July 2019

Digital commerce agencies and systems integrators

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Where commerce meets capital

An introduction to ComCap

- ComCap is a premier boutique investment bank focused on the intersection of commerce and capital, with key focus on B2B SaaS, B2C ecommerce, payments, mobile commerce, marketplaces and B2B services for retail technologies (IT and marketing services, in-store, fulfillment, logistics, call center, analytics, personalization, location intelligence)
- Headquartered in San Francisco with European coverage from London & Moscow, and LATAM coverage from Sao Paulo. Our firm works with mid-cap public companies on buyside initiatives and public and private growth companies on financing and strategic M&A
- In addition to being the only boutique focused on disruptive commerce models, we differentiate by:
  - Bringing bulge bracket techniques to emerging models;
  - A strong and uncommon buyside/strategy practice;
  - Deep understanding of industry drivers and synergy analyses;
  - Deep relationships across the sector; and
  - Worldwide coverage with closed transactions in the United States, Japan, China, the ASEAN region, Western and Eastern Europe and Latin America
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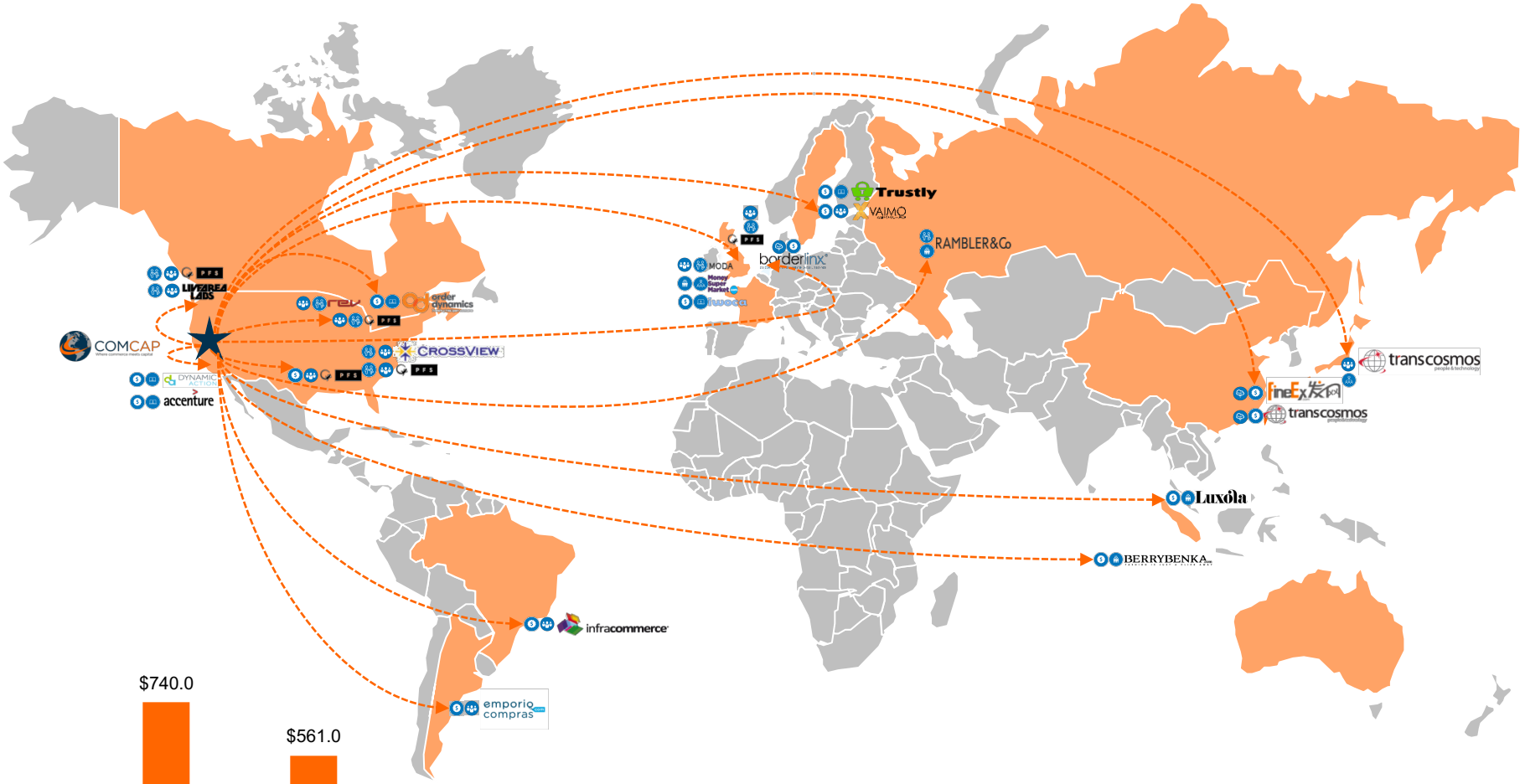
ComCap's current thematic focus areas

Theme	Description	Select companies
Artificial Intelligence / Analytics	Focus on disruptors in the artificial intelligence space focused on ecommerce, logistics, retail, predictive, payment, risk and marketing	Dynamic Action, SO1, Environics Analytics, Euclid Analytics, True Fit, Gravy Analytics
B2C and Vertical Brands (DNVBs)	Digitally native D2C brands harnessing modern technology and business models to reach the end consumer, covering clothing, accessories, personal care, home and kitchen, furniture, and other consumer-focused products	Pinrose, Stance, italist, Eu Natural
Ecommerce SaaS	Emerging and disruptive SaaS businesses in the ecommerce sector	Slyce, order dynamics, inbenta, bit2win
Fintech	Retail and commerce-related disruptors in the fintech universe. Current focus areas include payments, risk analytics, false declines and retail point-of-sale, especially mobile (mPOS)	Geoswift 汇元通, Assembly, adyen, yoyo
Logistics	Emerging platforms and providers innovating and optimizing the many facets of the supply chain ecosystem	Anchanto, Freightos, Flexport, Happy Returns
Marketing Suites	Emerging platforms in digital marketing, who focus on optimization in digital marketing and content delivery	AgilOne, emarsys, yottaa
Mobile	Focused on mobile solution providers optimizing the mobile experience from desktop-to-mobile website conversions, targeted mobile marketing, to simplifying the mobile checkout experience	Urban Airship, Teamwork Retail, mad mobile, MOOVWEB
Personalization	Emerging players in the ecommerce personalization space	richrelevance, mparticle, evergage, Certona, bloomreach
Retail In-store technology	Platforms and solutions that enable retailers improve customer experience, productivity, and operational inefficiencies	one door, beabloo, sesimagotag, altierre, Displaydata
Agencies and System Integrators	Agencies and systems Integrators implementing retail focused technology spanning the above sectors, including large SIs covering multiple platforms, as well as smaller SIs covering just one or a handful of platforms	astound, VAIMO, smartosc, guidance

ComCap – Active in 14 countries, including 9 of the top 10 global ecommerce markets

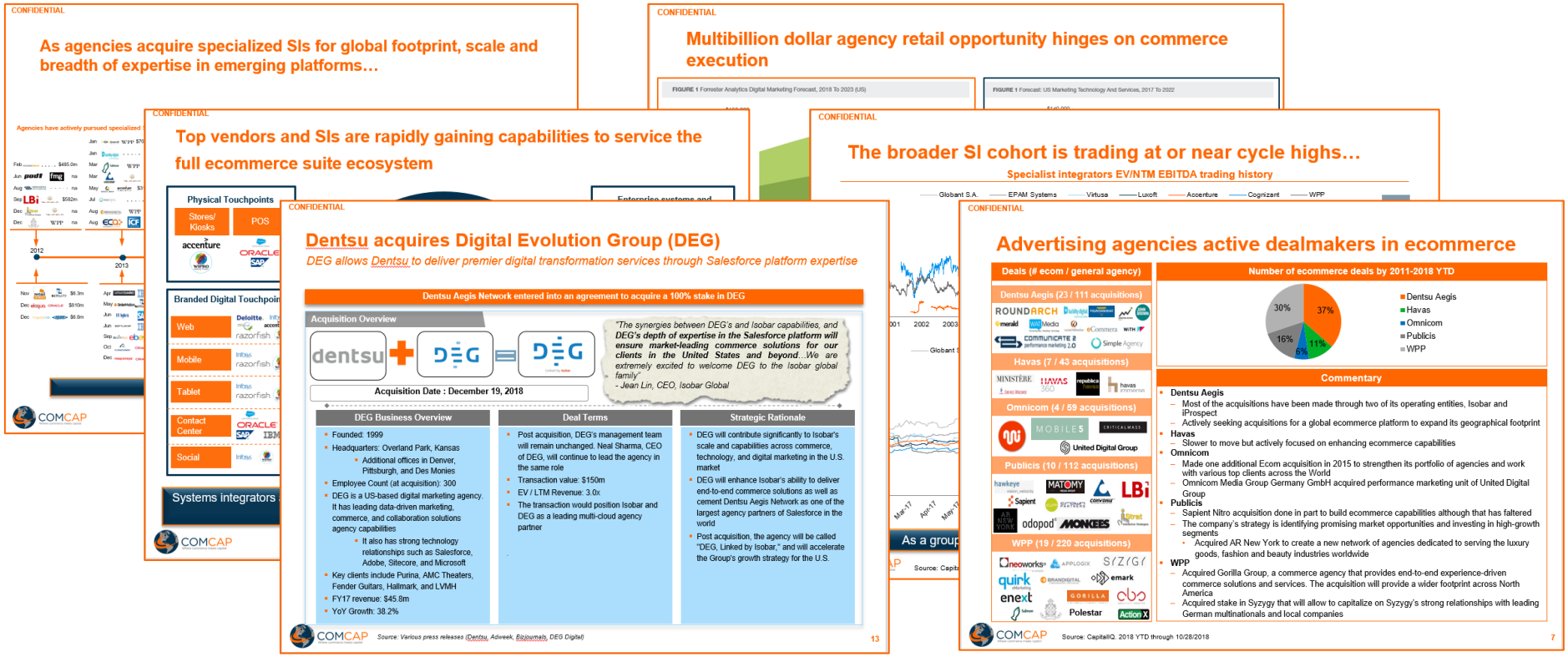


Retail Ecommerce Sales Worldwide – 2019 ($US bn)[1]

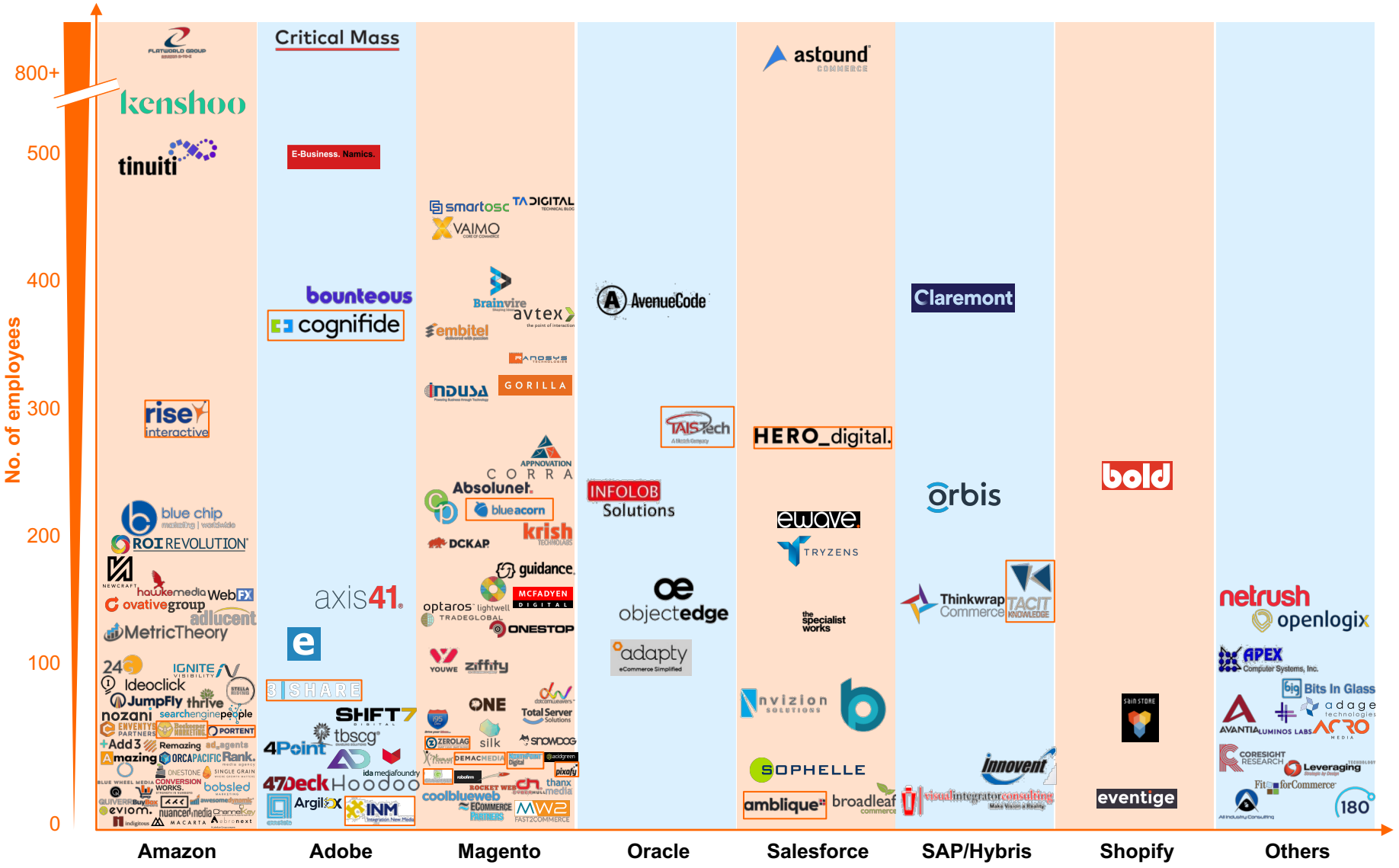
[1]Source: Shopify Plus Ecommerce Playbook

ComCap's perspectives on Digital Agencies and Systems Integrators is shared with ~10,000+ parties

- ComCap's perspectives on various industries, including trends in digital agencies and systems integrators, is being shared with our large network of strategic and financial company executives, investors, and acquirers
- This facilitates a better understanding of sweet spots for these investors; and ultimately helps to better position a mandated client with selected players
- Unique disruptors are gaining additional global coverage via ComCap's reach



Selected system integrators and digital agency landscape



Source: Capital IQ, Crunchbase, LinkedIn, Company websites

Acquired

Digital agencies and systems integrators – Key Themes for 2019

1. Addressable market: Digital agencies serve a $3.5tn global ecommerce sale market with a >$4b opportunity in US retailer digital marketing spend
2. Systems integrators are evolving into full-service agencies: A primer on their differences in capabilities
3. Top vendors and SIs are rapidly gaining capabilities to service the full ecommerce suite ecosystem
4. M&A guide: Advertising agencies are actively investing into ecommerce on a global scale
5. Case studies: Agencies are filling gaps in acquirers' digital commerce service offerings
6. Continuous growth in 2019: agency multiples are trading at or near cycle highs

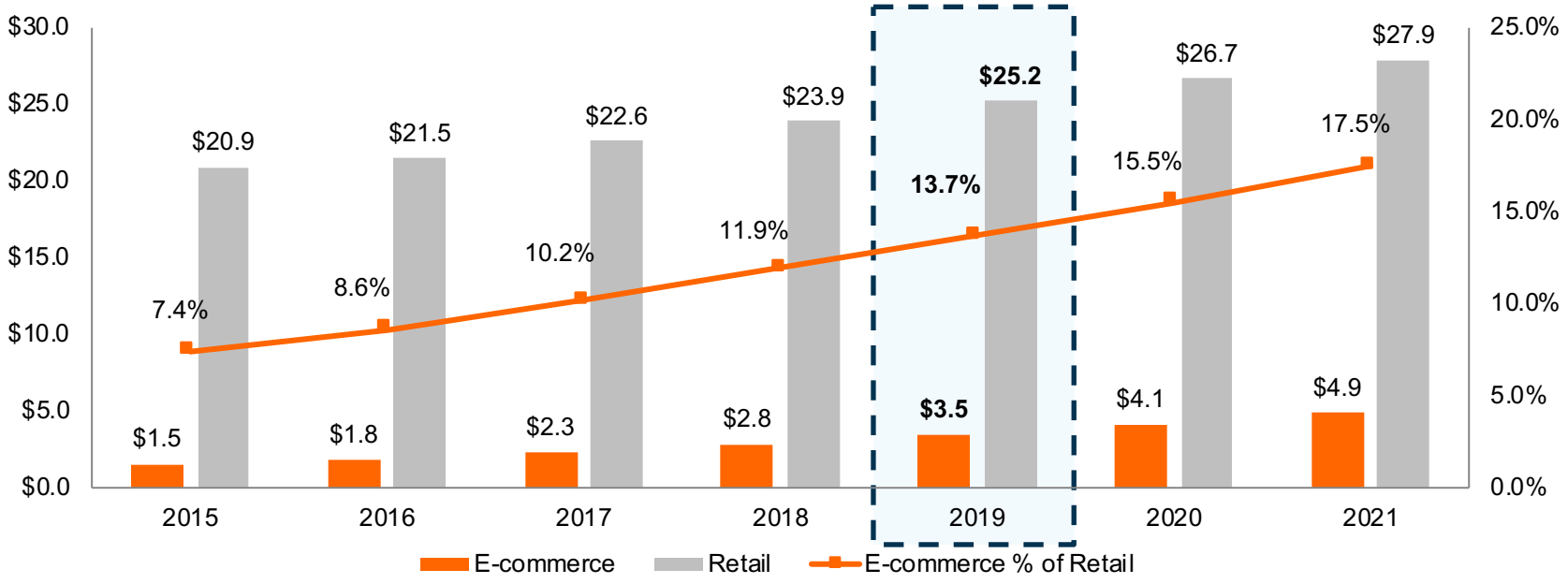
1 Addressable market: Digital agencies serve a $3.5tn global ecommerce with a >$4b opportunity in US retailer digital marketing spend

1 Digital agencies serve a high-growth ecommerce market with $3.5tn in 2019 sales

Retail and ecommerce sales market trends

- Ecommerce growth (25%) and marketplaces growth (22.3%) in 2019 outplaced global retail growth (5.4%) by a significant rate
- Ecommerce is growing at a rapid pace, with projected 2020 YoY growth of 20%

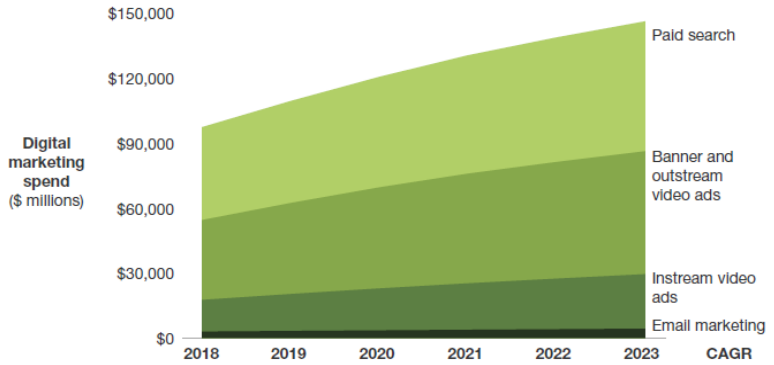
Retail vs ecommerce market size ($tn)



Source: digitalcommerce360, Internet Retailer, Ecommerce Foundation
Note: 2019 marketplaces growth is calculated based on the average of 2016-2018 CAGR

1 Digital agency TAM: multibillion dollar agency retail opportunity hinges on precise commerce execution

FIGURE 1 Forrester Analytics Digital Marketing Forecast, 2018 To 2023 (US)

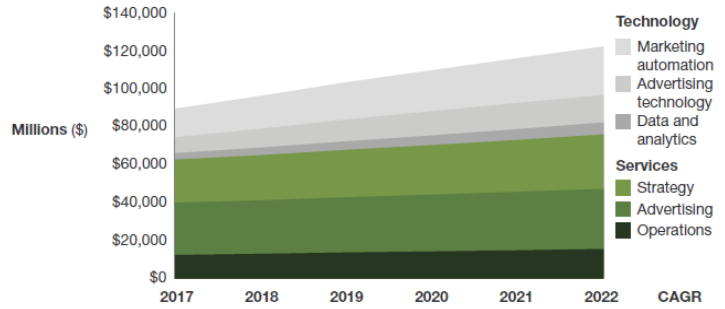


	2018	2019	2020	2021	2022	2023	CAGR
Paid search	$42,921	$47,119	$51,070	$54,684	$57,552	$60,026	7%
Banner and outstream video ads	$36,860	$42,024	$46,666	$50,660	$53,878	$56,789	9%
Instream video ads	$14,594	$17,040	$19,347	$21,431	$23,346	$25,149	12%
Email marketing	$3,046	$3,320	$3,594	$3,862	$4,126	$4,384	8%
Total	**$97,422**	**$109,502**	**$120,676**	**$130,636**	**$138,901**	**$146,348**	**9%**
% of all advertising	45%	49%	51%	54%	55%	57%	

Source: Forrester Data: Social Media Advertising Forecast, 2017 To 2022 (US); Forrester Data: Search Marketing Forecast, 2017 To 2022 (US); Forrester Analytics: Online Display Advertising Forecast, 2018 To 2023 (US); and Forrester Analytics: Video Advertising Forecast, 2018 To 2023 (US)

5 year spending opportunity			Retail as % of GDP		Total digital agency spend
B $146.3B	-	A $97.4B	x 5.5%[1]	=	**$2.7B**

FIGURE 1 Forecast: US Marketing Technology And Services, 2017 To 2022



	2017	2018	2019	2020	2021	2022	CAGR
Technology							
Data and analytics	$3,404	$3,967	$4,498	$5,077	$5,684	$6,324	10.9%
Advertising technology	$8,317	$9,870	$11,432	$12,771	$13,770	$14,429	9.6%
Marketing automation	$15,046	$17,348	$19,638	$21,602	$23,654	$25,617	9.3%
Services							
Operations	$12,517	$13,130	$13,839	$14,365	$14,969	$15,687	3.8%
Strategy	$22,699	$23,811	$25,025	$26,126	$27,381	$28,695	4.0%
Agency	$27,527	$28,160	$29,033	$29,933	$30,80[illegible]	$31,664	2.4%
Total	**$89,510**	**$96,287**	**$103,467**	**$109,874**	**$116,25[illegible]**	**$122,416**	**5.4%**
Percentage of all marketing spend	30%	30%	31%	31%	31%	32%	

5 year spending opportunity			Retail as % of GDP		Total SI spend
D $122.4B	-	C $96.3B	x 5.5%[1]	=	**$1.4B**

The total market opportunity to 2023 on digital agency and integration is $2.7B and $1.4B, respectively

[1] *US Bureau of Economic Analysis, GDP by Industry, Q2 2018*
Source: Forrester research

2 3 Systems integrators are evolving into full-service agencies: A primer on their differences in capabilities

2 Systems integrators are evolving into full-service agencies

Evolution of the platform and the partnership:

Traditional systems integration is the process of creating a complex information system that may include designing or building a customized architecture or application, and integrating it with new or existing hardware, packaged or custom software, and communications.

- Rapid commerce innovation and the increasing complexity of consumer demands means retailers must take a holistic approach to compete with giants like Amazon
  - To do this they must partner with best-in-class commerce enablers who provide a full suite of services: technology integration, tailored ecommerce platforms, intuitive user experiences, and engaging, informative content

These modern platforms can no longer be engaged on a project by project basis. Rather, they must be thought of as strategic partners who are consistently involved in delivering value to customers.

SIs with digital agency capabilities are moving away from project-based revenue to a re-occurring revenue model

- Rather than an end project goal, there is constant engagement and product and experience delivery and paired with technology upgrades.

Full service platforms are winning:

As full service companies, vendors aim to provide digital design, consulting and engagement marketing, along with technical expertise and global reach required to stand out in the crowded ecommerce landscape.

As ecommerce platforms and marketing suites continue to consolidate, such as Salesforce-Demandware and Adobe-Magento, Systems Integrators with Digital Agency capabilities become increasingly valuable.

These combined capabilities in turn make modern Systems Integrators strategic acquisition targets themselves.

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The vast complexity of the digital retail ecosystem necessitates SI partners

2 Systems integrator vs. digital agency capabilities: a primer

Systems integrators

Focuses on integrating systems, third-party solutions, networks, and databases needed to operate ecommerce websites, often times through enablers such as ecommerce platforms

Services provided

- Setting up and developing a company's digital commerce platform
- Responsibilities include:
  - installing and configuring supporting software
  - integrating internal and third-party systems into the new platform
  - customizing the platform to company specifications

- Hosting services provide hardware infrastructure needed to support ecommerce software
- SIs help maintain the data center supporting an ecommerce site
- Offer additional services such as physical and system security, recovery services, and more

- Offers creative services fulfilled by in-house staff or third-party partners
- Includes UI/UX design and branding or "skinning" of the site

Digital agencies

Creative design | Marketing automation | Digital marketing support | Email marketing | SEO

Services provided

Digital branding and design

- Agencies provide strong creative branding capabilities
- Front-end website design incorporating agency marketing expertise
- Provides strong UI/UX capabilities that ensure the quality of architectural design across all devices and channels

Omnichannel marketing

- Offer UI/UX designer support that work with company marketing teams
- Designers help maintain the look and feel of company websites in order to best execute marketing campaigns across a variety of digital channels (mobile, email, website, etc.)

Strategy

- Agencies work with companies to help develop long and short term strategies
- Strategy support includes ROI and AOV analysis, competitor analysis, roadmap development, and other industry insights
- Agencies implement their practices with the company's mission in mind

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Source: FitForCommerce, Disruptive Digital, SLI Systems

2 Agencies provide broader services that help retailers realize the full potential of their brands

Strategy

- Agencies help businesses realize long and short term goals and develop objectives to achieve them
- By analyzing industry trends, competitors, business models, and geographical barriers, agencies understand the architecture and design of their clients' systems
- Deliverables include go-to-market plans, technology recommendations, and organizational designs

Creative Design

- Design services include site architecture and layering that adapt according to consumer preferences
- Agencies design the UI/UX and branding of websites in tandem, with each drawing inspiration off the other
- Deliverables include simple-to-use and user-friendly designs that adapt to the base platform

Technology Implementation

- Agencies help develop a roadmap intersecting business and technology strategies
- Using two main methodologies: "agile" and "waterfall" approaches, agencies manage projects comprehensively
- "Agile" approaches include short-term sprints (small components of larger project) that run concurrently, reducing implementation time. "Waterfall" approaches rely on a continuous stream of development in a linear fashion, establishing checkpoints to keep projects on track

Hosting & Ongoing Support

- Agencies integrate ecommerce platforms through expertise in various service models including: licensed / on-premise, licensed / managed by provider (IaaS, PaaS or SaaS)
- Once implemented, hosting and ongoing support is handled either by internal IT teams or third-party data centers
- Ongoing support services of agencies depend on whether issues relate to the hosting environment or the software

Marketing

- As ecommerce increasingly relies on digital marketing, agencies offer marketing services in addition to ecommerce platform implementation
- These services range from executing internal functional marketing projects to assisting campaign design and execution across a variety of marketing channels

Digital agencies offer end-to-end services that cover the entire retail value chain, spanning from implementation to execution

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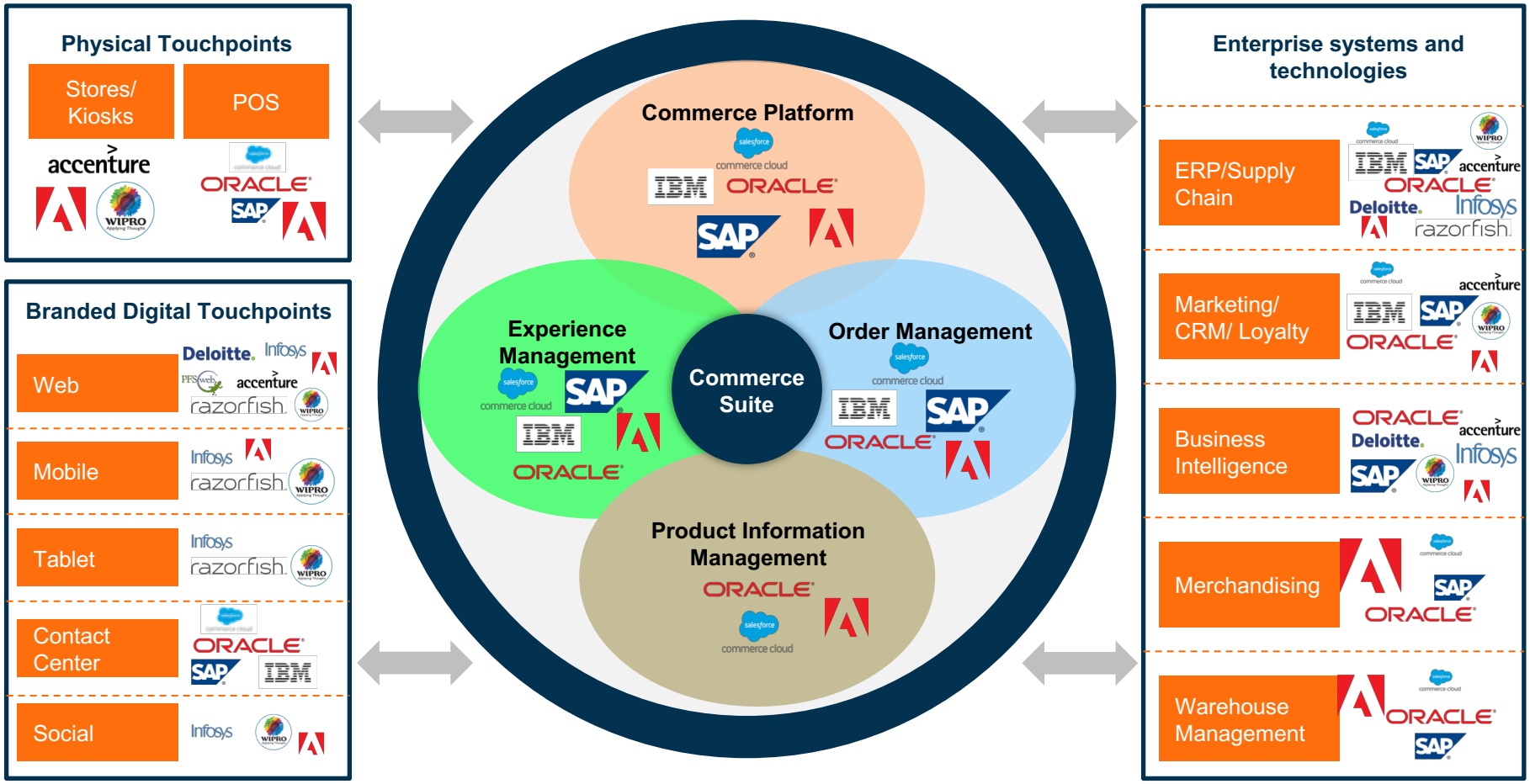
Source: FitForCommerce

3 Top vendors and SIs are rapidly gaining capabilities to service the full ecommerce suite ecosystem



Systems integrators are being challenged to build complete practices capable of implementing and supporting a diverse set of components

4 M&A guide: Advertising agencies are actively investing into ecommerce on a global scale

4 Advertising agencies active dealmakers in ecommerce

Deals (# ecom / general agency)

Dentsu Aegis (28 / 120 acquisitions)

ROUNDARCH, lucidity digital, FOUNTAINHEAD, JOHN BROWN, emerald, WAT Media, rocket interactive, eCommera, WiTH, COMMUNICATE 2 performance marketing 2.0, Simple Agency

Havas (8 / 46 acquisitions)

MINISTÈRE, Euro RSCG Worldwide, HAVAS 360, republica havas, havas immerse

Omnicom (4 / 59 acquisitions)

MOBILE5, CRITICALMASS, United Digital Group

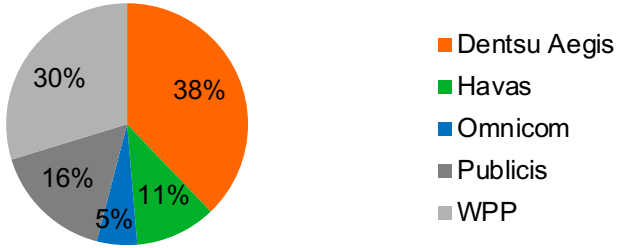
Publicis (12 / 117 acquisitions)

hawkeye vision_velocity, MATOMY MEDIA GROUP, LBi, Sapient, PARTNERS, CONVONIX, AR NEW YORK, odopod, MONKEES, iStrat Interactive Strategies

WPP (22 / 225 acquisitions)

neoworks, APPLOGIX, SYZYGY, quirk eMarketing, BRANDIGITAL, emark, enext, GORILLA, Salmon, Polestar, ActionX

Number of ecommerce deals by 2011-2019 YTD



Commentary

- **Dentsu Aegis**
  - Most of the acquisitions have been made through two of its operating entities, Isobar and iProspect
  - Actively seeking acquisitions for a global ecommerce platform to expand its geographical footprint
- **Havas**
  - Slower to move but actively focused on enhancing ecommerce capabilities
- **Omnicom**
  - Made one additional Ecom acquisition in 2015 to strengthen its portfolio of agencies and work with various top clients across the World
  - Omnicom Media Group Germany GmbH acquired performance marketing unit of United Digital Group
- **Publicis**
  - Sapient Nitro acquisition done in part to build ecommerce capabilities although that has faltered
  - The company's strategy is identifying promising market opportunities and investing in high-growth segments
    - Acquired AR New York to create a new network of agencies dedicated to serving the luxury goods, fashion and beauty industries worldwide
- **WPP**
  - Acquired Gorilla Group, a commerce agency that provides end-to-end experience-driven commerce solutions and services. The acquisition will provide a wider footprint across North America
  - Acquired stake in Syzygy that will allow to capitalize on Syzygy's strong relationships with leading German multinationals and local companies

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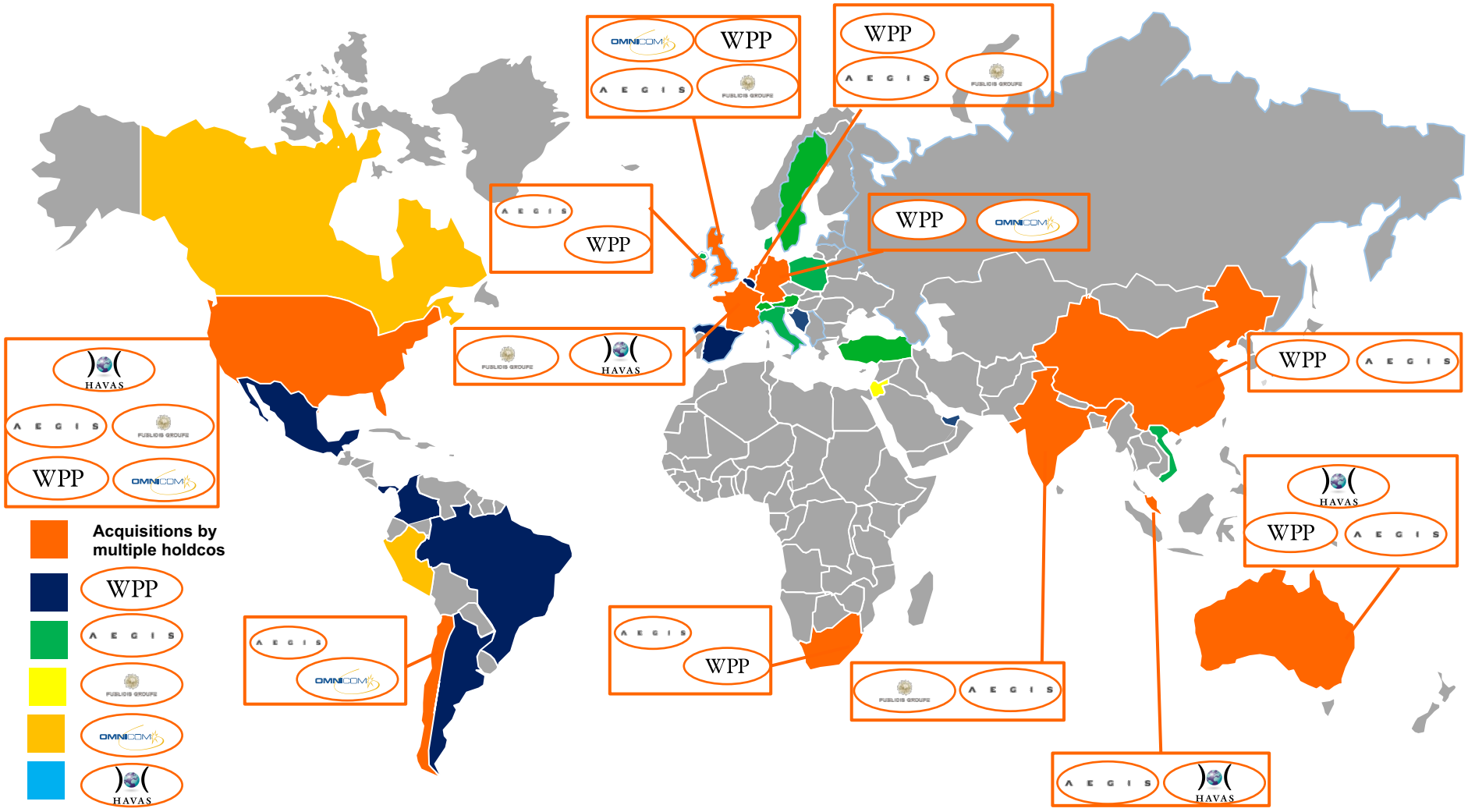
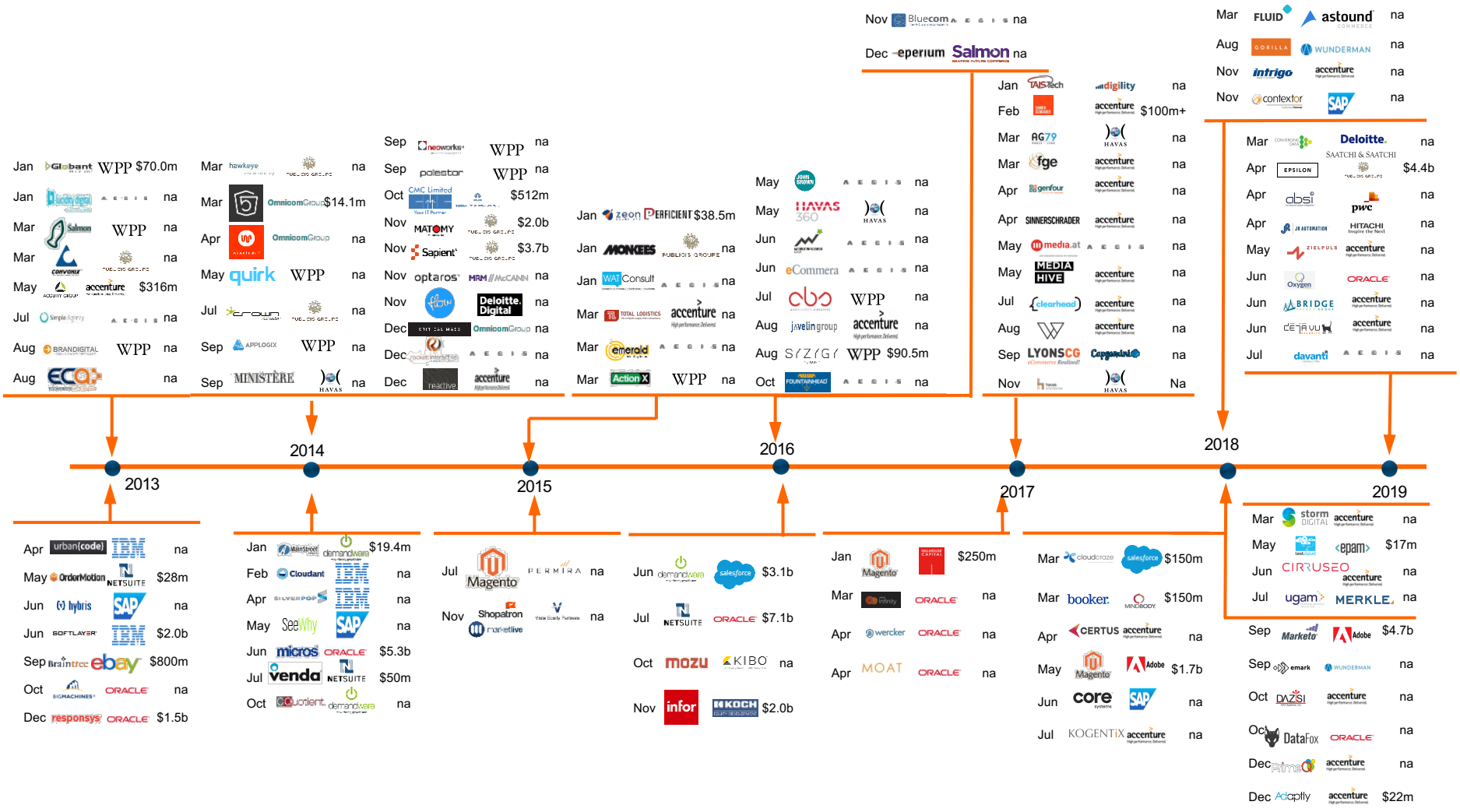
Source: CapitalIQ. 2019 YTD through 7/25/19

4 M&A acquisition strategy of holdcos by geography



Large public agencies are demanding additional digital commerce capabilities worldwide

4 Agencies are acquiring specialized SIs and ecommerce platforms for global footprint, scale and breadth of expertise



The M&A appetite for quality agencies and SI assets continues to be healthy

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5 Case studies: Agencies are filling gaps in acquirers' digital commerce service offerings

5 DXC acquires Luxoft

Luxoft provides DXC digital strategy and engineering consulting services across a variety of verticals

DXC Technology entered into an agreement to acquire Luxoft Holding for approximately $2.1bn

Acquisition overview (SI)

DXC.technology + LUXOFT

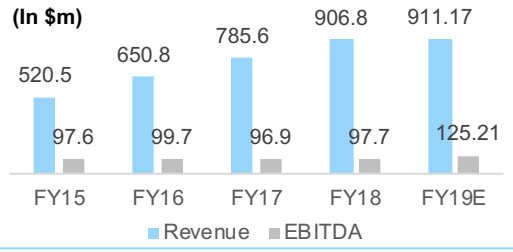
Acquisition date : January 7, 2019

*"Luxoft and DXC are highly complementary, and our shared vision of digital transformation makes this strategic combination a great fit for both organizations -- as well as enormously beneficial for our clients…**Luxoft has a proven track record and expertise in producing measurable business outcomes at-scale for global clients across key industries, including automotive and financial services**…"*

- Mike Lawrie, Chairman, President, and CEO, DXC Technology

Luxoft business overview

- Founded: 2000
- Luxoft provides digital strategy consulting and engineering services
- Headquarters: Zug, Switzerland
- Employee count (at acquisition): 13,000
- With over 280 active clients, Luxoft specializes in automotive, financial services, healthcare, life sciences, telecommunication, and other verticals



Deal terms

DXC acquired Luxoft for $2.1 billion

- EV / LTM revenue: 2.2x
- EV / LTM EBITDA: 20.1x
- EV / NTM revenue: 2.1x
- EV / NTM EBITDA: 14.7x

- Closing of the transaction is anticipated by June 2019
- Luxoft will maintain its brand and operate as "Luxoft, A DXC Technology Company" and will continue to be led by its CEO, Dmitry Loschinin

Strategic rationale

The combined company will offer:

- End-to-end digital capabilities for the financial services industry with a global footprint
- New services in insurance, where DXC is a recognized industry leader
- Unmatched offerings for the automotive industry, combining Luxoft's knowledge and experience in car systems with DXC's capabilities in cloud and security for connected auto services
- Industry-leading services in healthcare and life sciences, bringing together DXC's experience in specialized systems with Luxoft's digital capabilities

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Source: Capital IQ, Various press releases (Luxoft, Reuters)

5 Dentsu acquires Digital Evolution Group (DEG)

DEG allows Dentsu to deliver premier digital transformation services through Salesforce platform expertise

Dentsu Aegis Network entered into an agreement to acquire a 100% stake in DEG

Acquisition overview (Agency)

dentsu + DEG

Acquisition date : December 19, 2018

*"The synergies between DEG's and Isobar capabilities, and **DEG's depth of expertise in the Salesforce platform will ensure market-leading commerce solutions for our clients in the United States and beyond**…We are extremely excited to welcome DEG to the Isobar global family"*

- Jean Lin, CEO, Isobar Global

DEG business overview

- Founded: 1999
- Headquarters: Overland Park, Kansas
  - Additional offices in Denver, Pittsburgh, and Des Monies
- Employee count (at acquisition): 300
- DEG is a US-based digital marketing agency. It has leading data-driven marketing, commerce, and collaboration solutions agency capabilities
  - It also has strong technology relationships such as Salesforce, Adobe, Sitecore, and Microsoft
- Key clients include Purina, AMC Theaters, Fender Guitars, Hallmark, and LVMH
- FY17 revenue: $45.8m
- YoY Growth: 38.2%

Deal terms

- Post acquisition, DEG's management team will remain unchanged. Neal Sharma, CEO of DEG, will continue to lead the agency in the same role
- Transaction value: $150m
- EV / LTM Revenue: 3.0x
- The transaction would position Isobar and DEG as a leading multi-cloud agency partner

.

Strategic rationale

- DEG will contribute significantly to Isobar's scale and capabilities across commerce, technology, and digital marketing in the U.S. market
- DEG will enhance Isobar's ability to deliver end-to-end commerce solutions as well as cement Dentsu Aegis Network as one of the largest agency partners of Salesforce in the world
- Post acquisition, the agency will be called "DEG, Linked by Isobar," and will accelerate the Group's growth strategy for the U.S.

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Source: Various press releases (Dentsu, Adweek, Bizjournals, DEG Digital)

5 Capgemini acquires Lyons Consulting Group (LYONSCG)

Lyons provides Capgemini with agency services to ecommerce design and development

Capgemini entered into an agreement to acquire Lyons Consulting Group (LYONSCG)

Acquisition overview (Agency)

Capgemini + LYONSCG = LYONSCG Part of Capgemini

Acquisition date : September 20, 2017

*"The addition of LYONSCG strengthens our digital capabilities and equips us to offer comprehensive solutions for unified commerce. This, combined with our strength in Salesforce Service Cloud and other Salesforce Clouds, **affirms our position as a Salesforce partner for delivering tangible business results**"*
- John Mullen, Head of Application Services in North America at Capgemini

Lyons business overview

- Founded: 2003
- Headquarters: Chicago, Illinois
- Employee count (at acquisition): 300
- Lyons is a digital and global commerce service provider with deep expertise in Salesforce Commerce Cloud
- Lyons serves retail and B2B brands such as GoPro, Titleist / FootJoy, Timex, Charlotte Russe, Vince, and Bayou Steel
- FY16 revenue: $45.4m
- FY15 revenue: $39.0m
- 3-year growth: 132%

Deal terms

- Transaction terms were undisclosed
- Rich Lyons will continue to serve as Lyons' CEO

.

Strategic rationale

- The acquisition will emphasize Capgemini's focus on business results through comprehensive digital strategy and solutions in North America
  - Digital and cloud services currently represent 35% of revenues for Capgemini
- The acquisition will affirm Capgemini's position as a leading Salesforce partner for delivering tangible business results
- Lyons will be able to strengthen and expand its services for clients through Capgemini by:
  - Expanding its offerings
  - Growing its team
  - Expanding its global reach

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Source: Various press releases (Inc, Chicago Business, Consultingmag)

5 Beringer Capital invests in digital commerce agency Blue Acorn

The partnership will power the next generation of customer-centric commerce design and experiences

Beringer Capital entered into an agreement to acquire Blue Acorn

Acquisition overview (Agency)

BERINGER CAPITAL + blue acorn

Acquisition date : April 3, 2017

"Blue Acorn has become a very familiar name in commerce because of their leadership in design, development and optimization"
- Perry Miele, Chairman of Beringer Capital

*"Brands and retailers today **need multi-disciplinary solutions** to deliver unified experiences to their customers, wherever they are…"*
- Kevin Eichelberger, Founder and CEO of Blue Acorn

Target business overview

- Founded: 2008
- Headquarter: Charleston, South Carolina
- Key clients: Le Creuset, Yeti, Everlast, Rebecca Minkoff, Hoover, Too Faced, Vermont Teddy Bear
- Blue Acorn is a digital commerce agency for B2C and B2B brands
- In 2016, the company was chosen as apart of the 5000's Fastest Growing Companies in America for the fourth straight year, recording a three-year growth rate of 307%
- FY16 revenue: $12.8m

Deal terms

- The financial terms of the deal were undisclosed
- Blue Acorn's management retains significant equity interest
- Post acquisition, Blue Acorn will continue to operate independently under Kevin Eichelberger. He will continue to serve as the CEO of the company

Strategic rationale

- **Blue Acorn:** the partnership will infuse Blue Acorn with:
  - New resources needed to accelerate the growth and innovation of its technology and services for brands and retailers
  - The ability to explore deeper capabilities in digital commerce
- With the infused capital, Blue Acorn plans to enable the next generation of customer-centric commerce design and experiences
  - It will enhance its ability to deliver content, technology, marketing, and data to empower customer-centric commerce experiences and designs

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Source: Company data, Press releases

5 Ascential acquires Flywheel Digital

Flywheel will strengthen Ascential's offerings for brands navigating marketplaces, especially Amazon

Ascential entered into an agreement to acquire Flywheel Digital

Acquisition overview (Agency)

ASCENTIAL + flywheel

Acquisition date : November 1, 2018

*"We have a clear focus on providing information and capabilities that enable our customers to succeed in the digital economy. The acquisition of Flywheel is in line with this strategy, **further strengthening our offerings in eCommerce for brands navigating the digital market places, particularly Amazon."***

- Duncan Painter, CEO of Ascential

Target business overview

- Founded: 2014
- Headquarters: Seattle, Washington
  - Additional offices in Baltimore and London
- Employee count (at acquisition): 90
- Flywheel offers managed services for companies to drive sales on Amazon ecommerce platforms, including software, tools, and expertise
- FY17 revenue: $4.8m
- FY17 revenue growth: 150%

Deal terms

- Ascential acquired Flywheel for $400 million
- Upfront payment: $60m
  - EV / LTM EBIT: 12.5x
- Earnout: $47m to $196m between 2019-2022
  - Earnout considerations add up to a potential total purchase price of $107m - $256m, or ~22x – 53x 2018 EBIT
- Flywheel's upfront consideration of 12.5x LTM EBIT represents a valuation in-line with industry comparable transactions. However, the acquisition provides a significant upside case for management to stay with and grow the business under the Ascential umbrella

Strategic rationale

- The acquired business tucks into Ascential's sales segment alongside the newly integrated Edge business
- Flywheel will offer a range of insight and advisory solutions to improve performance across Amazon and other ecommerce platforms
- The transaction structure provides a global digital consulting firm for a Amazon-centric managed service provider

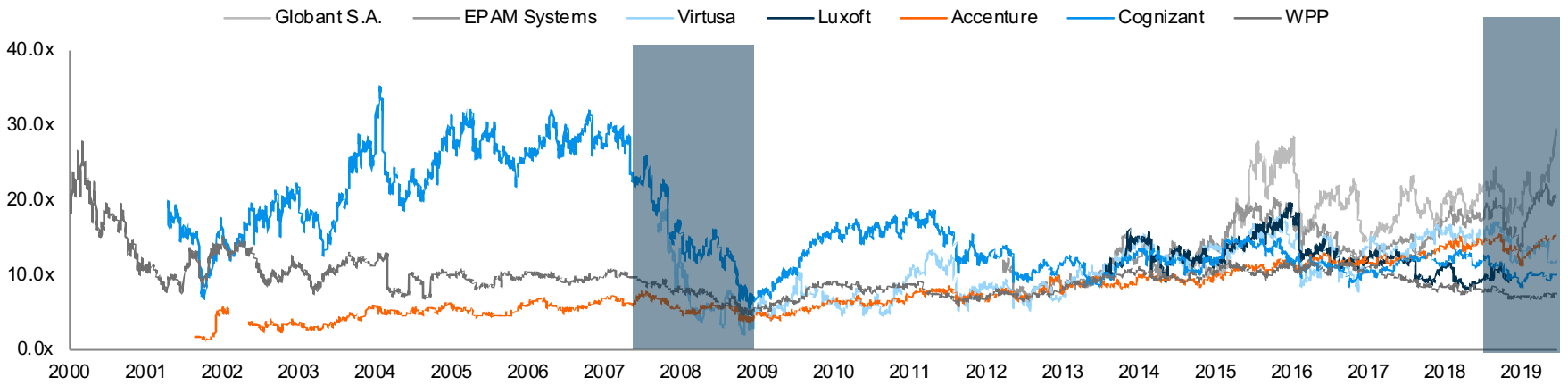
COMCAP Where commerce meets capital

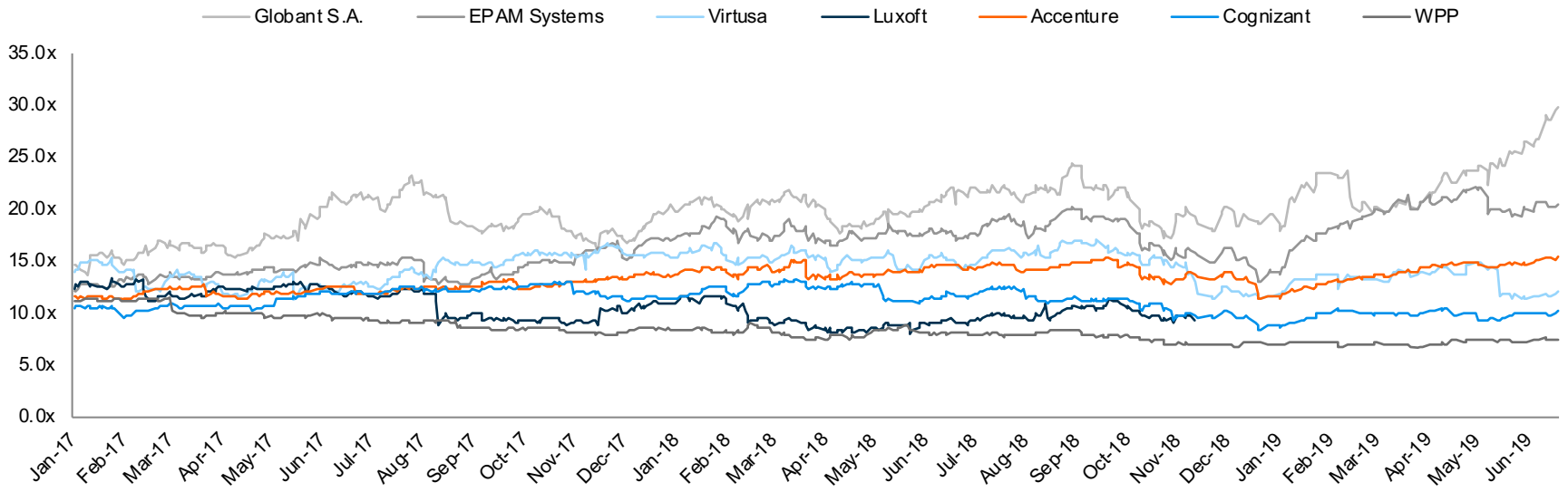
Source: Company data, Press releases

6 Continuous growth in 2019: agency multiples are trading at or near cycle highs

6 The broader SI cohort is trading at or near cycle highs

Specialist integrators EV/NTM EBITDA trading history





As a group, SI's are trading at the highest levels they have since the 2008 financial crisis

COMCAP
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Source: Capital IQ as of June 2019

6 Digital agency / systems integrators public comparables

($USD millions, except per share amounts)

Company (FYE)	FD Capitalization: Equity Market Value	Net Cash (Debt)	Enterprise Value	Trading Multiples: EV / Revenue CY19E	EV / Revenue CY20E	EV / EBITDA CY19E	EV / EBITDA CY20E	Operating Statistics: Rev. Growth CY19 / CY18	Rev. Growth CY20 / CY19	LTM Gross Margin	LTM EBITDA Margin
Global Agencies and Technology System Integrators											
Accenture plc (IE)	$124,223	$4,343	$119,881	2.7x	2.5x	16.3x	15.0x	8.0%	7.1%	31.7%	16.5%
Cognizant Technology Solutions Corporation (US)	$37,447	$2,057	$35,390	2.1x	2.0x	10.9x	9.9x	3.6%	6.3%	38.7%	19.5%
Capgemini SE (FR)	$20,968	($1,501)	$22,469	1.4x	1.4x	9.7x	9.1x	4.3%	5.4%	27.1%	12.8%
Omnicom Group Inc. (US)	$17,733	($5,176)	$22,908	1.5x	1.5x	9.6x	9.5x	(2.3%)	2.5%	18.4%	15.5%
WPP plc (GB)	$14,801	($5,501)	$20,302	1.0x	1.1x	7.3x	7.5x	(2.6%)	(4.6%)	18.8%	11.8%
EPAM Systems, Inc. (US)	$10,788	$570	$10,218	4.5x	3.7x	24.2x	20.6x	22.4%	21.4%	35.4%	15.5%
Atos SE (FR)	$8,865	($5,448)	$14,312	1.1x	1.1x	7.7x	7.5x	(8.6%)	2.2%	15.5%	13.5%
Globant S.A. (LU)	$3,954	$1	$3,953	6.1x	5.1x	31.2x	25.6x	23.2%	20.6%	39.7%	18.5%
Virtusa Corporation (US)	$1,349	($274)	$1,623	1.2x	1.1x	13.3x	9.7x	10.9%	11.8%	29.1%	7.8%
Perficient, Inc. (US)	$1,155	($115)	$1,270	2.3x	2.2x	14.5x	13.2x	11.2%	6.3%	36.1%	12.2%
Min	$1,155	($5,501)	$1,270	1.0x	1.1x	7.3x	7.5x	(8.6%)	(4.6%)	15.5%	7.8%
25th Decile	$3,302	($5,244)	$3,371	1.2x	1.1x	9.2x	8.7x	(2.4%)	2.4%	18.7%	12.1%
Mean	$24,128	($1,104)	$25,233	2.4x	2.2x	14.5x	12.8x	7.0%	7.9%	29.0%	14.3%
Median	$12,794	($195)	$17,307	1.8x	1.7x	12.1x	9.8x	6.1%	6.3%	30.4%	14.5%
75th Decile	$25,088	$942	$26,029	3.2x	2.8x	18.3x	16.4x	14.0%	14.0%	36.7%	17.0%
Max	$124,223	$4,343	$119,881	6.1x	5.1x	31.2x	25.6x	23.2%	21.4%	39.7%	19.5%

Global systems integrators are currently trading at an average of 2.4x 2019 revenue and 14.5x 2019 EBITDA

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Source: Capital IQ, 7/26/19

6 Digital agency / systems integrators precedent transactions

($USD millions, except per share amounts)

Closed Date	Target	Acquirer	Transaction Size	Enterprise Value	LTM Revenue	EV / LTM Revenue	EV / LTM EBITDA
5/6/19	PRAGITI, INC.	Digital Management, LLC	NA	NA	NA	NA	NA
1/7/19	Luxoft Holding, Inc.	DXC Technology Company	$2,072	$1,965	$904	2.2x	20.6x
12/18/18	Digital Evolution Group LLC	Dentsu	$150	$150	$50	3.0x	NA
9/14/18	FLUIDO LTD.	Infosys Limited	NA	NA	NA	NA	NA
8/8/18	Gorilla, Inc.	Wunderman Commerce	NA	NA	$40	NA	NA
7/22/18	Syntel, Inc.	Atos SE	$3,675	$3,602	$943	3.8x	13.8x
7/20/18	CuriosityChina	Farfetch UK Limited	NA	NA	NA	NA	NA
7/17/18	Giant Creative/Strategy, LLC	Huntsworth plc	$72	$80	$32	2.5x	11.4x
7/10/18	MediaMonks B.V.	S4 Capital Limited	$350	$350	$129	2.7x	NA
7/2/18	Acxiom Marketing Solutions Business of Acxiom	The Interpublic Group	$2,300	$2,300	$700	3.3x	NA
5/21/18	GlobalLogic Inc.	Canada Pension Plan	$2,000	$2,000	NA	NA	NA
9/20/17	Lyons Consulting Group, LLC	Capgemini SE	NA	NA	NA	NA	NA
5/19/17	Business & Decision SA	Network Related Services SA	$92	$107	$248	NM	18.7x
2/20/17	SinnerSchrader Aktiengesellschaft	Accenture Holding GmbH & Co. KG	$69	$105	$55	1.8x	15.2x
8/7/15	Syzygy AG	WPP Jubilee Limited	$27	$98	$66	1.6x	16.6x
11/3/14	Sapient Corp.	Publicis Groupe S.A.	$3,687	$3,372	$1,383	2.4x	19.1x
10/16/14	CMC Limited	Tata Consultancy Services Limited	$512	$897	$388	2.3x	14.5x
5/17/13	Acquity Group Limited	Accenture Holdings B.V.	$316	$285	$140	2.0x	13.9x
9/20/12	LBi International NV	Publicis Groupe S.A.	$582	$556	$287	1.9x	12.6x
Min			$27	$80	$32	1.6x	11.4x
25th Percentile			$87	$106	$54	1.9x	13.5x
Mean			$1,136	$1,133	$383	2.5x	15.7x
Median			$431	$453	$194	2.4x	14.8x
75th Percentile			$2,129	$2,075	$751	2.9x	18.8x
Max			$3,687	$3,602	$1,383	3.8x	20.6x

Agency and SIs are being acquired at an average of 2.5x LTM revenue and 15.7x LTM EBITDA

COMCAP Where commerce meets capital

Source: Capital IQ

Appendix: About ComCap

Why ComCap?

- **Who is ComCap?**
  - Digital commerce focused boutique, 100% focused on the ecommerce value chain
  - Proven team with background at Credit Suisse, Wells Fargo Securities, and Battery Ventures with 50+ years of combined experience
  - Senior execution with a strong bench team for support
  - We are small, so we must be selective, working only on the best probability engagements, but working ferociously to achieve a great outcome
  - We do deals where we add unique value – not untargeted auctions to test the market

- **How do we differentiate?**
  - Vertical focus enables deep understanding of your value proposition
  - Unique synergies identification and advocacy process – based on bottoms up revenue and profit analysis of the value of entering new geographies, new verticals for strategic investors / buyers
  - Huge network among strategics in the US, Europe and Asia
  - 50% of our transactions are cross border (active in the US, Asia, Europe and LatAm)
  - New market entry experience on buyside

- **Win-win proposal and differentiated proposition for our clients**
  - While we may charge premium pricing, we offer greater levels of service than other firms, and our client references will attest to this

Astound Commerce Case Study – ComCap provides guidance to prioritize opportunities for expansion and maximize value

2016

- Strategy formulation
- Added social commerce agency
- Sourced non-dilutive capital to fuel expansion

2017

- Added Hybris
- Added social commerce expertise, and expanded strategy consulting expertise
- Positioned as an end-to-end strategic consulting and technology provider, with technical, UX, and conversion and optimization capabilities across platforms and geographies

2018

- Acquired UX agency FLUID to create the largest independent digital commerce agency with global reach and expertise

2019

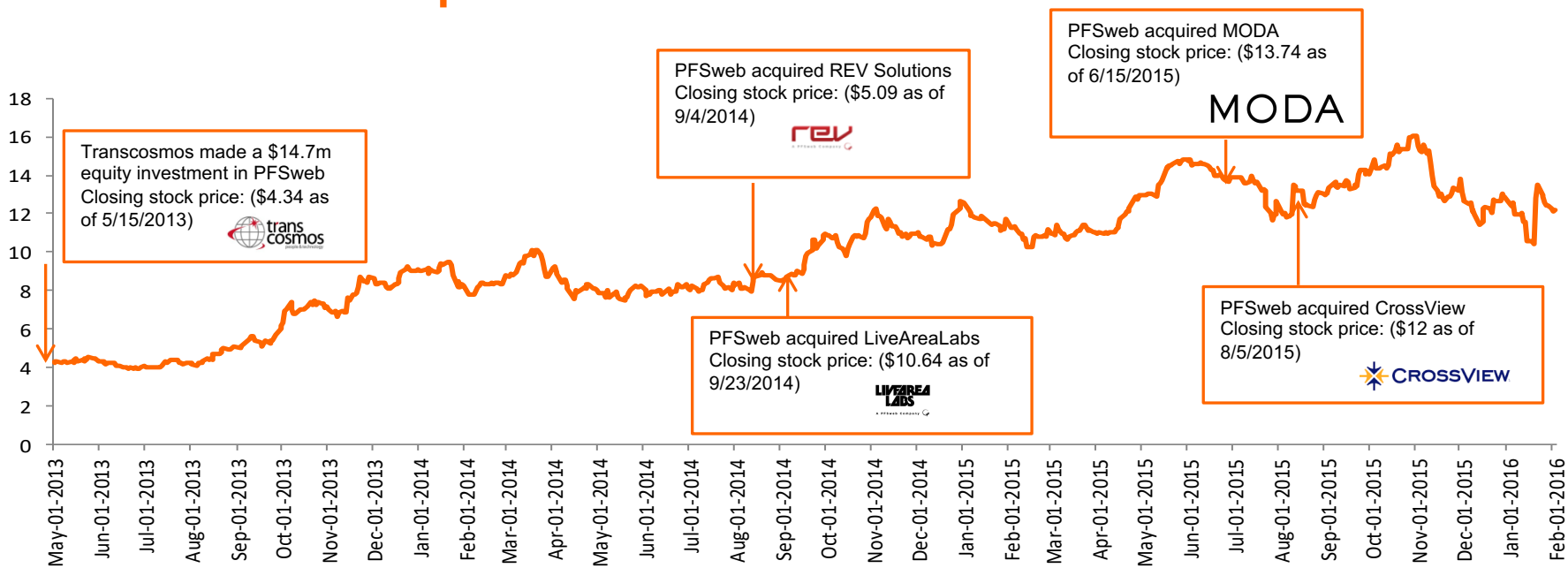
- Received a strategic investment from Salesforce Ventures after Platinum Consulting partner status in 2018 and 2019
- Astound is utilizing the investment to expand to additional markets and quickly increase their cross-cloud offerings

Technical expertise → **Geographic expansion** → **Addition of key capabilities** → **Optimization across platforms** → **Premier Systems Integrator**

ComCap orchestrates a journey that helps founders realize premium valuation

Over the course of several years, ComCap provided insights to help Astound prioritize opportunities for expansion. Our efforts resulted in acquisitions and efforts that filled in key capabilities, ultimately positioning Astound for a value-maximizing event

PFSW Case Study – Stock price increase following 1 equity investment & 4 acquisitions



ComCap's role

- Developed acquisition strategy in terms of services offered (system integrators, creative agencies, marketing agency, technical agencies, etc.), geographical reach (Europe, Asia, North America) and technology platform partnership (Demandware, Magento, and Hybris)
- Reached out to a variety of lenders including asset management firms, hedge funds, and strategic investors, resulting in a $14.7m investment from Japanese ecommerce solutions provider Transcosmos
- Managed and executed deal from submitting an LOI package to negotiating deal structure and terms to conducting due diligence calls on the acquisition target's top clients
- Improved PFSweb's geographical presence and service offering in Europe, resulting in cross-selling opportunities with its newly acquired subsidiaries and access to marquee European clients in retail and luxury

COMCAP Where commerce meets capital

Source: Capital IQ as of Feb 2, 2016

ComCap helps drive global ecommerce outsourcing expansion through $15mm equity investment

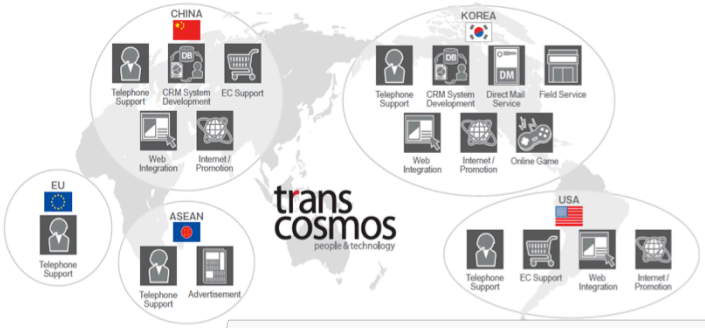
transcosmos people & technology

Global outsourcing leader with premier client base, seeks expansion via digital services & new geographies

- Based in Tokyo, founded in 1985, (TSE: 09715) since 1997
- $1.5B in sales, ~16,000 employees, ~ 800 clients
- Leading BPO, contact center, digital marketer w. Asia expertise
- Proactively sought to meet clients' Int'l. expansion needs
- Identified ecommerce as next evolution in outsourced services

Clients

Capabilities



PFSweb

International outsourced ecommerce with robust capabilities and iconic global brands

- Based in Texas, founded in 1994, IPO 1999 on NASDAQ: PFSW
- $250M in sales, 1,400 employees, >60 brand name clients
- Best in class provider of end-to-end ecommerce outsourcing
- Established operations in N. America and Europe
- Seeking strategic partners to achieve a global solution

Clients

Capabilities

eCommerce Technology · Order Management · Financial Services · Interactive Marketing · Product Content Management · Customer Care · Order Fulfillment

Working with fifteen different strategic partners over four months, ComCap brought together a large strategic and a best-of-breed point provider to create a best-in-class, end-to-end, global solution

COMCAP Where commerce meets capital