



**TECHNOLOGY
HOLDINGS**

Investment Banking in Tech Services,
Consulting, Software & Healthcare

India, a Platform, Product and Tech Services Powerhouse – Home to over 1500+ Deals since January 2023

Analysis of Trends and Deal Activity in FY 2023-24

July 2024

Introduction

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

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

The deal activity section offers an extensive analysis of the software, IT services and BPO sector in India. By delving into transaction volumes and trends, the report provides a detailed examination of the strategic dynamics driving deal activity in the region.

Key Insights:

- Software sector dominated total deal volume share accounting for 64.9% of deal volume, while IT services and BPO sector accounted for 35.1% in FY 2023-24
- Almost 50% of M&A and VC-backed deals were in the range of \$1-\$10 million
- Over 8% of the total deals fell in the \$10+ million range
- BFSI, retail and logistics sector-specific companies led deal activity within the software segment
- Education, electronics & semiconductor, retail sector-specific companies led deal activity within the IT services and BPO segment

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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 over 100 people across eleven countries including India, Singapore, Australia, UK, Spain, France, Germany, Sweden, USA, Canada, and Brazil.

Our focus, with a 24-year track record...



Digital
Transformation &
Innovation



IT Services Cloud
& Cybersecurity



Analytics,
Data Sciences & AI



Fintech, Insurtech
and SaaS



Consultancies



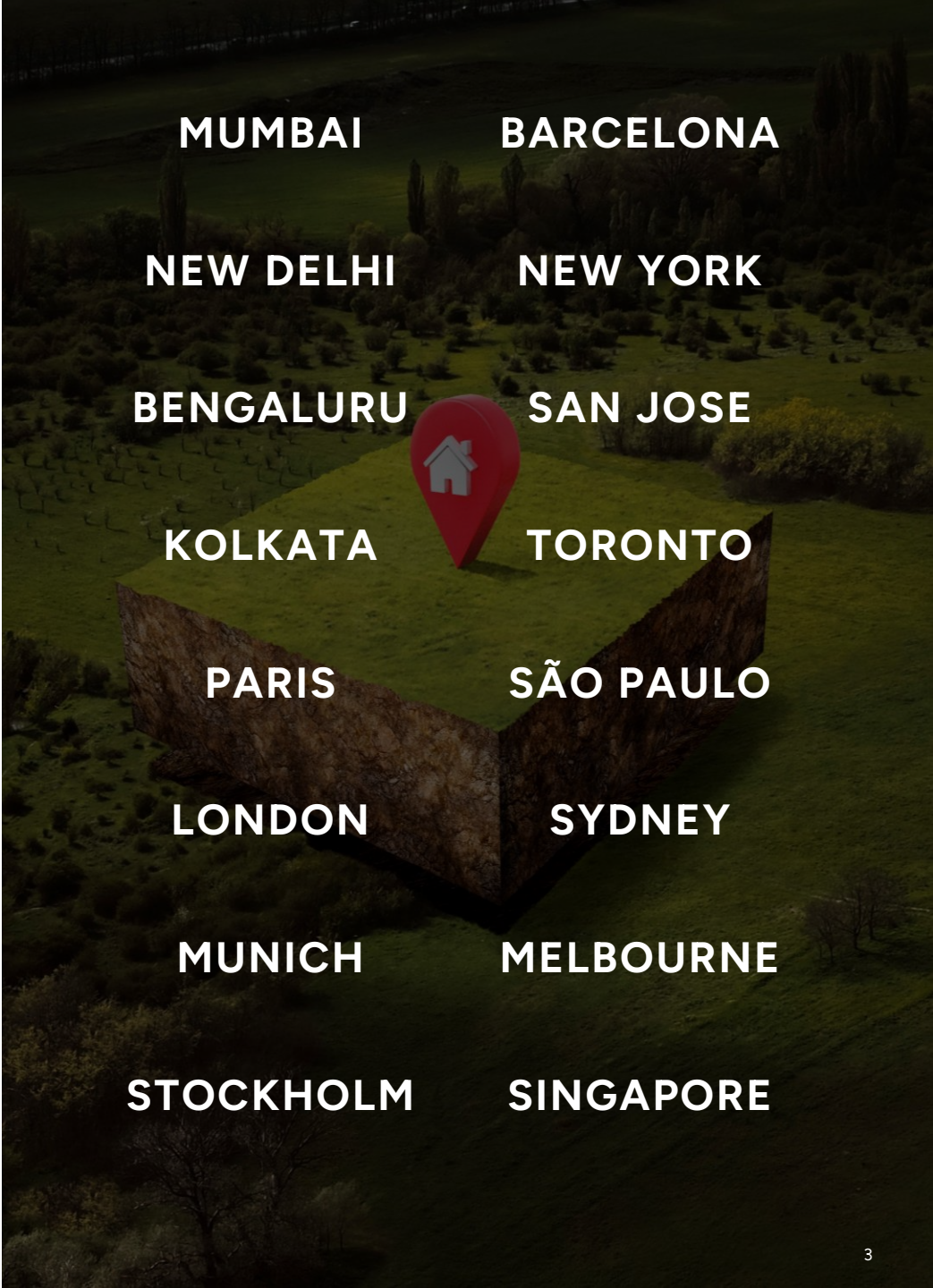
Healthcare &
Lifesciences



Business Process
Management



Engineering
Services





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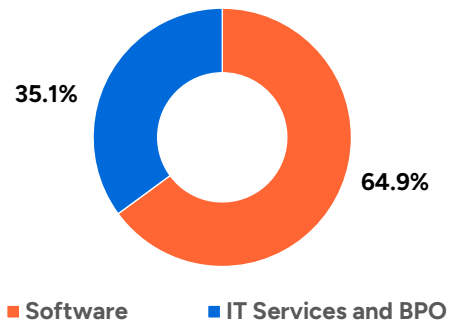
Market Overview

SECTION I

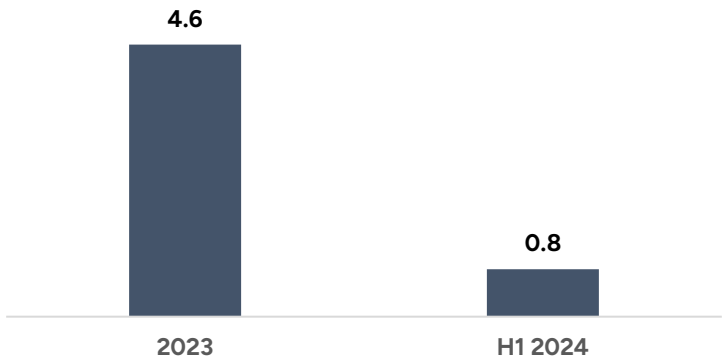
Evaluating the Changing Dimensions in the India Software, IT Services and BPO Market

DEAL COUNT SPLIT, Q1 2023 – Q2 2024

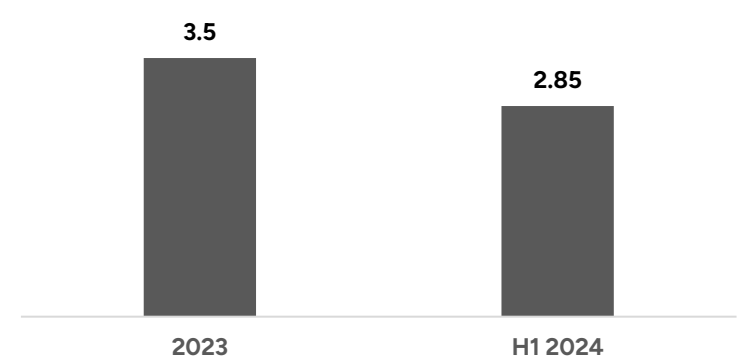
Total Deals: 1500+



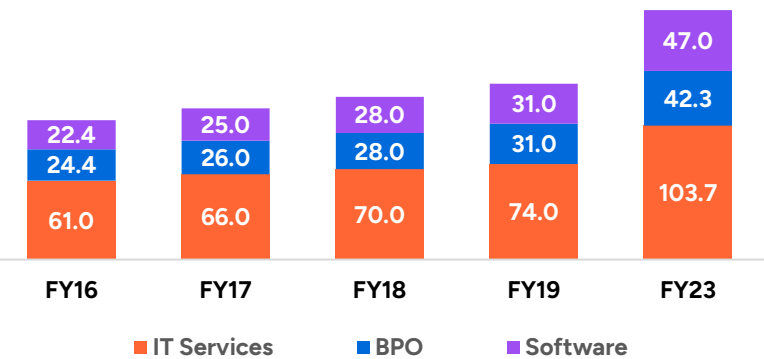
SOFTWARE DEALS - CAPITAL INVESTED (\$ BILLION)



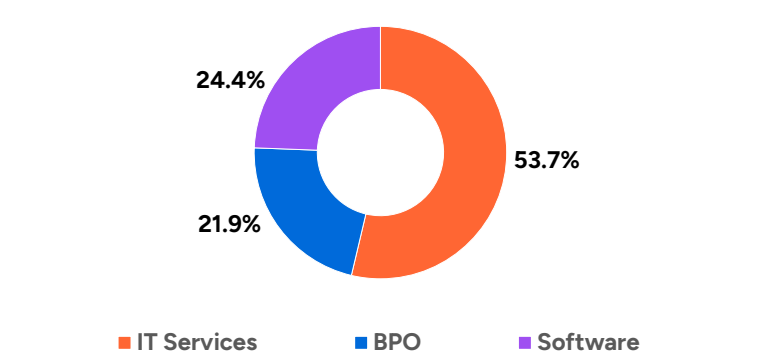
IT SERVICES & BPO DEALS - CAPITAL INVESTED (\$ BILLION)



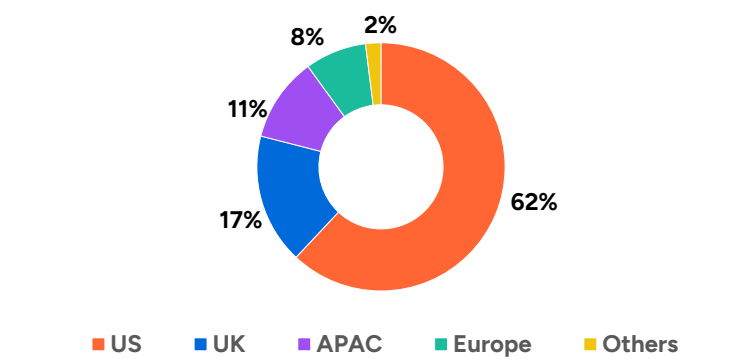
GROWTH IN EXPORT REVENUE (US\$ BILLION)



SECTOR-WISE SPLIT OF EXPORT REVENUE, FY23



IT SERVICES MARKET REGIONAL REVENUE, FY23



Companies offering software/IT services capabilities in the BFSI, retail, education sectors saw significant investments and M&A activity, owing to the rising need for technological transformation and digitization

India Software, IT Services and BPO Market Poised for Significant Growth

- India SaaS market ARR was estimated at **US \$13 Billion** in 2022, growing at a **CAGR of 18.3%** to reach **US \$50 Billion** by 2030 and **India IT Services & BPO market** was estimated **US \$246 Billion** in 2023
- Schemes such as **Digital India, Make in India, Software Technology Parks of India, Special Economic Zones, National Policy on Software Products**, and **Next Generation Incubation Scheme** have paved the way for increased investments in technology infrastructure, providing a solid foundation for software & services companies to thrive
- Government-led initiatives such as **India BPO Promotion Scheme, North-East BPO Promotion Scheme , Skill India, Start-up India, Domain Specific Centre for Entrepreneurship, Technology Incubation and Development of Entrepreneurs (2.0)** have proliferated leadership and entrepreneurship in the emerging sectors of technology
- Indian companies** are focusing on **investing internationally** to **expand their global footprint** and **enhance global delivery centers**
- Exports** from the **Indian IT industry** stood at **US \$193 billion** in FY23. The export of **IT services** was the major contributor, accounting for **more than 51% of total IT exports**.

FIGURE 1: India SaaS Market ARR (US\$ Billion)¹

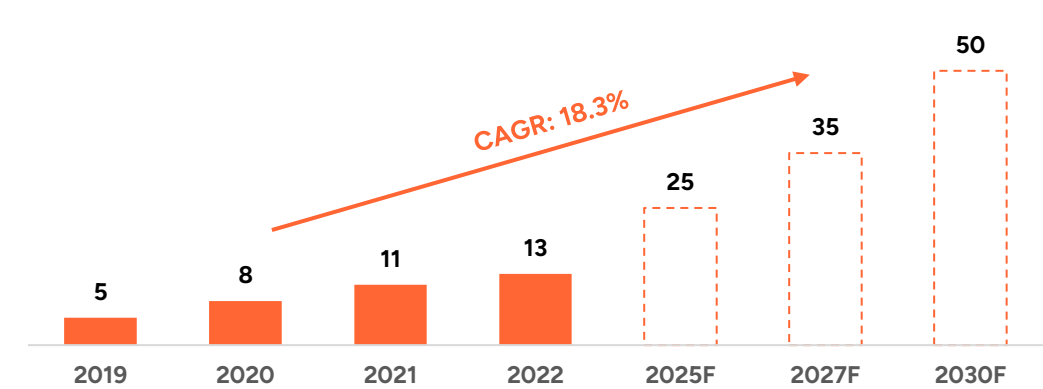
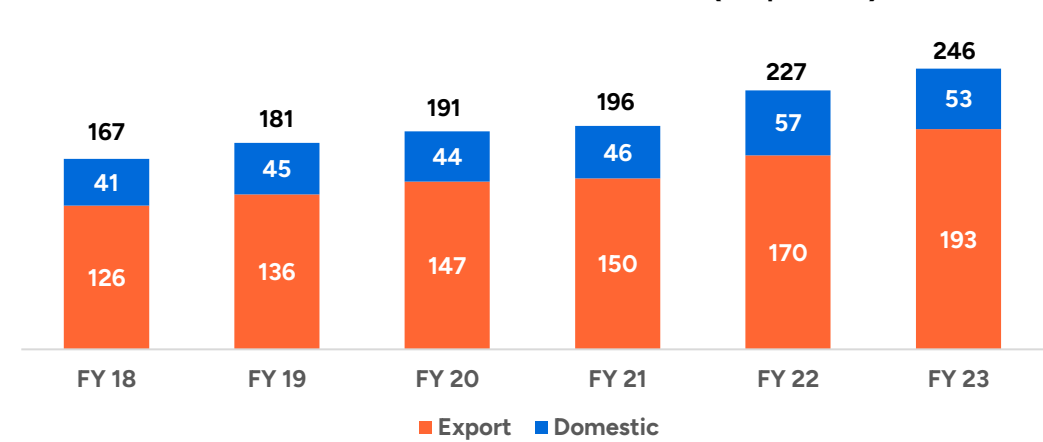


FIGURE 2: India IT Services & BPO Market Revenue (US\$ Billion)²



KEY TECHNOLOGY ENABLERS


Cloud


AI, ML and Blockchain

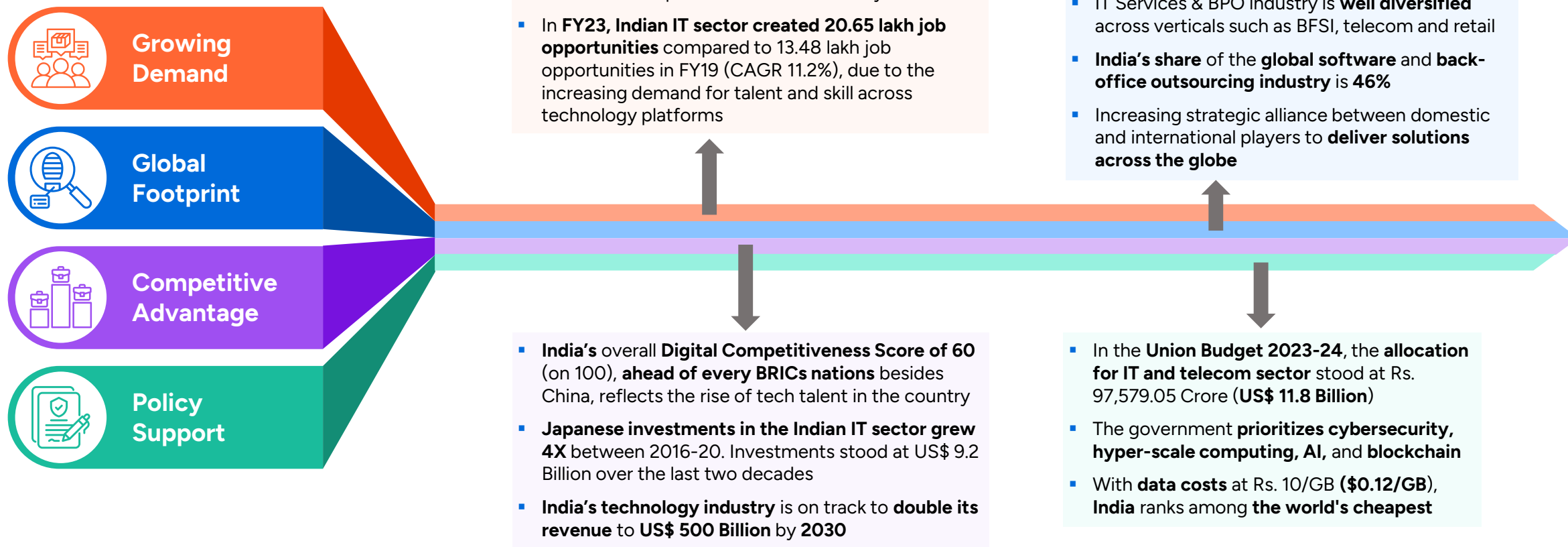

AR, VR and Mixed Reality


IoT and 5G


Cybersecurity

India’s software, IT services & BPO market continues to differentiate itself among global innovation hubs and is poised to benefit in aggregate, with investors betting on the country’s capital efficient landscape

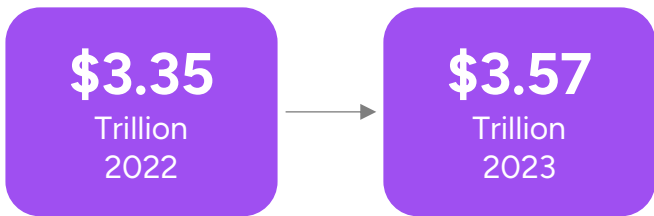
Advantage India



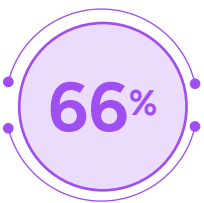
Advancing national sectors through strategic R&D and investments, India is poised for technological empowerment and sustainable progress, powered by innovation and government-led digital initiatives

India's Globally Recognized Technological Prowess Primed for M&A

GDP Growth and Digital Connectivity



Largest digitalized country in the world in 2023 – boasting its integration of digital technology

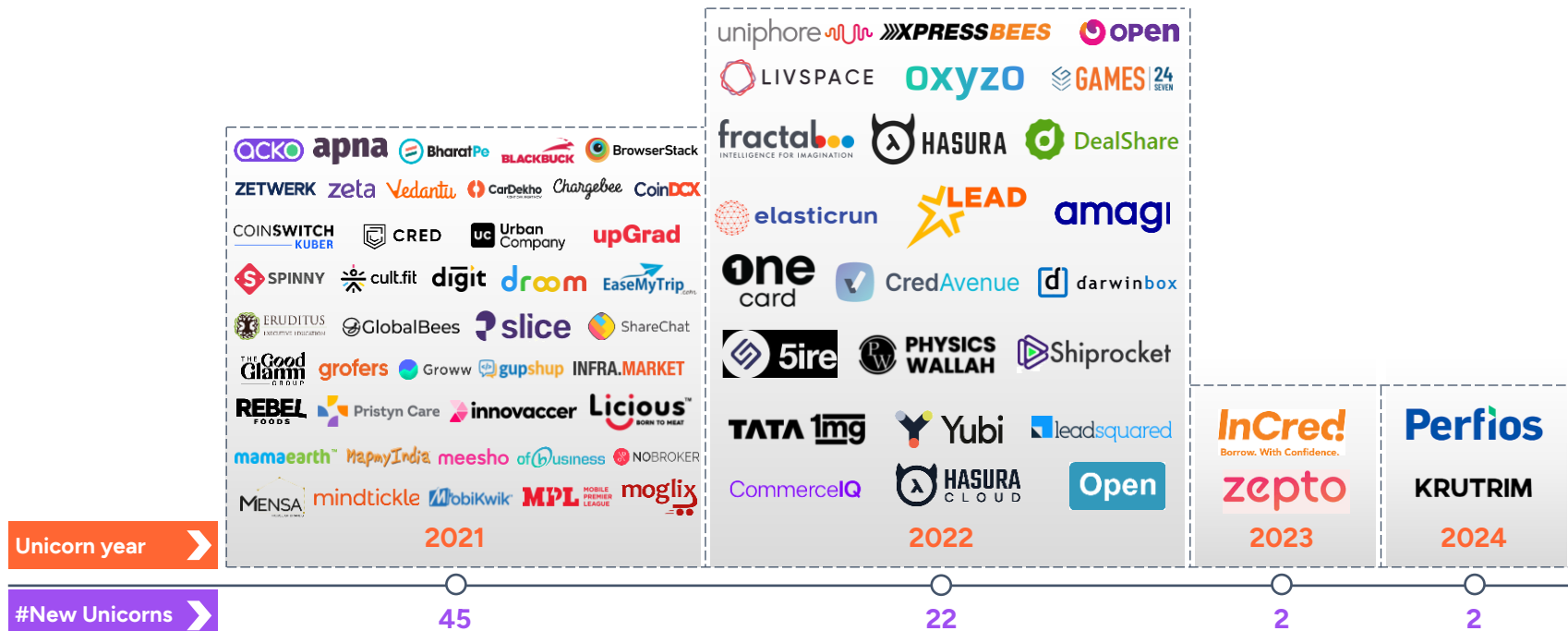


of population (totally 981.2 million subscribers) connected with the Internet in 2023



of population use Mobile (a total of 1.12 billion cellular mobile connections) in 2023

Indian Tech Evolution: Unicorns Created over Time



- India's renowned technology and business talent has driven advanced, differentiated software and services company growth, witnessing over 70 unicorns created since 2021
- Indian assets are ripe for PE and VC investments and are commanding large multiples, with plenty of runway for continued growth across end markets
- Favorable regulatory and infrastructure developments continue to lay a strong foundation for product development, and high rates of technology (such as AI, cloud, etc.) adoption will enhance delivery and transform industries

With favorable government policies and fast-growing economy, the Indian startup ecosystem is poised to do well in the coming years and India will remain as one of the top destinations for investors

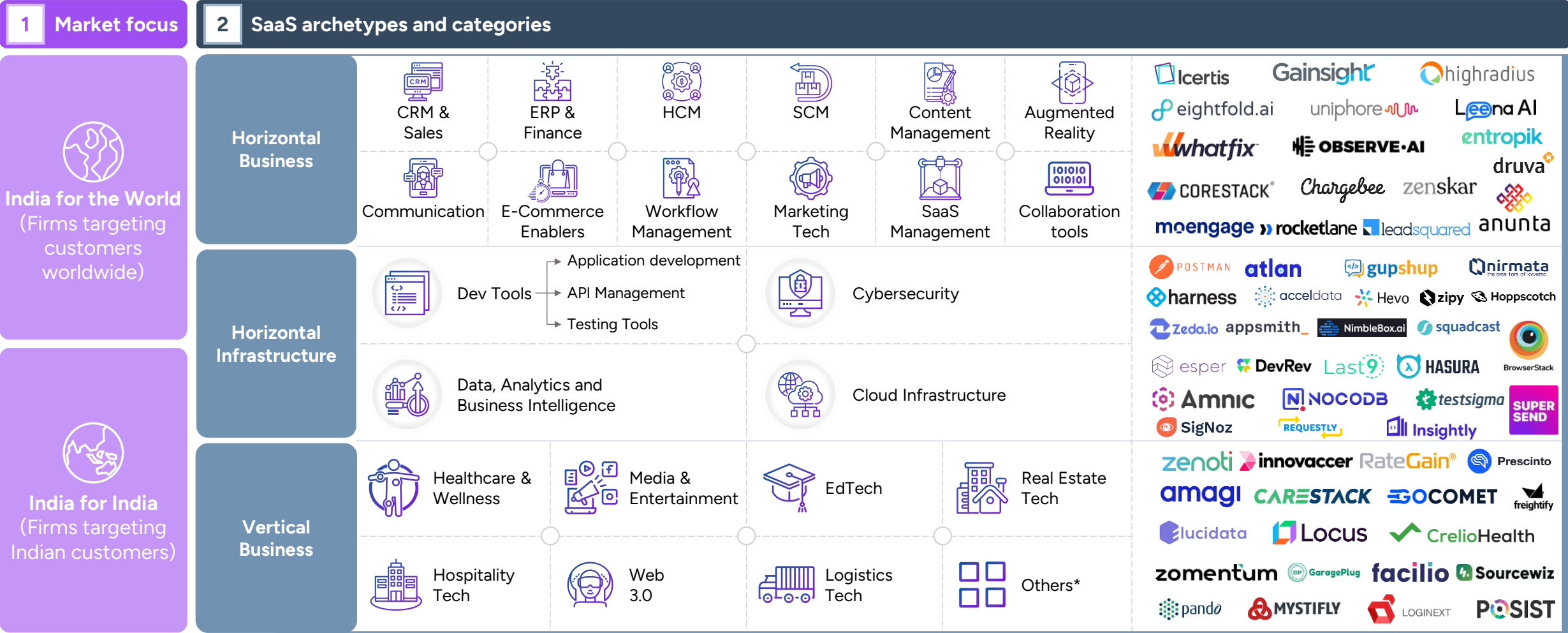


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India Software Deal Analysis

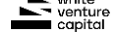
SECTION II

India Software Market Landscape



Investors in Indian SaaS remain positive and are likely to increase SaaS investments across an array of end-market focus areas, driven by strong fundamentals and maturing exit opportunities

Software Deal Activity, classified by Target Segment, April 2023 - June 2024

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
FinTech				
Mar-24	 Perfios		Growth Funding	80.00
Apr-24	 Arya.ai		Market Expansion	16.50
May-23	 Niro	 ELEVAR EQUITY  GMO VENTURE PARTNERS  INNOVEN CAPITAL  MSIG	Growth Funding	11.00
Feb-24	 MONEYTAP	 ABBEY ROAD  rtg global  Money Forward	Growth Funding	7.80
May-23	 CredFlow	 flourish  Inflexor  Stellaris  white venture capital	Growth Funding	6.28
May-24	 COVERSURE		Growth Funding	4.00
May-24	 dexif		Growth Funding	3.99
May-24	 FINQY™		Growth Funding	NA
May-23	 ogspay		Market Expansion	NA
Jan-24	 zest		Technology Acquisition	NA
May-24	 Rang De		Growth Funding	NA
Feb-24	 KUDERA		Market Expansion	NA
Apr-24	 eka	 QUOR  STG	Market Expansion	NA
Mar-24	 Sharpe	 AIT GROUP  animoca BRANDS  MetaBros	Growth Funding	NA

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
Cloud Tech				
Apr-23	 SERVIFY		Growth Funding	78.00
Apr-23			Technology Acquisition	8.54
Oct-23	 datametica an Onix company	 onix  TAILWIND	Market Expansion	NA
Climate Tech				
Apr-24	 recykal		Growth Funding	13.22
May-23	 StepChange direct		Growth Funding	4.00
Feb-24	 StepChange Debt Charity	 climate capital  MARSSHOT.VC  flourish	Growth Funding	1.00
EdTech				
Apr-23	 BYJU'S	 ANJOST  BORDERLESS CAPITAL  ATLANTA VENTURES  FOUNDATION HOLDINGS  BOUNDARY HOLDING  REDBADGE PACIFIC	Growth Funding	700.00
Mar-24	 H2S	 RECUR  STIRING VENTURES	Growth Funding	1.00
Mar-24	 artium academy		Growth Funding	NA
May-23	 Pepcoding		Market Expansion	NA
Sep-23	 NeverSk!p		Technology Acquisition	NA

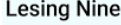
Software Deal Activity, classified by Target Segment, April 2023 - June 2024

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
Supply Chain Tech				
May-23	RIPPLR™	firesideventures	Growth Funding	40.00
May-23	pandø	IRON PILLAR VENTURES uncorrelated	Growth Funding	30.00
Apr-23	CELSIUS.	IvyCap Ventures Mumbai Angels A Seed Fund Community	Growth Funding	12.16
Apr-24	CLICKPOST	INNOVATUS CAPITAL PARTNERS Inflexor	Growth Funding	6.00
Mar-24	ProcMart	Edelweiss Idea create, values protect FUNDAMENTUM	Growth Funding	3.02
Jun-23	Roadmap® Integrate. Innovate. Succeed	brain consulting	Market Expansion	NA
Oct-23	STOCKONE	Shipsy	Market Expansion	NA
E-commerce Tech				
Apr-23	MUNZO	Alphabet	Growth Funding	75.00
Mar-24	Super K	BLUME VENTURES	Growth Funding	6.00
May-24	meesho	TIGERGLOBAL SoftBank Investment Advisors WESTBRIDGE CAPITAL	Growth Funding	3.30
Feb-24	farmtheory	MERAK VENTURES	Growth Funding	1.45

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
AI, ML, Data Analytics				
May-24	unifyApps	ELEVATION Capital Partners	Growth Funding	11.00
Mar-24	Exly	chiratae VENTURES	Growth Funding	6.20
Mar-24	Liquidnitro Games	NEXUS VENTURE PARTNERS	Growth Funding	5.25
May-24	Myelin Foundry Everything AI. Anything Creative	sidbi VENTURE	Growth Funding	4.00
Apr-24	Assert AI	aryd.ag	Growth Funding	4.00
May-24	OTPLESS	sidbi VENTURE	Growth Funding	3.50
Apr-23	Simpli Contract	EMERGENT VENTURES	Growth Funding	3.50
May-24	STUPA SPORTS ANALYTICS	CENTRE COURT CAPITAL peercapital	Growth Funding	3.36
May-24	ORAI® CONVERSATIONAL AI PLATFORM	INFLECTION POINT VENTURES OLIVE VENTURE PARTNERS	Growth Funding	2.00
May-23	AUREUS ANALYTICS	connecticut innovations	Growth Funding	1.50
Jan-24	VEDA-LAB	WEVE	Growth Funding	NA
Apr-24	ZERON	NETAPP EXCELLERATOR	Growth Funding	NA

Software Deal Activity, classified by Target Segment, April 2023 - June 2024

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
AI, ML, Data Analytics				
May-24			Growth Funding	NA
Apr-24			Growth Funding	NA
Apr-24			Growth Funding	NA
Apr-24		 Foundation For Innovation And Technology Transfer	Growth Funding	NA
Oct-23	 AI for an eye		Technology Acquisition	NA
HR Tech				
Mar-24			Growth Funding	27.00
Apr-23		   	Growth Funding	8.72
MarTech & AdTech				
Apr-24		 	Growth Funding	30.00
May-24			Growth Funding	2.60
Mar-24			Technology Acquisition	NA
Jun-23	 Delivering Difference		Market Expansion	NA

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
Software Development				
May-24			Growth Funding	11.00
Apr-24			Growth Funding	1.50
May-24			Growth Funding	NA
May-24		 	Growth Funding	NA
Apr-24		  الهيئة العامة للغذاء والدواء National Technology Development Program	Growth Funding	NA
Retail Tech				
Apr-23		     	Growth Funding	34.00
Legal Tech				
Feb-24			Growth Funding	0.18

India Software Sector Deal Activity: Half-yearly Trends

- **Indian SaaS ecosystem** continues to **gather momentum despite prevailing market headwinds** and has become a global leader behind only the US in scale and maturity
- This momentum is driven by a mutually reinforcing flywheel of SaaS companies and investors, with a **proliferation of new SaaS companies** supported by **investors allocating increased capital** to Indian SaaS across stages
- **Indian IT services** are **being platformed** and the **Indian B2B SaaS ecosystem** has created its **unique playbook**, with over 25 India B2B SaaS unicorns till date. This is creating a **potent ecosystem for Hyperscalers to emerge** over the next two decades
- In addition to “run the business” services, **Indian and global IT services players** are **leveraging India** for higher value “change the business” services such as **consulting, experience design, full stack digital engineering, product development** and incubate and **industrialize BPM use cases and processes** often considered core to businesses in today’s world

FIGURE 3: Half-yearly PE and Strategics Deal Count and Median Deal Size (\$ Million), H1 2021 – H1 2024

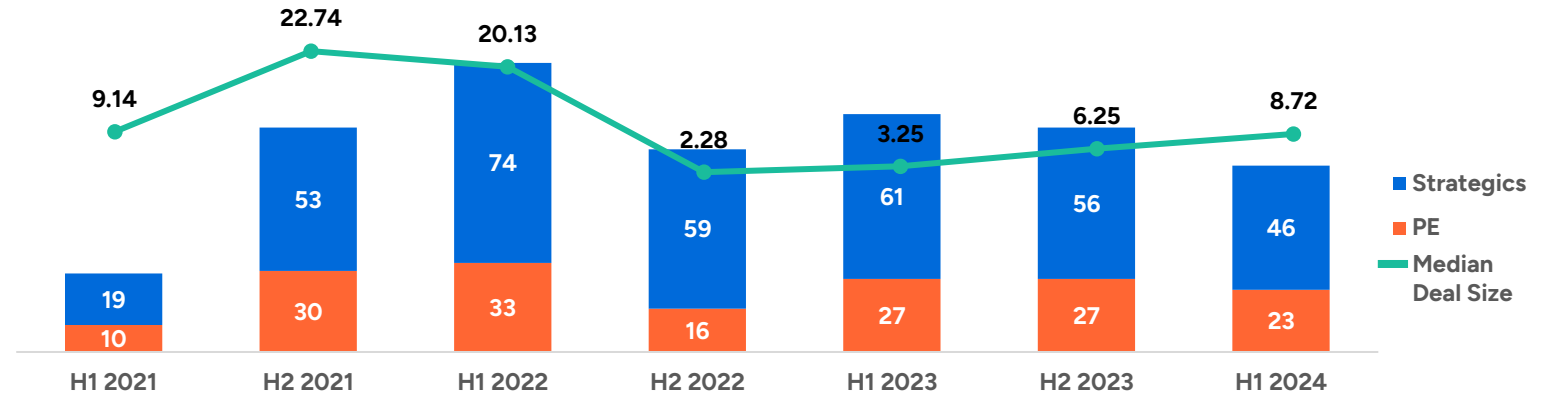
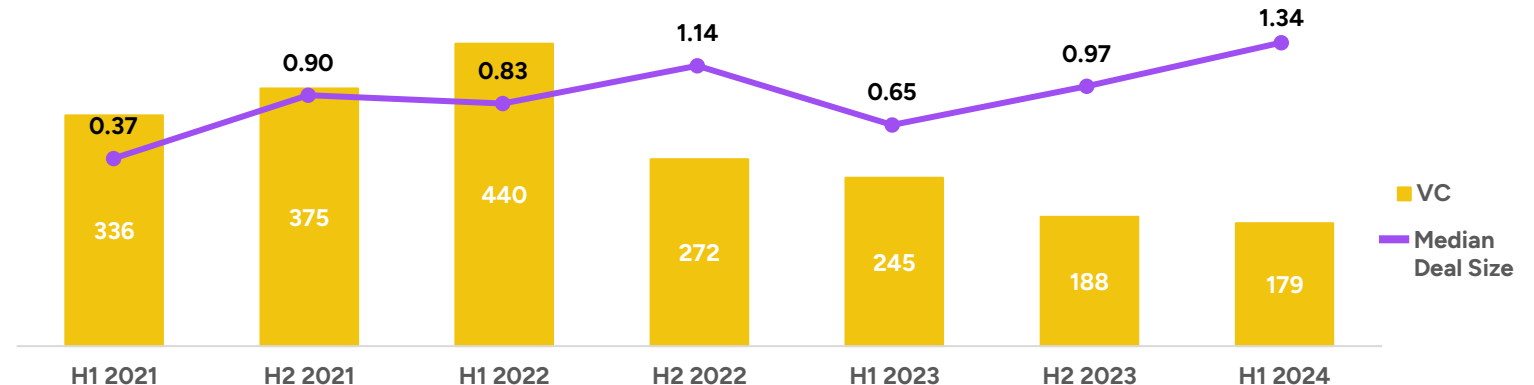


FIGURE 4: Half-yearly VC Deal Count and Median Deal Size (\$ Million), H1 2021 – H1 2024



Long-term tailwinds expected for Indian market as companies continue to build winning product offerings and refine their growth playbooks while benefitting from a highly robust investor ecosystem

India Software Sector: Investor Landscape Analysis – Type and Deal Size

FIGURE 5: Deal Activity – by Investor Type, Q2 2023 – Q2 2024

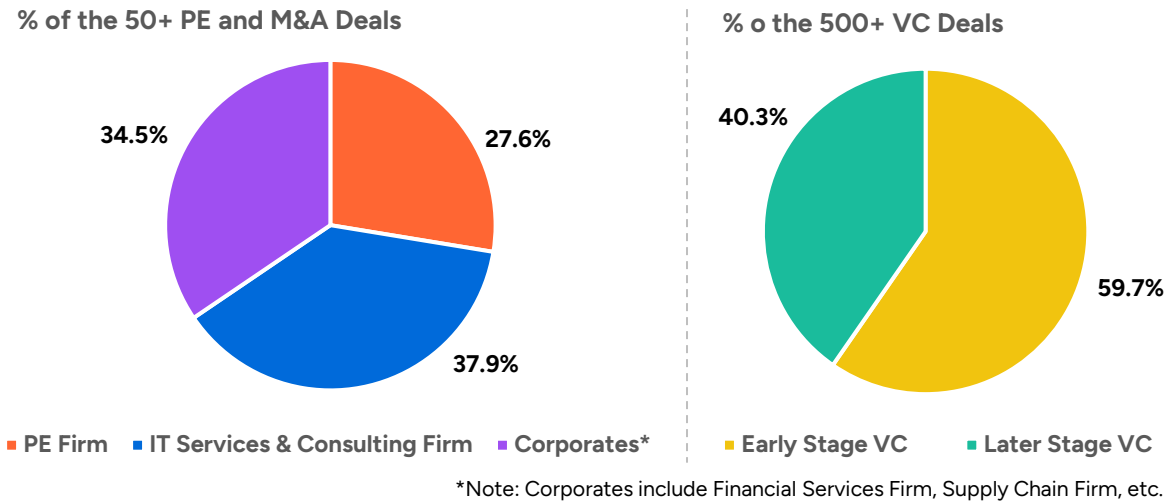


FIGURE 6: Deal Activity – by Deal Size, Q2 2023 – Q2 2024 (\$)



- Indian software firms are trading at a premium to their global counterparts due to their growth performance and potential
- As India's institutional private equity market continues to develop rapidly, a variety of **VC funds are active across the funding lifecycle of companies**, starting with \$5 million early venture deals to \$50-150 million growth equity deals to \$250-million-plus buyout deals
- VC investments dominated** Indian software market accounting for **86.9% of deal activity**, of which **early-stage VC** deals contributed to **47.9%** and **later stage VC** deals stood at **39%**
- In the last 12-18 months, **growth funds** which were more active in E-commerce and new-tech segments have started tracking and scouting for opportunities in the IT/ITES segment. These funds **are typically looking to invest \$15-40 million**. They are primarily interested in companies specializing in **hyper-scalers, data analytics, digital engineering, and ER&D**
- While India's SaaS ecosystem is still in its early innings, there are promising signs of growth and durability, with a **significant growth in the number of early-stage companies that surpass \$10 million** in revenue has been witnessed
- Global funds** are looking to invest, provided the companies are **domiciled in the US or Europe** and **have offshore operations in India**

Consistent growth performance and potential within small to mid-sized Indian software firms has attracted continued investments, to build onshore and nearshore teams and have a global footprint

India Software Sector: Target Landscape Analysis – Type and Industry

FIGURE 7: Deal Activity - by Target Type, Q2 2023 – Q2 2024

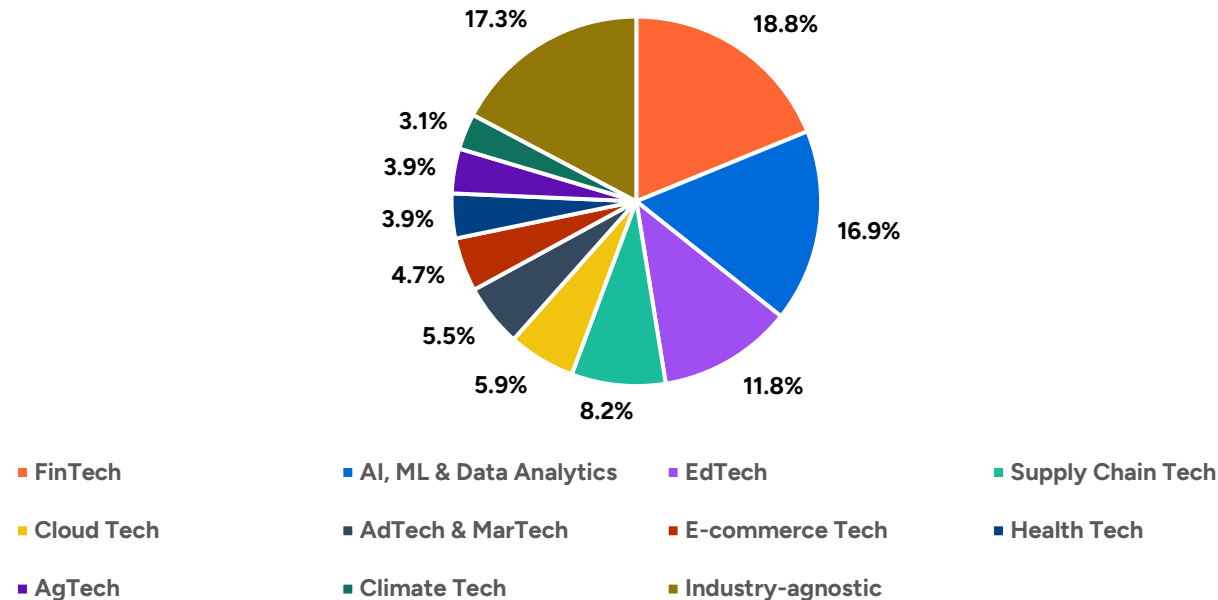
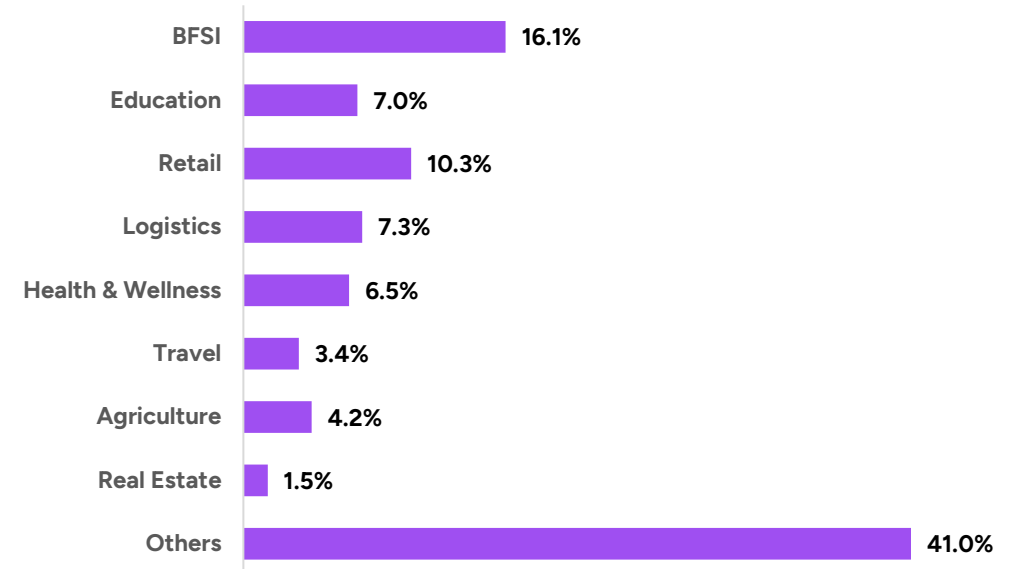


FIGURE 8: Deal Activity - by Target Industry, Q2 2023 – Q2 2024



- Software firms offering **FinTech, AI-ML & Data Analytics, EdTech, Supply Chain Tech**, etc. dominated deal activity, suggesting a **vibrant software ecosystem** and **investor confidence in early to mid-stage businesses** for long-term value creation
- FinTech** has consistently **been** one of the **top fund sectors in the country**. **BFSI** accounted for **16% of the total deal activity**, followed by **retail, education and logistics industries**, each accounting for over **7%** of deals in Q2 2023 – Q2 2024
- Demand for firms providing E-commerce Tech, Health Tech, AgTech and Climate Tech capabilities** continues to surge, fueling strategic acquisitions and partnerships

India's deal activity landscape highlights strategic acquisition of small & mid-sized software and technology services firms poised for innovation and growth

Next-gen Capabilities Changing Dimensions Bolstering India Software Market

FinTech leading 17.4% Deals in FY 23-24

Key Sub-sectors

- Lend Tech
- Pay Tech
- Banking Tech
- InsurTech
- RegTech
- Wealth Tech

Key Players



Key Growth Factors

- Push towards a cashless economy on the back of increasing smartphone penetration
- Favorable regulatory framework and policies
- Rapid adoption of digital payments, funding platforms, alternative lending, financial software and automation

Deep Tech capabilities revolutionizing emerging sectors

Key Sub-sectors

- AI
- Data Analytics
- IoT
- Quantum Computing
- ML
- Robotics

Key Players



Key Growth Factors

- High proliferation and penetration adoption of cutting-edge technologies such as AI, ML, data analytics, IoT across end-markets
- Investors betting on the growing need for technological transformation and digitization across firms

Cloud to orchestrate transformation use-cases in EdTech and Supply Chain Tech

Key Sub-sectors

- SaaS
- Managed Services
- IaaS
- PaaS
- Industry Cloud
- DevOps

Key Players



Key Growth Factors

- New-gen SaaS companies leveraging the power of cloud to orchestrate transformation use-cases across sectors such as Education, Retail, Logistics, etc.
- Companies are taking over captive centers in India to cut costs or focus on core-business areas

Key Trends Shaping the India Software Landscape

Leveraging Cloud and Deep Tech across Use-cases



- **New-gen SaaS** companies **leveraging** the power of **Cloud and Deep Tech** such as AI/ML, Blockchain, AR/VR, etc. **to orchestrate transformation use-cases**
- Indian cloud builders serve domestic and international customers alike: **India-first companies**, such as Perfios, Lentra, M2P, and Zopper, sell software locally, while **global-first companies**, like Zoho, Freshworks, Gainsight, Icertis, Zenoti, Leena, and Entropik sell globally

1

AI-first Companies from India to Lead Productization of Services Globally and Locally



- India presents a significant opportunity for the **productization of services** – that cloud software developers will **leverage AI** to **improve B2B service delivery**, likely in the form of new tools or software-enabled marketplaces
- Indian companies have focused on **combining human expertise with AI capabilities** to automate processes, accelerate operations, and enhance service accuracy

2

Banking-as-a-Service to Proliferate SaaS and Infrastructure Opportunities



- **UPI** is **fueling** the **Indian payments** to a **\$1 Trillion market**, with the next wave of **disruption** to occur in: **credit on UPI** and **UPI infrastructure**
- The emergence of products designed to **support incumbent financial institutions** and the **rise of FinTech solutions** that enable companies to provide **Banking-as-a-Service (BaaS)** will lead to a significant uptick in the adoption of software solutions

3

Highly Efficient and Valuable Product Lifecycle



- **Capital markets** around the world are **placing a valuation premium** on **efficient businesses**, and India's SaaS market is poised to benefit, as SaaS businesses in India value **efficiency** on a cultural level, can **upstart** and **scale with less capital** than startups in other countries
- India's SaaS companies **build additional products faster** and **earlier** in their lifecycle compared to their counterparts

4

Market Drivers



Expansion Across Categories:
Indian firms offering a wide array of high-quality and innovative SaaS offerings across varied end-use categories

Leveraging Established Growth Playbooks: From US SaaS, focusing on go-to-market, product, and customer support/success



Strong Investor Ecosystem:
From seed to pre-initial public offering, investors are fueling the next phase of growth for Indian SaaS ecosystem

Uptick in Demand for Indian SaaS Firms: AI and efficiency are emerging as key themes for cloud growth in India, aiding in premium valuations for firms



Indian SaaS momentum driven by a mutually reinforcing flywheel of SaaS companies and investors, with a proliferation of new SaaS companies, supported by investors allocating increased capital across stages



Investment Banking in Tech Services,
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India IT Services and BPO Deal Analysis

SECTION III

India IT Services and BPO Market Landscape

Software Development Firms



Firms providing outsourced software development and product engineering services. Services delivered both onshore and offshore, and often with specific application and vertical specializations

Business Process Outsourcing (BPO)



Firms providing services such as IT and software development, knowledge process outsourcing (KPO), digital marketing, virtual assistant services, technical support & IT help desk, and customer support services

Cybersecurity Services Providers



Firms providing managed security services (MSSP), managed detection and response (MDR), penetration testing, Identity and Access Management (IAM), governance, risk and compliance (GRC)

Data and Analytics Consultancies



Firms helping enterprises understand and act on the various data sources that exist within their organization. Using new technologies to visualize and manage data in today's environment

Managed Service Providers (MSPs)



Firms providing outsourced IT support services like IT planning and strategy, infrastructure, help desk, network management and communications. Thousands of MSPs exist in India alone

Public Cloud Partners



Firms providing outsourced software development and product engineering services. Services delivered both onshore and offshore, and often with specific application and vertical specializations

Application Partners



Firms supporting enterprise software applications and ecosystems such as Salesforce, ServiceNow, SAP and Oracle. Services include resale, implementation, ongoing support and customization

KEY COMPANIES



KEY GROWTH FACTORS

Outsourcing software development initiatives is often more cost effective, flexible, faster and more effective than in-house solutions, particularly as the complexity and breadth of the underlying technology continues to expand

Talent regeneration capabilities, immense cost advantage, abundant talent pool, and strong skills are the pillars of Indian BPO ecosystem, allowing firms to focus on core competencies and improve efficiency

With cyber attacks becoming more prevalent, cybersecurity services have become critically important for organizations, especially those which are highly regulated such as education, healthcare and financial services

Effective management and use of increasingly large and diverse data sources to drive effective business decision making and processes is becoming a necessary element of the basic strategy of companies in all industries

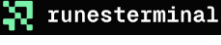
Third-party outsourcing of fundamental IT support services is increasingly common within all industries, a trend expected to continue as the underlying complexity and breadth of technology increases

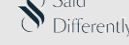
Implementation and management of cloud computing technology is highly technical, and organizations are increasingly reliant on third-party professional services firms to create and support the necessary infrastructure

Adoption and optimal use of enterprise software, especially within large enterprises, is complex and organizations rely on specialists through the implementation and management of these software applications

India is the topmost offshoring destination globally, with proven capabilities in delivering both on-shore and off-shore services, is primed to bet on a gamut of opportunities within emerging technologies

IT Services & BPO Deal Activity, classified by Target Segment, April 2023 - June 2024

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
AI, ML, Data Analytics				
Mar-24		 CORNERSTONE VENTURE PARTNERS Volrado Venture Partners Venture Capital Investor - Overview	Growth Funding	52.00
Feb-24			Market Expansion	7.57
Mar-24			Growth Funding	NA
May-24		 IIM-LINCUBATOR IIM LUCKNOW Innovating the future	Growth Funding	NA
May-24		 DEXTOOLS  SeeoThrift GENESISBLOCK COMMUNITY. COLLABORATION. CREATIVITY.	Growth Funding	NA
Apr-23		 Park Vale Capital  TDS	Market Expansion	NA
Dec-23		 evon TECHNOLOGIES speaking innovation	Market Expansion	NA
Oct-23		 Game Theory	Market Expansion	NA
May-23	 merilytics AN ACCORDION COMPANY	 ACCORDION	Market Expansion	NA
Jan-24		 TECH HUB	Technology Acquisition	NA
Jan-24		 EQUIPP  Equivas Capital	Technology Acquisition	NA
Sep-23		 Robosoft Technologies EMOTION ENGINEERING & DESIGN	Market Expansion	NA
Apr-23		 CAMS Our Mission: Your Growth	Technology Acquisition	NA

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
BFSI IT				
Feb-24		 wipro	Market Expansion	66.52
Apr-24		 ACHARYA  NEUBERGER BERMAN  MALABAR INVESTMENTS  Goldman Sachs	Growth Funding	45.41
May-24		 Kettleborough VC	Growth Funding	NA
Mar-24		 BRAND CAPITAL	Growth Funding	NA
Feb-24		 BLUME	Growth Funding	NA
Jul-23		 DECENTRO	Market Expansion	NA
Marketing Technology				
Jul-23		 tanla	Technology Acquisition	3,737.30
Mar-24	 AdOnMo RETHINKING OUTDOOR ADVERTISING	 QIC مجموعة قيس للتأمين QATAR INSURANCE GROUP  Z NATION LAB	Market Expansion	9.43
Jun-24	 Brainvire Shaping Ideas	 Said Differently  FALFURRIAS CAPITAL	Market Expansion	NA
Mar-24		 Everstone Capital  RECOGNIZE	Growth Funding	NA
Feb-24	 COSMOS SOLUTIONS YOU CAN TRUST	 ALTOR Transcom	Technology Acquisition	NA
Jan-24		 milestone technologies	Market Expansion	NA

IT Services & BPO Deal Activity, classified by Target Segment, April 2023 - June 2024

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
IT Services & Consulting				
May-24	 PureSoftware	 happiest minds The Mindful IT Company	Market Expansion	93.41
Jul-23	 VELOTIC	 R SYSTEMS	Market Expansion	50.00
Aug-23	 ProTechmanize	 Globesecure Technologies	Market Expansion	11.13
Apr-24	 CLUSTER PROTOCOL	 CRYPTOVIVET VENTURES  Genesis Capital	Growth Funding	NA
May-24	 inMorphis Experience wow!	 CSP CAPITAL SQUARE PARTNERS  servicenow	Growth Funding	NA
Feb-24	 KEYSTRIDE	 A3logics	Market Expansion	NA
Feb-24	 simelabs	 ASTeK	Market Expansion	NA
Mar-24	 FOURTH DIMENSION expect more	 cei	Technology Acquisition	NA
Apr-24	 blazeclan	 ITC INFOTECH Business-friendly Solutions	Market Expansion	NA
Software Development				
Jun-24	 TPG	 ALTIMETRIK	Growth Funding	NA
May-24	 SupportIQ	 MILLENNIUM	Market Expansion	NA
May-24	 Crownit	 Ipsos	Market Expansion	NA
Jun-23	 MANMECH SMART SOLUTIONS	 centelon solutions	Market Expansion	NA

Date	Target	Investors	Investor Rationale	Deal Size (US\$ Million)
Engineering Services and IoT				
May-24	 HINDUJA TECH Engineering Mobility!	 Creador®	Growth Funding	50.00
May-24	 insemi TECHNOLOGY	 Infosys	Market Expansion	33.56
Apr-24	 GPU.NET	 CRYPTO BANTER  ZEPHYRUS CAPITAL	Growth Funding	5.25
Mar-24	 Anup's Silicon Services Private Limited	 sasken	Market Expansion	4.65
Dec-23	 epcogen	 AXISCADES	Technology Acquisition	3.99
Apr-23	 SIMNOVUS	 DRAGON CAPITAL  TNS	Growth Funding	3.23
Apr-23	 SIMNOVUS	 GRAY VENTURES	Growth Funding	2.00
May-24	 PeopleTECH	 Quest global	Market Expansion	NA
Jan-24	 L&T Infra Engineering	 on ossystem slup	Market Expansion	NA
Jun-23	 ACCORD Inspired to be innovative	 ALTEN	Market Expansion	NA
Oct-23	 PROGNEUR	 THE ADECCO GROUP	Market Expansion	NA
Jan-24	 NEVITON	 Arcolab	Technology Acquisition	NA
Others				
Feb-24	 varaha Shaping Career Horizons	 rtp global	Growth Funding	8.70

India IT Services and BPO Sector Deal Activity: Quarterly Trends

- In 2023, there was a **decline in deal activity across all sectors** due to valuation mismatches, geopolitical situations, higher interest rates on deal financing, funding constraints and regulatory risks. Comparatively, **the IT services & BPO sector bucked the trend**
- **Global funds** are increasing their presence in India to **scout more assets in the IT/IT-enabled services** segment. Some foreign companies are also helping these funds work closely with their portfolio firms that have offshore operations in India
- **Global corporations are leveraging Indian technology talent** through their capability centers in India, which employ over 5 million people, catering to more skill-intensive and increasingly digitized services
- 2024 promises continued investments by **PE and VC 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**

FIGURE 9: Half-yearly PE and Strategics Deal Count and Median Deal Size (\$ Million), H1 2021 – H1 2024

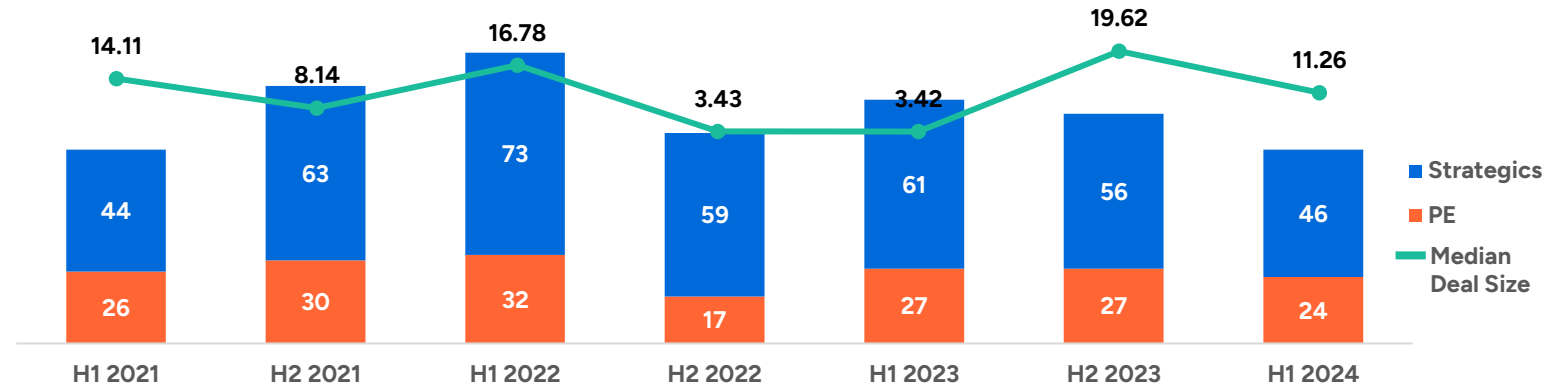
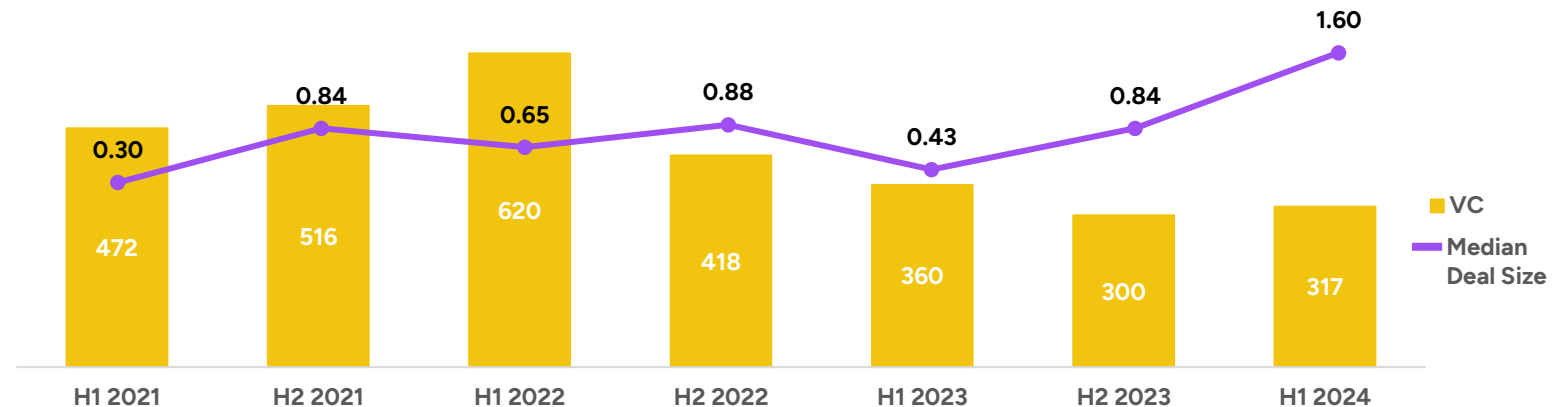


FIGURE 10: Half-yearly VC Deal Count and Median Deal Size (\$ Million), H1 2021 – H1 2024



India is the topmost offshoring destination globally, with proven capabilities in delivering both on-shore and off-shore services, is primed to bet on a gamut of opportunities within emerging technologies

India IT Services & BPO Sector: Investor Landscape Analysis – Type & Deal Size

FIGURE 11: Deal Activity – by Investor Type, Q2 2023 – Q2 2024

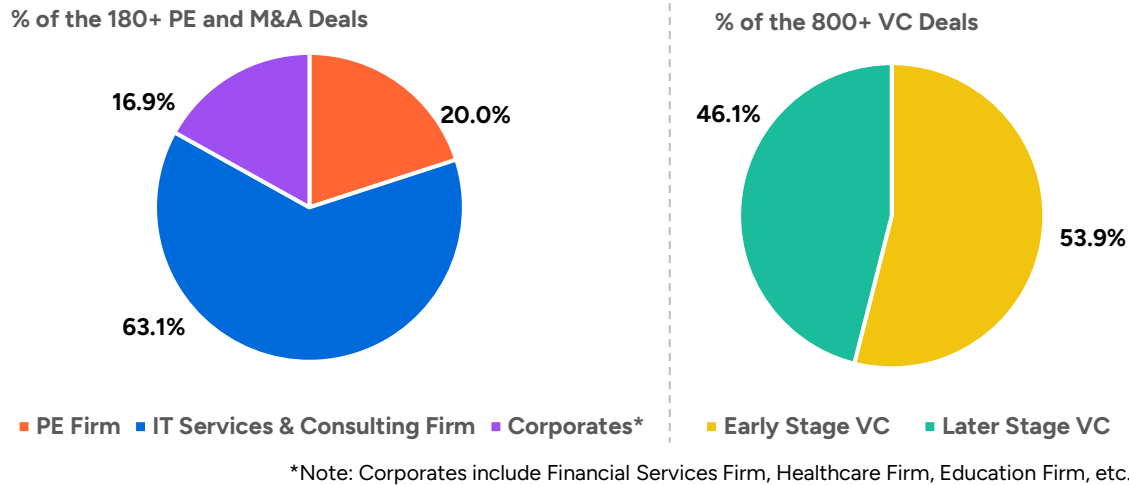


FIGURE 12: Deal Activity – by Deal Size, Q2 2023 – Q2 2024 (\$)



- VC investments dominated deal activity in the Indian IT services and BPO market with **over 66% share**, of which **40.5% were early-stage VC deals** and **25.7% later stage VC deals**
- These investments were **focused on assets in the fast growth digital tech services space** which encompasses digital engineering, cloud, data, etc., and those which can use **GenAI as an enabler for growth** in their offerings
- With the startup space becoming slightly risky due to corporate governance and sustainability issues, it has led to an **increased interest in the IT space** where (even though these **deals involve small and mid-size firms**) the models are time tested
- As companies are looking to **shift towards high-end services due to higher margins and customer stickiness**, even small to mid-sized companies with revenues \$10 million to \$100 million are being very acquisitive and are looking to do tuck-in acquisitions globally
- There has been a **rise in M&A interest for IT Services, Consulting and BPO firms in APAC**, following a significant **growth in demand for data analytics and AI capabilities** across Indian enterprises
- Investors are betting on the growing need for technological transformation and digitization across firms
- High interest rates, inflationary pressure, geopolitical unrest, and economic uncertainty** were **detrimental for deal activity by PE firms** in 2023

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

India IT Services & BPO Sector: Target Landscape Analysis – Type & Industry

FIGURE 13: Deal Activity - by Target Type, Q2 2023 – Q2 2024

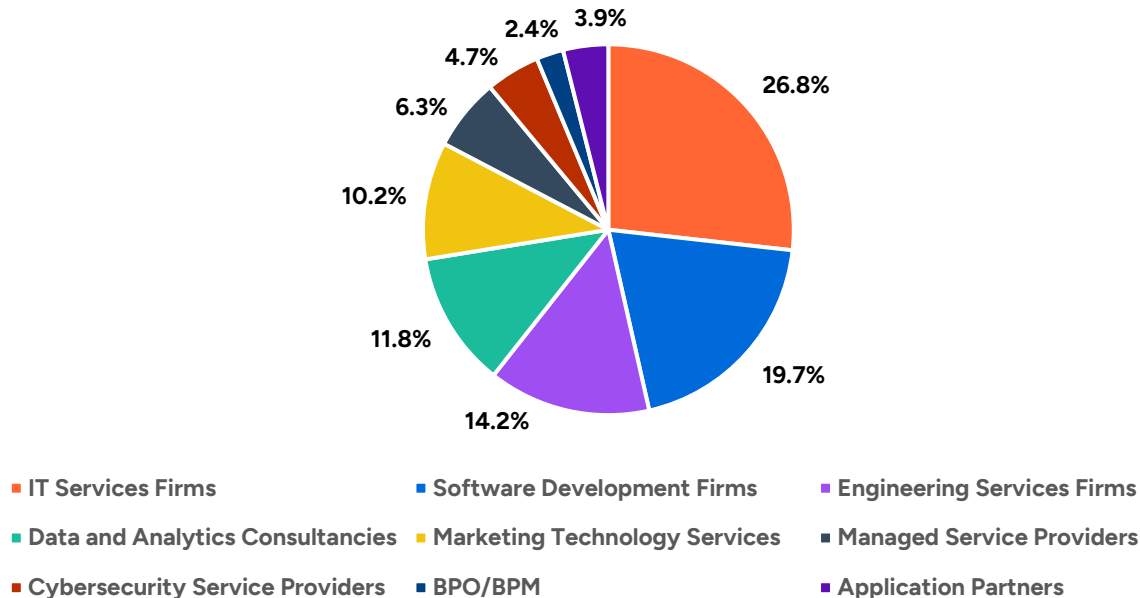
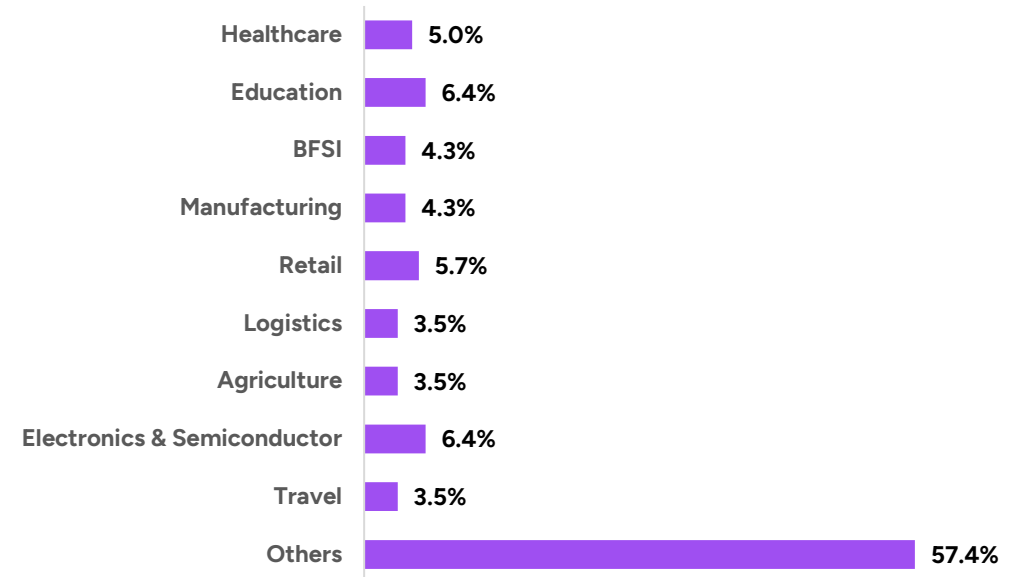


FIGURE 14: Deal Activity - by Target Industry, Q2 2023 – Q2 2024



- IT Services firms offering **AI-ML & Analytics, BFSI IT, etc. dominated deal activity**, suggesting **continued significant interest** of majority buyers in firms offering **Deep Tech capabilities and recurring revenues**
- Global companies** are looking to buy **small to midsize IT services, consulting and BPO companies** in India to **build offshore teams, expand capabilities and verticals**
- India** accounts for over **45% of the GCCs in the world** outside of the home country and **50-70% global technology and operations headcount** are **based out of India GCCs**. GCCs provide services relating to both cutting edge solutions such as **cloud, data analytics, AI/ML, chip-design, system design, and software development** to more administrative and procedural work

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

Key Trends Shaping the India IT Services and BPO Landscape

GenAI to Transform Traditional Outsourced IT Services



- **Demand for outsourced AI services** is expected to surge, with a projected **25%-30% growth** fueled by **investments in GenAI readiness**, horizontal productivity solutions, and industry-specific vertical growth solutions
- **Traditional outsourced IT and BPO services** predicted to experience a **15% decrease** in revenue over next three years **due to GenAI-enabled automation**

1

Next-gen Specialty IT Services Firms Garnering Buyer's Interest



- **AI, data analytics, cloud computing, cybersecurity, and software development** competencies are strongest in demand and are expected **to remain key areas of interest for buyers**
- **Demand for specialty IT consulting firms** supporting application software platforms continues to be **very strong**, particularly for partners of applications supporting large and growing market opportunities

2

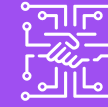
Tapping into Onshore, Nearshore and Offshore Opportunities



- An increasing number of **Indian firms** looking to buy small to mid-sized IT services **companies globally** to get access to global clients, expand new geographies, **build onshore and nearshore teams**, and have a **global footprint**.
- Similarly **global companies** are looking to **buy small to midsize companies in India** to **build offshore teams**, expand capabilities and verticals

3

Leveraging Established Growth Playbooks



- **Indian companies** are going after, and **winning in, global end-markets** through **product and pricing leadership**, enabled by increasingly mature GTM playbooks
- Indian leaders are building clear, **US-centric GTM playbooks**, spanning direct (field and virtual) sales and indirect/channel sales as well as customer success and support

4

Market Drivers



Modernized System: Accelerating technology evolution necessitates an urgent overhaul of legacy infrastructure

Cloud Maturation: Increasing customer base is migrating vital workloads from local setups to off-site cloud infrastructure



Increased Outsourcing: Growing need for 24/7 support related to services such as remote monitoring and network management

Growing Cybersecurity Risks:

Continuous rise in the number, complexity, and severity of cyber risks, supports continued demand for security services providers



Lucrative AI, cloud and analytics market, powered by key enablers and diverse industry adoption, offers abundant opportunities for Indian IT services and BPO companies

Wipro Acquires Majority Stake in Aggne for \$66 Million



Highlights

~200	Employees
17.9	Revenue (2023) (\$ Million)
6.1x	EV / Revenue
110	EV (\$ Million)
60%	Stake Acquired

Deal Rationale

- Wipro acquisition of Aggne adds high value unique capabilities and Intellectual property (IP) in property & casualty (P&C) insurance space to Wipro
- Aggne's IP & implementation experience in P&C insurance space will also accelerate time to market for Wipro customers leading to better client satisfactions
- Additionally, Aggne's experience as a premier partner in Duck Creek Ecosystem combined with Wipro's scale and global reach will drive significant synergies
- Through the deployment of SaaS-based solutions, both companies will offer clients an end-to-end offering that will help drive competitive advantage and customer loyalty

Service Offerings

	Custom development & Integration		Duck Creek Implementation
	Cloud Services		DevOps Automation

Solutions

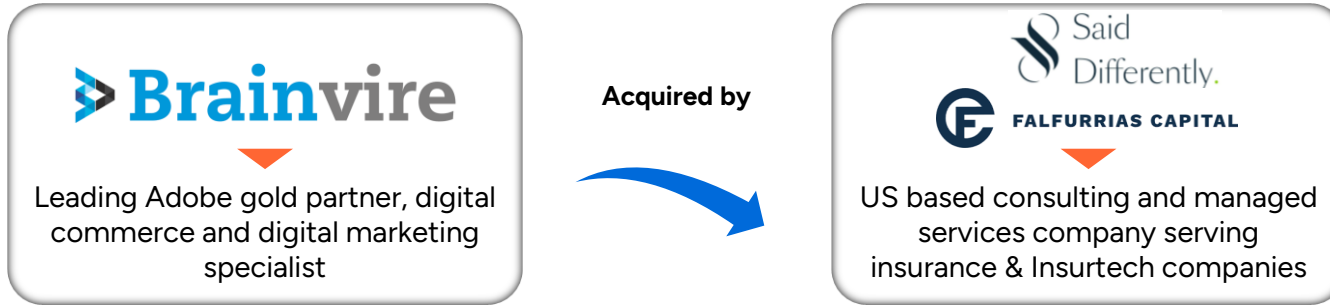
	SwiftUpgrade Legacy software to modern transition		SwiftQA QA testing for insurtech
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“ We are excited about the growth opportunities this new partnership creates for our company and our current and future clients.

Joining forces with Wipro will allow us to reach a larger and global set of clients and deepen our presence in the insurance sector. Further, Wipro's commitment to talent development will provide our employees with new growth opportunities. With access to Wipro's scale and deep technical capabilities, as well as investments in artificial intelligence, we will be able to innovate faster, expand our capabilities and build new ones in alignment with evolving industry needs. We look forward to tapping into the potential ahead of us and driving continued growth for our clients.

- Asha Kalidindi, Co-Founder and CEO of Aggne ”

Merger of Brainvire with Said Differently



Highlights

~1K+

Employees

- Highly skilled 900+ professionals
- 170+ certifications
- 90+ Adobe certifications

Deal Rationale

- Brainvire was acquired by Said Differently, a portfolio company of Falfurrias Capital in June 2024
- With the acquisition, Falfurrias Capital Partners will be able to build larger platform for customer experience, design, digital marketing and commerce
- Great opportunity for Brainvire to cross-sell offerings into Said Differently's blue chip portfolio
- The merger with Brainvire further bolsters Said Differently's capabilities combining technical expertise with creativity to offer an unparalleled end-to-end digital transformation solution. This collaboration creates a full-service offering that emphasizes client-friendliness, value, and flexibility.

Offices

India, US, UK, Singapore, Dubai, UAE, etc.

Service Offerings

	Full stack Development and Mobile Development		AI, ML, and Data Analytics
	Cloud Services		Digital Marketing
	Digital Commerce		Digital Transformation

Engaging Technology Holdings as our advisor marked a pivotal moment for us. We were seeking a partner for the next phase of our growth and this merger with Said Differently is the perfect strategic partnership for us. From the outset, TH's exceptional expertise in the Digital Transformation, Digital Commerce and Digital Marketing sectors, meticulous attention to detail, and comprehensive understanding of the global buyer landscape was outstanding. Technology Holdings' team effortlessly navigated complex negotiations with ease, providing invaluable advice throughout the process. We are deeply grateful to the entire Technology Holdings team for their support and guidance.

- Chintan Shah, CEO of Brainvire

Key Takeaways

India Software, IT Services and BPO Sector Outlook

The India Software, IT Services and BPO 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, India is setting the stage for a connected future, making it an attractive hub for global enterprises.



Software, IT Services & BPO Sector Future Outlook

- Schemes such as **Digital India, Make in India, Software Technology Parks of India, Special Economic Zones, National Policy on Software Products, and Next Generation Incubation Scheme** have paved the way for increased investments in technology infrastructure, providing a solid foundation for software & services companies to thrive
- **Upgrading production facilities, investing in future technologies, reducing taxes and increasing support for research, training and development** form the blueprint of the Digital India vision



M&A Outlook for 2024

- The M&A landscape is expected to pickup pace 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 Indian 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**



Deal Activity Outlook

- The **Indian SaaS ecosystem** continues to gather momentum despite prevailing market headwinds and has **become a global leader behind only the US in scale and maturity**
- **Govt. of India's budget 2024-25** consistent push for an **investment-friendly environment** is reflected with the **abolition of Angel Tax and simplification of capital gains tax regime**, aiding Indian PE funds to deliver better post-tax returns to their investors
- **2500+ deals since 2022** within the software, IT services & consulting and BPO sector, highlight a **vibrant software and IT services market**

Technology Holdings' India 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.



Boutique Investment Banking Firm of the Year



Boutique Investment Bank of the Year Award



M&A Deal of the Year Award
(US \$100M –US \$250M)



Cross-Border Deal of the Year Award



Mid-Market M&A Advisory Firm of the Year Award

Software, IT Services and BPO Transactions in India

 Shaping Ideas Merger with  SAID DIFFERENTLY PILGRIM'S CAPITAL PORTFOLIO COMPANY Digital Commerce & Digital Marketing	 Majority acquired by  Insurance Technology Services & IP	 Has been acquired by  PORTFOLIO COMPANY Digital Product Engineering	 Digital Banking applied Has been acquired by  Digital Banking, Fintech & Wealth Management IT	 Has been acquired by  Digital Transformation & Salesforce Consulting	 Has been acquired by  Management Consulting & Digital Insurance DATE	 Has been acquired by  ServiceNow Consulting	 Has been acquired by  Wealth Management & Banking IT
 Has been acquired by  Banking IT Services	 Has been acquired by  Salesforce Consulting	 Has been acquired by  Digital Transformation	 Has been acquired by  Financial Services Platform BPO	 Has been acquired by  Digital Transformation	 Has been acquired by  Semiconductor Engineering Services	 Has been acquired by  Care Management & Wellness Automation	 intelligent vision Has been acquired by  Cybersecurity SaaS

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Boutique Investment Banking Firm of the Year



Boutique Investment Bank of the Year Award



M&A Deal of the Year Award
(US \$100M –US \$250M)



Cross-Border Deal of the Year Award



Mid-Market M&A Advisory Firm of the Year Award

Recent Global Software, IT Services and BPO Transactions

JUN 2024  CHAMONIX Has been acquired by  PORTFOLIO COMPANY Digital Engineering	JUN 2024  exposé Has been acquired by  PORTFOLIO COMPANY AI and Data Science	APR 2024  magnetic Has been acquired by NEWTON Digital Design & Innovation Consulting	APR 2024  axis CORPORATE Has been acquired by  Financial Services Management Consulting	MAR 2024  (THE LUMERY) Has been acquired by  Marketing Automation	MAR 2024   Has been acquired by  Digital Product Engineering	FEB 2024   Has been acquired by  BPM and Automation	Feb 2024  PLAT4MATION Private Equity Buyout  ServiceNow Consulting & IP	Dec 2023  FOREFRONT Has been acquired by  PORTFOLIO COMPANY Salesforce Consulting & IP	Nov 2023  unifii Has been acquired by  PORTFOLIO COMPANY ServiceNow Consulting & Managed Services
Nov 2023  winning Has been acquired by  Management consulting & Digital Transformation	Nov 2023   Has been acquired by  Digital Transformation Agency	Oct 2023   Private Equity Buyout  B2B Marketing Services & Marketing Automation	AUG 2023  woodridge SOFTWARE Has been acquired by  PORTFOLIO COMPANY FinTech Software Engineering	Aug 2023   Has been acquired by NEXT15 Digital Commerce & Digital Marketing	Aug 2023  cloudfy. Has been acquired by NEXT15 B2B SaaS E-commerce Software	JUN 2023   Has been acquired by  Software Engineering, Telco& Embedded Systems	Apr 2023  AIOPSGROUP Has been acquired by valantic Digital Commerce, Salesforce & AIOPs	CLICK HERE TO VIEW ALL TRANSACTIONS	



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