

»» Deep Dives Into M&A's Hottest Sectors



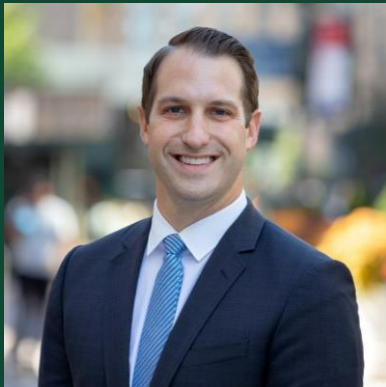
»» Hugh Boston



»» Bob Lockwood



»» Kathleen Thomas



»» Rich Kanefsky



»» Scott Mozarsky



»» Jon Thackeray

» Deep Dives Into M&A's Hottest Sectors:
Digital Transformation Services



» **Hugh Boston**

» What do digital transformation providers do and what is the opportunity?

Digital transformation service providers . . .

1.



enable companies to leverage technology to . . .

2.



deliver new sources of value, and . . .

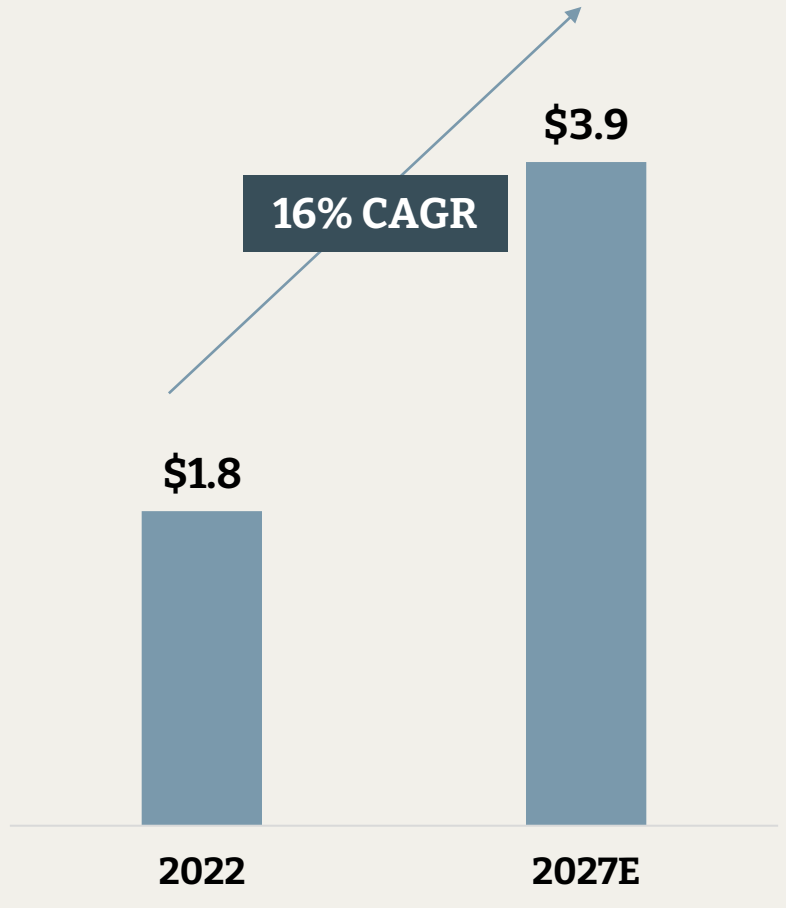
3.



improve business outcomes

Digital transformation market revenue

(\$trillions)



» How broad is digital transformation?



Enterprise



Customer Experience (CX)



Sustainability



Infrastructure and operational



Employee Experience (EX)



Data / analytics

» Everybody's doing it . . .

Transportation



Delta Air Lines CIO: 'Digital Permeates Everything We Do'

Hospitality



Marriott Taps Emotions to Help Elevate Digital Experiences

Sports & Entertainment



Digital Plays Offense in WNBA Growth Plan

Financial Services



Prudential Financial: 'Data-Smart' With AI



» How do we segment the service providers?



<p>Strategic DT Consulting</p>	<ul style="list-style-type: none"> Support specific strategy priorities Solution driven in nature 	  
<p>Specific Ecosystem Integration</p>	<ul style="list-style-type: none"> Integrate specific tech ecosystems E.g., Salesforce, ServiceNow, SAP, etc. 	  
<p>Vertical Specialty</p>	<ul style="list-style-type: none"> Focus on complex/highly regulated industries E.g., healthcare, energy, government 	<p>Booz Allen Hamilton</p>  
<p>Niche Capability Focus</p>	<ul style="list-style-type: none"> Bring deep domain knowledge to specific areas E.g., HR, supply chain, CPQ 	  



Larger firms (e.g., Accenture, Perficient, etc.) have capabilities across these areas



» Digital transformation providers range in size


\$100m - \$1bn Revenue



Alithya  bounteous
 Accolite 

KIN+CARTA  Material+ 

Mphasis  nerdy 
 The Next Applied

NORTH  HIGHLAND 

PROPHET  Softtek®

Valtech  westMONROE 



\$1bn - \$5bn Revenue

ASGN  Incorporated 

Globant  LEK 

LTIMindtree  nagarro 

OliverWyman  protiviti® 
 Global Business Consulting

/thoughtworks  ttec™

virtusa  WNS



\$5bn + Revenue

accenture 

Capgemini  CGI 

cognizant  Deloitte.

EY  HCLTech

Infosys  IBM

McKinsey & Company  Omnicom

publicis sapient  pwc  wipro

» The opportunity is being seized by multiple PE platforms

PE Firm	Platform	Add-ons
Advent International GLOBAL PRIVATE EQUITY	encora	Softelligence excellerate
BainCapital	brillio	CLOUD STRATEX CEDRUS DIGITAL Standav GNETIK
BC PARTNERS	Valtech *	Tome Union APPSSUTELY CLOUDCO tbg evident Absolunet. REYONIC
BPEA PRIVATE EQUITY	virtusa	BRIGHT FACTOR chojuu
THE HALIFAX GROUP	milestone technologies	suyati
H. I. G. CAPITAL	CONCORD	authentic. EVOLYTICS EVOLVING ANALYTICS SwiftWIN Elevating Acceleration
KELSO PRIVATE EQUITY	Bridgenext	DEFINITION6
NMC NEW MOUNTAIN CAPITAL	bounteous x Accolite	HATHWAY LISTER digital TeamTek CONSULTING xerris ABYETI TECHNOLOGIES
TRINITY HUNT PARTNERS	argano	PV BIG COMPASS In The Know Solutions Group echelon SOLUTIONS GROUP NORTHPOINT MS3 CSS âMind ELEVATE YOUR BUSINESS

Source: Pitchbook

» As “everything” goes digital, “everyone” is making acquisitions



JEGI CLARITY transaction



JEGI CLARITY transaction



JEGI CLARITY transaction



JEGI CLARITY transaction



» Outlook for the market/what to watch in 2024

1.



Large firms expanding capabilities organically (e.g., AI)

2.



Firms using acquisitions to become the “vendor for everything”

3.



New entrants focusing on niche vertical markets

4.



Continued laser focus on the customer experience (data)

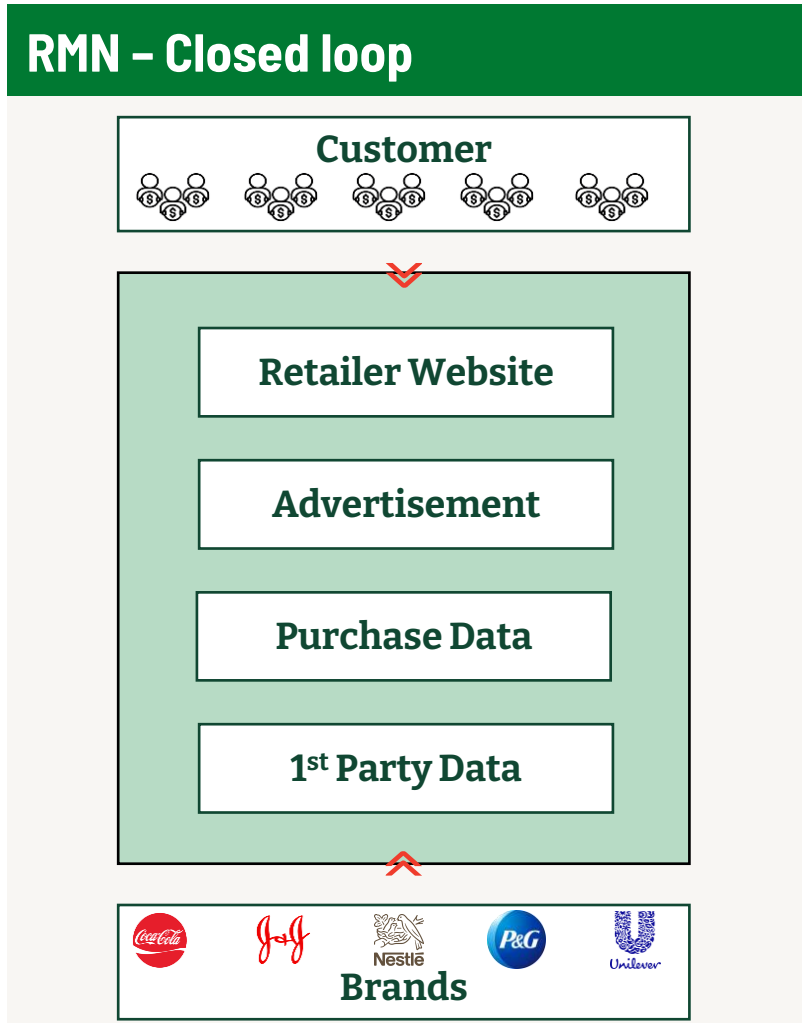
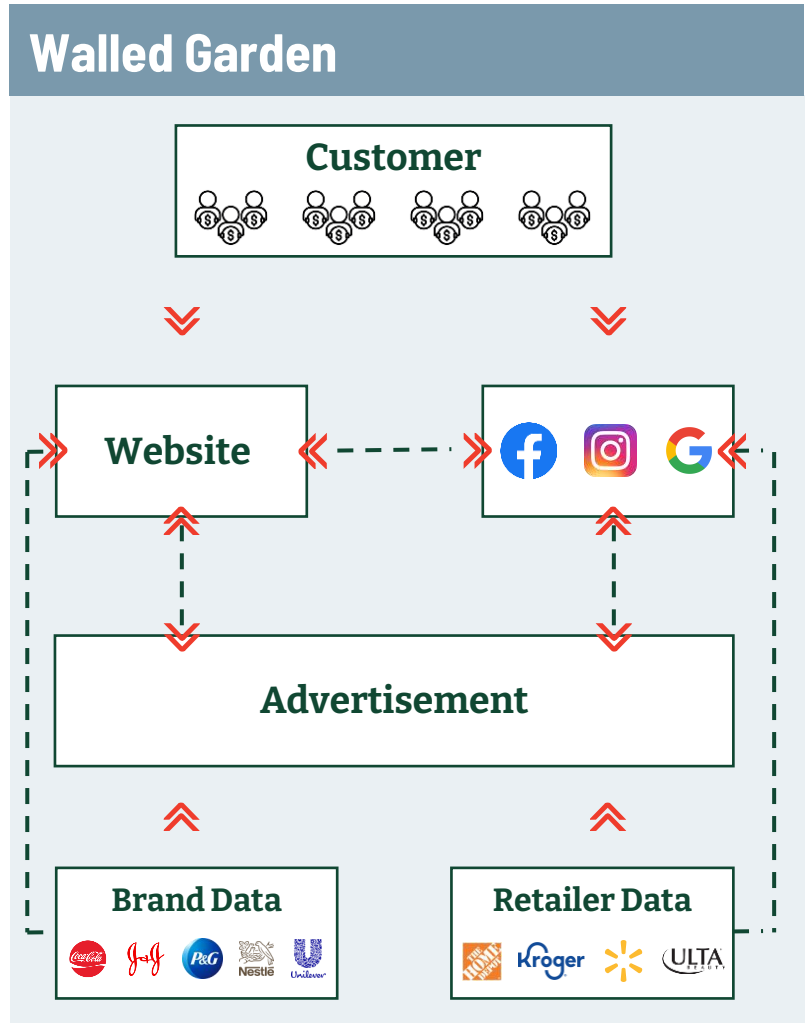
» Deep Dives Into M&A's Hottest Sectors:
Retail Media Networks



» **Bob Lockwood**

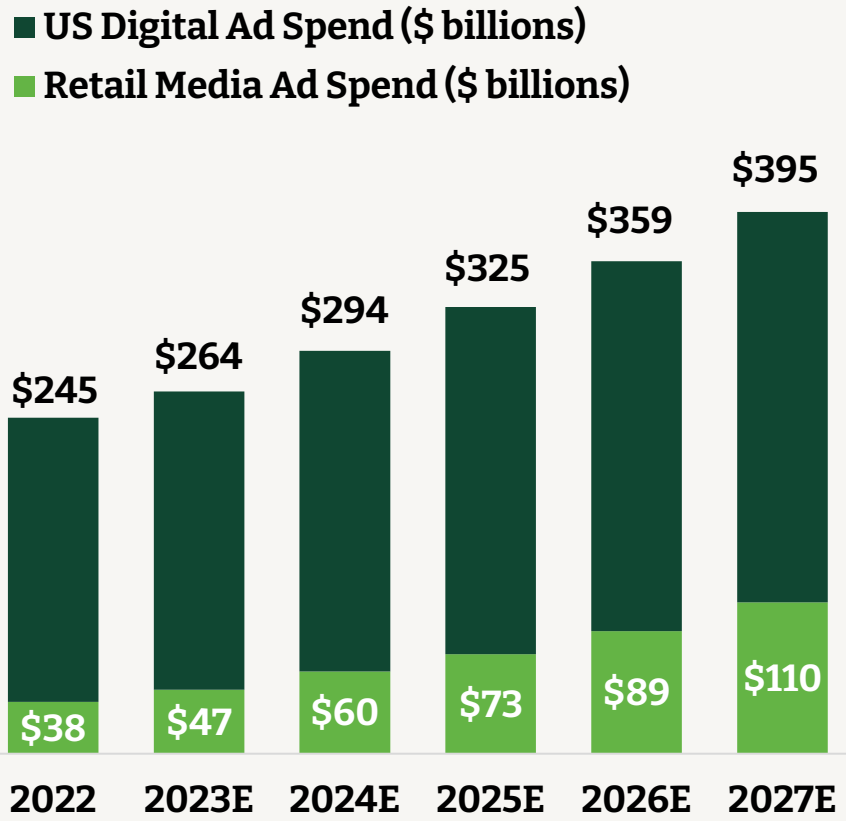
» What are Retail Media Networks (RMNs - another acronym!)

3rd Major Wave of Change for Digital Ads, Following Search and Social



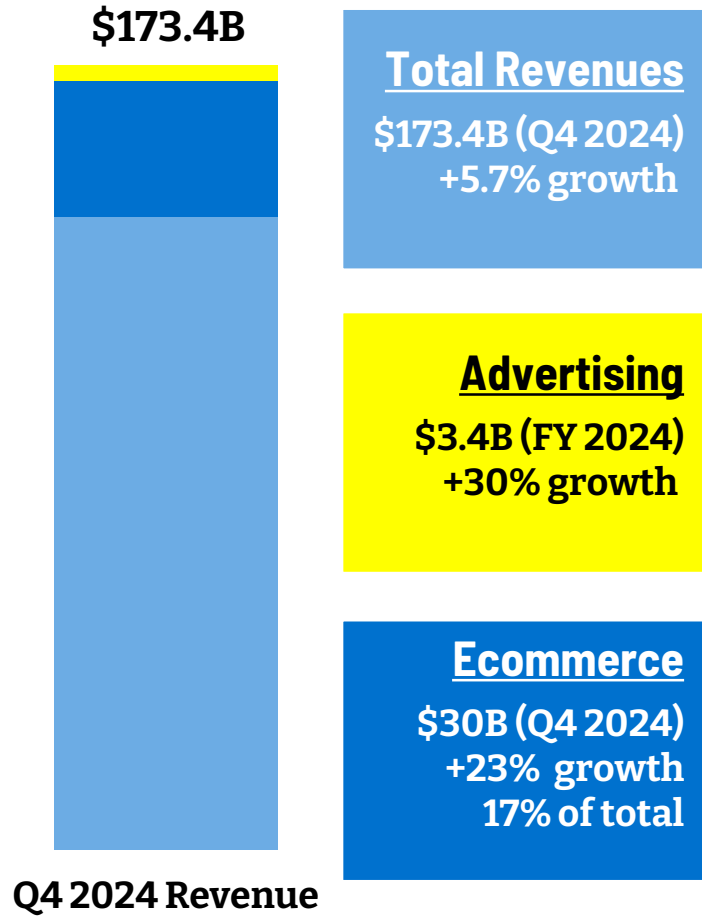
» Retail media is a fast growing and enormous market

US Digital Media Ad Spend



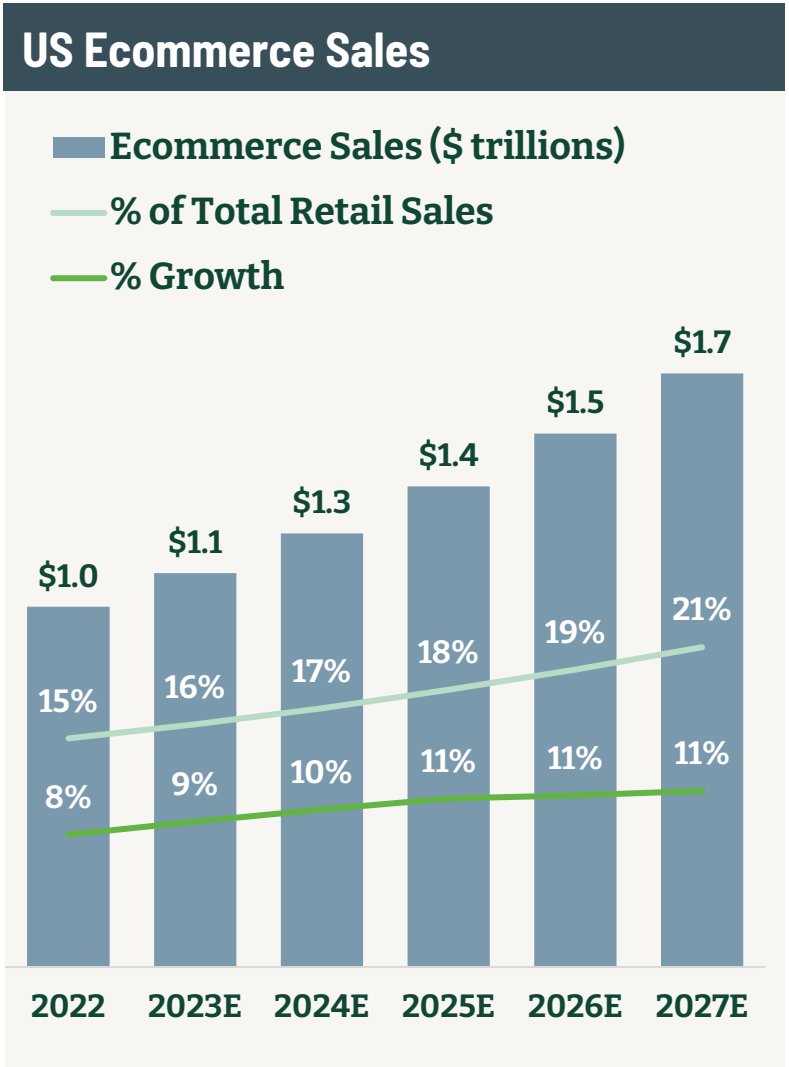
Retail Media Ad Spend projected to increase to 28% of total by 2027

Walmart Q4 2024 Earnings



» What is driving growth in retail media?

Ecommerce Growth, Superior Targeting, AdTech Challenges, Brand Safety



- ### Key Drivers
- Growth of ecommerce / omnichannel
 - Retailer investment in tech and data solutions
 - Data / targeting challenges with Walled Gardens and Open Web
 - Increasing importance of 1st party Data
 - Cookie sunset EOY 2024
 - Brand Safety – election year

» The RMN ecosystem - Everything is an ad network (RMN)

US Retail media network launches

A decade of retailer investment in tech solutions to better monetize their customers and capture advertising dollars



» The RMN vendor ecosystem – Everyone wants in!



» M&A is increasingly active in retail media

Notable recent transactions

Omnicom acquired Flywheel

\$900m Enterprise Value	Jan 2024 Closing Date
3x EV / LTM Revenue	\$300m LTM Revenue
40x EV / LTM EBITDA	\$23m LTM EBITDA

Key takeaways

- One of the largest Holdco M&A deals
- Validation of size / importance of ecommerce and retail media
- Scarcity of scaled targets resulted in premium valuation
- Massive opportunity for Omnicom to accelerate growth of Flywheel

» What to watch in RMNs in 2024



Continued Growth in Brand Spend



Improved Measurement, Transparency and Standardization



Retailer investment in Tech, Data, Services



Growth of 3rd Party Service Providers



Growth of M&A by RMN Vendors



» Deep Dives Into M&A's Hottest Sectors:
Next gen B2B leaders



» Kathleen Thomas



» Rich Kanefsky

» There has never been a more exciting time in B2B

The next gen B2B platforms are evolving rapidly




Scaled Platforms
~\$25-40m EBITDA

Scaling Platforms
Sub ~\$25m EBITDA




» Platforms redefining the buyer journey


B2B's marketing prop has never been stronger

- 1.



»»

Specialization aggregating and targeting knowledgeable, engaged audiences in a world of changing online regulations
- 2.


»»

Audience identifier data collected through proprietary B2B communities creates valuable 1st party data asset
- 3.


»»

Technology enabling B2B marketers to identify, target, and engage buyers throughout the entire purchasing journey
- 4.


»»

In person channels represent quintessential intent measurement and commerce enablement

» Omnichannel focus on capturing wallet share



» **As always, evolution driven by technology**

Tech has advanced and proliferated in B2B enhancing collection & analysis of first-party data to efficiently engage customers throughout the entire buyer journey



Personalization

Content at Scale

Automation

- Firmographic Data
- Behavioral Data
- Affinity
- Intent

- Engage
- Inform
- Entertain
- Network

- Audience Targeting
- Demand generation
- Lead generation
- Marketing Execution
- Buyer/Seller Matching

Machine Learning & Generative AI

Winning platforms integrate across tech stacks and platforms

» What does this mean for M&A?



» Key players leading the way...



**The Smart Money
will be backing the
next gen B2B leaders**

» Deep Dives Into M&A's Hottest Sectors:
Legal Market Update



» **Scott Mozarsky**



» **Jon Thackeray**

» 2023: Active M&A market, especially in tech-enabled services

2023 Tech Enabled Services

2023 Software

» Macro factors impacting the market

Law Firms

Commoditization and Growth Challenges ✓

Cultural & Structural Obstacles to Growth & Innovation ✓

Competition from Big Four Accounting Firms/ALSPs ✓

Subscription services, eDiscovery profit centers, tech incubators ✓

Death by platform: Lack of single sign on ✓



Clients

✓ Shrinking budgets

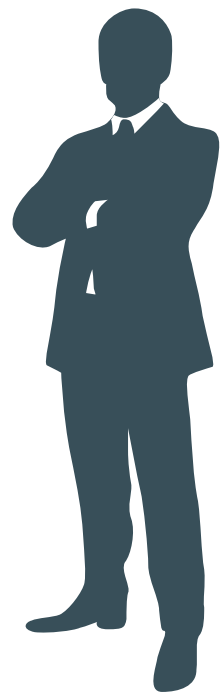
✓ Shift from art to science in selecting outside counsel

✓ Shift from cost center to strategic partner

✓ More work in-house

✓ Focus on legal ops

✓ Increased ALSP adoption



Market As A Whole

Artificial Intelligence & Move To Cloud	Technology improving efficiencies	State Regulatory Changes
Access To Capital	Data Analytics/Transparency	Globalization

» **Legal industry is healthy, growing and ramping up tech & data investments**

Lawyer population is modestly growing...

2.9%

total lawyer headcount
growth in 2023

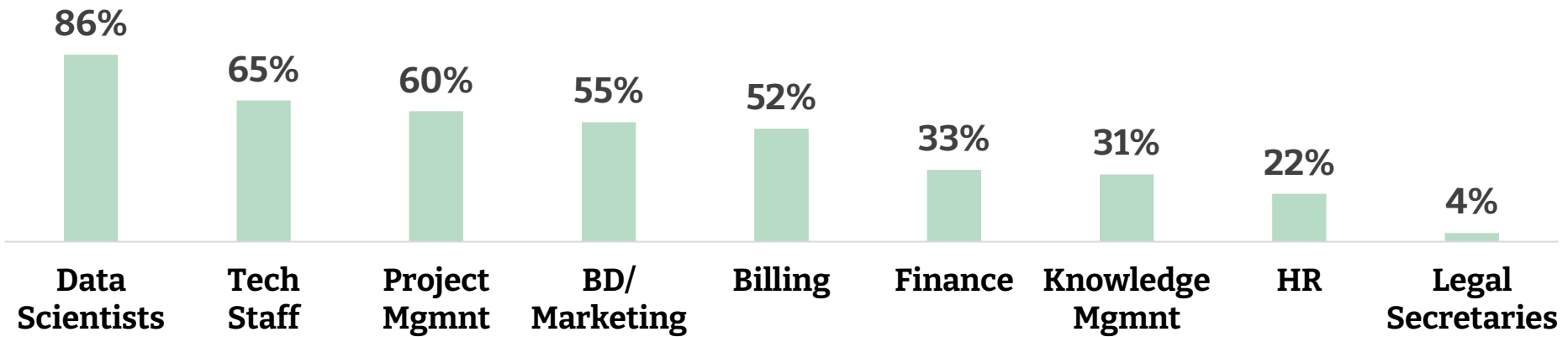
However, working harder

8%

2023 productivity / billable
hours growth

Projected Leverage Growth by Staff Category - 2025 vs. 2022

Law firms are increasing investments in data and tech solutions



» Private equity is aggressively pursuing litigation support platforms with strong roll-up opportunities

Recent Activity

	»	40 deals
	»	35 deals
	»	9 deals
	»	8 deals
	»	4 deals
	»	4 deals
	»	2 deals

Sector remains ripe for continued activity

Key Driver

1.	»	Macro agnostic, recession-proof long-term case volume growth
2.	»	Over \$20B aggregate TAM
3.	»	Over 3,000 bolt-on acquisition targets
4.	»	Elevated case backlog driving additional post-Covid growth
5.	»	Acceleration of law firm outsourcing
6.	»	Continued digitization of court process

» Legal information services remains active

Increasing technological innovation and adoption driving market growth

Legal Information Services Market Update

- Data and increased transparency create larger commoditization challenges
- In-house legal groups leveraging data, analytics and insights
- Significant M&A activity

Recent Relevant Transactions

Buyer	Target
Oakley Capital	

Legal Information Services Market Map

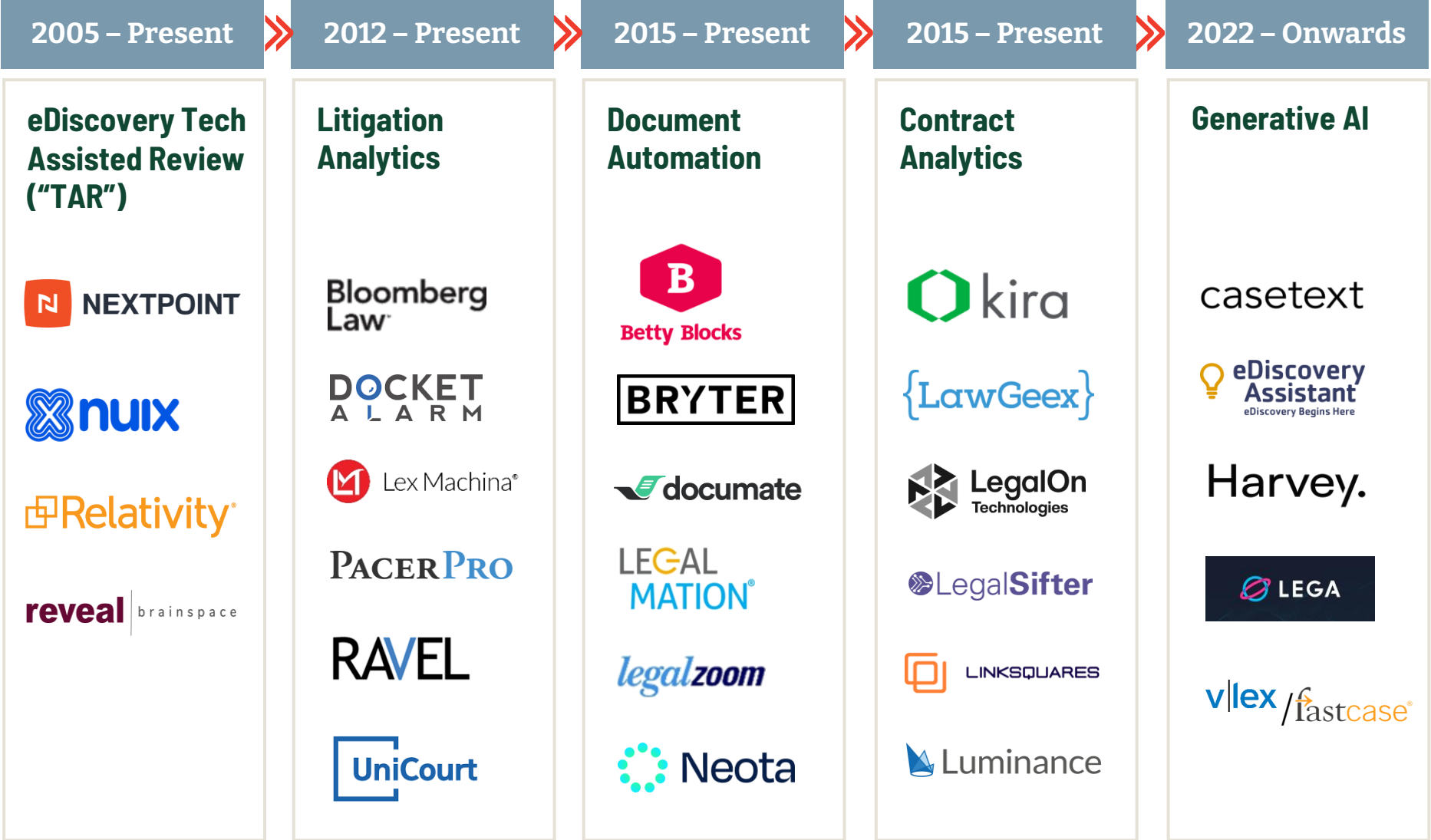
Media & Events

Engage with Success

Data, Analytics & Insights

Sources: Pitchbook, Mergermarket, JEGI CLARITY Confidential Database

» Accelerating Trend: Generative AI represents the most meaningful technology to impact the legal market





» Outlook for the market: What to watch in 2024

Market Trends

- » Artificial Intelligence/GPT-4
- » Business Intelligence / Competitive Intelligence
- » Rise of marketplaces
- » Non-lawyer ownership of law firms
- » Accelerating outsourcing
- » AI disrupting document review

M&A Trends

- » Software valuations normalize
- » M&A activity accelerating
- » Business information focused on data sets and AI
- » Litigation support remains hot
- » Accelerating consolidation
- » Front of the house bolt-ons

Prediction for 2024: Increased Adoption of Generative AI for Legal Services Use Cases

Lawyers Will Be Ethically Compelled to Use AI-Powered Legal Tools

AI Legal Startups Will Face Backlash, Consolidation

Why Law Firms Could Be Private Equity's Next Conquest

Alternative Legal Services Providers Growth Is Dramatically Accelerating, Making Up \$20 Billion of the Legal Market

U.S. Legal Jobs Soar to New Heights: Boom Continues into 2024

How Private Equity Investment is Disrupting the Legal Industry