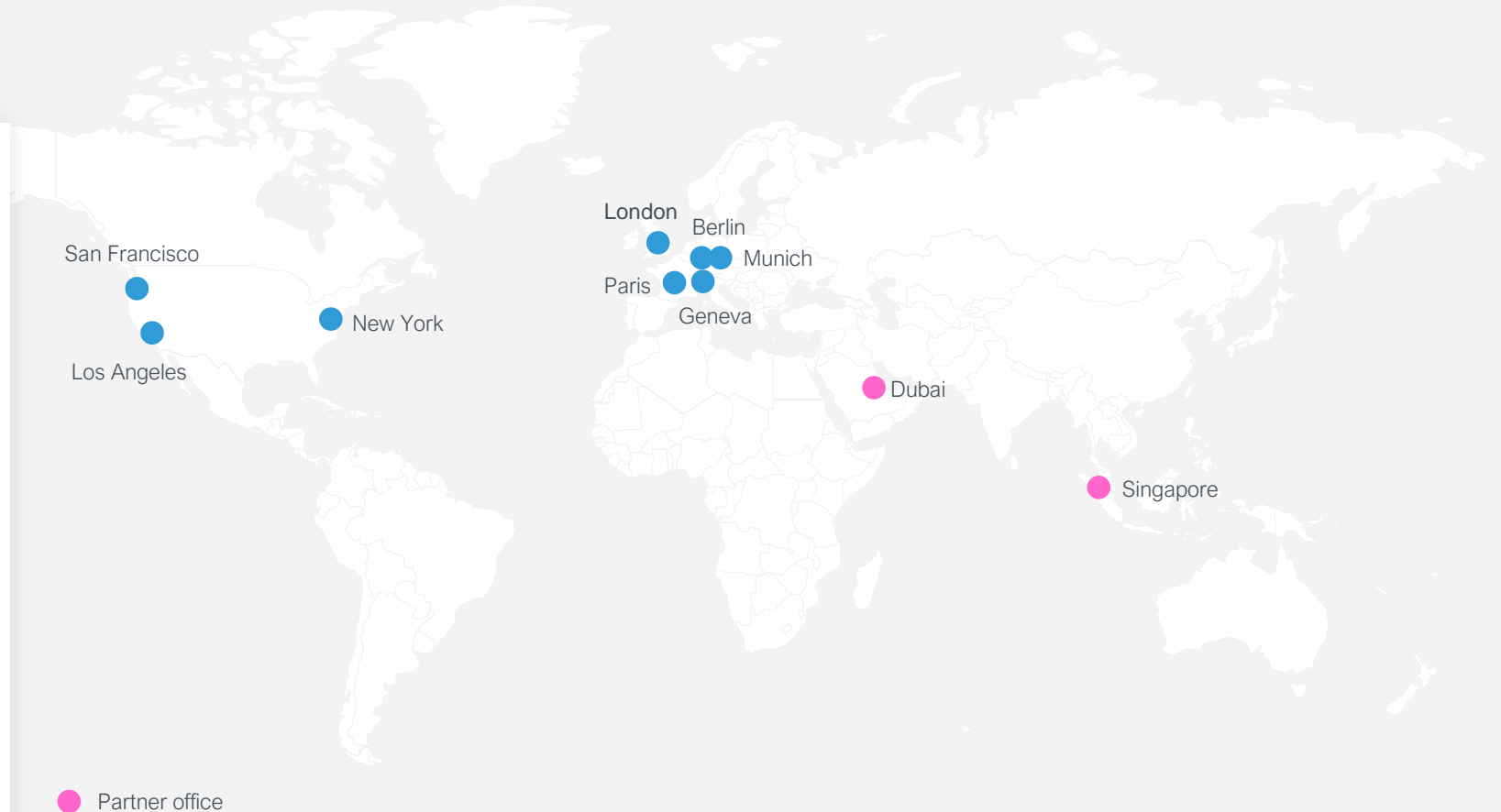
CROSS-BORDER DEALS

100+

BANKERS

10*

OFFICES GLOBALLY



*Including partner officers



DRAKE STAR

BELIEVE IN INNOVATION
CHANGE THE WORLD

