TECHNOLOGY HOLDINGS

Investment Banking in Tech Services,
Consulting, Software & Healthcare

ON CLOUD NINE: CAPTURING THE CLOUD PLATFORM OPPORTUNITY

An Analysis of the Cloud Platform Services Market and a Review of M&A and Private Equity Deals in 2023

February 2024

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Introduction

This report from Technology Holdings aims to provide a comprehensive overview of the ever-evolving cloud platform services market, by highlighting pivotal trends and growth strategies of key industry players. Furthermore, the report delves into M&A and Private Equity Deals in 2022 & 2023, including the types of buyers and unravelling the motives propelling these acquisitions & collaborations. The report points out four main trends that are expected to shape the future of cloud platforms:

1. **AI-as-a-service using Cloud Platforms**
2. **Organizations Gravitating towards Dedicated and Sovereign Cloud**
3. **Cloud-driven Application and Data Modernization**
4. **Advancing Sustainability and ESG Compliance with Cloud Ecosystems**

M&A Trends

1

Market Growth Potential

Businesses recognized cloud's transformative potential in post-pandemic landscapes, targeting cloud platform and service firms

2

Industry-agnostic Demand

Capitalize on the increasing demand for cloud platform services across industries to address industry-specific challenges

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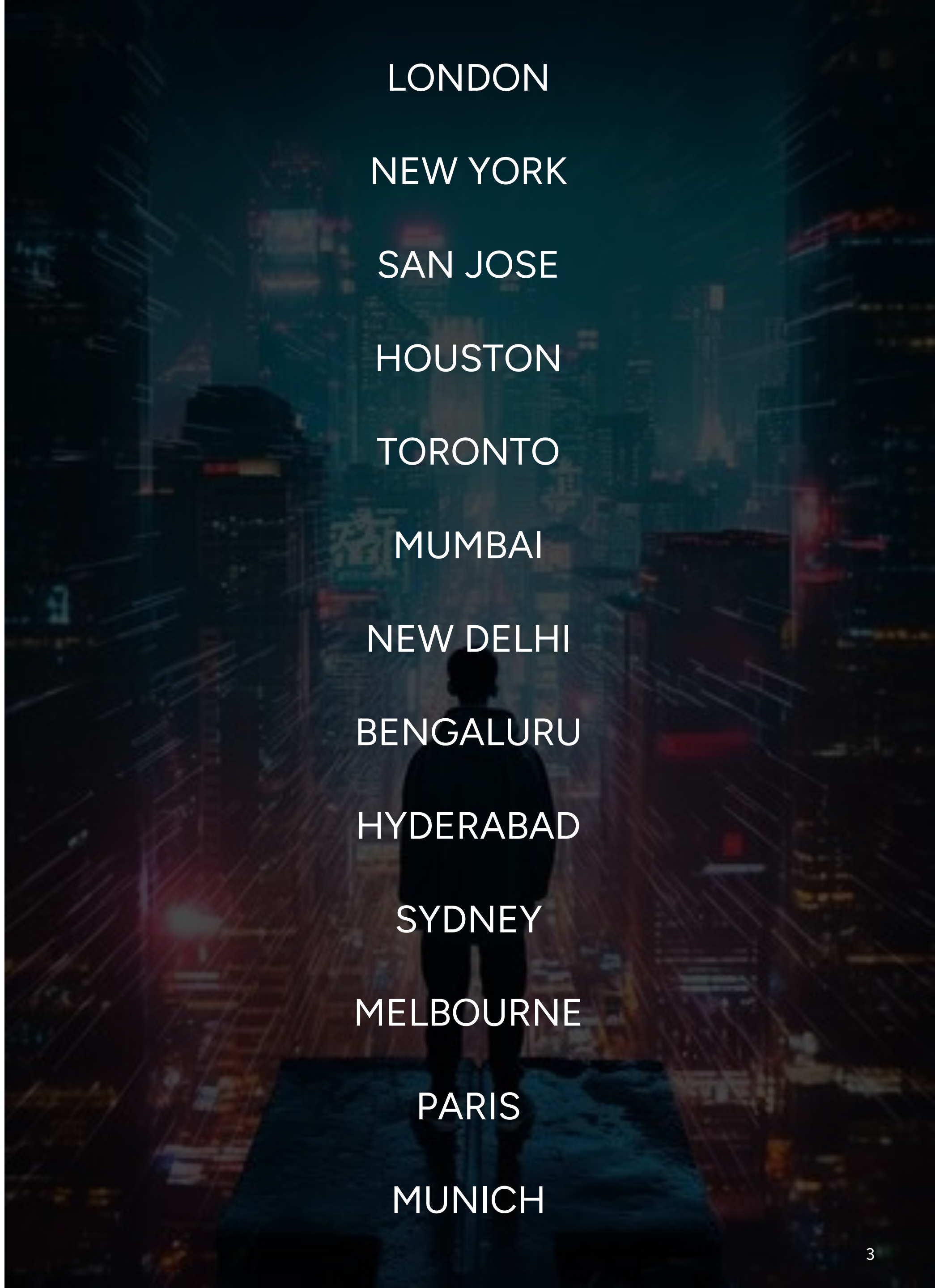
TH has a global team of over 75 people across eight countries including Spain, UK, France, Germany, USA, Canada, India and Australia.

TH has closed 17 Cloud Platform Services transactions with a cumulative enterprise value of over US $500 million

Our focus, with a 23-year track record...

Digital Transformation & Innovation	IT Services Cloud & Cybersecurity	Analytics, Data Sciences & AI	Fintech, Insurtech and SaaS
Consultancies	Healthcare & Lifesciences	Business Process Management	Engineering Services



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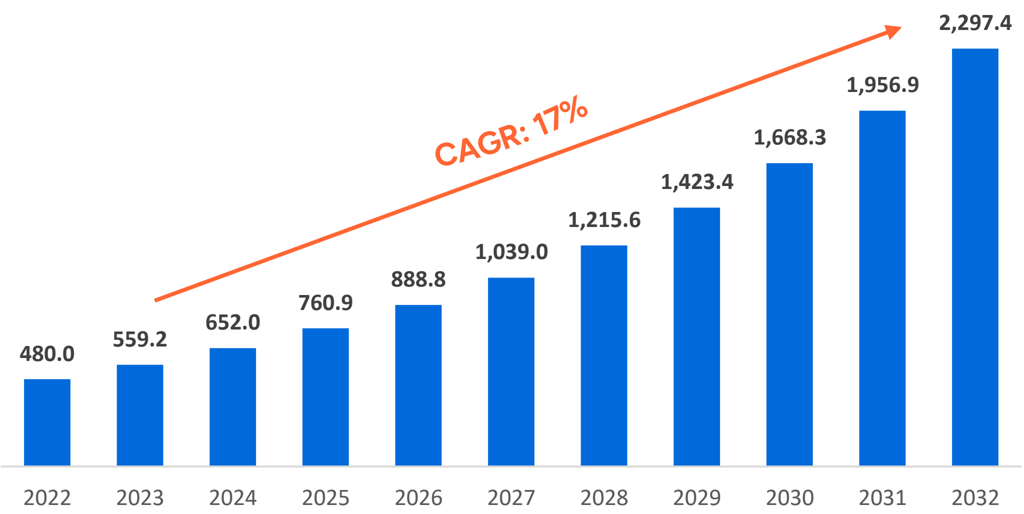
Cloud Platform Services: Global Market Overview

- **Global cloud market size** was valued at **US $480 billion** in 2022, and is projected to reach **US $2,297.4 billion** by 2032, with a **CAGR of 17%** from **2023 to 2032**
- Q3 2023 result shows **Microsoft, AWS and Google** accounted for **66%[2]** of the global cloud market share
- **North America dominates** the global cloud market accounting for over **1/3rd** of the market revenue share
- Primary cloud service providers are seen **as strategic digital partners** by organizations in the digital native ecosystem. Cloud partners assist in end-to-end digital journey spanning from infrastructure, software life cycle, data management to IT orchestration & automation
- Strong messaging across **cloud governance and security** will be key for enabling greater confidence in cloud service adoption. Dedicated cloud offerings has great role to leverage this messaging
- **Industry cloud** is seen as specialized and differentiated cloud offerings where ecosystem partners and ISVs will play pivotal role adding service capability to addresses unique business outcomes

FIGURE 1:

Global Cloud Market Size 2022-2032 (US$ Billion)[1]



Key Industry Adaptation

1. IT & Telecom
2. BFSI
3. Manufacturing
4. Government & Public Sector

KEY ADOPTION ENABLERS

- AI & ML
- Hybrid & Multi-cloud
- Edge Computing
- Application & Data Modernization

Cloud platforms act as a hub and spoke model for various functions and segments that enable organizations to achieve its objectives across cost, operations, tech advancements like AI, security, GRC and sustainability goals

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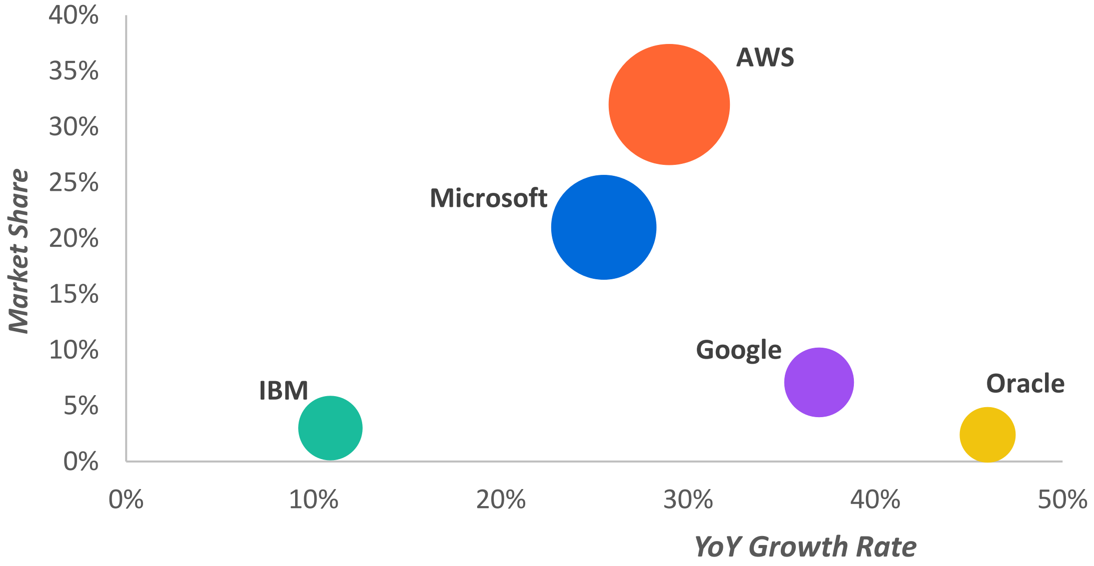
Source : [1]Precedence Research – Global Cloud Market Report, 2023; [2]Synergy Research Group

Market Overview

Cloud Platform Market Leaders Spotlight

FIGURE 2:

Worldwide Top 5 Cloud Market Share and Growth[1], 2022



Note: Bubble size is relative representation of the market revenue

aws

32%

1st – Global Market Share Ranking, 2022

US $80 B → 13.2% → US $90 B

2022 — YoY Growth — 2023

Microsoft

21%

2nd – Global Market Share Ranking, 2022

US $60 B → 25.5% → US $75 B

2021 — YoY Growth — 2022

Google

7.1%

3rd – Global Market Share Ranking, 2022

US $26 B → 26.8% → US $33 B

2022 — YoY Growth — 2023

IBM

3%

4th – Global Market Share Ranking, 2022

US $20 B → 10.9% → US $22 B

2021 — YoY Growth — 2022

ORACLE

2%

5th – Global Market Share Ranking, 2022

US $16 B → 29.8% → US $21 B

2022 — YoY Growth — 2023

Hyperscalers Future Outlook

"**AWS** – We remain committed to helping our customers meet security, privacy, and **digital sovereignty requirements**. We will continue to innovate sovereignty features, controls, and assurances within the global AWS Cloud and deliver them without compromise"

"**Microsoft** – We will maintain our lead as the top commercial cloud while innovating in consumer categories. We will invest to accelerate our **lead in AI** by infusing this technology across every layer of the tech stack"

"**Google** – Implemented robust **ESG programs**, adopted reporting frameworks and principles, and announced several goals and initiatives. Google aims to reach net-zero emissions across our operations and value chain by 2030"

Innovative data platforms, AI prowess, ESG commitment, dedicated sovereign cloud, robust support for hybrid and multi-cloud, and extensive partnerships form the cornerstone of a compelling and successful cloud offering

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Source : [1]Company Annual Reports || Refer to Appendix for detailed comparison of these players

Growth Strategy of the Leading Cloud Platforms

Focus on IaaS, container and data related service with Red Hat OpenShift for PaaS offerings. IBM's Gen AI engagement with many of its existing customers is through models deployed as private cloud IaaS model that gives them a secure data framework

Focus area *– Hybrid and multi-cloud integration strategy through its OpenShift container management*

Its partner ecosystem and open-source community enables its global GTM strategy mainly in the Southeast Asia region. Has engineering talent equipped to handle breadth and depth of private cloud solutions

Focus area *– Outside China, it leverages its parent Alibaba Group which is strong in offering digital business in the Alibaba commerce network and internet service known outside China*

Niche cloud provider and outside China focus is on Middle East, LATAM and Africa. Cloud service is mainly focused on application development enablement for global markets

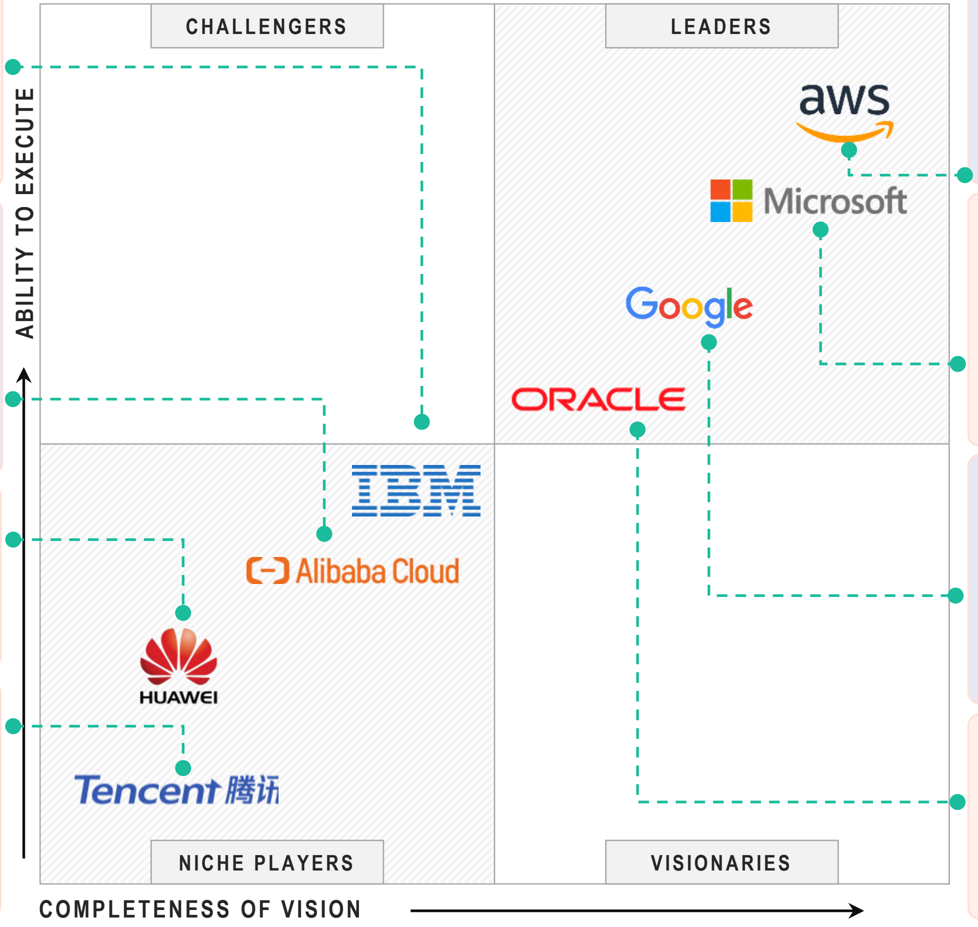
Focus area *– GTM with its telecom-based relationship and build strategic cloud transformation route*

Cloud offerings appeal to large media and gaming sector to meets its scale and performance needs. These cover audio video PaaS, such as real-time interactive Tencent Real-Time Communication, Chat, Media Processing Services, Video on Demond, and Cloud Streaming Services capabilities

Focus area – *Flexible pricing offers and high-touch support for large high-value customers*

FIGURE 3:

Gartner Magic Quadrant for Strategic Cloud Platform Services[1], 2023



Consistent YoY growth across IaaS and PaaS, lower pricing/hour and robust customer support. Boasts of cloud innovation, vast ecosystem partners and flexible cloud cost management

Focus area - *plans to strengthen its capabilities in quantum computing by expanding its existing quantum lab in California. The center for quantum computers aims to provide equipment for building quantum hardware.*

Azure Arc makes it the pioneer in hybrid and multi-cloud transformation. Azure is known well for AI innovation with recognized partnerships

Focus area - *Azure is leveraging its metaverse technology stack consisting of Microsoft Mesh and HoloLens, Power Platform, artificial intelligence and autonomous systems, Synapse Analytics, Azure Maps, and Azure Digital Twins.*

Excels in IaaS and PaaS, offering container-based serverless solutions for legacy infrastructure replacement. Notably strong in cloud Big Data and AI, Google is a recognized ESG leader

Focus area – *Google cloud starting to show traction in the AI infrastructure segment with its simplicity of Data analytics. Its open-source cloud provides application developers lock-in-free environment*

Aggressive IaaS pricing, enhanced Oracle app support across industries, and distributed sovereign cloud addressing GRC and regulatory concerns

Focus area – *Innovating in the opportunity of distributed and sovereign cloud for customers needing stringent regulatory and data privacy requirement*

Maximize cloud opportunities by integrating hybrid and multi-cloud, AI, quantum computing, and secure cloud roadmap while fostering global partner ecosystem for market expansion

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Source : [1]Gartner Magic Quadrant For Strategic Cloud Platform, 2023 || Refer to Appendix for detailed comparison of these players

Market Overview

Cloud Platform Service Providers Capabilities Grid (1/2)

Provider Overview		Products & Services offered	Partner Ecosystem	Marquee Clients	Use Cases	Customer Caution
aws	450+ release per year; 105 availability zones; 33 launched regions Combined IaaS and PaaS market share of 40%, Oct 2023; AWS segment revenue (Dec 2023) - 90.7 US$B	Amazon personalize, AWS cloud development kit, AWS local zones, AWS Fargate, AWS copilot	▪ Implementation partners – Deloitte, Capgemini ▪ Resellers – Ingram, Accenture, NTT Data ▪ Tech partner – New Relic, Databricks, Anthropic	Disney+, Samsung, Vanguard, Coca-Cola, Taco Bell, Verizon, Nintendo, New Relic, Siemens, Alert Logic, Halliburton	▪ Geographical scaling with serverless app development ▪ Reduce time to market and cost in app modernization through microservices ▪ Help build enterprise of all size Gen AI application with Amazon Bedrock ▪ Manage cloud complexities through governance, cloud FinOps and monitoring	▪ Not competitive on addressing multi-cloud use case compared to its peer providers ▪ Focus on lift and shift sales approach lags customers to get modernization benefits quickly
Google	118 availability zones across 39 regions; GCP share grew by 40% in 2022 and now has 10% share in 2023 300+ release per year; Google cloud (Dec 2023) – 33 US$B	Google Kubernetes engine, Cloud functions, Cloud Pub/Sub, Apigee	▪ Application development – TCS, Accenture, Sada, Niveus ▪ Migration partner- Capgemini, Accenture	Bit Capital, Sony Music, Spotify, American Cancer Society, Roche, Telstra, 20th Century Fox, Cartier	▪ Help reduce system downtime and application latency through effective resource planning system in GKE ▪ Use AI platform to recommend customer in the fashion retail industry	▪ Though having reasonable certified migration partners, analysts hear shortage of experienced partners ▪ Commercial integration issues between GCP product and other Google products
Microsoft	52 availability regions with 140+ countries; Cloud revenue grew 21% YoY ended June 2023 400+ releases per year; Azure revenue (Dec 2023) – 75.3 US$B	Microsoft Copilot,Azure DevOps, Microsoft Fabric, Azure Cosmos DB, Azure Data Factory, Azure Synapse Analytics, Azure IoT Hub	▪ Compute partner – Cloudreach, 2nd watch ▪ Networking partner – Amdocs, Coretek ▪ Storage partner – Avanade, Ensono ▪ Digital innovation – Xorient, Presidio	gm, ABN·AMRO, Nutanix, PayU, ABB, Spar, EY, KPMG, PageGroup, Novo Nordisk, Lego	▪ Implement agile development platform adhering to enterprise protocols and governance ▪ Azure machine learning service used to forecast sales, finance and marketing goals ▪ Use database model to achieve accurate SLAs	▪ Few Azure service are purpose-built, and this poses integration challenges with other Azure service ▪ Inconsistent operational practice leading to downtime and security concerns in some region

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Source: Company Annual Reports, Gartner Magic Quadrant for Strategic Cloud Platform Services 2023

Market Overview

Cloud Platform Service Providers Capabilities Grid (2/2)

Provider	Provider Overview		Products & Services offered	Partner Ecosystem	Marquee Clients	Use Cases	Customer Caution
IBM	29 availability zones across 19 regions 200+ release per year	Cloud market share of 3%, Q2 2023 IBM cloud (March 2023) – 5.5 US$B	IBM alanytics engine, IBM Cloud Pak, IBM Watson Assistant, IBM Cloud Foundry, IBM Cognos, IBM InfoSphere DataStage	▪ Network Partner – AT&T, Verizon ▪ Tech partner – Accenture, Deloitte ▪ Storage Partner – Komprise, Panzura ▪ DX partner- KPMG, Cisco, Adobe	Anthem, Coca-Cola, Honeywell, Deloitte., الاتحاد ETIHAD, L'ORÉAL, RICOH, VERITAS, Panasonic	▪ BFSI- Streamline AI tools deployment faster with IBM cloud Kubernetes ▪ Healthcare -migrate workloads from inefficient VMs to Ops-friendly containers for reporting & patient systems	▪ Limited muti-zone regions (IBM MZRs) ▪ Limited integration of acquired cloud management tools to IBM Cloud VPC ▪ IBM has limited support of MSP on managed transformation and operations
ORACLE	37 cloud regions in 24 countries 2 region in EU to support data sovereignty	Cloud market share of 2%, Q2 2023 Cloud service + Cloud license (May 2023) – 21.6 US$B	Oracle Autonomous Database, Container Engine for Kubernetes, Oracle Gen 2 Cloud Infrastructure, Oracle Autonomous Data Warehouse, Oracle Fusion Cloud	▪ Tech partner – Infosys, KPMG, Wipro, Accenture ▪ Network partner- Fortinet, Check Point ▪ Compute partner- Siemens ▪ Implementation partner – A5	Syneos Health, DUFRY, ATLAS Renewable Energy, [Phenix], The University of Adelaide, UCLA, SAMSUNG, legrand, Telefónica	▪ Address the need for high processing power required to monitor and analyze large workloads ▪ Autonomous database management for cost saving	▪ Not well differentiated AI capabilities compared to others ▪ Uneven sales and support towards new Vs traditional customers
Alibaba Cloud	89 availability zones across 30 regions 100+ product releases per year	Cloud market share of 4%, Q2 2023 Alibaba Cloud (Fiscal 2022)- 11.7US$B	Elastic Container Instance, BaaS, AnalyticDB, DataV, ClodFlow, Serverless App Engine (SAE), Serverless Kubernetes Service (ASK), Virtual Private Cloud (VPC)	▪ Tech partners- IBM, SAP, Nvidia, Vmware ▪ Strategic partner- Deloitte, Lightning Cloud ▪ MSP- Accenture, Infosys, Lumen	AirAsia, HKexpress, Tiger Brokers, Henkel, PrestoMall, tokopedia, 恒生銀行 Hang Seng Bank, South China Morning Post, ASTRA Financial, CASIO	▪ Build autoscaling system to capacity and traffic needs ▪ Provide secure virtual desktop infrastructure ▪ Deploy containerized application on Kubernetes cluster and set up auto scaling to adjust the compute capacity	▪ Limited service and support outside of China and few local office and language support ▪ Trade restrictions with international chip manufacturer makes their infrastructure struggle outside China

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Market Overview

Cloud Platforms & Services Landscape

Selective Use Cases

IT and Telecom
- Cloud service providers and Telcos together create new business and service models
- Cloud platform used to create network automation and management
- Cloud based anomaly detection

BFSI
- Launch new age digital products
- Offer personalised banking service
- Use AI and analytics for enabling cross sell opportunities

Manufacturing
- Predictive maintenance and quality control
- Inventory and supply chain management
- Operational data monitoring
- IoT support through data storage and processing

Government and Public Sector
- Government led projects like smart city sees huge cloud investments
- Providing citizen support through application roll outs and information management
- Federal and state government are modernizing their dept.

IaaS

Datacentre Service: CoreSite, Cyxtera, gtt, Global Switch, Digital Realty, Telehouse, rackspace technology, Equinix, telx

Cloud Infrastructure: Alibaba Cloud, aws, Digital Ocean, OVHcloud, Fujitsu, NTT Data, Telstra, IBM, Hewlett Packard Enterprise, Red Hat, Microsoft, rackspace technology

Servers (Dedicated/Bare Metal/Edge): Lenovo, rackspace technology, Scaleway, Alibaba Cloud, aws, Hetzner, Red Hat, Vultr, Oracle, Dell Technologies, Liquid Web, verizon

SaaS

Business Applications (CRM, ERP, HCM): servicenow, Sage, salesforce, zendesk, workday, SAP, deel., Adobe, Oracle, Oracle NetSuite, Zoho, sugarcrm

AI and ML: Amelia, IBM, Microsoft, CognitiveScale, aws, Google Cloud, salesforce, DataRobot, nvidia, OpenAI

Security: Fortinet, Cisco, imperva, Microsoft, splunk>, CrowdStrike, IBM, paloalto networks, Thales, RSA, Broadcom

Data Analytics: alteryx, sas, IBM, Qlik, Oracle, TIBCO, sisense, tableau, teradata., Microsoft, MathWorks

PaaS

Application Development and Deployment: aws, appian, quickbase, IBM, Pega, Microsoft, vmware, Vercel, Digital Ocean

Data Management: IBM, snowflake, Google, salesforce, aws, Oracle, databricks, mongoDB, esri, Cloudera, Microsoft

AI and Analytics: Microsoft, algolia, aws, DataRobot, Qlik, Oracle, SAP, sas, Google, Cloudera, elastic, ThoughtSpot, GoodData

Industry Cloud

IT and Telecom: Deloitte., Red Hat, aws, Ericsson, Cisco, vmware

BFSI: Oracle, IBM, Microsoft, jack henry, aws

Manufacturing: Deloitte., SAP, Infosys, Cloud4C, Microsoft

Government and Public Sector: Deloitte., Infosys, salesforce, aws, IBM

Cloud consumers crave platforms and services finely tuned to their Line of Business (LoB) and functional needs and LoB personas have started to show more influence on cloud budget approvals

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*These companies are provided for representative purposes only and do not constitute an exhaustive list

Key Trends

AI-as-a-service using Cloud Platforms
Twin pillars – AI & Cloud propelling businesses forward in multiple ways beyond IT

Advancing Sustainability and ESG Compliance with Cloud Ecosystems
Cloud sustainability investments to increase as ESG receives rising enterprise attention

Organizations Gravitating towards Dedicated and Sovereign Cloud
Organizations embracing digital sovereignty via dedicated cloud

Cloud-driven Application and Data Modernization
Cloud modernization for improved efficiency, scalability, reliability and cost reduction

The latest trends in cloud platforms ecosystem include AI-as-a-service, Containerization & Kubernetes, Secure cloud, Edge computing, Hybrid and Multi-cloud adoption, Green computing, FinOps within cloud, Serverless computing, and Quantum computing in cloud

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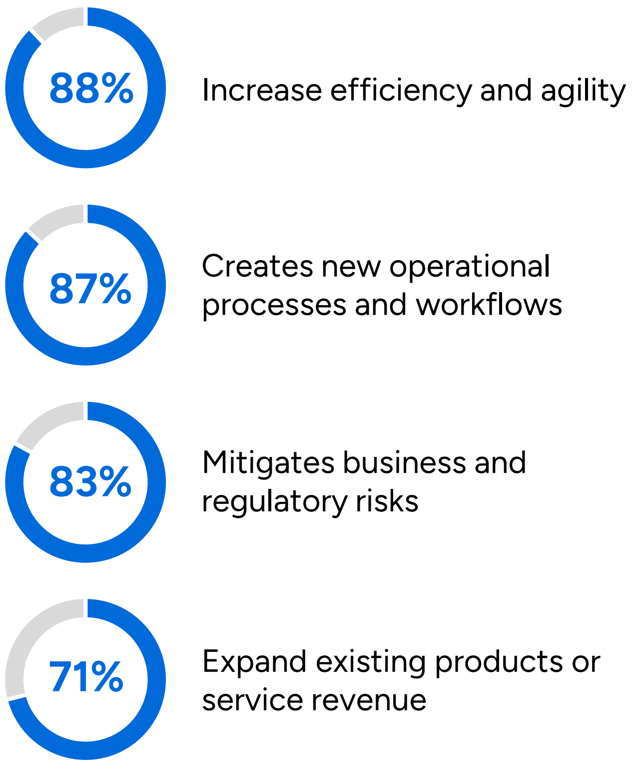
Twin Pillars – AI & Cloud Propelling Businesses Forward in Multiple Ways Beyond IT

- Public cloud vendors are offering AI outsourcing services, allowing companies to test out software and ML algorithms without risking their primary infrastructure, at a fraction of the cost leading to significant CAPEX savings
- As per a Deloitte study, **70% of companies** get their **AI capabilities through cloud-based software**, while **65% create AI applications using cloud services**
- Both the **cloud market and AI market** are projected to **double from its current size by 2026**, eventually slated to **grow more than 5 times by 2032**
- AI cloud computing enables services that are used in ML, such as **serverless computing**, **batch processing**, and **container orchestration**
- As per IDC, by 2025, nearly **50% of all accelerated infrastructure** for performance-intensive computing (AI, HPC, and BDA) will be **cloud-based** as these systems are increasingly integrated with enterprise software

FIGURE 4:

Advantages of Adopting Cloud by Enterprises[1] (% of respondents)



Case Studies

Gameloft – Microsoft Azure

In 2022, Gameloft leveraged Translator, part of Azure Cognitive Services for in-game message translator as part of its new game March of Empires. This helped the players across the globe to chat and strategize with fellow players as services could translate messages in more than 100 languages.

HM Land Registry – aws

In 2022, HM Land Registry reduced document processing time by 50% for property transfers by building and implementing an automated tool on AWS for identifying discrepancies. The company leveraged Amazon Textract, which accurately extracts printed and handwritten text, and Amazon Comprehend, which automatically compares documents and flags inconsistencies for review.

Investment in the cloud is driving faster adoption and higher spending on AI, resulting in full-scale deployments of AI – helping businesses address & overcome industry-specific challenges

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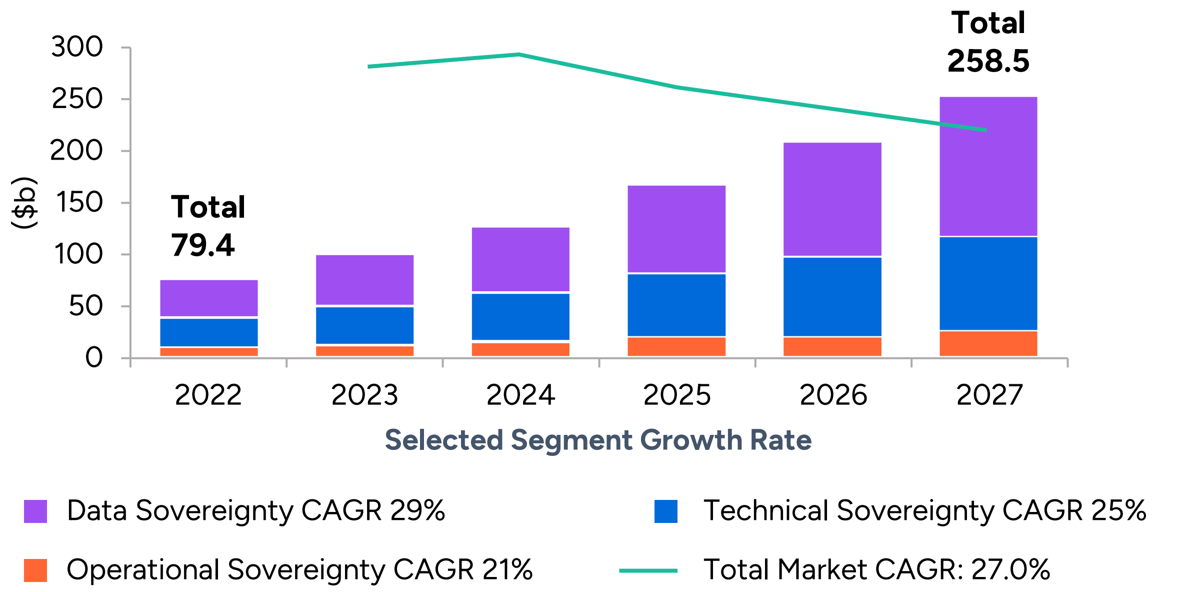
Source : [1]PwC's 2023 Cloud Business Survey

Organizations Embracing Digital Sovereignty via Dedicated Cloud

FIGURE 5:

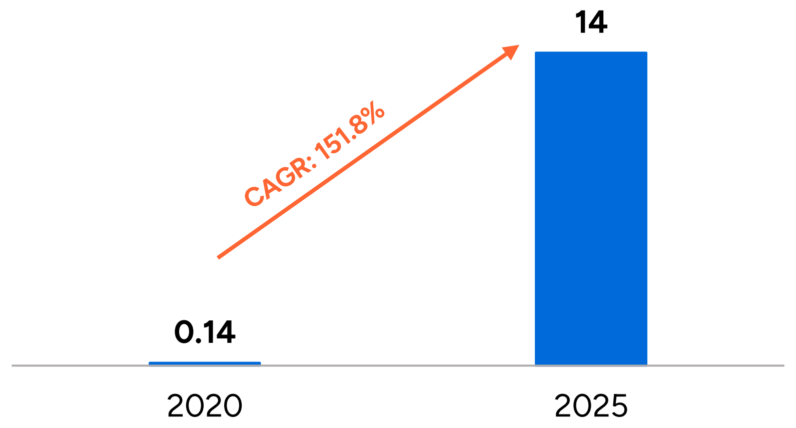
Worldwide Digital Sovereignty Spending[1] 2022-2027 ($B) with Growth (%)



- As per IDC, **global spending** on **sovereign cloud solutions** is projected to reach **$258.5 billion by 2027** growing at a CAGR of 26.6%
- **Expanding cloud use** and the need to **enhance cybersecurity** while meeting **regulatory compliances** are driving digital sovereignty
- IDC estimates **combined spending on data, operational, and technical sovereignty** totaled **$79.4 billion in 2022** and is projected to surpass $103 billion in 2023

FIGURE 6:

Dedicated Cloud Infrastructure as a Service (DCIaaS) Market[2], 2020 & 2025 ($B)



- As per IDC, **by 2025 60% of organizations** will have **dedicated cloud services** with respect to performance, security, and compliance requirements
- **DCIaaS solutions** are expected to reach **$14 billion** by **2025**, at a CAGR of 151.8%
- **DCIaaS ecosystems** will move measurably into the PaaS **(DCPaaS)** and SaaS **(DCSaaS)** layers, as customers reconsider how best to distribute cloud workloads and applications and demand more options from their core vendors

Definitions

Digital Sovereignty refers to a nation's ability to exercise control over its own digital infrastructure, technologies, and data.

Sovereign Cloud can be seen as an enabler of data sovereignty. It's a set of new and dynamic cross-/multi cloud solutions designed to answer to new sovereign policies, balancing collaboration with compliance, and bringing together insight, innovation, growth, and security.

Dedicated Cloud is a single-tenant cloud infrastructure, which essentially acts as an isolated, single-tenant public cloud.

Implementing dedicated and sovereign cloud helps with enhanced performance, data compliance, technical expertise, business and continuity assurance, supply chain efficiency, and geopolitical resilience

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Source : [1]Worldwide Sovereign Cloud Market Forecast 2022-2027 by IDC, [2]DCIaaS Market Report by IDC

Cloud Modernization for Improved Efficiency, Scalability, Reliability and Cost Reduction

- **Cloud modernization** of applications and data is a **prerequisite of AI implementation**
- By 2024, majority of legacy applications will receive some modernization investment, with **cloud services used by 65% of the applications** to extend functionality or replace inefficient code
- As per a survey conducted by Coleman Parkes Research[1], **96% of top IT decision-makers** have already identified or are in the process of identifying legacy applications and data that require modernization, with **CRM, HR and ERP systems leading the way**
- However, **application modernization challenges** included **costs (56%), security and compliance (51%)**, and **user acceptance (46%)**

IBM Cloud Case Studies[2]

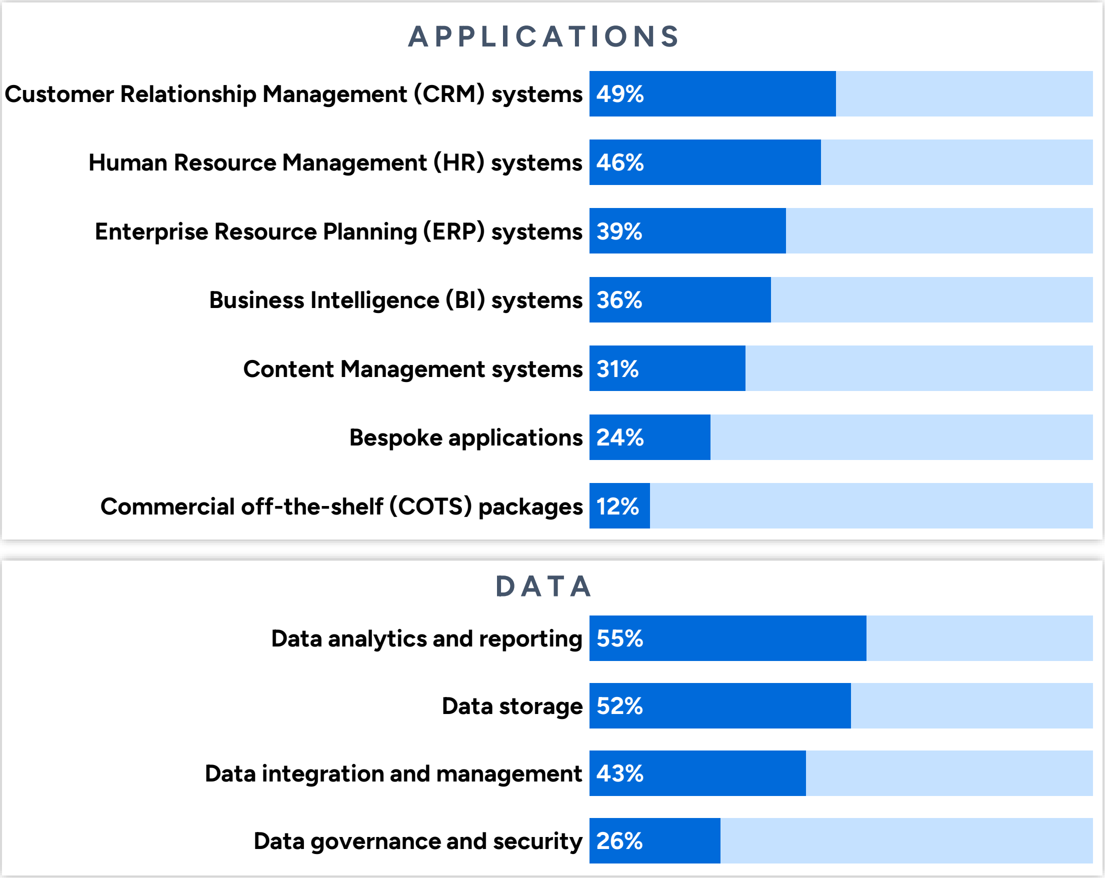
IBM Cloud

DELTA / Red Hat	Department for Work & Pensions	PNC BANK
Delta Airlines partnered with IBM to modernize existing computing environment and co-create new solutions to power their transformation	UK Department for Work and Pensions accelerated modernization by partnering with IBM to deliver digitized public services post CoVID-19	PNC Bank partnered with IBM to design and adopt an event-driven architecture, where data is sourced in real-time across PNC's systems

FIGURE 7:

Legacy Applications and Data that Require Modernization[1]

Which legacy applications and data have you identified?



Cloud Modernization is paving the way for the effective use of AI and ML, creating efficiencies that can boost organizational performance and accelerate time to market

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Source : [1]The 2023 Cloud Modernization Research Report, [2]Modernizing Applications on Hybrid Cloud (IBM Consulting)

Cloud Sustainability Investments to Increase as ESG Receives Rising Enterprise Attention

FIGURE 8:

Reducing Carbon Emissions[1]

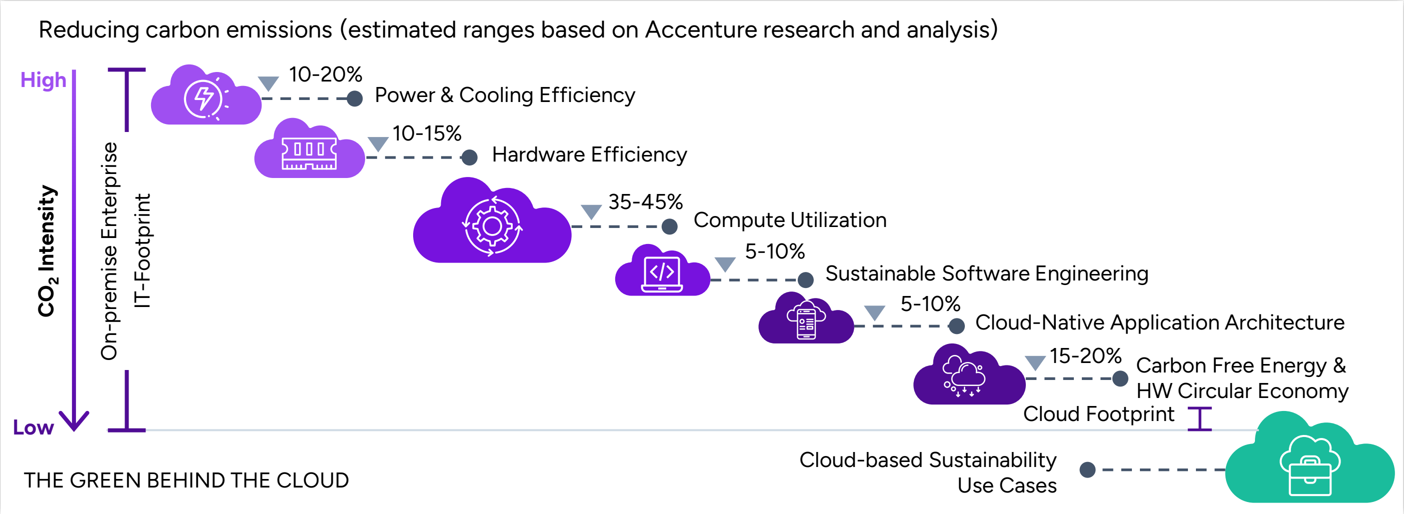
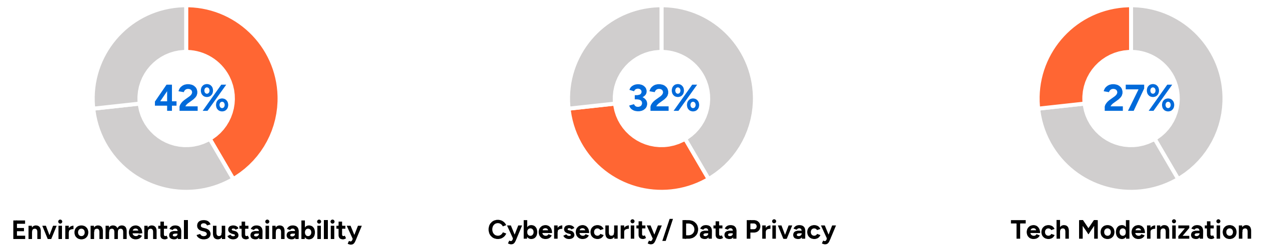


FIGURE 9:

CEO's Top Three Challenges over the next 3 years[2]



- **Environmental Impact:** According to the World Economic Forum, the switch to cloud computing is expected to **prevent at least 629 million metric tons of CO_2** from entering the atmosphere between 2021-2024. Also, a report by Global e-sustainability Initiative says cloud and other technology solutions can **reduce global GHG emission** by **16.5% by 2030**
- **CEO Involvement:** Approximately **50% of CEOs[2]** and executive teams have compensation tied to sustainability goals, showing a significant increase from previous years
- **Aligning Sustainability and Digital Transformation:** Companies that align their sustainability and digital transformation efforts report higher revenue growth, up to **41% higher** compared to those that don't
- **Implementation Challenges:** While **95%** of companies have operational ESG goals, only **10%** have made significant progress in meeting them
- **Sustainable Future:** [3]**By 2025, 85% of organizations** will use software and cloud-based infrastructures to create a **35% increase in sustainable efficiencies** across workloads and datacenters

Carbon emissions of hyperscalers are expected to be a pivotal factor in organizations' cloud purchase decisions, as cloud-based solutions become imperative to revolutionize sustainability initiatives and enhance ESG compliance

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Deal Activity in the Cloud Services Domain, 2023 (1/2)

Date	Target	Buyers	HQ Location
Rationale: Growth Funding			
Nov-23	IOCONNECT SERVICES	East Los Capital	
Oct-23	dsp	LDC	
Oct-23	trinetix	HYPRA	
Sep-23	zenzero	MACQUARIE	
Sep-23	CodifiedSecurity	Madrona Venture Labs	
Sep-23	smartShift	Ridgemont Equity Partners	
Aug-23	itopia	Naples Technology Ventures	
Jul-23	AppFactor	HAATCH	
Jul-23	bcore	NEWSPRING	
Jul-23	科力锐科技 clerware	Ambrum Capital 琥珀资本	
Jun-23	NEOVERA	424 CAPITAL	
Jun-23	AGYLA.CLOUD	IBM	
Jun-23	ptp Infinite Innovation	424 CAPITAL	
Apr-23	TRUSTON	IG&H make strategy work	
Mar-23	INVENTIVE	wing	
Feb-23	6pillars.io AUTOMATE	CyRise	

Date	Target	Buyers	HQ Location
Feb-23	ZConverter Cloud	SAMSUNG VENTURE INVESTMENT	
Feb-23	Tiger Technology	MFGINVEST	
Jan-23	MYTHICS	One Equity Partners	
Jan-23	科力锐科技 clerware	Ambrum Capital 琥珀资本	
Jan-23	cprime	Everstone Capital; Goldman Sachs Asset Management	
Jan-23	cts	Marlin Equity Partners	

Date	Target	Buyers	HQ Location
Rationale: Market Expansion			
Dec-23	TDG	LAON PEOPLE	
Nov-23	ARCTIQ	rSolutions; DYNTEK	
Nov-23	vmware	BROADCOM	
Nov-23	ideametrics	SMART ERP Solutions	
Oct-23	INSOMEA Computer Solutions	BEYON Solutions	
Oct-23	VoerEir	USTGlobal	
Oct-23	MIPRO	kastech	
Oct-23	LetMe Doit	SCORE UTICA	

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Source: Technology Holdings, M&A Tracker 2023

Deal Activity in the Cloud Services Domain, 2023 (2/2)

Date	Target	Buyers	HQ Location
Rationale: Market Expansion			
Sep-23	ANP Work Anywhere	coretelligent The Power of IT	United States
Aug-23	AMDARIS	Insight	United Kingdom
Aug-23	virtuace	epam	United States
Aug-23	we safe	UPHEADS	Sweden
Jun-23	avanio	Cinia	Finland
Jun-23	EXTRINSICA GLOBAL	iomart	United Kingdom
May-23	DEADDROP LABS	IMT	Canada
Apr-23	IPKeys Power Partners	PARSONS	United States
Apr-23	LEGION✶STAR	MajorKey	United States
Apr-23	cloud bridge	BYTES	United Kingdom
Mar-23	Stellarise	VELOCITY Technology Group	United Kingdom
Feb-23	aditinet	nomios	Italy
Feb-23	incentro	doit	Netherlands
Feb-23	NETMETIX Cloud Network Specialists	zenzero	United Kingdom
Feb-23	Walldorf Consulting AG	TIMETOACT GROUP	Germany
Jan-23	PGSI	3Cloud	Philippines
Jan-23	metanext	[illegible]	France
Jan-23	Qubix	VERSION 1	United Kingdom
Jan-23	azatec	FASTWEB	Italy
Jan-23	CloudOps	aptum	Canada

Date	Target	Buyers	HQ Location
Rationale: Technology Acquisition			
Oct-23	NW Computing	orro	Australia
Oct-23	Avælgo	iPS Enabling Digital Solutions	Romania
Oct-23	D2K Technologies Data to Knowledge	ICRA Analytics	India
Aug-23	bizanalytica	Mastek	United States
Aug-23	ADTsys	claranet	Brazil
Jul-23	Centuria	Adminotaur	Poland
Jun-23	ENQUIZIT	CDW	United States
May-23	aDFOLKS Accelerate Digital	zain	United Arab Emirates
May-23	EPLEXITY	CloudHesive	United States
Feb-23	Itoc	thoughtworks	Australia

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Source: Technology Holdings, M&A Tracker 2023

Deal Analysis

Deal Activity in the Cloud Platforms Domain, 2022 & 2023

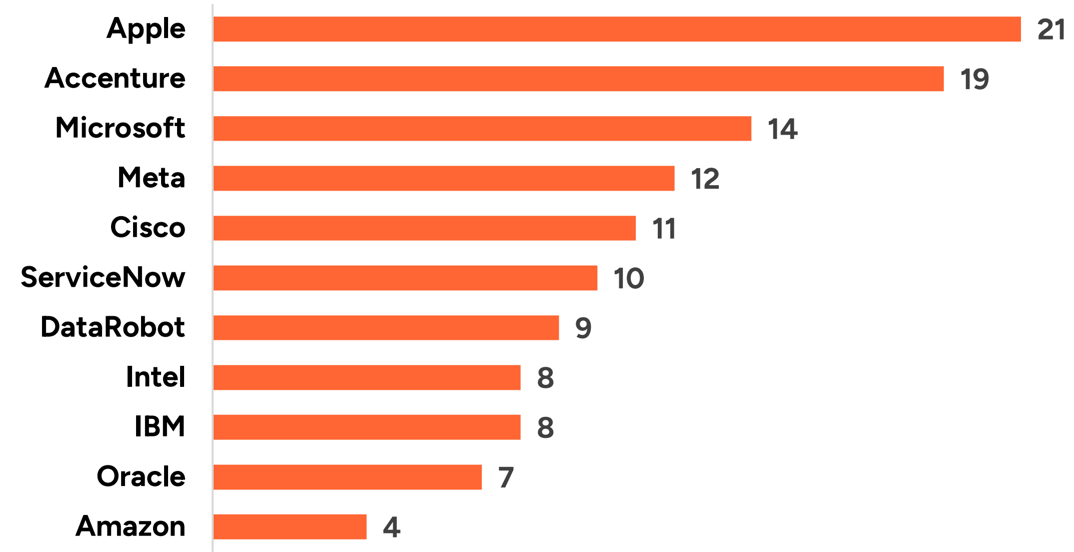
Date	Target	Buyers	HQ Location
Rationale: Growth Funding			
Nov-2023	cast.ai	VINTAGE	United States
Apr-2023	dataSuite	CETC	China
Apr-2023	skyone	INVEST TECH; SPECTRA INVESTMENTS	Brazil
Mar-2023	cast.ai	CREANDUM	United States
Sep-2022	Corent	Shepherd Growth Partners; WOODWARD DIVERSIFIED CAPITAL	United States
May-2022	amazon	-	United States
May-2022	knowis	Bayern Kapital Venture Capital für Bayern	Germany
Apr-2022	CloudSphere	-	United States

Date	Target	Buyers	HQ Location
Rationale: Market Expansion			
Oct-2023	SENTIA LEAD THE WAY	aeven	Denmark
Jan-2022	Keenondots	CloudBlue	Netherlands

Hyperscalers have not acquired any cloud platform service providers in the past 3 years and have focused on incorporating AI & ML capabilities to enhance their offerings

FIGURE 10:

Number of AI and ML Companies Acquisitions since 2017[1]



- Since 2017, **11 leading technology companies** have **acquired over 120 AI and ML companies** highlighting the need to boost their AI and/or ML roadmap and gain market share
- **Hyperscalers** are aiming at **incorporating generative AI capabilities** into their work, enhance existing applications, and create net-new customer experiences

Leading cloud platform service providers continue to make a series of investments in both internal and external technologies to enhance their portfolio with AI & ML capabilities

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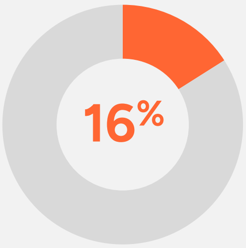
Source: Technology Holdings, M&A Tracker 2023; [1]PitchBook Data (as of June 2023)

Key Drivers for Deal Activity in Cloud Platform Services Industry

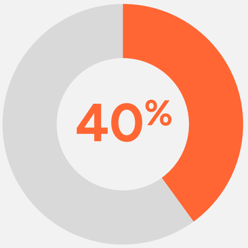
Diversification & Acquisition of Tech

- IT & tech services companies acquiring cloud platform service providers to enhance product offerings and stay competitive
- Drive for innovation and the need to integrate new-age cloud capabilities into existing operations
- Desire to achieve faster development cycles and leverage cloud for efficiency and differentiation



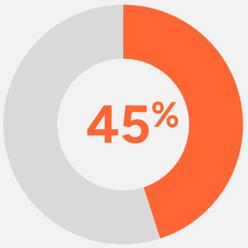
Market Expansion

- Strategy to enter new markets and diversify revenue streams
- Capitalize on the increasing demand for cloud platform services in different regions
- Targeting emerging markets with growth potential and untapped opportunities



Value Creation by PE & VC Firms

- Focus on realizing the untapped potential and value within cloud platform service providers
- Aim to drive growth, increase profitability, and optimize operations post-acquisition
- Leverage expertise in scaling businesses and unlocking new revenue streams



Well-capitalized companies and financial sponsors are actively making acquisitions in their core businesses, leveraging abundant capital for strategic growth and expansion

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Source: Technology Holdings, M&A Tracker 2023

Cloud Platform Services M&A Deal Activity: Quarterly Trends

- In 2022, **48 M&A deals** took place, compared to **75 deals** in 2021. Furthermore, **deal activity dropped in 2023 to 35 deals**. Fundings & investments have slowed in 2023 consistent with the broader M&A market
- This is in part driven by some **cautiousness on the buy-side** and hindered by the **supply of quality assets** (i.e., companies that have been able to continue to grow profitably)
- **Economic uncertainties** and **rising interest rates** have impacted funding activities, with VCs forming fewer funds in 2023 compared to the previous two years
- However, **2024 presents a positive outlook** as companies across the industries are embracing cloud platforms and services to **enhance existing capabilities** and help in **strategic organic growth**
- As per McKinsey report, **cloud adoption** by **Forbes Global 2000 companies** could generate up to **$3 Trillion in EBITDA value by 2030**

FIGURE 11:

Number of M&A Deals : Q1 2021 to Q4 2023

Year-wise M&A Deals	2021 – 23	2021	2022	2023
	152	75	48	35

Despite prevailing macroeconomic challenges, the cloud platform services landscape is witnessing moderate deal activity fueled by industry-agnostic tech services companies leading post-pandemic innovation and sustainable growth

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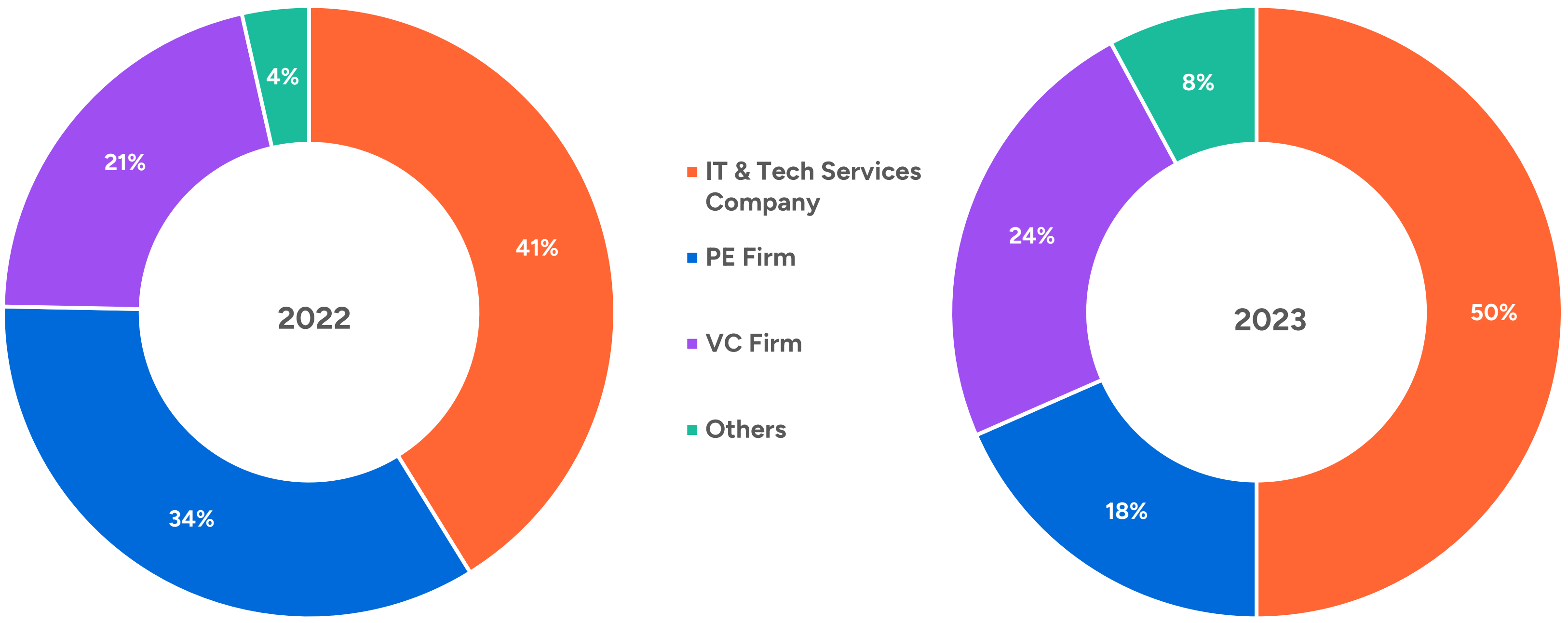
Source: Technology Holdings, M&A Tracker 2023

Buyer Landscape within Cloud Platform Services Deals

FIGURE 12:
Buyer Type Analysis (%), 2022 & 2023



- **IT & Technology Services Company (50%):** Pursuit of automation, need to diversify their product offerings as well enhancing their existing portfolio by **partnering with new-age cloud platform services companies**
- **VC Firms (24%): Capitalizing on the growth in cloud platforms domain** by aiding companies in expanding their market presence, gain competitive advantage, and enhance product offerings
- **PE Firms (18%): Strategic investments in cloud platforms & services companies** to fuel growth and capitalize on the potential of innovative tech-driven solutions
- **Others (7%):** Telecom, financial services, healthcare and other tech services companies potentially **seeking strategic cross-functional collaborations** to incorporate new-age cloud-tech services & solutions

IT & Technology Services companies focusing on strategic partnerships while PE & VC firms driving significant investments globally within the cloud platform services ecosystem

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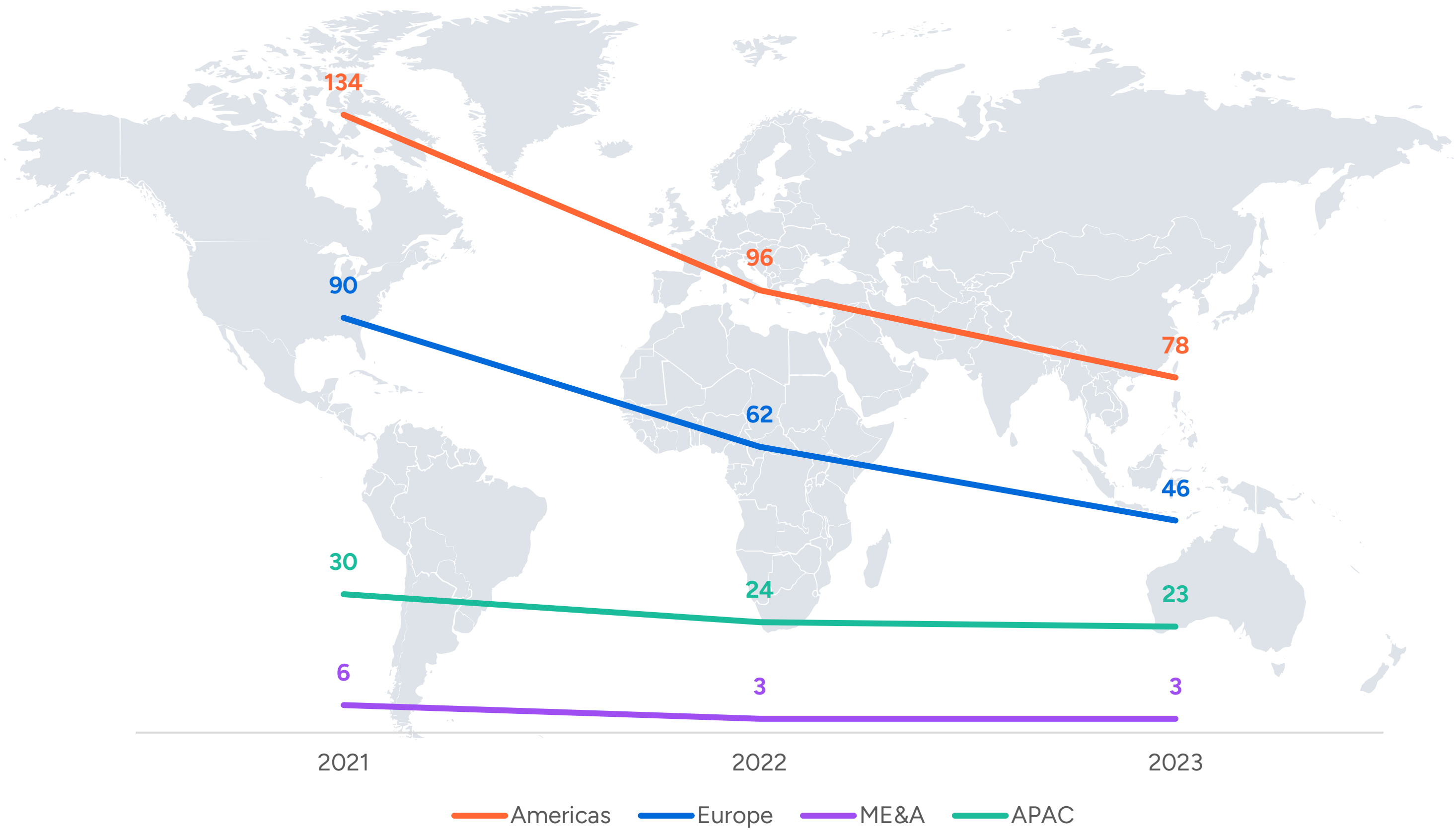
Source: Technology Holdings, M&A Tracker 2023

2021 – 2023 Regional Breakdown

Regional Deal Trends in Cloud Platform Services: Opportunities and Market Dynamics



Americas

- Declining M&A and funding activity since 2021
- Still leads in cloud platforms acquisitions
- Potential for resurgence in future

Europe

- Declining M&A and funding activity over the years
- Robust cloud platforms market in Europe
- Stable and attractive for investors

Middle East & Africa:

- Low and relatively stable M&A and funding activity
- Potential for growth and investment
- Region to watch for future developments

Asia Pacific

- Stable M&A and funding activity in last three years
- Emerging market with growth potential
- Increasing interest from investors

M&A and funding activity in cloud platform services industry has been fluctuating across regions, with opportunities for IT & technology services firms to target emerging markets strategically

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Source: Technology Holdings, M&A Tracker 2023

Key Takeaways

Drivers of Growth for Cloud Platform Services

The Cloud Platform Services Market is experiencing significant growth owing to demand across organizations to meet their industry-specific challenges, optimize costs, achieve sustainability, and fulfil compliance & regulatory standards. Key technologies like AI and ML when integrated with will propel adoption across industries. This dynamic landscape promises continued expansion and innovation. Some of the key trends discussed in the report are -

AI-as-a-service via Cloud

Investment in the cloud is driving **faster adoption** and **higher spending on AI,** resulting in full-scale deployments of AI

Dedicated & Sovereign Cloud

Implementing dedicated and sovereign cloud helps with **data compliance, better performance, supply chain efficiency** and **geopolitical resilience**

Cloud Modernization

Cloud Modernization is paving the way for the effective use of AI and ML, that can **boost organizational performance** and **accelerate time to market**

Cloud-enabled Sustainability

Cloud is driving economic and environmental impact through applications across industries, with organizations aiming at **carbon neutral operations & ESG compliances**

M&A Activity

- Despite prevailing macroeconomic challenges, the cloud platform services landscape is witnessing moderate deal activity fueled by industry-agnostic technology services companies
- IT & Technology Services companies focusing on strategic partnerships while PE & VC firms driving significant investments globally
- M&A and funding activity in cloud platform services has been fluctuating across regions, with opportunities for IT & technology services firms to target emerging markets strategically

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Technology Holdings' Cloud Platform Services Transaction Track Record

Technology Holdings (TH) is exclusively focused on **M&A and capital raising advisory services to Technology Services, Software, Consulting, Healthcare Life Sciences and Business Process Management Companies**. Over 23 years, TH has built deep expertise in digital platforms, with global reach and extensive strategic buyer and private equity relationships to help clients navigate through a sale and/or capital raise process, and to secure premium valuations.

Boutique Investment Bank of the Year Award (The M&A Atlas Awards 2023)

Boutique Investment Bank of the Year Award (2023 The M&A Advisor International M&A Award Winner)

M&A Deal of the Year Award ($100M - $250M) (2023 The M&A Advisor International M&A Award Winner)

Mid-Market M&A Advisory Firm of the Year Award (FM M&A Awards 2022 Winner)

TH has closed 17 Cloud Platform Services transactions with a cumulative enterprise value of over US $500 million

Date	Company		Acquirer	Focus
DEC 2023	FOREFRONT	Has been acquired by	NEORIS (Advent International PORTFOLIO COMPANY)	Salesforce Consulting & IP
NOV 2023	unifii	Has been acquired by	inetum. (BainCapital PORTFOLIO COMPANY)	ServiceNow Consulting & Managed Services
AUG 2022	enable	Has been acquired by	FUJITSU	ServiceNow Consulting & IP
JUN 2022	doitwise	Has been acquired by	inetum. (BainCapital PORTFOLIO COMPANY)	ServiceNow Consulting
MAY 2022	S4G Consulting	Has been acquired by	McKinsey & Company	Salesforce Consulting
NOV 2021	brightgen	Has been acquired by	CREDERA OmnicomGroup	Salesforce Consulting
SEP 2021	LISTER digital	Has been acquired by	bounteous (NMC New Mountain Capital PORTFOLIO COMPANY)	Digital Transformation & Salesforce Consulting
AUG 2021	CLOUDEON	Has been acquired by	devoteam	Microsoft Azure, AWS & GCP Partner
NOV 2020	XAPPIA	Has been acquired by	Globant	Salesforce Consulting
OCT 2020	guidevision	Has been acquired by	Infosys	ServiceNow Consulting
OCT 2020	CitihubDigital	Has been acquired by	Synechron	Financial Services Consulting, Cloud & Cybersecurity
JUN 2019	absi (far beyond system integration)	Has been acquired by	pwc	Salesforce Consulting
NOV 2018	TESM	Has been acquired by	DXC.technology	ServiceNow Consulting
NOV 2018	BusinessNow	Has been acquired by	DXC.technology	ServiceNow Consulting
DEC 2017	cDecisions	Has been acquired by	pwc	Salesforce Consulting
JUL 2017	PARX	Has been acquired by	Persistent	Salesforce Consulting
MAY 2016	hatstand	Has been acquired by	Synechron	Capital Markets Consulting

CLICK HERE

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