



2003

company founded

\$1.5bn

the company's current market capitalization

\$71bn

size of digital services market

33%

the company's year/year revenue growth in the first half of 2016

#1

Southwest Airlines is the company's number one client in 2016

85%

of Globant's workforce is tech professionals

339

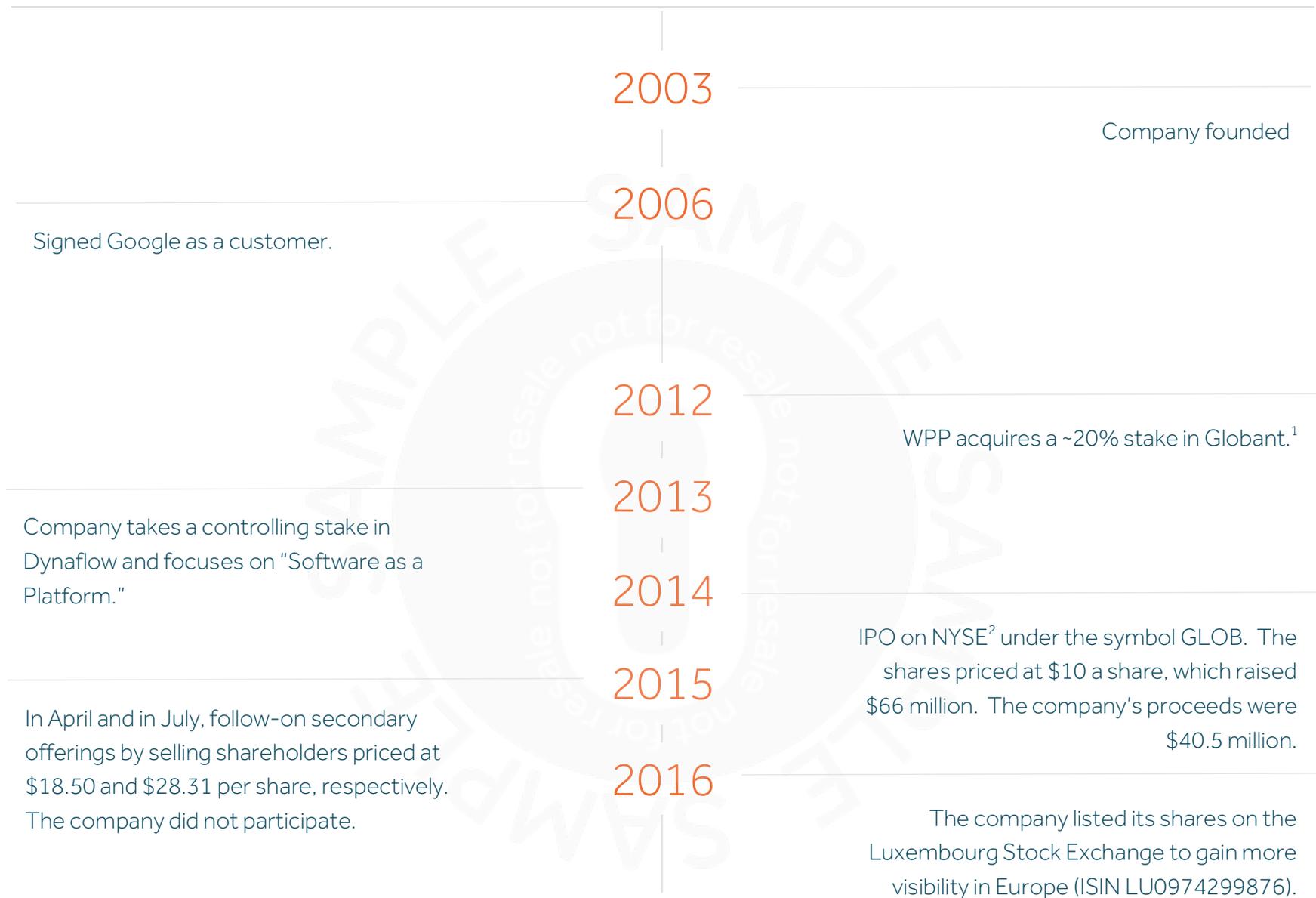
the number of employees the company added in the first half of 2016

57

the number of customers generating more than \$1 mm in revenue

Blockchain

a capability the CEO is watching



¹ <http://investors.globant.com/2013-01-02-WPP-Acquires-Stake-in-Globant>

² <http://investors.globant.com/2014-07-18-Globant-Announces-Pricing-of-Initial-Public-Offering>

COMPANY BACKGROUND

In 2003, four friends founded Globant, after being inspired by the success of India-based tech outsourcing businesses in the U.S. They believed Argentina was the perfect fit for U.S. companies due to the talent pool, cultural fit, time zone alignment and favorable regulation on data protection.

In 2006, they became concerned that Globant's growth was spreading them too thin, and the company focused on one geographic market, the U.S., and four industries: high tech, travel, telecom and financial services.

By 2016, the company describes themselves as a "digitally native technology services company" that "dreams of building digital journeys that matter to millions of users" at the "place where engineering, design and innovation meet scale."

Globant's definition of a digital journey: "a context-aware interaction between an end user and a brand or business whereby the interaction becomes a digital conversation in which technology establishes and builds a powerful experience with deep emotional connections through three key values: simplification, surprise, and anticipation."



Consider your experience and how you've delivered by simplifying, surprising or anticipating an opportunity to share with the company. Also, ask what project did they work on that exemplified these values?

The company's approach to creating digital journeys contains three pillars: **Stay Relevant, Discover, and Build.**

THE INDUSTRY

The tech services industry is highly competitive, with a range of services and competencies. Despite its history, Globant promotes itself as a pure play on emerging technologies or digital strategy and services. This differentiates them from the leaders in the IT services and consulting industry, including companies like IBM, Deloitte, Accenture, and McKinsey. The leaders offer varied and frequently more types of consulting and/or services, but most are building digital businesses too.

There is a good reason for the digital focus. IDC, a market research firm, expects digital services to become an even bigger piece of business and tech consulting engagements, growing to 80 percent of all engagements in 2019.³

Based on its research sources, Globant quotes digital services as a \$71 billion market in 2016, with a 25 percent compound annual growth rate for the next five years. Based on its 2015 revenue, Globant has approximately three – four percent share of the market, compared with Accenture who recently sized its digital-related services business at \$7 billion or 10 percent of the market.



What are the most frequent reasons clients choose a competitor over Globant? How are they addressing their shortcomings?

In addition to traditional technology consulting and outsourcing companies, Globant competes with digital agencies and design firms.

³ <http://www.idc.com/getdoc.jsp?containerId=prUS40656915>

KEY COMPETITORS:

Accenture	GlobalLogic	Mindtree HCL	SapientNitro
Aricent	Ideo	Razorfish	Tata
Cognizant Technology Solutions	Infosys Technologies	RGA	Thoughtworks
EPAM Systems	Luxoft	Sapient	Wipro

GLOBANT'S BUSINESS STRATEGY

Globant has a four-part business strategy:

1. Grow revenue with existing and new clients;
2. Remain at the forefront of innovation and emerging technologies;
3. Attract, train and retain top quality talent; and
4. Selectively pursue strategic acquisitions.

In Uncuffed's analysis, the strategy is generic, and we will focus our commentary for each pillar on performance.

1. GROW REVENUE WITH EXISTING AND NEW CLIENTS

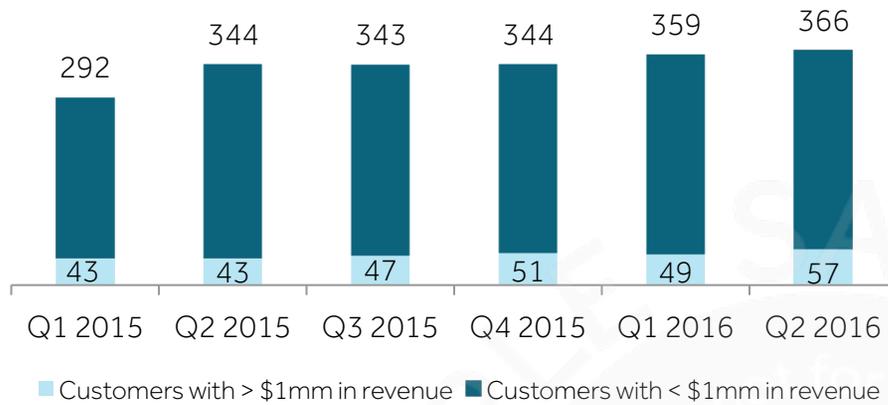
Provided most of Globant's client engagements are limited to short-term, discrete projects; the company has to sell its services continuously.



Given the transactional nature of the services they provide and the inherent volatility of projects by a specific client in a year, how do they handle a dedicated client team when it may be a slow year? What percentage of their customers are repeat users of their services?

GLOBANT CUSTOMERS

(last 12 months)



On a quarterly basis, the company provides its customer count for the last twelve months, and there has been solid growth in both total customers and size of

engagements. In the most recent quarter, there was an unusually large jump in customers contributing more than \$1 million in revenue. This performance is a marked change.



The company had terrific performance in the second quarter on customers spending more than \$1 million with Globant. What did the company do right?

Consider their second quarter performance in light of their 2015 annual numbers, which shows 47 percent of Globant's customers generated less than \$100,000 of revenue, and Globant's strongest growth was in client engagements that produced less than \$1 million in revenues.

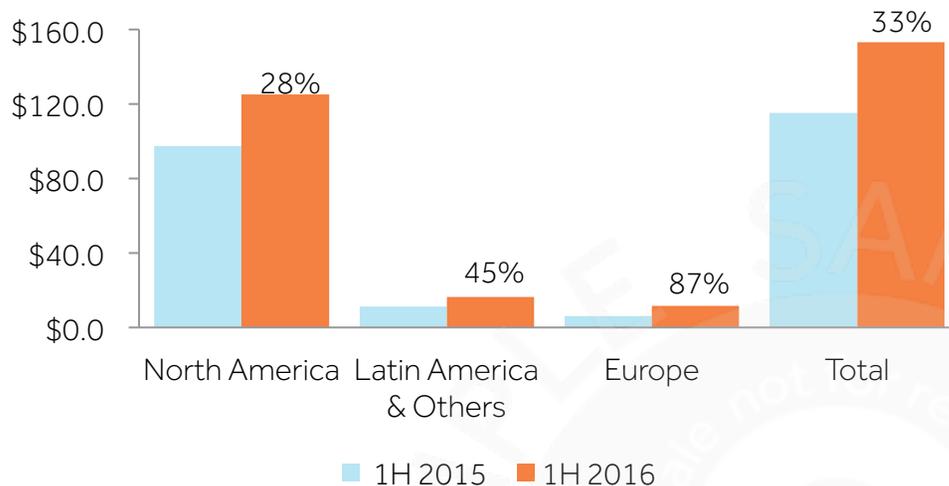
	2015	2014	Yr/Yr Change
Over \$5 million	10	10	0%
\$1 - \$5 million	41	36	14%
\$0.5 - \$1 million	30	23	30%
\$0.1 - \$0.5 million	100	83	20%
Less than \$0.1 million	163	144	13%



Consider the average contract size at Globant and how that may impact your role.

REVENUE BY CUSTOMER LOCATION

(in millions and yr/yr change)



percent and Europe at eight percent.

In the first half of 2016, revenue grew 33 percent year/year with faster growth in Europe and Latin America and Other, as compared to North America, which posted a healthy 28 percent year/year growth.

A deeper look at their customer revenue by geography shows North America is their largest market at roughly 82 percent in the first half of 2016, followed by Latin America and others (primarily India) at 11



In the first half of 2016, Globant's revenue growth is an admirable 33% year/year. That said, when you add the context of scale and competition, it looks slightly less exciting. For example, Accenture is growing at 10% year/year (and they say their digital revenues are growing 30%). Accenture's revenues are roughly 100x the size of Globant, and therefore you would expect Globant to be growing much faster than 33%. What lessons have they learned from scaling to this point? What concerns do they have with their ability to continue to scale?

When looking at their industry concentration in 2015, their single largest vertical was media and entertainment, which was not a focus of Globant's original strategy, but makes sense given their service offerings

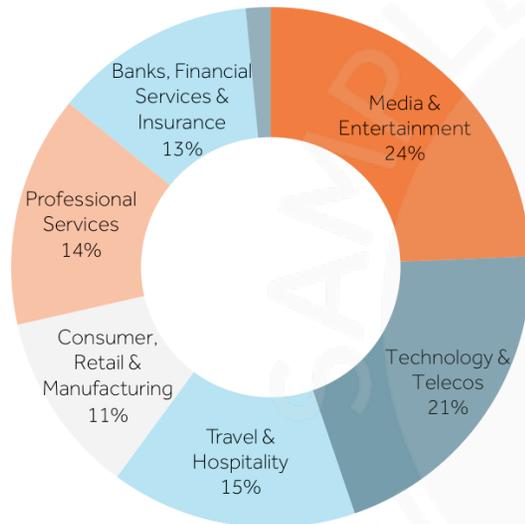
and later acquisition of the Huddle Group.



Why does the management team feel financial services is the smallest (at 13%) of the "original four" focuses from 2006, and there is no financial services client listed as notable.

REVENUE BY INDUSTRY

2015



2. REMAIN AT THE FOREFRONT OF INNOVATION AND EMERGING TECHNOLOGIES

To get a look at what the company is thinking and promoting, Globant produces a quarterly *Sentinel Report*, which includes consumer behavior observations, market trends, metrics and industry updates. This is one of Globant's examples of the **staying relevant** pillar; thought leadership to

keep their customers relevant within their industry

During the **discovery** phase, Globant works with their customers to conceive the digital journey, with a focus on the following, as per the CEO:

- **Imagine:** Vision and future scenery based on behavior, business, and technology.
- **Envision:** Identify the business variables that drive digital journeys.
- **Define:** What is missing in the organization (product definition, process, services, talent, etc.) to achieve the vision.
- **Transformation:** A sequence of actions and results to materialize the vision.

Internally, Globant is organized by technical, design, and category expertise, which the company calls *studios*. Globant believes by aligning their teams in studios; the company can deliver on specific tech challenges in emerging technologies and related market trends

Big Data	Cloud Ops	Cognitive Computing	Consumer Experience
Scalable platforms, data integration, architecture, visualization and data science.	Cloud and DevOps.	Decision making, rules engine, machine learning, and artificial intelligence.	API management, e-commerce solutions, omnichannel experiences
Continuous Evolvement	Enterprise Consumerization	Digital Content	Gaming
Software evolution, IT service management and software archaeology.	Talent management, cloud development, collaboration solutions, and enterprise operations.	Content management systems, e-learning solutions, digital marketing services and video content production.	Graphics engineering, game engineering, gaming experience and digital platform services.
Mobile	Quality Engineering	UX Design	Wearables & Internet of Things
Native development, product development and enterprise mobility	Testing center, test automation, mobile testing, load and performance testing.	Service, user experience, industrial and visual design.	Wearable application usability and interface design, hardware design and integration, and data design and management.

Globant publishes a portion of its customer satisfaction survey results. Overall customer satisfaction fell slightly in 2015 to 85.7 from 86.4 in 2014. Six of their studios improved their scores year/year, while four studios slipped, including quality engineering, UX design and continuous evolution, and digital content. There was no data available for their newer studios, cognitive computing, and wearables & internet of things.

Customer Satisfaction			
Highest Rated Studios		Lowest Rated Studios	
1. Gaming	92.1	1. Continuous Evolution	77.8
2. Cloud Ops	89.2	2. UX Design	82.3
3. Enterprise Consumerization	88.8	3. Big Data	83.7

The company asked their customers to “determine their level of satisfaction regarding innovation in the project developed?” The overall score declined to 78.0 from the prior year’s 82.4 and was below the company’s target of 82 out of 100.

Innovation			
Highest Rated Studios		Lowest Rated Studios	
1. Continuous Evolution	95.7	1. UX Design	60.0
2. Mobile	90.0	2. Quality Engineering	74.3
3. Gaming	85.4	3. Cloud Ops	78

Once the scope of the engagement is defined, Globant works in agile pods. It’s a multi-disciplinary team responsible for **building** the solutions.

Globant is promoting “services as a platform.” The company has a pre-built solution as a starting point and then customizes it to the customer’s needs. The company has four, including **I am at, Starmeup, Acamica, Colloquia**. Globant is pricing these “digital journeys” on a consumption basis (per

user, per transaction, etc.), potentially creating a recurring revenue stream and allowing them to scale faster.

3. ATTRACT, TRAIN, AND RETAIN TOP QUALITY TALENT

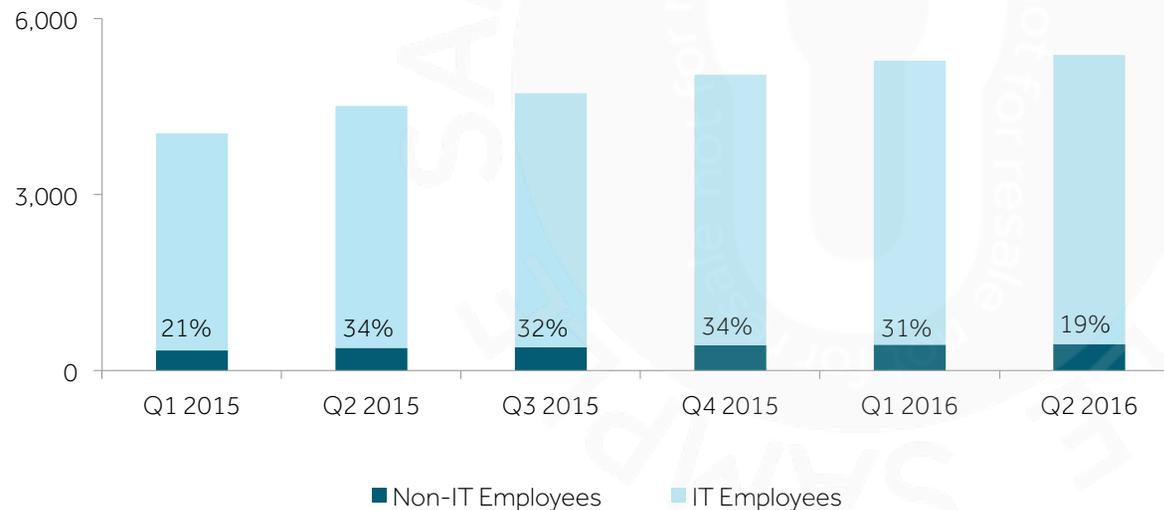
In a talent-driven product like tech services, it will come as no surprise their single largest expense is their client delivery personnel.



In some ways, Services as a Platform is opposed to the company's desire for larger engagements. Ask about their goals for these solutions and consider your desire to work on projects of this type? Does it free you up to do higher-level development or does your development work become more mundane?

EMPLOYEES

(Quarter-end count and yr/yr % change for total employees)



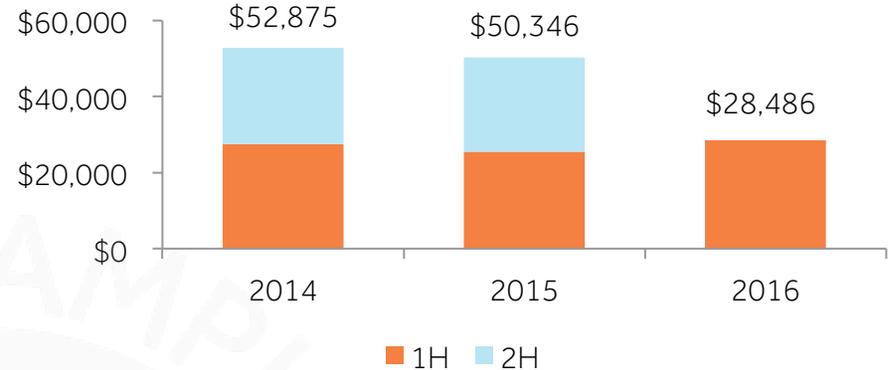
The company has a stated goal of increasing revenue per employee to become more efficient.

After declining in 2015, Globant should increase revenue per employee in 2016 to a record, as long as the second half of the year's performance replicates the first half. This performance is being driven primarily by revenues increasing at a faster rate than headcount. Revenue growth in the first half of the year was 33 percent, while employee growth was 19 percent year/year.

Another contributing factor, attrition has risen approximately one percentage point or ~50 more employees leaving the company from its experience in 2015, but it has improved from 2013/2014.

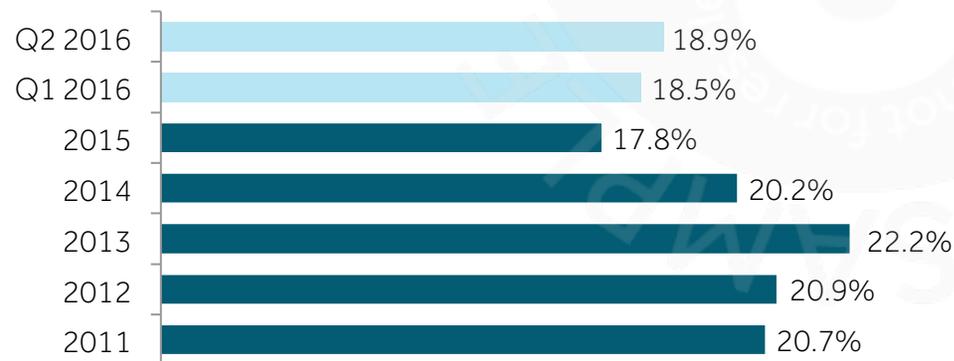
REVENUE PER EMPLOYEE

(end of period employee count)



ATTRITION

(trailing 12 months)



By U.S. standards, Globant's attrition rate is high, but Globant is more akin to an India-based tech services company. In comparison to Wipro (20%) and Tata (13%), Globant's attrition rate is in the middle. You may want to understand how attrition rate impacts projects, clients, culture.

The senior management team has been incredibly stable, with no turnover in 2014, 2015 or the first part of 2016.

Name	Title	Start Year
Martín Migoya	Chief Executive Officer	co-founder
Martín Gonzalo Umaran	Chief of Staff	co-founder
Guillermo Marsicovetere	Chief Operating Officer	2007
Guibert Andrés Englebienne	Chief Technology Officer (Global)	co-founder
Nestor Nocetti	Executive Vice President, Corporate Affairs	co-founder
Alejandro Scannapieco	Chief Financial Officer	2008
Natalia Kanefsck	Chief Accounting Officer	2012
Guillermo Willi	Chief People Officer	2011
Gustavo Barreiro	Chief Information Officer	2010
Andrés Angelani	Chief Solutions Officer	2004
Patricio Pablo Rojo	General Counsel	2013
Wanda Weigert	Director of Communications & Marketing	2005

Globant describes its culture as "entrepreneurial, flexible, and team-oriented." They claim to empower employees through:

- **Autonomy:** take ownership of their client's projects, professional development, and their careers;
- **Mastery:** expecting constant improvement and exceeding expectations; and
- **Purpose:** building a company for the long-term that breaks from the status quo.



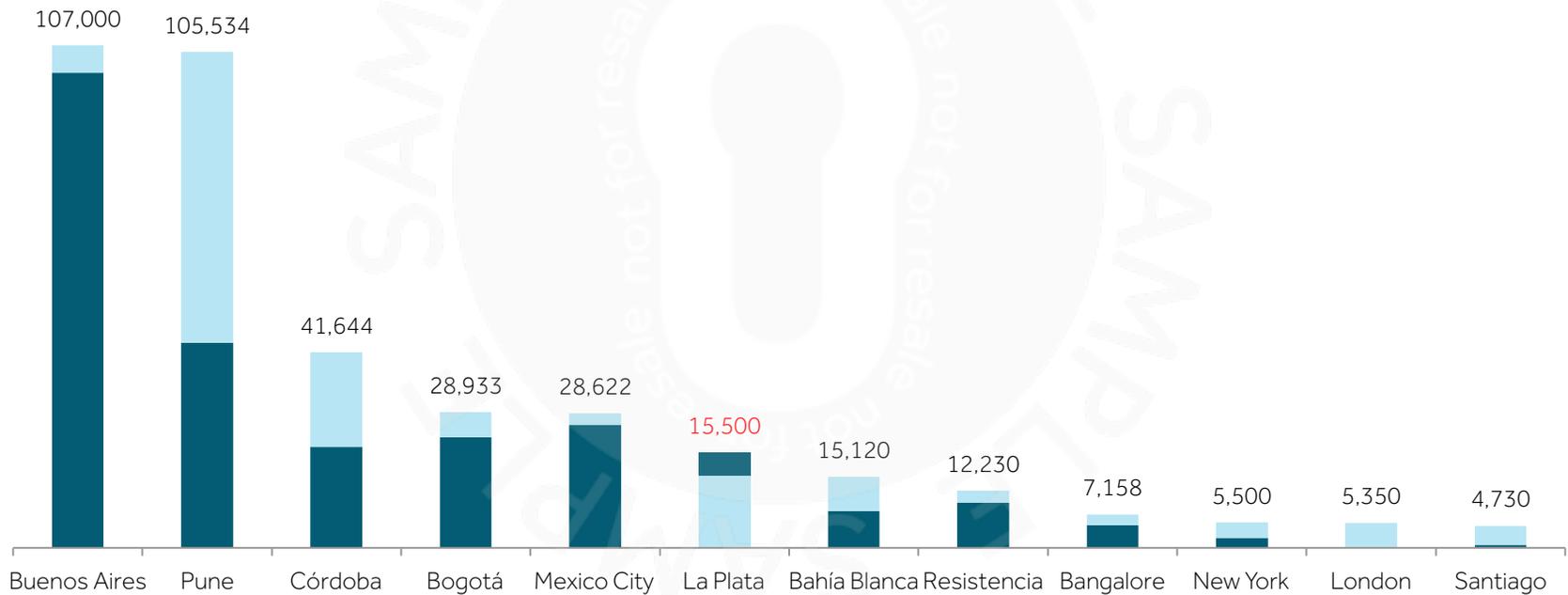
The company has said that every employee needs to be an innovator. Consider highlighting how you've demonstrated innovation in your experience that led to results.

The company promotes their core values as “act ethically, think big, constantly innovate, aim for excellence in your work, be a team player, and have fun.”

One of the founders' original visions was to create world-class career opportunities for technology professionals, not just in metropolitan areas, but also within outlying cities within Latin America. As of June 30, 2016, the company has 35 offices in 11 countries.

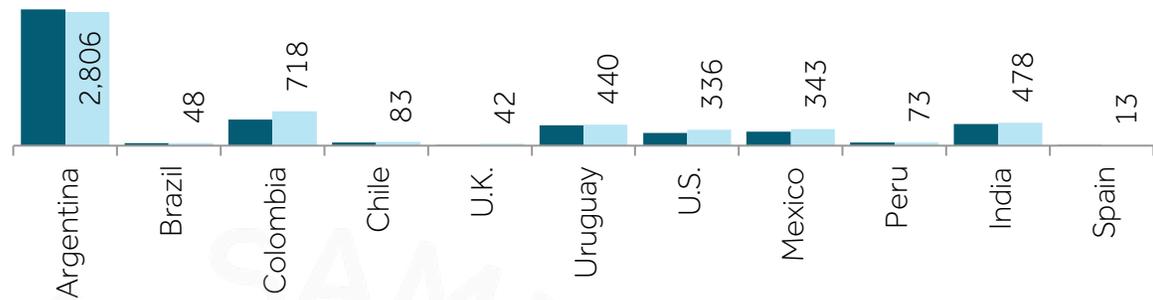
GLOBALT LOCATIONS WITH SQUARE FOOTAGE CHANGE (total square feet)

6/30/16 12/31/15



EMPLOYEES BY LOCATION

One interesting note: In 2015, the company bought land in Tandil, Argentina, where they plan to build a new facility to consolidate their regional delivery centers, which appears to contrast with their original goal.



Regarding employees, Globant added 339 employees in the first half of 2016, from year-end, primarily in Columbia (171), the U.S. (65) and Mexico (51), with Argentina posting a decline of 49 employees. The decline in Argentina is troubling, as it's their home market. Given Globant's consistent success, Argentina should be its easiest market to recruit and retain talent.



The company says they believe strongly in a global career path - understand how to capitalize on this within the company, particularly if you are located in the U.S. and Europe.

4. SELECTIVELY PURSUE STRATEGIC ACQUISITIONS

The company has stated it will acquire companies that "deepen our relationship with key clients, extend our technology capabilities, broaden service offerings and expand the geographic footprint of delivery centers, beyond Latin America."

Year	Company	Rationale & Notes
2008	Accendra	Microsoft software development expertise, volume pre-IPO
2008	Openware	Security management, volume pre-IPO
2011	Nextive	Mobile
2012	TerraForum	Expansion in Brazil
2012	Globers S.A.	Travel services acquired from founders.
2013/2014	Huddle Group	Media and entertainment industry. Acquired an 86.25% stake in October 2013 and the remaining 13.75% stake in October 2014.
2014	Bluestar Energy aka Bluestar Peru	Retail energy industry, particularly AEP.
2015	Clarice Technologies	India expansion. Clarice has a performance-related contingent payment of \$10.9 million subject to gross revenue, gross profit and additional employee targets through 2018, payable in installments.
2013/2015	Dynaflows	Broaden services over platform strategy. Acquired a 22.75% stake in August 2013 and an additional 38.5% stake in October 2015, giving the Globant control. The company holds a call option to purchase the remaining stake in October 2020 and expiring in a year later.
2016	WAE	Deepen strategy expertise and relationships with clients in U.S. and U.K.

Every acquisition is likely contested because nearly every company in tech consulting is expanding its digital capabilities and teams. In fact, Uncuffed believes Globant is an acquisition target itself. In its earlier days, it was disclosed that an India-



Provided the company is a likely acquisition target, this carries additional risk for employees.

based tech services company approached Globant for a possible combination.

As you can see above in the case of Dynaflows, Globant is open to taking minority positions. Today, the company has 20 percent stakes in two of their services as a platform offerings, Colloquia and Acamica.

Year(s)	Company	Rationale	Stake
2014, 2015, 2016	Colloquia	Services as a Platform - employee collaboration	20%
2016	Acamica	Services as a Platform - elearning	20%

CONCLUSION

Globant has performed very well against its stated business strategy. If the company continues to grow, it is never going to be a smooth ride, and there are some concerns around attrition and customer satisfaction. That said, Globant's industry selection, stable management team and clearly defined goals make it a company worth serious consideration for employment.

1. What engagement/project did you work on that best represents your key values of simplification, surprise, and anticipation?
2. What are the most frequent reason clients choose a competitor over Globant? How is the company addressing its shortcomings?
3. If a client has less work in a year, how do you handle dedicated client teams?
4. What industries and geographies are you most excited about?
5. The number of customers spending more than \$1 million jumped substantially in the second quarter, what did the company do right?
6. The growth of the company is admirable, what lessons have they learned from scaling to this point?
7. What concerns do they have with their ability to continue to scale?
8. Digital is such a fast growing market – do they feel that they are riding the wave of a great market or truly distinguishing themselves?
9. Why is financial services the smallest of the original four focus markets? Is the company missing any core competencies to compete effectively in this industry?
10. What are your goals for services as a platform?
11. What are the causes of the increase in attrition and how has that impacted the workforce and your clients?