TECHNOLOGY HOLDINGS

Investment Banking in Tech Services, Consulting, Software & Healthcare

France: Uncovering the €68 Billion Technology Services and Software Market

Trends and M&A Activity

June 2024

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Introduction

This report from Technology Holdings, offers an in-depth exploration of the dynamic technology services and software landscape in France, covering key trends and strategic growth initiatives.

This report not only measures the financial health of the technology services and software sector by analyzing market valuations and revenue of leading publicly listed companies, but it also tracks the digital transformation driven by government efforts, highlighting France's pivotal role in global investment and its emergence as a key center for technology services and software innovation.

The M&A section offers an extensive analysis of the technology services and software sector in France. By delving into transaction volumes and trends, the report provides a detailed examination of the strategic dynamics driving M&A activities in the region, covering:

- **M&A Deal Activity by Buyer Type and Vertical**
- **M&A Deal Activity by Buyer Rationale**
- **M&A Deal Activity by Target's Employee Size**
- **M&A Deal Activity by Target's Company Type and Vertical**
- **Quarterly M&A Deal Activity Trends**

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Contents

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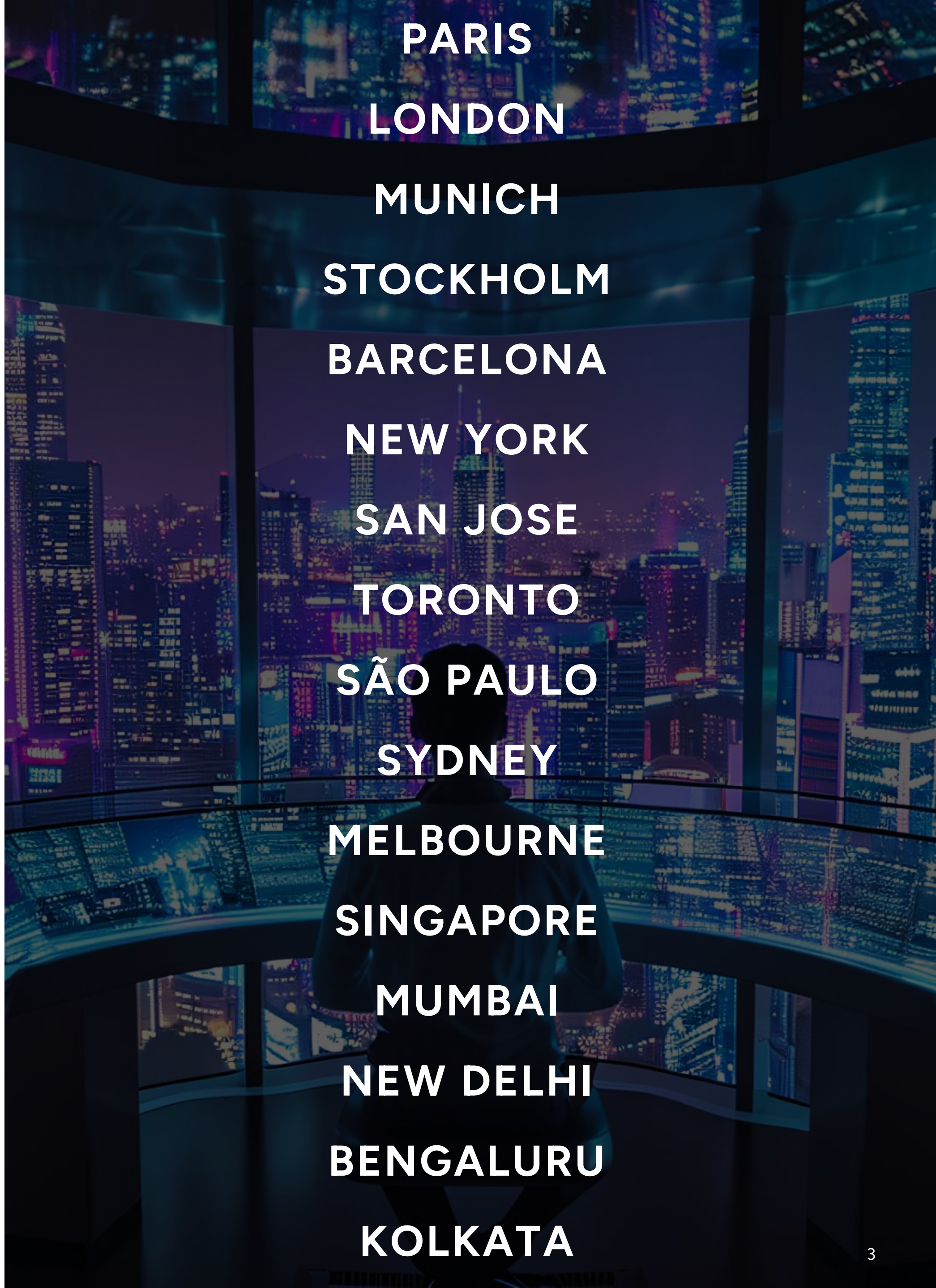
About Technology Holdings

Technology Holdings (TH) is a **global boutique investment bank** dedicated to delivering M&A and capital raising advisory services to **Technology Services, Software, Consulting, Healthcare Life Sciences and Business Process Management Companies** globally with enterprise values ranging from **€25 Million to €500 Million.**

TH has a global team of about 100 people across eleven countries including France, UK, Spain, Germany, Sweden, USA, Canada, Brazil, India, Singapore, and Australia.

Our focus, with a 24-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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Market Overview

SECTION I

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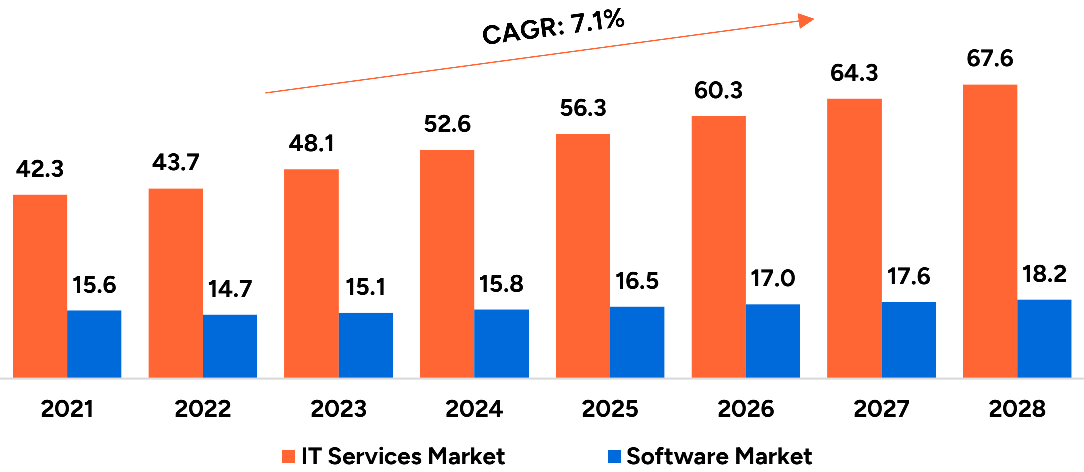
France Technology Services and Software Market Ripe for Growth

- **Robust Growth**: The France IT services market was valued at **€48.1 Billion** in 2023, growing at a **CAGR of 7.1%**, whereas the France software market was valued at **€15.1 Billion** in 2023, growing at a **CAGR of 3.7%**. Both the markets are driven by **rapid implementation of IoT, AI, ML, cloud computing, and robotics**
- **Digital Transformation:** Notably, **small and medium-sized enterprises (SMEs) in France** have experienced a surge in digital adoption, with their **digital intensity soaring to 63.5% in 2023**, up from 47% in 2022
- **Government Strategy:** The French Government's initiatives including **France Relance Plan 2020, French National Plan for Digital Inclusion 2018, France 2030 Plan, 2025 Productivity Pact, La French Tech** in support with the European Union outlines its vision to become one of the **Top 10 Digital Economies by 2030**
- **R&D Hub**: France ranked **6th globally** and **2nd in Europe** in terms of **GDP expenditure on R&D**. France also has the distinction of being the **#1 recipient of inwards R&D investments across Europe** and boasts of possessing the **most attractive R&D tax incentive program** in the region

FIGURE 1:

France IT Services and Software Market (€ Billion)[1]



High Growth Industries

1. **IT Services & Consulting** (Data Analytics, AI, Cybersecurity, Cloud)
2. **Engineering Services** (Electronics, Semiconductor)
3. **Software Development** (MarTech, AdTech, IndustrialTech, HRTech, etc.)
4. **Financial Services** (FinTech, InsurTech)

KEY TECHNOLOGY ENABLERS

- IOT
- AI and ML
- Robotics
- Cloud Computing

Advancing national sectors through strategic R&D and investments, France is poised for technological empowerment and sustainable progress, powered by innovation and government-led digital initiatives

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Source: [1]Statista, European Commission Data, France Government Website, World Bank, IMF

French Government Initiatives: Building the France of 2030, Today

France Relance Plan, implemented 2020 onwards is a €100 Billion investment plan with €40 Billion provided by the European Union, to support businesses, rethink production models, transform infrastructure and invest in training and R&D

Focus Areas	Roadmap
Reshoring Industrial Production	▪ Strategic investments in **health, inputs** (items entering production processes) essential to industry, **electronics**, **agrifood industry**, and **industrial 5G applications**
Digitalization of the Economy	▪ **French National Plan for Digital Inclusion** launched in 2018 to support the **digital transformation of businesses** ▪ More than **€50 Billion** will be mobilized **to train people** on **IoT, cybersecurity and digital skills**
Investing in Future Technologies	▪ Support innovation and investment in **digital technologies**, **medical and health-industry research**, **carbon-free energies**, responsible **agriculture and food sovereignty**, **sustainable transport and mobility**, etc.
Aiming for Carbon Neutrality	▪ **Achieving carbon neutrality** by **2050** to become Europe's first major decarbonized economy ▪ France 2030 plan to allocate **€8 Billion** to energy and **€4 Billion** to transport sectors, respectively, to decarbonize

Focus Areas	Roadmap
Deployment of Networks and Services for Digital Connectivity	▪ **€50 Billion** invested to cover **100% of the country** covered with **very high-speed broadband** by 2022 ▪ **2025 Productivity Pact** to have a breakthrough, **technology-based economy** by 2025
Promoting Transparency via E-Governance	▪ **#2 in the world** for **quality** and **accessibility of public online services**, as per UN E-Government Survey 2018 ▪ **La French Tech** initiative to **promote, invest and develop startups** and **digital ecosystems** throughout France
Lower Production Taxes	▪ To make France more attractive and **encourage industrial firms** to set up, these **taxes** will be **reduced by €10 Billion per year from 1 January 2021**
Training Young & Vulnerable People	▪ **Strengthening skills** and **transforming vocational training** ▪ **Training** young people in strategic, **high-growth sectors**

Upgrading production facilities, investing in future technologies, reduce production taxes and increase support for research, training and development form the blueprint of the France of 2030 vision

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Source: European Commission Data, France Government Website, World Bank, IMF

France’s Globally Recognized Technological Prowess Primed for M&A

GDP Growth and Stability

€2.59 Trillion 2022 → **€2.83** Trillion 2023

67th on the Global Peace Index 2023

12th Rank among EU countries, as per the Digital Economy and Society Index 2022 – boasting its integration of digital technology

44th Globally in Open for Business Ranking 2022

Digital Connectivity & Infrastructure

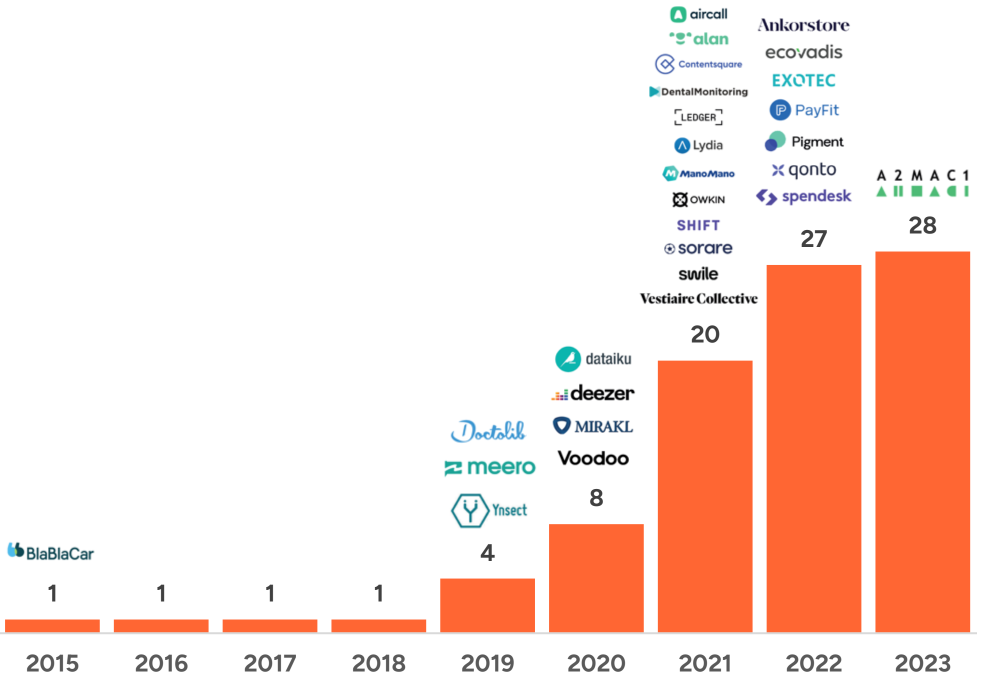
88.8% of the population had access to 5G services as of 2023

100% of homes in France to be connected by optical fiber by 2030

89.9% of the population (aged 16-74) used Internet as of 2023

73.2% of homes in France connected by optical fiber as of 2023

French Tech Evolution: Unicorns Created over Time



- **France’s renowned technology and business talent** has driven advanced, differentiated **software and tech services company growth**
- **French assets** are **ripe for private equity investment** and are **commanding large multiples**, with plenty of runway for continued growth across end markets

France’s tech market is flourishing into a global hub, with rapid business growth and a burgeoning set of M&A opportunities

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Source: European Commission Data, France Government Website, World Bank, IMF

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Key Trends

SECTION II

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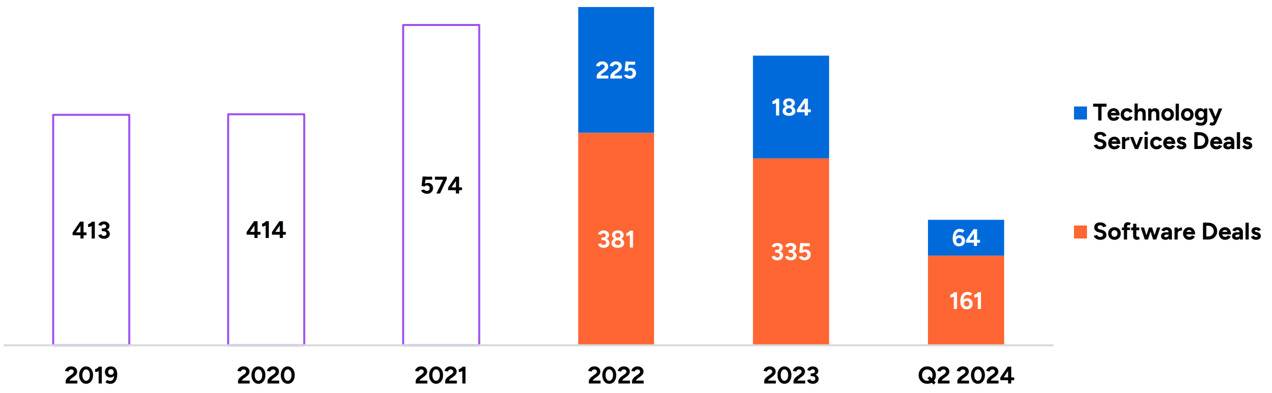
France – The Technology Services & Software Destination of Choice in Europe

Factors Favoring France for Sourcing of Software and Services

- Dominance in **software engineering**
- **Highly proficient engineering research** and **development capabilities**
- **Reducing cost differentials** with respect to low-cost locations, **increasing prevalence of process automation**
- Digital talent pool with **multi-lingual capabilities**
- **Robust talent** landscape with **diverse technological skillsets**
- Vibrant **local innovation** and **start-up ecosystem**
- **#32 - Ease of doing business**
- Regulatory landscape – **most generous R&D tax relief across Europe**
- **Focused investments** made by government and allied bodies – **Establish technology investment parks** and **Innovation hubs in universities**

FIGURE 2:

France Technology Services and Software Deal Count[1], 2019 - Q2 2024*



*Note: Deals until Q2 2024 are considered

- Brimming with over 800 software and technology services deals since 2022, the **French tech market** has quickly **gained sophistication and maturity**, covering the entire **spectrum of tech investments**, from **venture capital to large-cap buyouts**
- With a foundation for innovation, ambitious plans to propel business growth, and promising initiatives to kickstart more startups, **France's globally recognized tech scene** will continue **to generate highly valuable companies primed for M&A**
- With **accelerating international interest** in France's wide range of growing tech companies, the **valuations for these assets have also risen** owing to their best-in-class solutions, solid foundations developed by highly qualified professionals, and capability to expand outside of their own market

France is well positioned to tap into the R&D growth across the technology services and software sector, attracting investors and buyers globally

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Source: European Commission Data, France Government Website, World Bank, IMF, Statista, [1]PitchBook

French AI-powered Software & Service Providers Gaining Significant Traction Globally

AI-Powering Immersive User Experiences (UX)

Offers personalized products, predictive insights, and automated design tasks

Data Collection & Interpreting
- Streamlines data collection & analysis from various sources: user feedback, social media, & website analytics
- Training AI for pattern recognition accelerates data analysis

Graphic Design Automation
- Repetitive design tasks like image resizing and color correction are automated, freeing up time for innovation

Solution Ideation
- Streamlines data collection & analysis from various sources: user feedback, social media, & website analytics
- Training AI for pattern recognition accelerates data analysis

Efficiency in Design Process Flow
- Streamlines data collection & analysis from various sources: user feedback, social media, & website analytics
- Training AI for pattern recognition accelerates data analysis

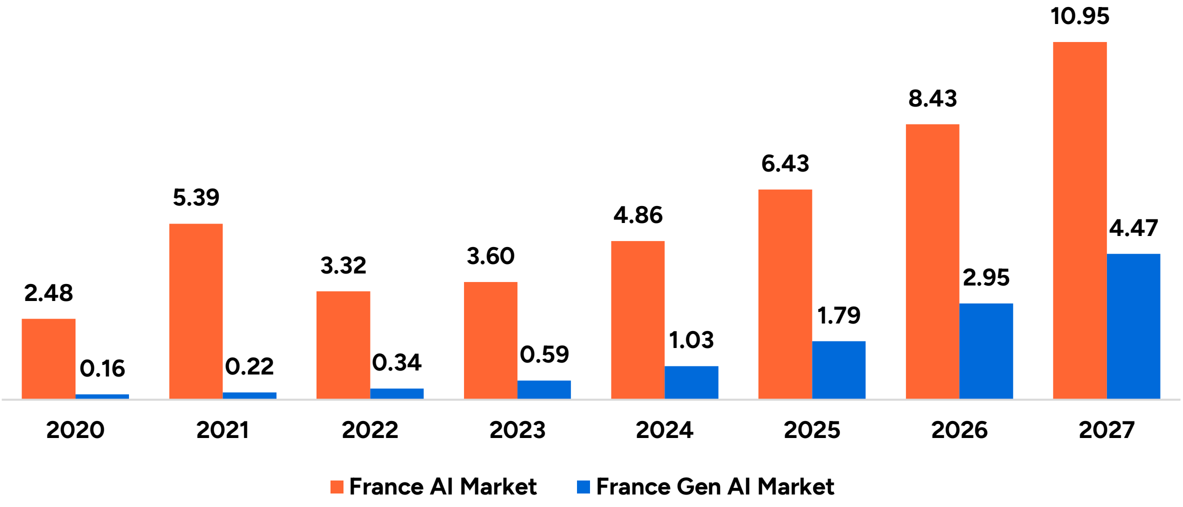
AI industry is expected to be valued at €1.22 Trillion by 2032, while the AdTech search volume for ADI (Artificial Design Intelligence) tools shot up by 1,000% from 2022 to 2023

France - Home to Several AI-driven Companies including 6 Unicorns

Alan™ | Contentsquare | DentalMonitoring | MIRAKL | Shift Technology | meero

FIGURE 3:

France AI and Generative AI Market, 2020-2027 (€ Billion)



- **France AI market** has witnessed consistent growth in the past 5 years, especially post Covid-19, on the backdrop of **significant investments in AI** made **by both public and private entities**
- The **French government** is also **very open towards the use of AI and ML** technology. 2021 research **by Oxford Insights revealed** that **France ranked 11th in the global Government AI Readiness Index**
- The **French market for conversational AI** is expected to grow by **a CAGR of 15.8%** between **2021 and 2027**

Lucrative AI market, powered by key enablers and diverse industry adoption, offers abundant opportunities for technology services and software companies

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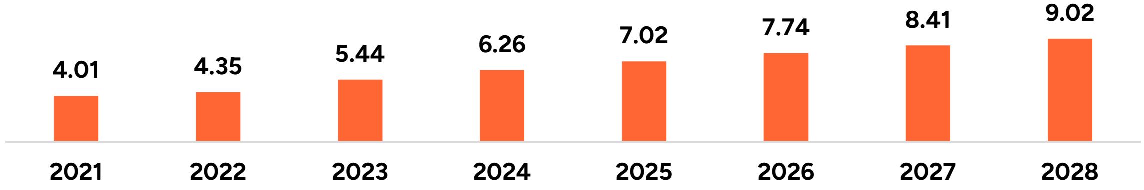
Source : CBI Ministry of Foreign Affairs, European Commission Data, Statista, Gartner

IoT and Digital Twins Revolutionizing French Digital Landscape

IoT and Digital Twin Technologies Leading French Industrial Digitization

FIGURE 4:

France Industrial IoT Market Revenue (€ Billion)

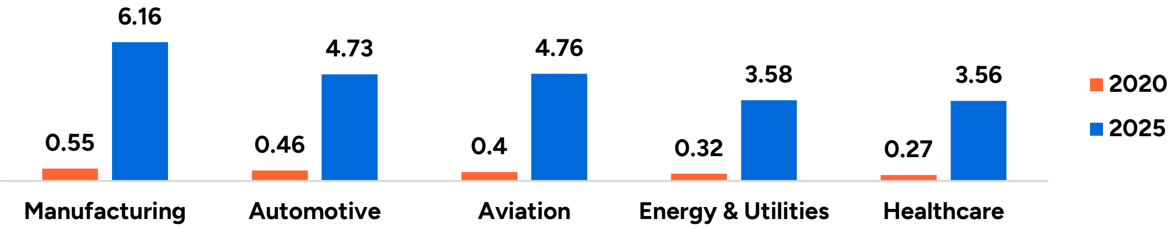


Emerging Trends

- **Sustainable development** gaining traction
- **5G integration** to up IoT functionalities
- Progress in **AI and Machine Learning**

FIGURE 5:

France Digital Twin Market Size, by Key Industries, 2020 & 2025 (€ Billion)



Future Trends

- **91%** of industrial companies investing in development of smart factories
- **39%** of factories today already use interconnected sensors
- **66%** of factories will rely on predictive maintenance in the future

- The **widespread adoption of IoT applications within France** has led to the country's market being expected to amass a **revenue of €23.54 billion by the close of 2024**, with an anticipated **CAGR of 10.51%** leading to a market volume of **€35.1 billion by 2028**
- In 2024, the **Industrial IoT sector** is **poised to dominate**, projected to reach a **market volume** of **€7.76 billion in 2024**, a testament to the nation's prowess in harmonizing industrial processes with cutting-edge IoT technology
- The **automotive industry** is another key component of the French IoT market, with **connected cars** and **autonomous driving technology** leading the way
- **IoT devices** are **empowering healthcare professionals** with real-time patient insights and precise diagnostics, while the **energy industry benefits** from IoT's capability **to streamline distribution and monitor consumption**
- **Paris Smart City 2050**: Paris is leveraging IoT solutions in areas such as energy management, transportation, waste management, and public safety as part of its 2050 strategy
- With the **French government's continued support and investment in IoT initiatives**, France is well-positioned to lead the way in sustainable, connected solutions for a better future

IoT and Digital Twins have become key strategic imperative driving productivity and efficiency, aiding technology services providers to add value across the landscape

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Source : European Commission Data, Statista, Gartner

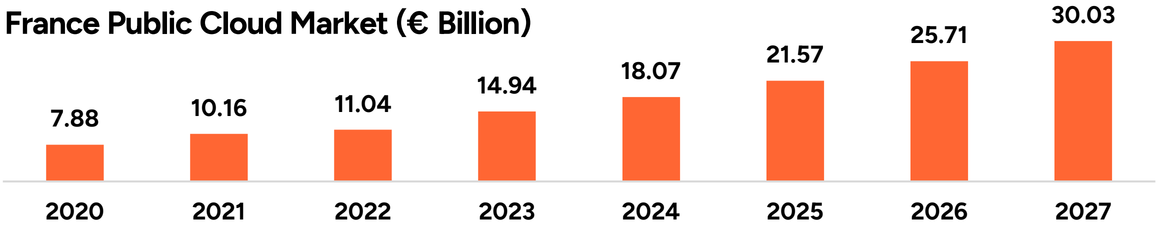
Key Trends

Cloud & Blockchain to drive Intelligent Digital Transformation across Enterprises

Cloud Native Solutions for Increased Outputs

FIGURE 6:

France Public Cloud Market (€ Billion)



By 2025, half of the enterprise IT spending will transition to the cloud, with global cloud revenue set to soar from 30% in 2019 to 52% in 2025, totaling €1.68 Trillion

Containers allow lightweight, portable applications that run uniformly and consistently anywhere

API and Microservice architecture consists of loosely coupled, and autonomous services communicating through well-defined API

DevSecOps delivery provides automatic builds, testing, updates, rollouts and rollbacks when source code changes

Observability for aggregating, correlating, and analyzing performance data for monitoring, troubleshooting, and debugging applications

Other features like **serverless architecture, service proxy, distributed database and storage, and orchestration tools** to elevate cloud efficiencies

Blockchain-driven Digital Transformation

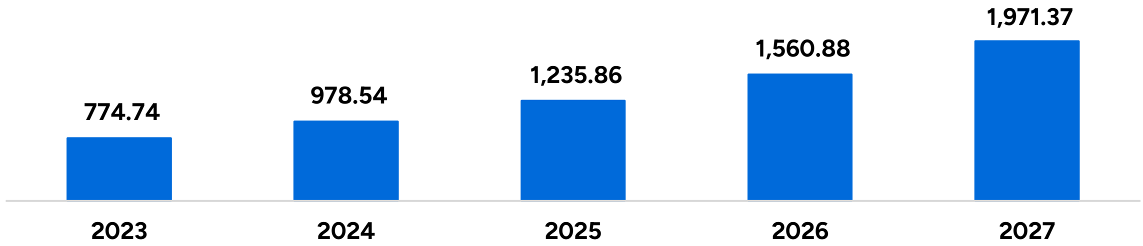
81 out of 100 publicly traded companies across the world use blockchain technology and ~65 companies have begun the process of integrating blockchain

Offers **enhanced transparency** with potential spanning across connectivity, smart contracts and finance

As blockchain becomes a **standard for digital transactions**, companies must adapt to remain competitive

FIGURE 7:

Global Digital Transformation Market Size, 2023-2027 (€ Billion)[2]



France Digital Transformation Market to Proliferate

- The **Global Digital Transformation market size** is expected to reach **€2,912.6 Billion by 2030**, rising at a market growth of **24.1% CAGR** during the forecast period
- **France** is predicted to **witness highest CAGR** within the **Europe digital transformation market** in the next 6 years
- **French government's focus** is on **embracing digital solutions** to optimize processes, enhance customer experiences, and gain data-driven insights

Digital transformation powered by the effective use of Cloud and Blockchain is expected to create efficiencies to boost organizational performance and accelerate time to market for French firms

Source : European Commission Data, Statista, Gartner, [2]Market.us Report on Digital Transformation Market

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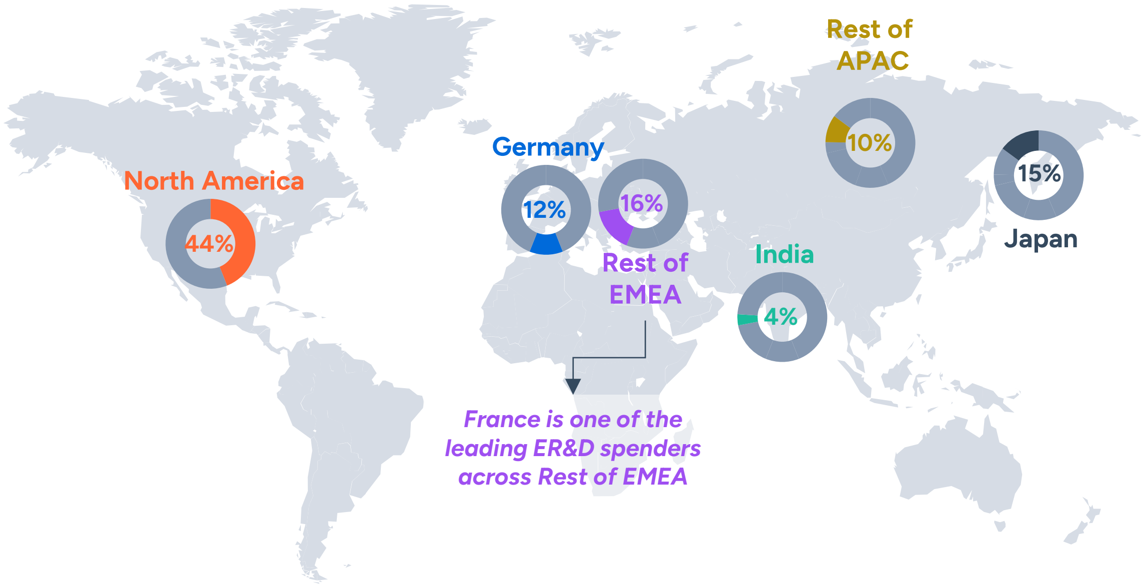
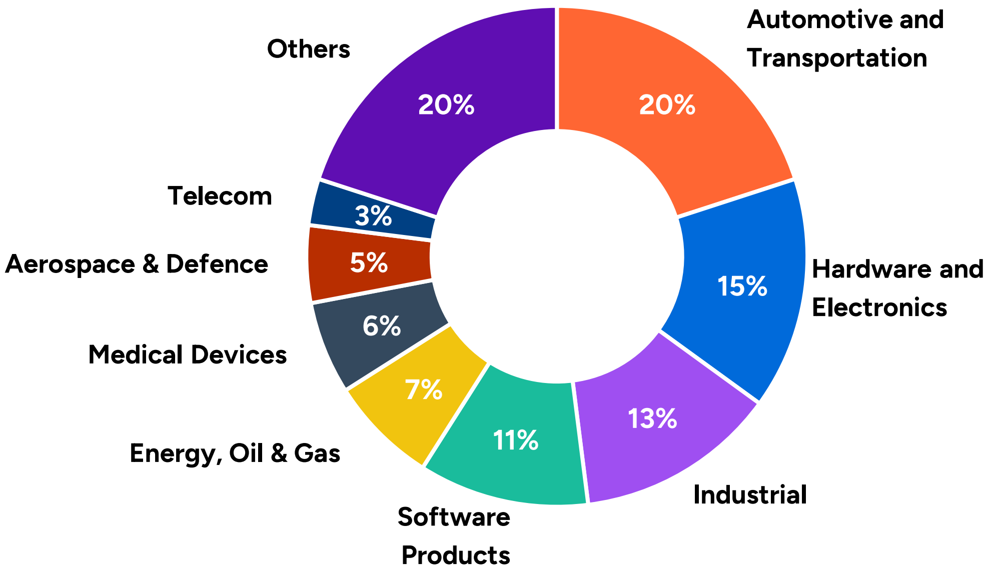
Automotive, Electronics and Industrial Sectors Leading Engineering R&D Spend

Global Distribution of Major Engineering R&D (ER&D) Companies



- The surge in growth is fueled by the **increasing digitalization, advancements in technology**, and the imperative for enterprises to **enhance cost efficiencies, elevate customer experience, and expedite time-to-market**
- Global enterprises are seeking innovation and value creation through their offshore ER&D centers. Key parameters used for selection of key ER&D locations include talent availability, cost attractiveness, existing ER&D ecosystem, and overall business environment. **France** is **ideally positioned** across all these parameters to **attract global ER&D investments**.

Sector Distribution of Engineering R&D Activities



- **Automotive, hardware and Industrial** sectors constitute the **largest shares** in global business **ER&D spend**, while **software products, automotive, and medical devices** verticals witnessed **more than 10% growth**
- For software products, technologies such as **cognitive computing, AR/VR, NLP, containers, microservices, and blockchain** are driving ER&D spend growth, while for consumer electronics, growth is driven by **next-generation user experiences**, **AI, and IoT**

France with its prolific ER&D capabilities is poised to be one of the major engineering services providers across the globe, specially within the automotive, aerospace, electronics and semiconductor industries

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Source: Global ER&D Pulse Survey 2022 by NASSCOM

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France – M&A Activity

SECTION III

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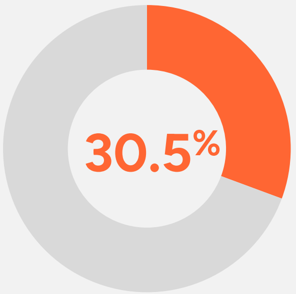
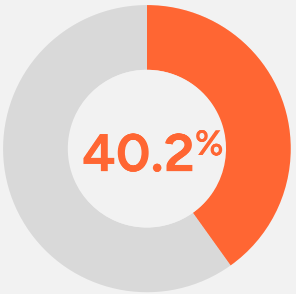
Key Drivers for M&A Activity in France - 2023

Market Expansion

- **Industry-specific buyers** with **abundant liquidity** took the lead in dealmaking last year, benefiting from a window of opportunity left open by the relatively subdued activity of private equity players in 2023
- These deals are indicative of **strategic shifts in business models**, aligning with **technological advancements**, ensuring that companies remain relevant in a rapidly changing market landscape



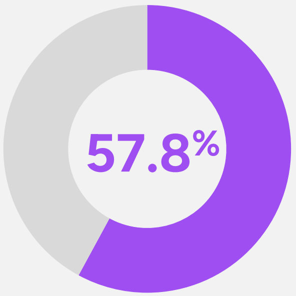
2022



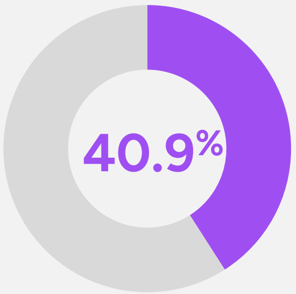
2023

Value Creation by PE Firms

- Private Equity (PE) firms are showing a keen interest in **software and technology services providers** across France, due to their potential for **stable and recurring revenue**
- 2024 promises optimism as **PE firms flushed with dry powder** look forward to expend on deals which were suspended or delayed in 2023, enhancing their portfolios with **technology-driven businesses**



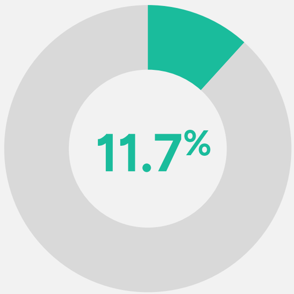
2022



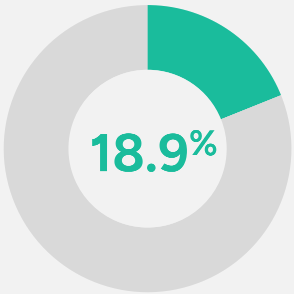
2023

Technology Acquisition

- **Investments in AI, IoT and Cloud** among other **advanced technologies** are growing, as companies aim to integrate these capabilities into their existing products or services to **enhance efficiency and productivity**
- Companies are aiming at **integrating with new-age technologies** to **mitigate risks** associated with market volatility and to **tap into emerging opportune sectors**



2022



2023

M&A activity across France bears a cautious optimism as actors adapt to the market conditions and buyers' and sellers' expectations align, with 2024 promising a brighter outlook

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Source: Technology Holdings, M&A Tracker 2023

M&A Activity in Software (1/3)

Date	Target	Investors	Target Specialization
		Growth Equity	
Mar-24	efalia	NextStage AM, bpifrance, BNP Paribas Développement	Software Company
Jan-24	Capital Banking Solutions	AMETHIS	FinTech Company
Jan-24	botify	Claret Capital Partners	Software Company
Dec-23	yseop	dRx:Capital	Software Company
Nov-23	diapason	PSG	FinTech Company
Nov-23	FASST	AG2R LA MONDIALE	FinTech Company
Nov-23	SOLUTYS Group	Caisse d'Epargne Ile-de-France, naxicap Partners	Software Company
Nov-23	FASTBOOKING	Binder & Partners	AdTech-MarTech Company
Oct-23	stuart.	MUTARES	LogisticsTech Company
Oct-23	SOYHUCE	JAKALA	Digital Transformation Company
Oct-23	Ecomundo	LISAM	Software Company
Oct-23	travelsoft	CAPZA	TravelTech Company
Sep-23	CHAPSVISION	Qualium Investissement	Software Company
Sep-23	weezevent	Banque Populaire, naxicap Partners	EntertainmentTech Company
Sep-23	worklife	Crédit Agricole	HRTech Company
Aug-23	SlimPay	Trustly	FinTech Company

Date	Target	Investors	Target Specialization
Aug-23	ONCE FOR ALL	GTCR	LogisticsTech Company
Jul-23	omp	Bridgepoint	LogisticsTech Company
Jul-23	clementine group	actual	FinTech Company
Jul-23	RCA	Quilvest Capital Partners	FinTech Company
Jul-23	nomadia	Hg	Software Company
Jul-23	sequoiasoft	septeo	HRTech Company
Jul-23	invoke	Regnology	FinTech Company
Jun-23	Obiz	Garibaldi Participations	AdTech-MarTech Company
May-23	RAIL CUBE	MAIN Capital Partners	Software Company
May-23	Digisap Solutions	naxicap Partners	AdTech-MarTech Company
Apr-23	Primobox	septeo	LegalTech Company
Apr-23	doctrine	Peugeot Invest	LegalTech Company
Apr-23	Splio	Elaia Partners	AdTech-MarTech Company
Mar-23	Xelya	CITA Investissement	LegalTech Company
Mar-23	FORTIFY	ui	HRTech Company
Mar-23	FEEFTY	HARVEST	FinTech Company
Mar-23	Tennaxia	bpifrance, Marlin Equity Partners	Software Company

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Source: Technology Holdings, M&A Tracker 2023

M&A Activity in Software (2/3)

Date	Target	Investors	Target Specialization
Mar-23	Celsius Online	Villagers	GamingTech Company
Mar-23	N2F	Paris	FinTech Company
Feb-23		The Carlyle Group	LogisticsTech Company
Feb-23	Equativ	Bridgepoint Development Capital	AdTech-MarTech Company
Feb-23	namR	Societe Generale	Software Company
Feb-23	Amossys	almond	Software Company
Jan-23	NeoXam	Eurazeo	FinTech Company
Jan-23	Artur'in	Undisclosed	AdTech-MarTech Company
Jan-23	cegid	ACE Company	Software Company
Jan-23	simpliciti	Omnes	LogisticsTech Company
Mar-24	vade	PSG, Providence Equity Partners, TA Associates, verdane	Software Company
Feb-24	Astrée Software	4CAD Group	Software Company
Jan-24	XiVO	Volaris	Software Company
Jan-24	Systran	ENEO, bpifrance, Chapsvision, Qualium Investissement, Tikehau Capital, Level up	Software Company

Date	Target	Investors	Target Specialization
Market Expansion			
Dec-23	MetaFight	Animoca Brands	GamingTech Company
Dec-23	Shipfix	Veson Nautical	Software Company
Dec-23	Bealink	Syfadis	EdTech Company
Dec-23	Octolis	Brevo	Software Company
Dec-23	Dawizz	Blueway	Software Company
Nov-23	DDS	generix group	LogisticsTech Company
Nov-23	evi	Keysight Technologies	Software Company
Oct-23	ABAS	Forterro	IndustrialTech Company
Oct-23	DSIA	proLogistik Group	LogisticsTech Company
Sep-23	profideo	minalea	AdTech-MarTech Company
Aug-23	Scibids	DV DoubleVerify	Software Company
Jul-23	Pentalog	Globant	Software Company
Jul-23	nako	nti	ConstructionTech Company
Jul-23	easymovie	cenareo	AdTech-MarTech Company

M&A Activity in Software (3/3)

Date	Target	Investors	Target Specialization
Jul-23	IZBERG	LUNDI MATIN	RetailTech Company
Jun-23	Menlog	Groupe ISAGRI	AdTech-MarTech Company
Jun-23	Keepeek	papirfly. group	FinTech Company
May-23	Clardian	UBAQ	HealthTech Company
Apr-23	beekast	saas.group	AdTech-MarTech Company
Apr-23	ANDJARO	silæ	HRTech Company
Apr-23	Scribeur	contents.com	AdTech-MarTech Company
Mar-23	solware partner life	CITIZEN	HealthTech Company
Jan-23	prima solutions	total specific solutions	Digital Transformation Company
Jan-23	ubigreen	Planon	GreenTech Company
Jan-23	scient	blue soft	Digital Transformation Company
Jan-23	Deal.	total specific solutions	Software Company
Jan-23	EASYNEO	PROXIAD	Software Company
Jan-23	SmartTraffik	DÉKUPLE	AdTech-MarTech Company

Date	Target	Investors	Target Specialization
Technology Acquisition			
Dec-23	dsflow	TotalEnergies	Software Company
Dec-23	FLUX	HARMAN	Software Company
Dec-23	jobexit	doctrine	HRTech Company
Dec-23	TEACH ON MARS	lumapps	EdTech Company
Sep-23	bp2r	pwc	LogisticsTech Company
Aug-23	Mipsology	AMD	Software Company
Apr-23	BRAINWAVE GRC	RADIANT LOGIC	Software Company
Apr-23	belive.ai	ses imagotag	RetailTech Company
Apr-23	ITrust	iliad	Software Company
Mar-23	Synalcom	qori	FinTech Company
Mar-23	tinyclues	Splio	Software Company
Jan-23	MEMORY	ses imagotag	Software Company

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Source: Technology Holdings, M&A Tracker 2023

M&A Activity in Technology Services (1/2)

Date	Target	Investors	Target Specialization
Growth Equity			
Dec-23		Blackstone	Engineering Services
Nov-23	NEVERHACK	The Carlyle Group	IT Services & Consulting Company
Nov-23	YURI & NEIL	emz	Digital Marketing Company
Oct-23	dfm	Crédit Mutuel Equity	IT Services & Consulting Company
Sep-23	MADAGENCE	JAKALA	IT Services & Consulting Company
Jul-23	Qwant	Caisse des Dépôts Groupe	IT Services & Consulting Company
Jun-23	PROXIVAL Votre informatique externalisée	Trustteam	IT Services & Consulting Company
Jun-23	ACI Air Concept Industries	Global Holdings Management Group	Electrical & Electronics Manufacturer
May-23	acces Inclusive Tech	Undisclosed	IT Services & Consulting Company
May-23	clikenweb PRO	Scipio Holding	Digital Marketing Company
May-23	Advans Group	azulis capital	Electrical & Electronics Manufacturer
Apr-23	clikenweb PRO	Turtle	Digital Marketing Company
Jan-23	KICKMAKER	MML	Engineering Services Company

Date	Target	Investors	Target Specialization
Market Expansion			
Mar-24	ST Groupe	HN Services	IT Services & Consulting Company
Feb-24	Abbana	reevo	IT Services & Consulting Company
Feb-24	déessi	Xyneia	IT Services & Consulting Company
Jan-24	RECIF Technologies	Accuron Technologies, TEMASEK	Electrical & Electronics Manufacturer
Dec-23	Expertime Digital Success Partner	Orange Business Services	IT Services & Consulting Company
Dec-23		HN Services	IT Services & Consulting Company
Dec-23	aosis	FPT	IT Services & Consulting Company
Oct-23	iLIANE	ACI	IT Services & Consulting Company
Oct-23	Ysance	mediarithmics	IT Services & Consulting Company
Oct-23	pramana	pwc	Consulting Company
Oct-23	SolutionData	Cheops Technology	IT Services & Consulting Company
Sep-23	47 Quai	inetum	Consulting Company
Sep-23	XEFI Grand Paris	XEFI	IT Services & Consulting Company

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Source: Technology Holdings, M&A Tracker 2023

M&A Activity in Technology Services (2/2)

Date	Target	Investors	Target Specialization
Sep-23	GML GrAI Matter Labs	Snap Inc.	Semiconductor Manufacturer
Jul-23	OASIS smart sim	TATA COMMUNICATIONS	Electrical & Electronics Manufacturer
Jul-23	FSystem	SILAMIR	IT Services & Consulting Company
Jun-23	actif solution	Objectware	IT Services & Consulting Company
Jun-23	AGYLA.CLOUD	IBM	IT Services & Consulting Company
May-23	OMMIC	MACOM	Semiconductor Manufacturer
May-23	Kereon Intelligence	K-LAGAN	IT Services & Consulting Company
Apr-23	atexweb	Infodis Groupe	IT Services & Consulting Company
Apr-23	DATAFAB by Alteca	Alteca	IT Services & Consulting Company
Apr-23	birdz	FOUR {DATA}	IT Services & Consulting Company
Jan-23	OXANE PARTNERS	CLEVER AGE	IT Services & Consulting Company
Jan-23	aselta NANOGRAPHICS	APPLIED MATERIALS	Semiconductor Manufacturer
Jan-23	kciopé	PROXIAD	IT Services & Consulting Company

Date	Target	Investors	Target Specialization
Jan-23	metanext	SII	IT Services & Consulting Company
Jan-23	Easyfront CONSULTING	Comforth Easyfront	IT Services & Consulting Company
Technology Acquisition			
Oct-23	blinkit	Apple	Telecom Company
Sep-23	SEQUANS COMMUNICATIONS	272 CAPITAL	Electrical & Electronics Manufacturer
Sep-23	POLARIS	SILAMIR GROUP	Consulting Company
Mar-23	censio, Karamba!	KPMG	IT Services & Consulting Company
Feb-23	infodis	HLD	IT Services & Consulting Company
Jan-23	CORELIA	RICOH	IT Services & Consulting Company
Jan-23	FLEXSI	GroupeROS	IT Services & Consulting Company
Jan-23	ABMI	ABYLSEN	Engineering Services

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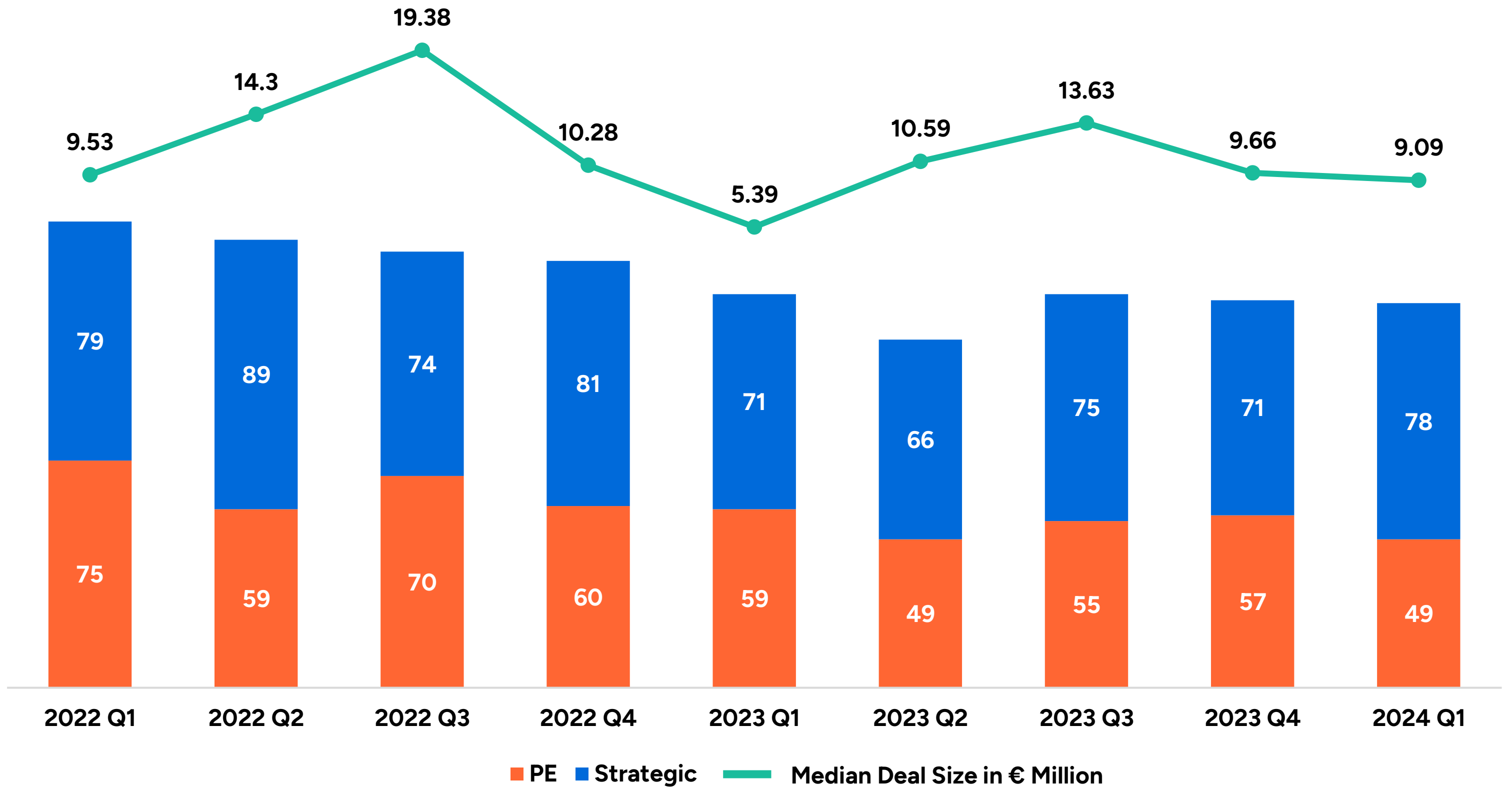
Source: Technology Holdings, M&A Tracker 2023

France M&A Activity: Quarterly Trends with Median Deal Size

- A surge in **demand for software, IT services and engineering services** drove M&A, as companies sought to bolster their digital transformation offerings
- The challenges encountered in 2022 extended into 2023, with the significant hurdles predominantly stemming from **high interest rates, inflationary pressure** and **geopolitical unrest**. Amid economic uncertainty, buyers also exhibited heightened cautiousness on prices, while sellers were yet to tone down their expectations, leading to notable valuation gaps.
- **Large-cap transactions were sparse** in the M&A landscape, with **activity largely concentrated on small and mid-cap transactions** which remained relatively active throughout 2023
- Companies seeking to divest non-core business units opted for **spin-offs, carve-outs or joint-ventures** as compelling methods to unlock value. This was the case for French giants across industries such as **Sanofi, Sodexo, Vivendi,** and **Renault**.
- **Consistent private equity and strategic buyers' interest,** highlights a strong appetite for French tech-driven growth assets across key industries.

FIGURE 8:

Quarterly M&A Transactions Count*, 2022 Q1 – 2024 Q1 along with Median Deal Size (€ Million)



Headwinds continued to blow into 2023 for M&A activity in France, however 2024 promises a better outlook as investors flush with dry powder target acquisition of tech-driven businesses

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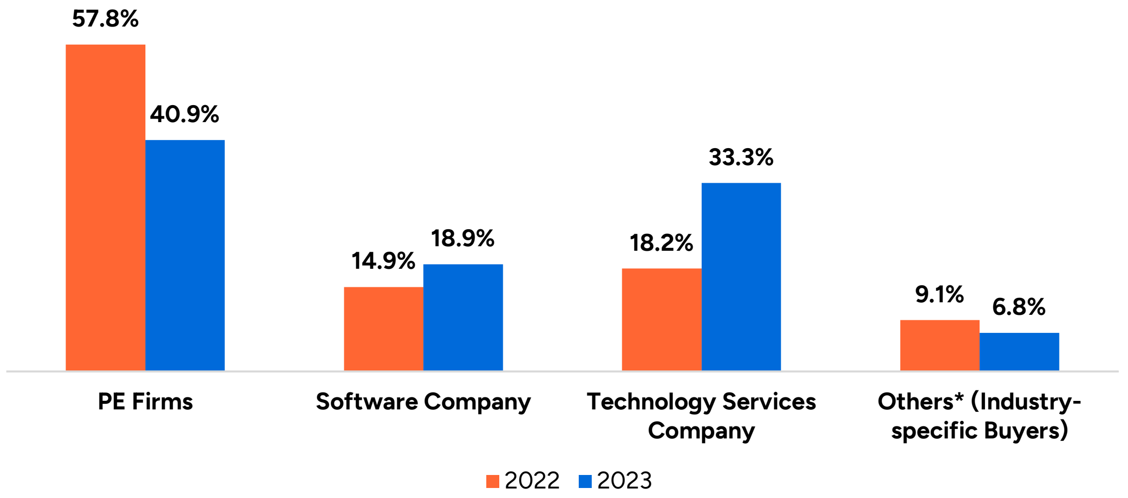
*Note: Deals involving target companies with less than 40 employees have not been considered in this graph

Source: Technology Holdings, M&A Tracker 2023

France M&A Analysis: Buyer Landscape – Type & Verticals

FIGURE 9:

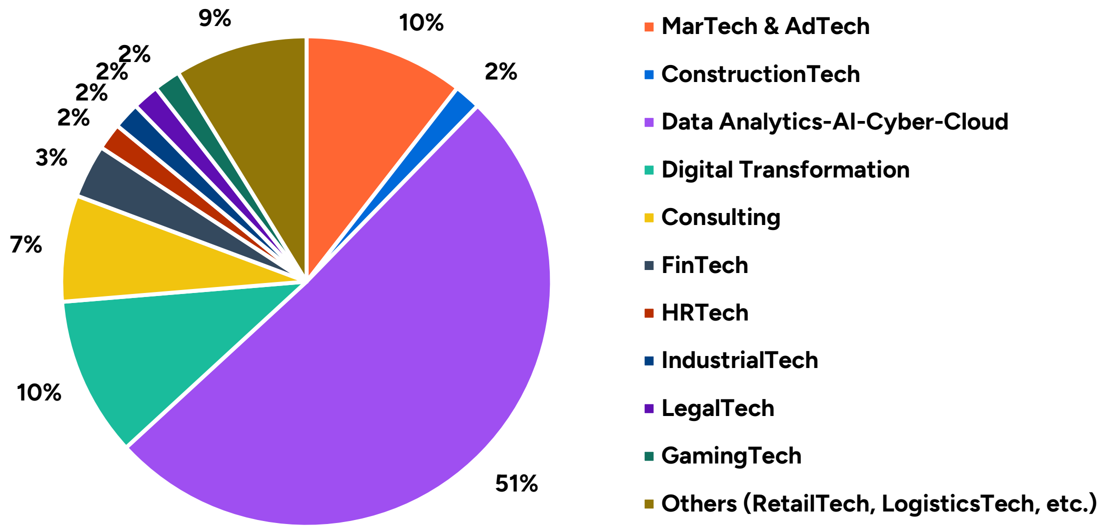
M&A Activity, by Buyer Type: 2022 vs 2023



*Note: Other Buyers include Telecom Company, Retail Company, etc.

FIGURE 10:

M&A Activity - by Verticals, 2023 (%)



- **Highly Acquisitive Technology Services Companies:** Significant increase in deal share by technology services companies (IT services & consulting, engineering services, financial services, etc.) from **18.2% in 2022 to 33.3% in 2023**, indicating their growing interest towards market expansion amidst growing need for technological transformation & digitization across firms
- **Notable Decline in PE Activity**: High interest rates, inflationary pressure, geopolitical unrest, and economic uncertainty were detrimental for M&A activity by PE firms in 2023, declining from **57.8% in 2022 to 40.9% in 2023**
- **Significant Growth in Software Domain:** Rapid rise in deal share by industry-specific software buyers from **14.9% in 2022 to 18.9% in 2023**, reflecting a growing demand for adoption and implementation of software-aided solutions and services to boost efficiencies and outcomes
- **Reduction in Industry-Specific Buyers**: Notable increase in deal share by industry-specific buyers (telecom, retail, energy, recruitment, healthcare & pharmaceuticals, etc.) from **9.1% in 2022 to 6.8% in 2023,** reflecting a reduced demand for industry-specific solutions & services

Highly acquisitive technology services and software buyers focused on sector-specific M&A deals, amidst the growing need for technological transformation & digitization across firms

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Source: Technology Holdings, M&A Tracker 2023

France M&A Analysis: Target Landscape – Company Type, Size and Vertical

FIGURE 11:

M&A Activity, by Target's Company Type (%)

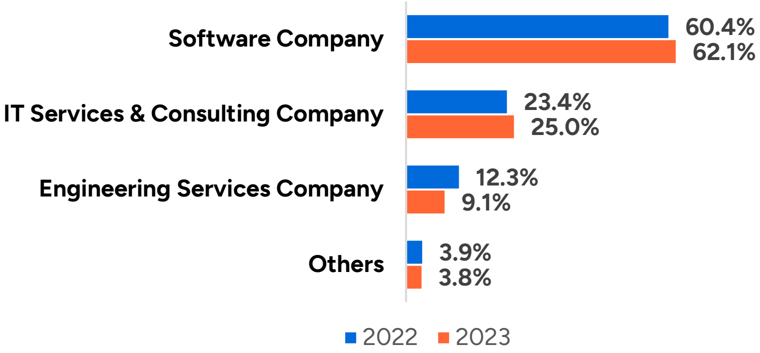
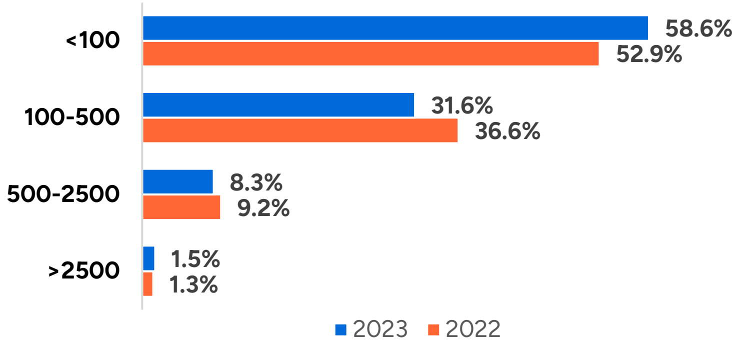


FIGURE 12:

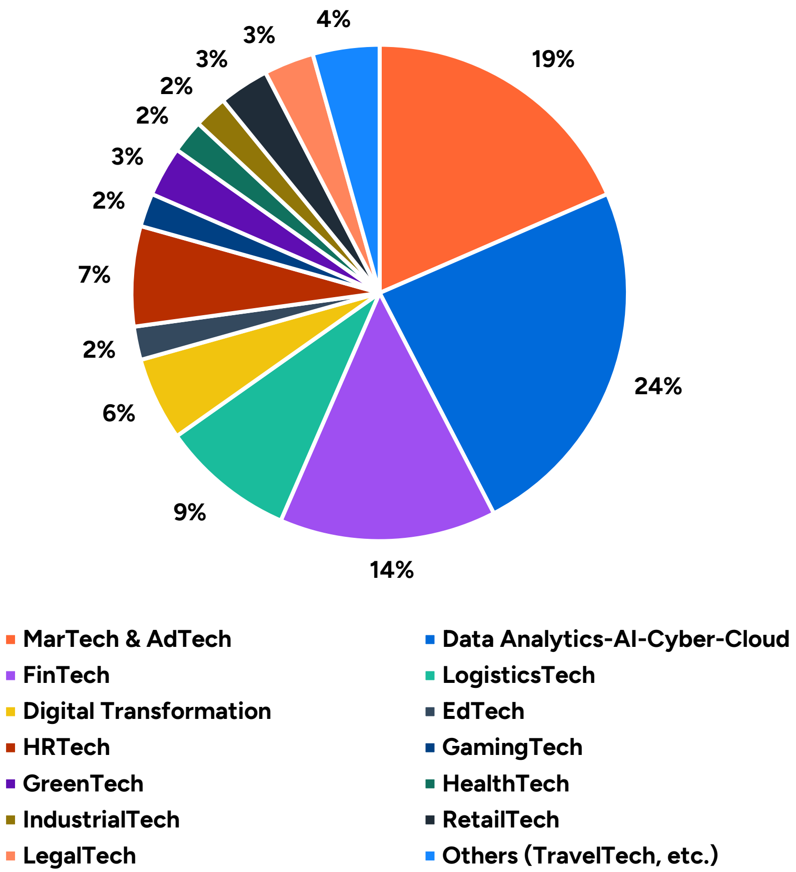
M&A Activity, by Target's Employee Size (%)



- **SME's and SMBs among Most Acquired: 58.6%** of M&A deals have focused on firms with **fewer than 100 employees**, demonstrating **buyers' preference for seeking innovation and market niches**
- **Software Companies most Sought After:** Software firms offering MarTech & AdTech, Data Analytics-AI-Cybersecurity-Cloud, FinTech, etc. dominated M&A activity, suggesting a vibrant **software and technology services ecosystem** and **investor confidence in early to mid-stage businesses** for long-term value creation
- **Decline in Engineering Services:** The decline in engineering services firms acquisition **indicates a strategic shift towards consolidation** of these industries across France
- **Mid-Size Company Deals Stabilize:** Deals involving 100-500 employee companies decreased from 36.6% to 31.6%, reflecting the **middle market's challenges in capital access amid buyers focus on sector-specific companies**
- Overall, a **shift towards small & mid-sized sector-specific firms, emerging tech areas**, driven by strategic and PE investors' interest in diversified capabilities

FIGURE 13:

M&A Activity - by Verticals 2023 (%)



France M&A landscape highlights strategic acquisition of small & mid-sized software and technology services firms poised for innovation and growth

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Source: Technology Holdings, M&A Tracker, 2023

Key Takeaways

France Technology Services and Software Sector Outlook

The France Technology Services and Software sector continues its robust expansion, forecasted to grow significantly, driven by digital transformation across sectors, backed by government initiatives and private sector innovation. Empowered by a forward-looking digital policy, France is setting the stage for a connected future, making it an attractive hub for global enterprises.

Technology Services & Software Domain Future Outlook

- The French Government's initiatives including **France Relance Plan 2020, French National Plan for Digital Inclusion 2018, France 2030 Plan, 2025 Productivity Pact, La French Tech** in support with the European Union outlines its vision to become one of the **Top 10 Digital Economies by 2030**
- **Upgrading production facilities, investing in future technologies, reducing production taxes** and **increasing support for research, training and development** form the blueprint of the France 2030 vision

M&A Outlook for 2024

- The M&A landscape is expected to remain vibrant, with a surge in **demand for software, IT services and engineering services firms**, as companies sought to bolster their digital transformation offerings
- **Consistent private equity and strategic buyers' interest,** highlights a strong appetite for French tech-driven growth assets across key industries.
- **Large-cap transactions anticipated to gain momentum** in the M&A landscape, with **activity largely concentrated on small and mid-cap transactions**

M&A Activity

- France M&A activity demonstrates focused strategies for market growth.
- **500+ M&A deals since 2022**, primarily in the software, IT services and consulting sector, highlight a **vibrant software and tech services market**.
- Prominent acquisitions, including **Groupe SII by Blackstone**, **Scibids Technology by DoubleVerify**, **CS-Group by Sopra Steria**, highlight France's status as a prime hub for technology services and software capabilities.
- **IT services sector firms** led **capital raising exceeding €38.3 Billion**, followed by **software firms** that **raised over €23.4 Billion in the last couple of years.**

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Technology Holdings' France 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 24 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.

- **2024** The M&A Advisor International M&A Award Winner — **Information Technology deal of the year** (Under US $100M)
- **2024** The M&A Advisor International M&A Award Winner — **Professional services deal of the year** (Over US $100M)
- **2024** The M&A Advisor International M&A Award Winner — **Boutique Investment Bank of the Year Award**
- **2023** The M&A Advisor International M&A Award Winner — **Boutique Investment Bank of the Year Award**
- **2023** The M&A Advisor International M&A Award Winner — **M&A Deal of the Year Award** (US $100M –US $250M)

Technology Holdings' Transaction Track Record in France

D+I — Has been acquired by	Capgemini (Portfolio Company)	MedTech Product Design & Engineering
Platomation — Has been acquired by	Keensight Capital / servicenow	Digital Engineering
unifii — Has been acquired by	inetum. / BainCapital (Portfolio Company)	Digital Engineering
winning — Has been acquired by	Alan Allman Associates	Digital Engineering
Humans4Help — Has been acquired by	Alan Allman Associates	Digital Engineering
doitwise — Has been acquired by	inetum. / BainCapital (Portfolio Company)	ServiceNow Consulting
CLOUDEON — Has been acquired by	devoteam	Microsoft Azure, AWS & GCP Partner
ADVECTAS — Has been acquired by	Capgemini	Analytics & Data Science
Insight (A Design Innovation Consultancy) — Has been acquired by	Nemera	Healthcare innovation Consulting
Optimissa (Capital Markets Consulting) — Has been acquired by	ALTEN	Capital Markets Consultancy
syncroness — Has been acquired by	ALTEN	Financial Markets IT Services
TeamTrade — Has been acquired by	Synechron	Financial Markets IT Services
WYDE — Has been acquired by	Mphasis (The Next Applied)	Insurance Software
international testing France — Has been acquired by	ReIQ (Software Quality)	Software Testing

Technology Holdings' Global 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 24 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.

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Recent Technology Services and Software Transactions

JUN 2024	CHAMONIX	Has been acquired by	Synechron (Portfolio Company)	Digital Engineering
JUN 2024	exposé	Has been acquired by	Synechron (Portfolio Company)	AI and Data Science
JUN 2024	Brainvire (Shaping Ideas)	Has been acquired by	Said Differently (Falfurrias Capital Portfolio Company)	Digital Commerce & Digital Marketing
APR 2024	magnetic	Has been acquired by	NEWTON	Digital Design & Innovation Consulting
APR 2024	axis Corporate	Has been acquired by	accenture	Financial Services Management Consulting
MAR 2024	Dreamix	Has been acquired by	Synechron	Digital Product Engineering
AUG 2023	woodridge Software	Has been acquired by	RCG Global Services (Frontenac Portfolio Company)	FinTech Software Engineering
JUL 2023	VELOTIO	Has been acquired by	R Systems (Blackstone Portfolio Company)	Digital Product Engineering
JUN 2023	dek Technologies	Has been acquired by	endava	Software Engineering, Telco & Embedded Systems
AUG 2022	enable	Has been acquired by	FUJITSU	ServiceNow Consulting & IP
MAY 2022	s4G Consulting	Has been acquired by	McKinsey & Company	Salesforce Consulting

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