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**Still looking good for a smooth landing, however, uncertainty around the path of rates, the elections and geo-politics will keep markets on edge. Uncertainty has historically not helped with M&A.**

- The Bureau of Labor Statistics (BLS) reported in August it had overestimated US nonfarm payroll job growth. Average monthly job growth went from 246,000 between April 2023 to March 2024 to a **still healthy 178,000**. For context, the average pre-COVID payroll number since 2000 has been 137K.
- **About 78% of companies beat their Q2 earnings estimates**, which is above the 5- and 10-year averages. However, the magnitude of these earnings surprises, at about 4.5%, was lower than the historical average of around 8%.
- **Revenues grew at a slower pace**, with a blended growth rate of 5.2%. While this marks the 15th consecutive quarter of revenue growth, fewer companies reported revenues above estimates compared to prior periods.
- **Unemployment rates have been slowly but surely creeping up** from 3.7% in January to 4.2% in August and **inflation has gradually come down to below 3%**.
- **Equity markets have been volatile** with the CBOE Volatility Index (VIX) up 6.5 percentage points (almost 50%) since the start of the year. However, both the S&P and the NASDAQ are actually up 2% from the start of the summer!
- **Rate markets are expecting the Fed to lower rates by 25bp in September** and to 3.5%-3.75% by 2025 from its current level of 5.25%-5.50%.
- **Delinquency rates have been rising for consumers and businesses** but remain comfortably below historical averages.

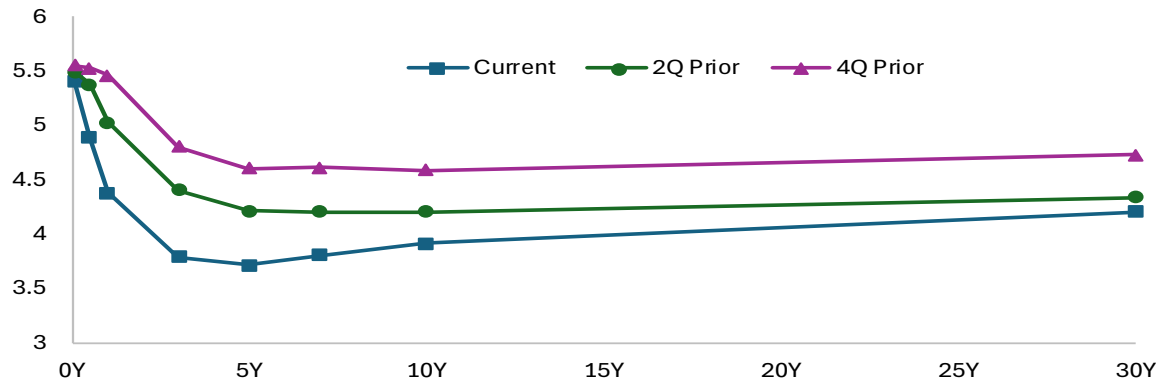
*Economic Indicators are a mixed bag – which is what you would expect in a “smooth” landing.*

		Current	As of	1Y Ch	1Y % Ch	Current	Hist. Avg	1Q Prior	2Q Prior	3Q Prior	4Q Prior
<b>RATES, INFLATION AND UNEMPLOYMENT</b>											
10y Constant Maturity Tsy Yield	DGS10	3.91	8/30/2024	-0.27	-6.5	3.91	3.27	4.36	4.20	3.95	4.59
CPI	FPCPITOTLZGUSA	2.92	7/1/2024	-0.77	-20.9	2.92	2.58	2.98	3.48	3.11	3.69
Unemployment Rate	UNRATE	4.30	7/1/2024	0.80	22.9	4.30	5.72	4.10	3.80	3.70	3.80
Initial Claims 4-week MA	IC4WSA	230.00	8/31/2024	-7.75	-3.3	230.00	377.98	238.75	214.50	205.75	237.75
Nonfarm Payroll Change (Unrevised)		142.00	8/1/2024	-104.00	-42.3	142.00	139.48	118.00	310.00	256.00	246.00
<b>INDEXES AND INDICATORS</b>											
Sahm Recession Indicator	SAHMREALTIME	0.53	7/1/2024	0.43	430.0	0.53	0.49	0.43	0.30	0.20	0.20
Michigan Consumer Sentiment	MICH	66.40	7/1/2024	-5.10	-7.1	66.40	83.07	68.20	79.40	79.00	67.80
Chicago National Financial Conditions Index	NFCI	-0.50	8/30/2024	-0.14	38.3	-0.50	-0.35	-0.52	-0.48	-0.49	-0.35
<b>MARKETS</b>											
S&P 500	SP500	5648.40	8/30/2024	1132.63	25.1	5648.40	-	5460.48	5254.35	4742.83	4288.05
NASDAQ	NASDAQCOM	17713.62	8/30/2024	3681.81	26.2	17713.62	-	17732.60	16379.46	14765.94	13219.32
VIX	VIXCLS	15.00	8/30/2024	1.91	14.6	15.00	19.90	12.44	13.01	13.20	17.52
ICE Corp BBB OAS	BAMLC0A4CBBB	1.18	8/30/2024	-0.34	-22.4	1.18	2.03	1.17	1.15	1.31	1.51
ICE Corp HY OAS	BAMLH0A0HYM2	3.13	8/30/2024	-0.77	-19.7	3.13	5.49	3.18	3.12	3.54	4.03
<b>DELINQUENCIES</b>											
Consumer Loan Delinquency	DRCLACBS	2.74	4/1/2024	0.36	15.1	2.74	2.83	2.68	2.60	2.52	2.38
Credit Card Delinquency	DROCLACBS	3.25	4/1/2024	0.48	17.3	3.25	3.46	3.15	3.08	2.96	2.77
Single Family Mortgage Delinquency	DRSFRMACBS	1.73	4/1/2024	0.00	0.0	1.73	4.35	1.71	1.70	1.72	1.73
Commercial Real Estate Loan Delinquency	DRCRELEXFACBS	1.42	4/1/2024	0.57	67.1	1.42	2.36	1.21	1.15	1.06	0.85
Business Loan Delinquency	DRBLACBS	1.13	4/1/2024	0.13	13.0	1.13	1.80	1.12	1.03	0.97	1.00

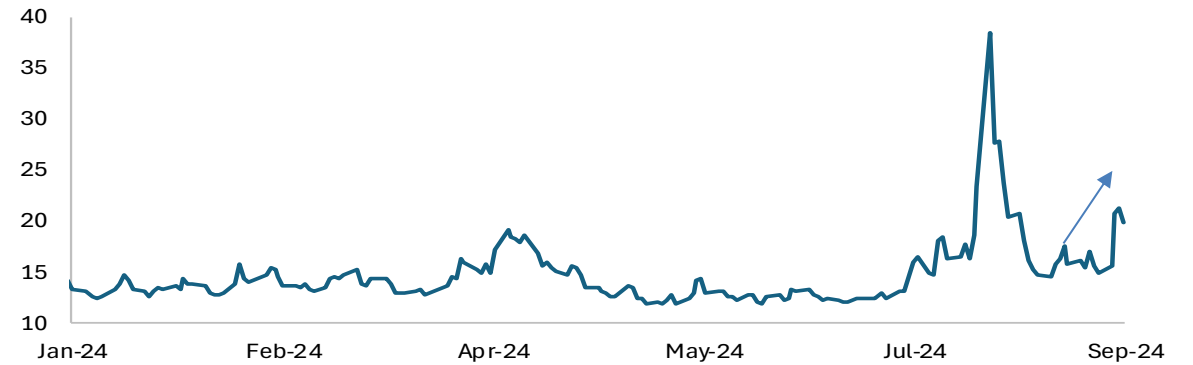
\*Source: Federal Reserve, Yahoo Finance.

**The time has come for policy to adjust - US Federal Reserve Chair Jerome Powell. Markets expect 25bp in September**

Treasury Yield Curve



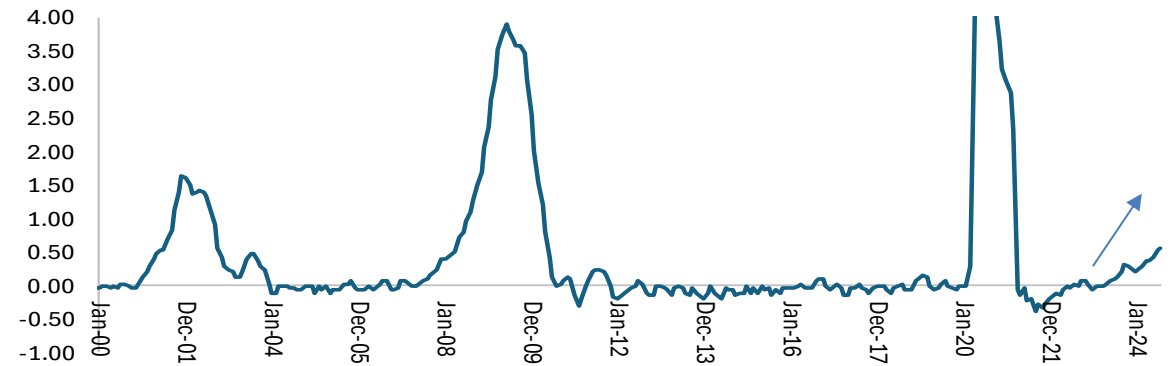
CBOE Volatility Index



Michican Consumer Sentiment Survey



SAHM Recession Index



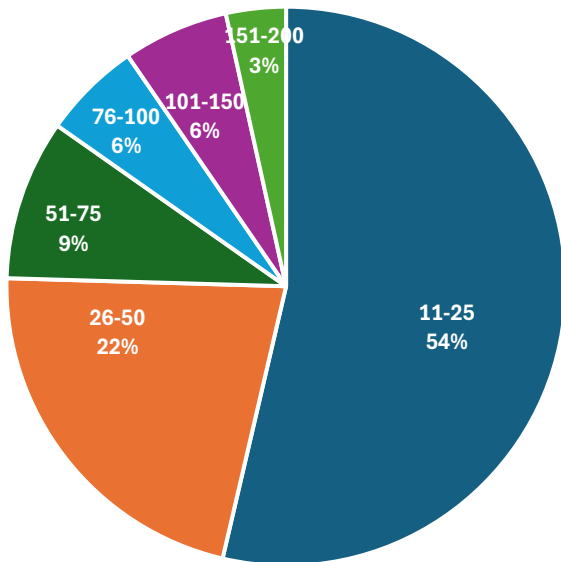
\*Source: Federal Reserve, Yahoo Finance.

Tier 1 and Tier 2 cities like Austin, San Antonio, Houston and Dallas have critical size, a high density of SMBs per MSP and SMB growth profiles that are at or above average.

- In our January-June 2024 Newsletters we provided a brief overview of the IT MSP space in the greater NY, FL, IL, Mid-Atlantic and Mountain State areas.
- This month we take a closer look at IT MSPs in Texas.
- The key difference between Texas and the other regions we have studied lies in the high concentration of economic activity within its largest metropolitan areas such as Dallas-Ft. Worth, Austin, Houston and San Antonio. Roughly 89% of MSPs and 61% of the SMBs in the state lie in the top 25 cities/towns compared with 73% and 44% respectively for the other regions.
- We estimate there are 1,357 firms in Texas providing some degree of Managed IT services. 36% located in Dallas-Ft. Worth area, 16% located in Houston, 13% in Austin, and 6% in San Antonio.
- We excluded IT firms with 10 or fewer employees. 75% of the remaining MSPs have between 11-50 employees.
- 60% of the MSPs have shown stable y-o-y headcount growth, 32% have grown more than 10%, while 8% have shrunk by more than 10%\*\*.
- To assess how attractive it might be to target an MSP business in a city, we look at two key metrics – SMB per MSP and SMB Growth %
  - SMB per MSP: We define this as number of Small and Medium Sized Businesses (SMBs) per MSP. The greater the number of SMBs per incumbent MSP the more desirable it would be to target an MSP in a city. Across all top 25 MSP cities\*\*\*, the average value for this metric is 256.
  - SMB Growth%: We define this as the fraction of SMBs in a city that grew y-o-y headcount by over 10%. The greater this fraction the more desirable it would be to target an MSP in the city. Across all top 25 MSP cities, the average value for this metric is 14%.
  - Fort Worth has the highest SMB per MSP count at 1882 while College Station and Cedar Park have the highest SMB Growth % at 19%.

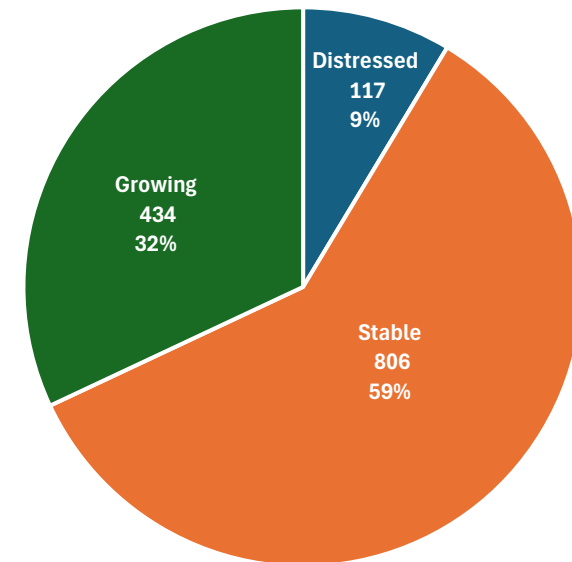
- We estimate there are 1,357 MSPs in Texas providing some degree of Managed IT services.
- 54% have 11-25 employees, 22% have 26-50, 15% have 51-100 and 9% have over 100 employees.\*\*
- 59% of the MSPs have shown stable y-o-y headcount growth, 32% have grown more than 10%, while 9% have shrunk by more than 10%\*\*\*.

MSPs By Employee Count in Texas  
(1,357 Firms)



76% of MSPs  
have between  
11-50 employees  
~  
\$2MN - \$12.5MN  
in Revenue

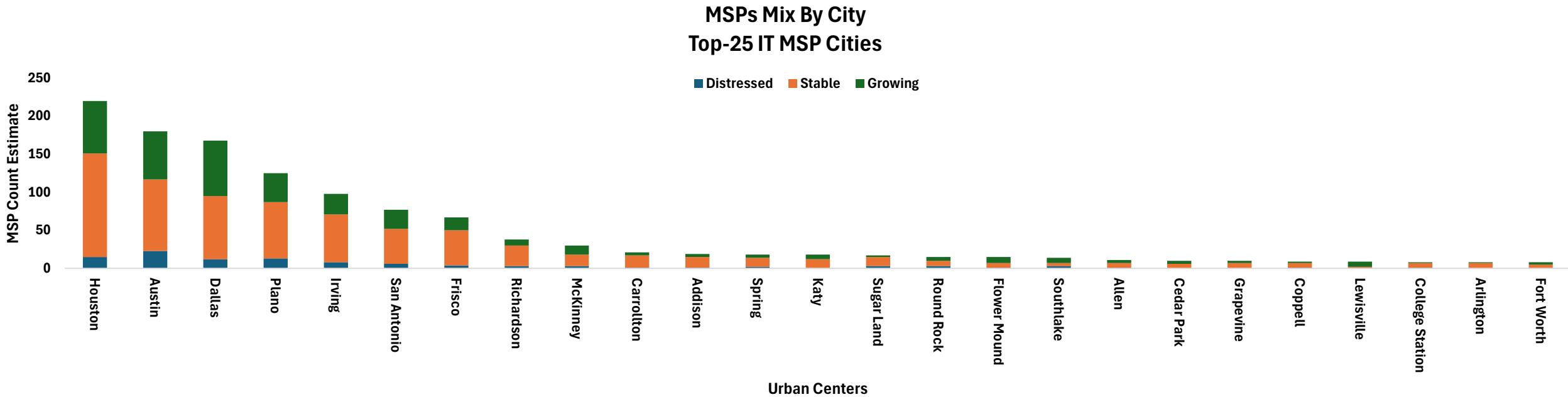
MSP by Headcount Growth in Texas Area  
(1,357 Firms)



\*Source: Linked-In.

\*\*We excluded firms with 10 or fewer employees for this study. \*\*\*Firms exhibiting more than 10% y-o-y decrease or increase in headcount growth are categorized as Distressed or Growing respectively. The remaining firms are categorized as Stable.

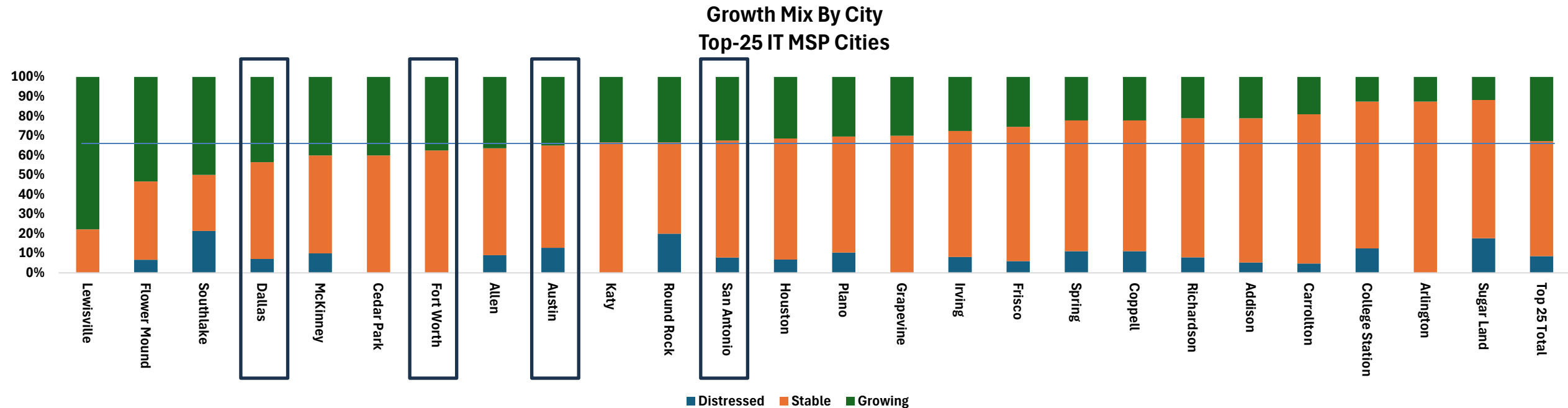
- Dallas Area\*, Houston, Austin, and San Antonio have the largest number of MSPs.
- The Top-25 MSP cities have 1,213 MSPs, about 89% of the total MSP count in TX.



\*Source: Linked-In.

\* Dallas area includes Dallas, Forth Worth, Plano, Frisco, Irving, Arlington and Carrollton. \*\*We excluded firms with 10 or fewer employees for this study. \*\*\*Firms exhibiting more than 10% y-o-y decrease or increase in headcount growth are categorized as Distressed or Growing respectively. The remaining firms are categorized as Stable.

- Dallas, Fort Worth, Austin and San Antonio have large number of MSPs and a larger share of MSPs that are growing head count at over 10% compared to the state average of about 33%.



\*Source: Linked-In.

\* Dallas area includes Dallas, Fort Worth, Plano, Frisco, Irving, Arlington and Carrollton. \*\*We excluded firms with 10 or fewer employees for this study. \*\*\*Firms exhibiting more than 10% y-o-y decrease or increase in headcount growth are categorized as Distressed or Growing respectively. The remaining firms are categorized as Stable.



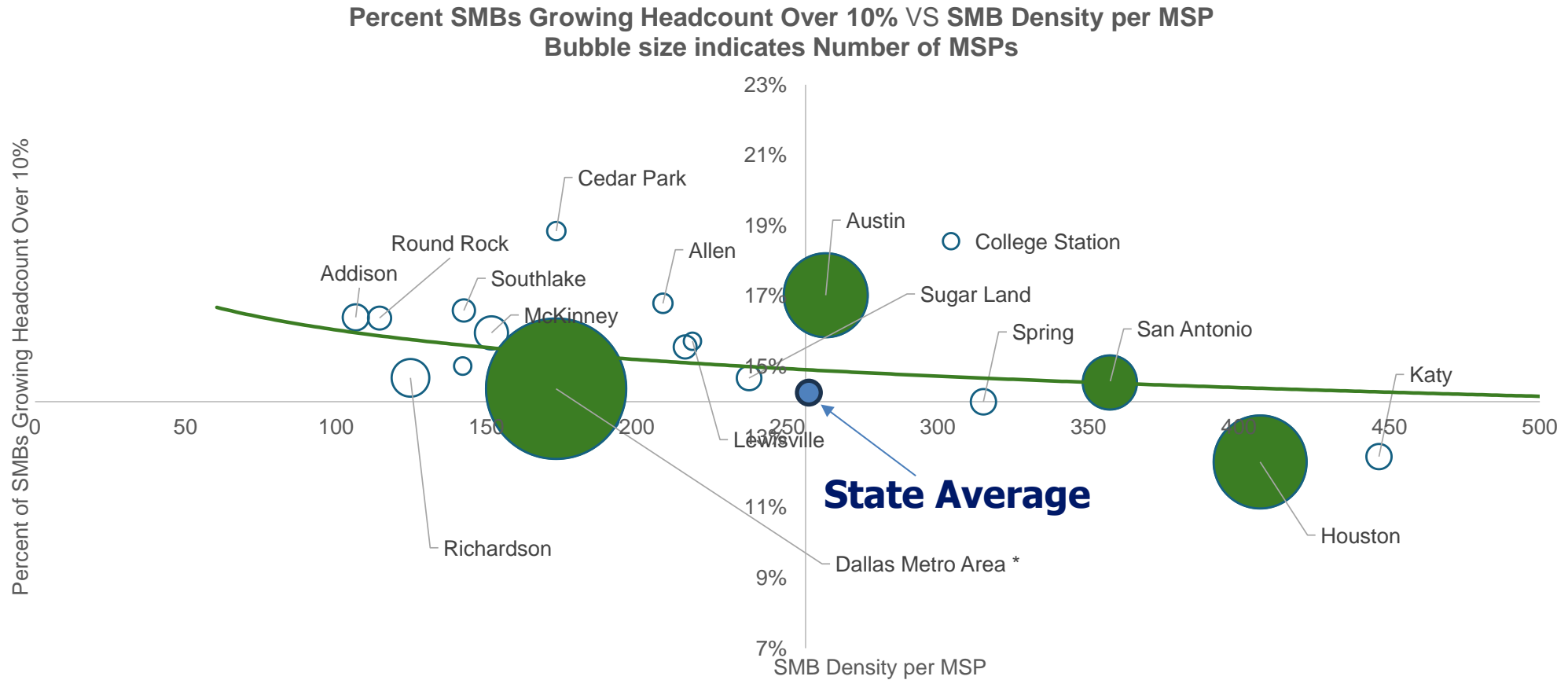
- To assess how attractive it might be to target an MSP business in a city, we look at two key metrics
  - SMB per MSP: The number of Small and Medium Sized Businesses (SMBs) per MSP. The greater the number of SMBs per incumbent MSP the more desirable it would be to target an MSP. Across all top 25 MSP cities, the average value for this metric is 256.
  - SMB Growth%: The fraction of SMBs in a city that grew y-o-y headcount by over 10%. The greater this fraction the more desirable it would be to target an MSP. Across all top 20 MSP cities, the average value for this metric is 14%
  - Fort Worth has the highest SMB per MSP count at 1882 while College Station and Cedar Park have the highest SMB Growth % at 19%.**

Top 25 MSP Towns	SMB (1-500) / MSP	% Large MBs*	SMB Growth%	MSP Count
Houston	407	13%	12%	220
Austin	263	15%	17%	180
Dallas	298	15%	14%	168
Plano	94	13%	13%	125
Irving	60	22%	17%	98
San Antonio	357	12%	15%	77
Frisco	81	15%	18%	67
Richardson	125	16%	15%	38
McKinney	152	14%	16%	30
Carrollton	182	18%	14%	21
Addison	107	23%	16%	19
Katy	447	12%	12%	18
Spring	315	10%	14%	18
Sugar Land	237	13%	15%	17
Flower Mound	216	16%	16%	15
Round Rock	114	13%	16%	15
Southlake	143	17%	17%	14
Allen	209	13%	17%	11
Cedar Park	173	13%	19%	10
Grapevine	191	16%	13%	10
Lewisville	218	18%	16%	9
Coppell	142	19%	15%	9
Fort Worth	1882	14%	13%	8
College Station	304	18%	19%	8
Arlington	786	13%	13%	8
Dallas Metro Area *	173	15%	14%	495
<b>Top 25 Total</b>	<b>256</b>	<b>14%</b>	<b>14%</b>	<b>1213</b>

\* % Large MBs is the proportion of SMBs with 11-500 employees

\* Dallas area includes Dallas, Forth Worth, Plano, Frisco, Irving, Arlington and Carrollton. \*\*We excluded firms with 10 or fewer employees for this study. \*\*\*Firms exhibiting more than 10% y-o-y decrease or increase in headcount growth are categorized as Distressed or Growing respectively. The remaining firms are categorized as Stable.

- Cities like Dallas Metro area, Austin, San Antonio and Houston are the sweet spot to target MSPs. They have reasonable scale and either have higher than average SMB count per MSP, or they are cities with higher-than-average SMB growth profile.

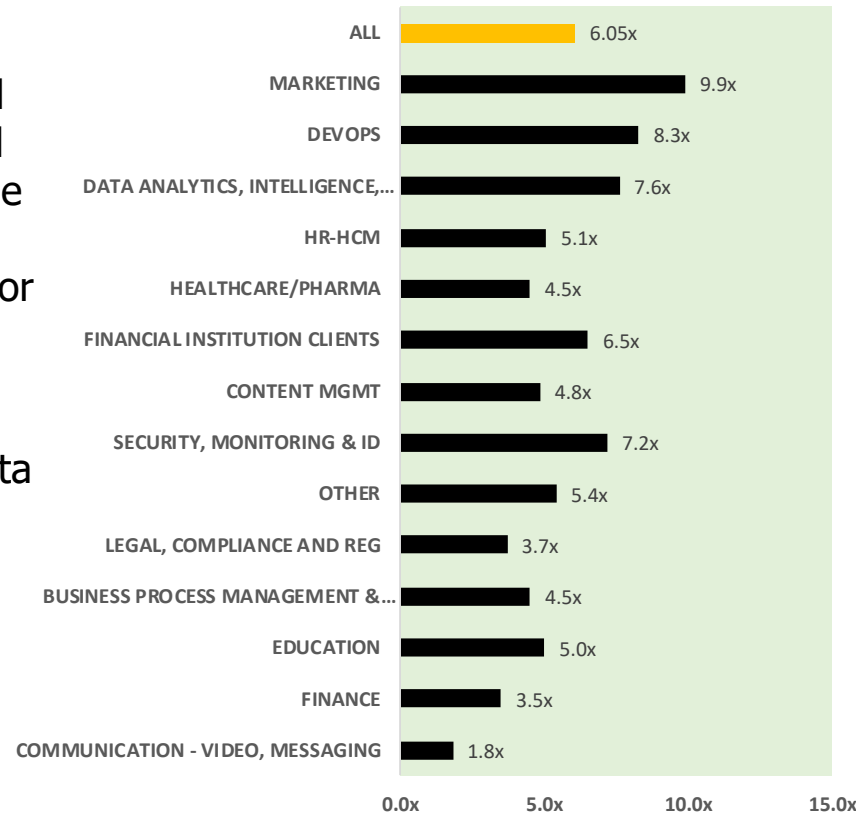


\*Source: Linked-In.

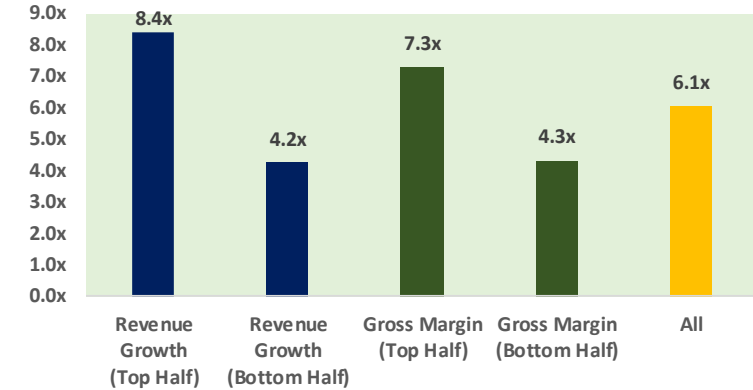
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- The aggregate SaaS TTM Revenue Multiple contracted about 0.13 pts in **July 2024** to **6.05x** from **6.18x** in **June 2024**.
- SaaS TTM multiple contracted with the broad stock market slightly rallying. S&P 500 rallied 0.9% in July and 4.1% in second quarter. The rally in broader indexes is being driven by strong earnings report, which boosted investor confidence.
- **Sector Mattered:** Multiples contracted for Horizontals like Security monitoring & ID, Data Analytics and expanded for Verticals like Business Process Management, Financial Institutions, HR-HCM.
- **Quality Mattered:** The difference in multiples between Top Half and Bottom Half companies by Revenue growth and Gross Margin decreased.

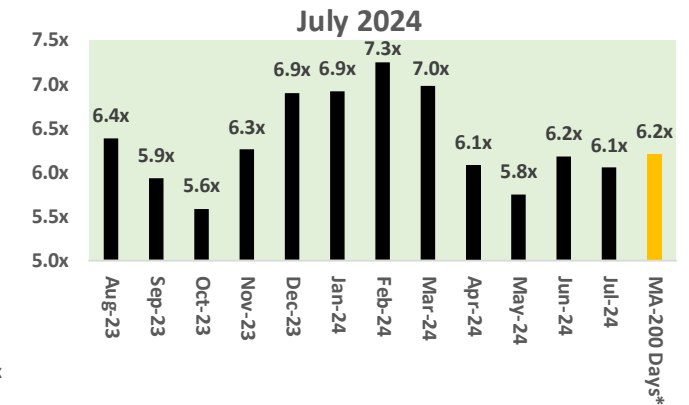
Revenue Xs By SaaS Sector (ME July 2024)



SaaS Revenue Xs (ME July 2024) By Quality



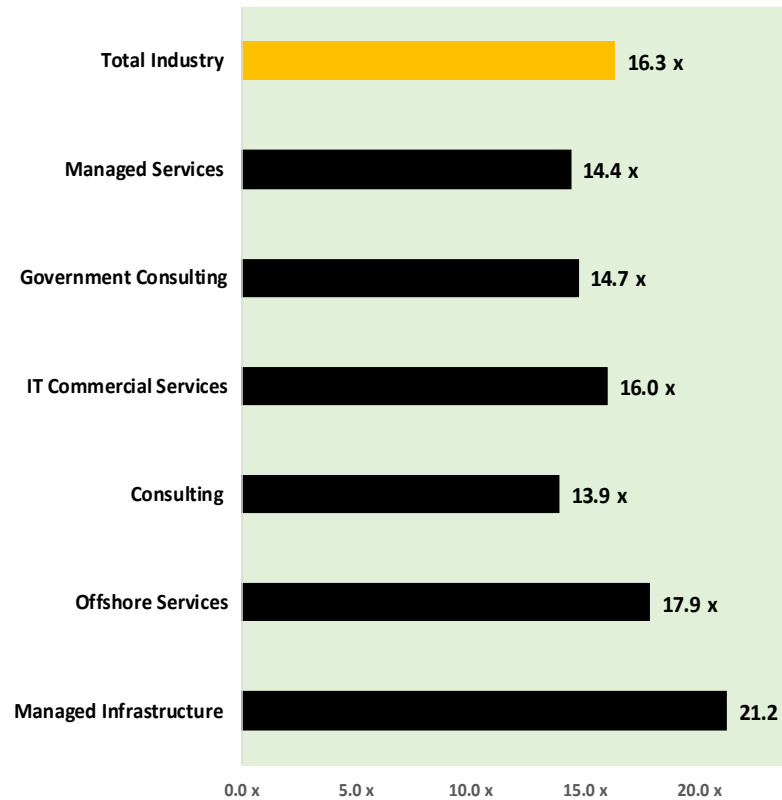
Recovery in SaaS Revenue Xs Stalled in



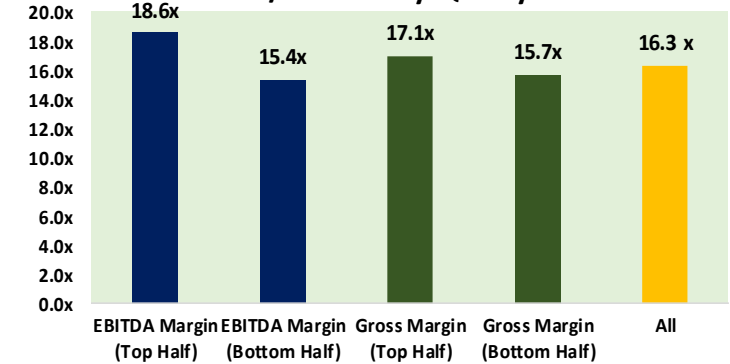
\*Source: Yahoo Finance.

- The aggregate IT Services TTM EBITDA Multiple expanded about 1.0x pts in **July 2024** to **16.4x** from **15.4x** in **June 2024**.
- Multiples expanded across sectors with leaders being Managed Services, Offshore Services and Consulting sectors that expanded 1.1x, 1.7x and 1.2x respectively. Multiple expansion was driven by strong equity market performance for the IT sector in July.
- The EV/ EBITDA Multiple for Top half of companies with above average EBITDA and Gross margins traded at higher multiples compared with the bottom half a theme we see for the SaaS sector as well.
- The EV/EBITDA multiple touched 52 week high at **16.4x** for **July 2024**.

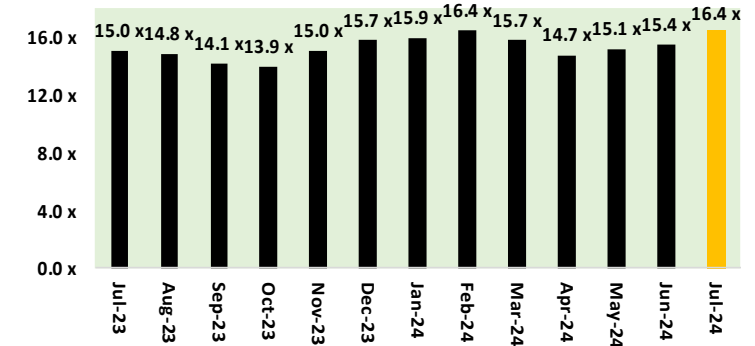
Average EV/EBITDA across Industry



EV/ EBITDA by Quality



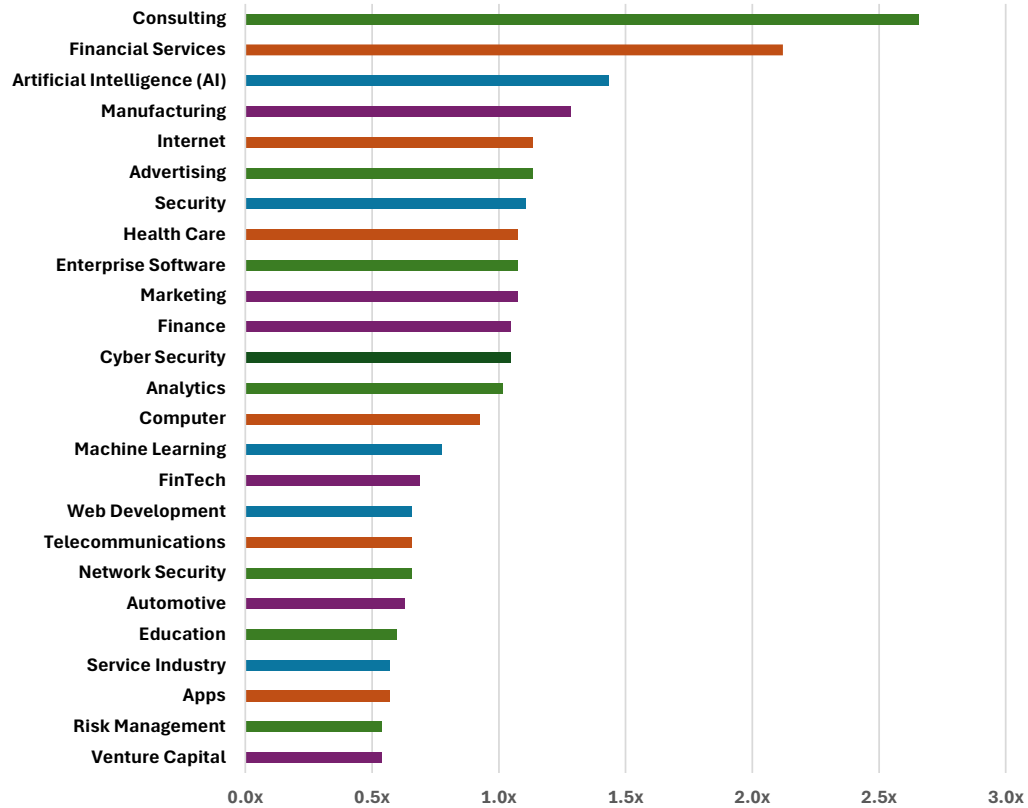
Monthly EV/EBITDA Multiple Trend



\*Source: Yahoo Finance.

**Consulting, Financial Services, AI/ML and Manufacturing were key M&A themes in July 2024**

**Relative Frequency of Occurrence of Top 25 Acquiree Industries**



\*Source: Crunchbase.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$m)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
Jan-24	Message Broadcast, LLC	Energy Impact Partners LLC; OceanSound Partners, LP	260	14.1x	NA	Application Software	Target designs and develops customer engagement and communication solutions for blue-chip enterprise customers in the U.S.
Jan-24	Appshark Software, Inc.	Cambridge Technology Enterprises Limited	5	NA	1.2x	IT Consulting and Other Services	Target operates as a Salesforce consulting and custom development company.
Jan-24	EngageSmart, Inc.	Vista Equity Partners Management, LLC	2,172	73.6x	9.7x	Application Software	Target provides vertically-tailored customer engagement and integrated payments solutions to SMBs in health and wellness
Mar-24	Stuzo, LLC	ParTech, Inc.	189	13.5x	4.7x	IT Consulting and Other Services	Target provides managed services and technology solutions for brands and agencies in the United States and internationally.
Mar-24	LZG International, Inc.	Genius Group Limited (NYSEAM:GNS)	35	NA	2.0x	Application Software	Target operates as an artificial intelligence (AI) solutions company
Mar-24	Splunk Inc.	Cisco Systems, Inc. (NASDAQGS:CSCO)	28,500	169.8x	7.4x	Application Software	Target develops and markets cloud services and licensed software solutions in the United States and internationally including unified security and observability platform
Mar-24	Alteryx, Inc.	Insight Venture Management, LLC; Clearlake Capital Group, L.P.	4,323	NA	4.8x	Application Software	Target automates tasks for workers across the analytics value chain.
Apr-24	Red Lion Controls, Inc.	HMS Networks AB (publ) (OM:HMS)	345	NA	2.7x	Electronic Equipment and Instruments	Target manufactures communication, monitoring, and control products for industrial automation and networking.
Apr-24	CAM2 Technologies, LLC	908 Devices Inc. (NASDAQGM:MASS)	76	NA	5.6x	IT Consulting and Other Services	Target offers IT consulting services.
May-24	MTL Holdings, Inc.	Carlisle Companies Incorporated (NYSE:CSL)	413	NA	3.1x	Technology Distributors	Target manufactures Plastic Products, Specializing In Flat Panels (100%).
May-24	ZeroFox Holdings, Inc.	Haveli Investment Management LLC; Haveli Investments Software	323	NA	1.4x	Systems Software	Target engages in the provision of software-as-a-service-based external cybersecurity solutions that focuses on exposing, disrupting, and responding to threats outside the traditional corporate perimeter.
May-24	Map Dynamics, LLC	ARway Corporation (CNSX:ARWY)	1	4.2x	0.9x	Application Software	Target develops and offers self-service event management tools through its event home base technology.
Jun-24	Transphorm, Inc.	Renesas Electronics Corporation (TSE:6723)	337	NA	18.0x	Semiconductors	Target develops, manufactures, and sells semiconductor components for high voltage power conversion applications
Jun-24	Model N, Inc.	Vista Equity Partners Management, LLC	1,161	117.9x	4.5x	Application Software	Target provides cloud revenue management solutions for life sciences and high-tech companies in the United States and internationally.
Jun-24	TSR, Inc.	-	20	7.8x	0.2x	IT Consulting and Other Services	Target operates as a staffing company in the United States. It primarily focus on recruiting information technology (IT) professionals.
Jul-24	VectorVMS1 LLC	PIXID SAS	50	NA	4.4x	Application Software	Target operates as a vendor management platform
Jul-24	Everbridge, Inc.	Thoma Bravo, L.P.; Thoma Bravo Discover Fund IV, L.P.	1,518	96.8x	3.4x	Application Software	Target operates as a software company that enables customers to anticipate, mitigate, respond to, and recover from critical events in North America and internationally.
Jul-24	Inrad Optics, Inc.	Luxium Solutions, LLC	17	7.2x	1.3x	Electronic Components	Target manufactures and sells glass, crystal, and metal based optical components, and sub-assemblies. The company offers UV-IR optics and assemblies
Jul-24	DecisionPoint Systems, Inc.	Barcoding, Inc.	86	12.5x	0.8x	IT Consulting and Other Services	Target designs, consults, and implements mobility-first enterprise solutions and retail solutions centered on point-of-sale systems and services.
Jul-24	Blockware Mining, LLC	Riot Platforms, Inc. (NASDAQCM:RIOT)	140	NM	NM	Application Software	Target operates as a bitcoin mining company, provides bitcoin mining infrastructure and colocation services.
Jul-24	MariaDB plc	K1 Investment Management, LLC; Mdk Limited Partners; K5 Privat	63	NA	1.0x	Systems Software	Target operates as a cloud database company.
	<b>25th Percentile</b>			<b>7.4x</b>	<b>1.1x</b>		
	<b>Median</b>			<b>10.1x</b>	<b>2.9x</b>		
	<b>75th Percentile</b>			<b>75.8x</b>	<b>4.5x</b>		

\*Source: Cap IQ, Selected deals for which multiple information was available

**Notable Service Provider and Software Deals of the Month**

**Software Services**



Acquiror – Thoma Bravo



Target – Everbridge Inc.

- Thoma Bravo acquired Everbridge Inc for \$1.8 Bn.
- Thoma Bravo, a leading software-focused investor with over 40 years of experience, managed approximately \$160 billion in assets as of June 30, 2024.
- Everbridge provides critical event management and public safety software to help organizations respond to emergencies and disruptions.
- The acquisition aims to strengthen and grow the platform, further enable product innovation and invest in the team.

**Managed Service Providers**



Acquiror – Secur-Serv



Target – C-Net Systems

- Secur-Serv provides IT managed services and cybersecurity solutions to help businesses secure and optimize their IT environments.
- CNet Systems offers IT managed services and consulting, focusing on network management, cybersecurity, cloud solutions, and IT infrastructure support.
- This acquisition marks continued advancement in expanding Secur-Serv’s service offerings and market presence, particularly in the Midwest.

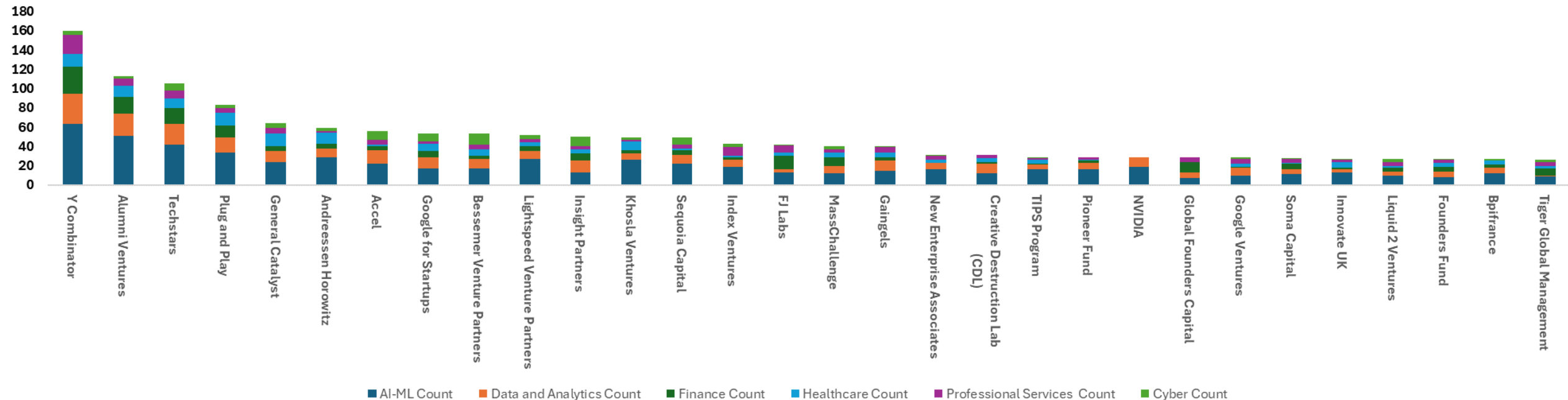
## Software and IT M&A and Funding Activity Picked up in July 2024 as valuations normalized.\*

- 379 M&A transactions were announced globally in July 2024, up significantly from 337 deals announced in June 2024 and up from a monthly average pace of 294 transactions over the LTM period ended July 2024.
- 668 private software and IT companies received some form of funding in July, down 50 (7%) from 718 in June and slightly down 3 (0.4%) from the average monthly rate of 671 over the trailing twelve months (TTM) ending July 2024. Funding activity in July 2024 is still below activity in June 2023 when 732 companies received funding.
- Artificial Intelligence (AI) and Machine Learning (ML) were the dominant theme for funded companies in July, not much different from the TTM.
- VC funding decreased to 574 in July 2024 from 631 in June 2024 down 9%. VC funding activity in July 2024 is still below activity in July 2023 when 594 companies received funding.
- Changes in global funding activity were mixed across regions although regional shares remained mostly in line with TTM average levels. North America, Western Europe and Australasia accounted for 48%, 16% and 12% of total funding activity in July with the Rest of the World accounting for the remaining 24%.



Almost 5,600 funds globally provided some form of funding to early-stage companies YTD through July 2024. The top 30 investors accounted for about 10% of the total funding by count.

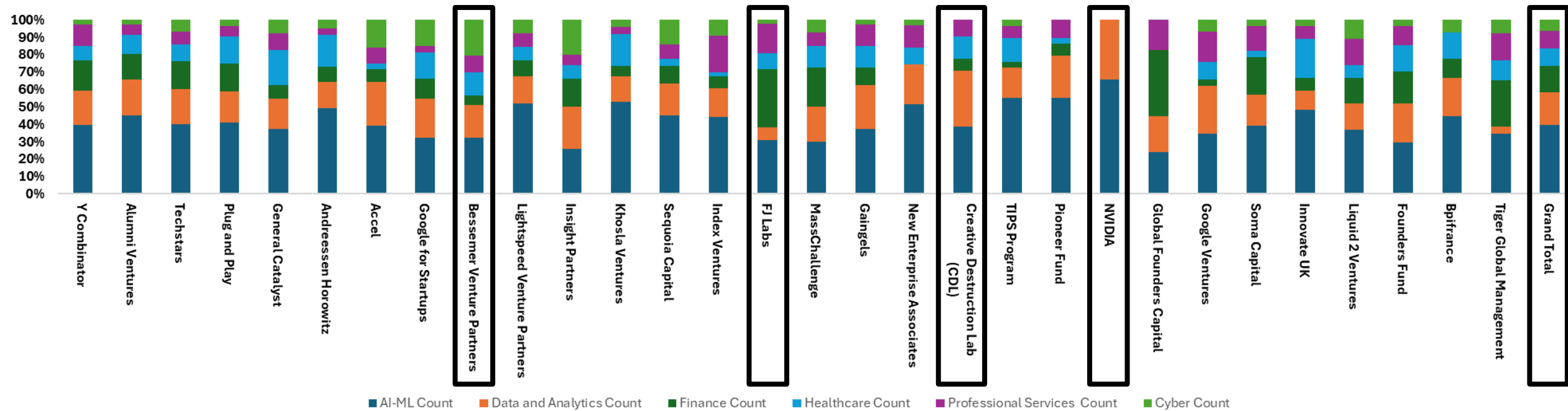
**Top Investors by Count in Key Software and IT Sectors (YTD Through July 2024)**



\*Source: Crunchbase.

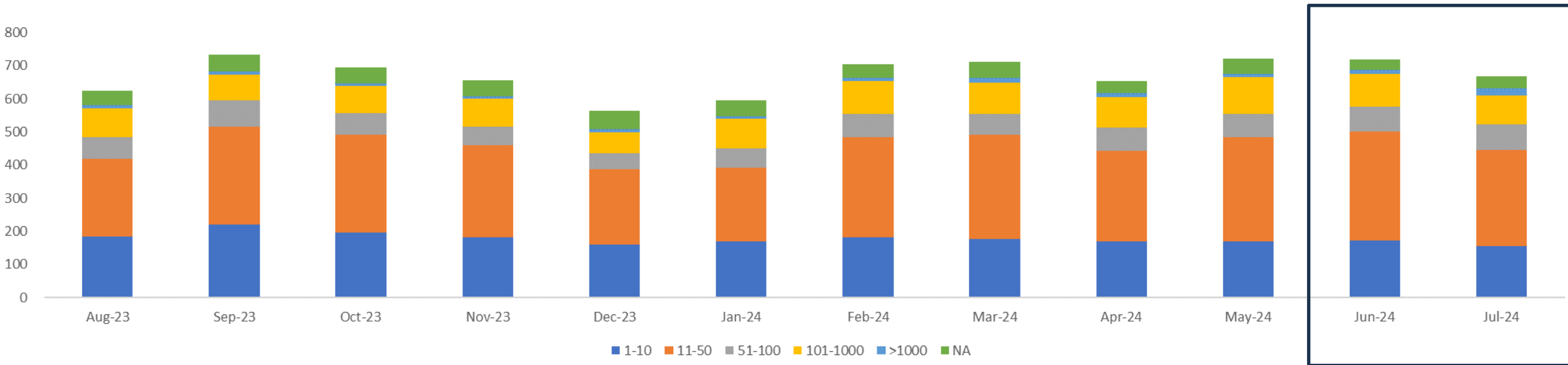
At the aggregate level funding across key sectors was diversified. But some firms chose to focus on specific themes. For example, 66% of NVIDIA's investments were in AI-ML, 32% of CDL's investments were in Data Analytics, 21% of Bessemer Venture Partners investments were in Cybersecurity and 33% of FJ Labs investments were in Finance.

Investment Mix by Count in Key Software and IT Sectors (YTD Through July 2024)



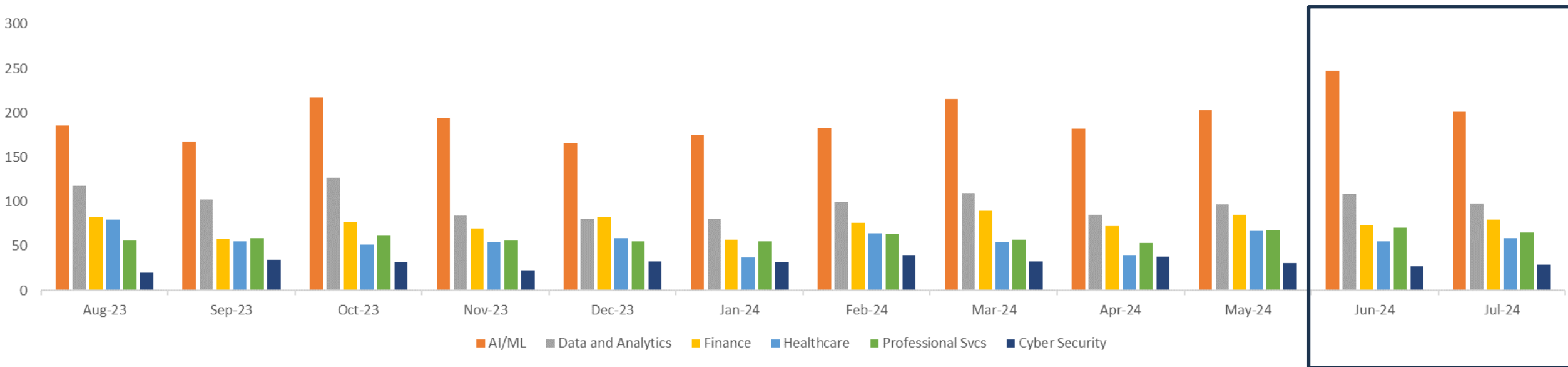
\*Source: Crunchbase.

Funding for Software and IT Firms By Firm Headcount: Dropped 7% from Levels in June 2024



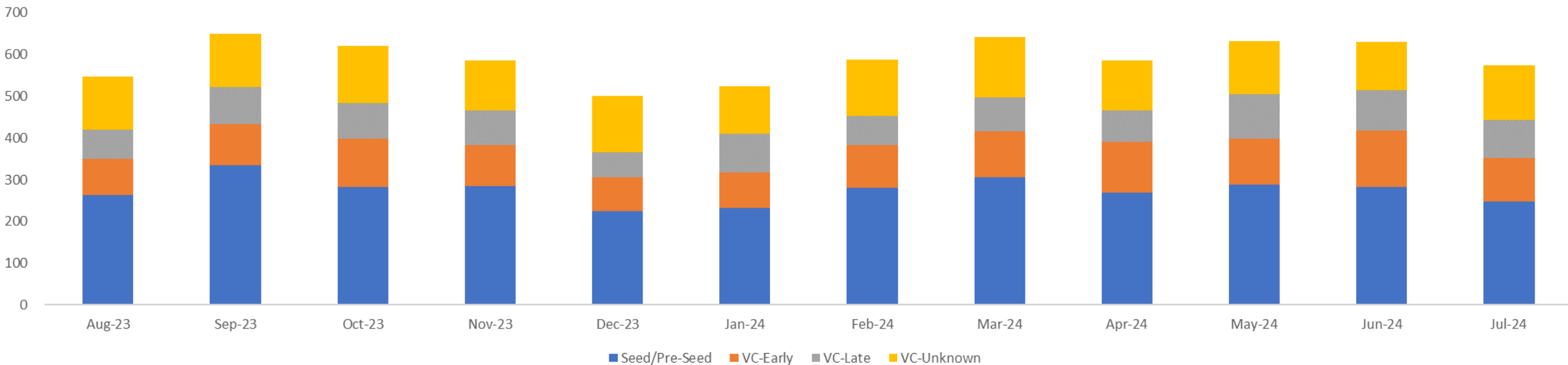
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Funding for Software and IT Firms By Industry Mix: AI/ML Continue to be the Dominant Theme



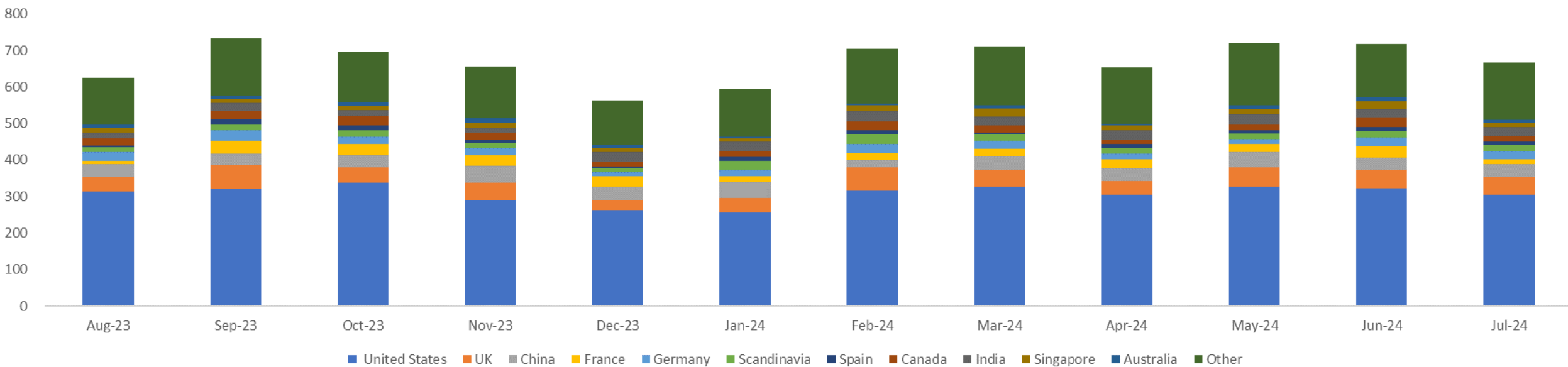
Artificial Intelligence (AI) and Machine Learning (ML) were the dominant theme for funded companies in July, much different from the TTM. AI and/or ML were mentioned as one of the capabilities for 38% of the funded companies in July, up sharply from 32% of the funded companies over the TTM but below its 42% share in June.

VC Funding for Software and IT Firms By Stage over TTM: VC funding decreased 9%; 61% Early Stage



VC funding decreased to 574 in July 2024 from 631 in June 2024 down 9%. The share of Early-stage VC (Angel, Seed and Series-A) funding was down at 61% in July 2024, from 66% in June 2024. Early-stage VC funding is in line with its TTM share of 64%. VC funding activity in July 2024 is still below activity in July 2023 when 594 companies received funding.

Funding for Software and IT Firms By Regional Mix: NA (48%), W. Europe (16%), Australasia (12%)



Changes in global funding activity were mixed across regions although regional shares remained mostly in line with TTM average levels. North America, Western Europe and Australasia accounted for 48%, 16% and 12% of total funding activity in July with the Rest of the World accounting for the remaining 24%.

# Appendix - IT Services Comparable Company Analysis

Sector	Market Data	LTM Financials			Valuation Multiples		
	% 52 week high	Gross Margin (%)	EBITDA Margin (%)	Net Profit Margin (%)	EV/ LTM EBITDA	EV/ LTM Revenue	Price/ Earnings
<b>Managed Infrastructure Mean</b>	86%	54%	45%	14%	21.2 x	9.4 x	53.5 x
<b>Managed Infrastructure Median</b>	86%	54%	42%	12%	19.2 x	10.8 x	44.6 x
<b>Offshore Services Mean</b>	90%	32%	18%	12%	17.9 x	3.2 x	29.1 x
<b>Offshore Services Median</b>	91%	32%	19%	12%	18.1 x	3.2 x	27.9 x
<b>Consulting Mean</b>	85%	36%	12%	9%	13.9 x	1.5 x	18.8 x
<b>Consulting Median</b>	89%	39%	13%	9%	14.5 x	1.7 x	22.8 x
<b>IT Commercial Services Mean</b>	72%	28%	17%	9%	16.0 x	1.9 x	26.7 x
<b>IT Commercial Services Median</b>	83%	30%	16%	10%	15.8 x	2.0 x	26.2 x
<b>Government Consulting Mean</b>	91%	27%	10%	5%	14.8 x	1.5 x	25.1 x
<b>Government Consulting Median</b>	89%	24%	11%	5%	15.3 x	1.6 x	24.5 x
<b>Managed Services Mean</b>	90%	29%	16%	8%	14.4 x	2.3 x	27.4 x
<b>Managed Services Median</b>	93%	27%	16%	7%	14.7 x	1.7 x	24.4 x
<b>Total Industry Mean</b>	<b>86%</b>	<b>34%</b>	<b>20%</b>	<b>10%</b>	<b>16.4 x</b>	<b>3.3 x</b>	<b>30.1 x</b>
<b>Total Industry Median</b>	<b>89%</b>	<b>31%</b>	<b>16%</b>	<b>9%</b>	<b>15.5 x</b>	<b>1.9 x</b>	<b>25.3 x</b>

\*Source: Yahoo Finance, As of 31<sup>st</sup> July.



Company	Market Data					LTM Financials					Valuation Multiples		
	HQ Country	Stock Price	% 52 week high	Mcap (\$ Mn)	Enterprise Value (\$)	LTM Revenue	LTM Net Income	Gross Margin (%)	EBITDA Margin (%)	Net Profit Margin (%)	EV/ LTM EBITDA	EV/ LTM Revenue	Price/ Earnings
<b>Managed Infrastructure</b>													
Equinix Inc	US	\$790.24	86%	\$75,029	\$91,011	\$8,457	\$1,035	49%	42%	12%	25.6 x	10.8 x	72.5 x
Digital Realty Trust	US	\$149.49	92%	\$48,945	\$64,402	\$5,460	\$1,124	54%	61%	21%	19.2 x	11.8 x	43.6 x
Digital Ocean Holdings	US	\$33.13	80%	\$3,050	\$4,245	\$735	\$68	60%	31%	9%	18.8 x	5.8 x	44.6 x
<b>Managed Infrastructure Mean</b>			<b>86%</b>					<b>54%</b>	<b>45%</b>	<b>14%</b>	<b>21.2 x</b>	<b>9.4 x</b>	<b>53.5 x</b>
<b>Managed Infrastructure Median</b>			<b>86%</b>					<b>54%</b>	<b>42%</b>	<b>12%</b>	<b>19.2 x</b>	<b>10.8 x</b>	<b>44.6 x</b>
<b>Offshore Services</b>													
Tata Consultancy Services	IN	\$52.38	96%	\$189,525	\$185,396	\$28,774	\$5,484	45%	28%	19%	22.9 x	6.4 x	34.6 x
Infosys Limited	IN	\$22.32	96%	\$92,430	\$90,410	\$18,659	\$3,206	30%	24%	17%	20.4 x	4.8 x	28.8 x
HCL Technologies Limited	IN	\$19.62	93%	\$53,096	\$53,066	\$13,339	\$1,962	41%	24%	15%	16.5 x	4.0 x	27.1 x
Cognizant Technology Solutions	US	\$75.68	94%	\$37,511	\$36,543	\$19,265	\$2,195	34%	18%	11%	10.4 x	1.9 x	17.1 x
Wipro Limited	IN	\$6.24	90%	\$32,579	\$29,222	\$10,618	\$1,335	30%	18%	13%	15.1 x	2.8 x	24.4 x
LTI Mindtree Limited	IN	\$67.59	89%	\$20,010	\$19,188	\$4,242	\$547	29%	20%	13%	22.7 x	4.5 x	36.6 x
Tech Mahindra Limited	IN	\$18.57	93%	\$16,413	\$15,841	\$6,192	\$301	25%	10%	5%	25.2 x	2.6 x	54.6 x
Genpact Limited	BM	\$34.67	87%	\$6,177	\$7,135	\$4,589	\$648	35%	17%	14%	8.9 x	1.6 x	9.5 x
Globant S.A.	LU	\$194.71	77%	\$8,400	\$8,463	\$2,285	\$169	36%	10%	7%	35.9 x	3.7 x	49.8 x
WNS Holdings Limited	IN	\$59.58	80%	\$2,632	\$2,819	\$1,320	\$137	36%	21%	10%	10.0 x	2.1 x	19.2 x
Mphasis Limited	IN	\$34.55	92%	\$6,536	\$6,306	\$1,606	\$187	29%	20%	12%	19.6 x	3.9 x	35.0 x
Sonda S.A.	CL	\$0.42	89%	\$368	\$670	\$1,551	\$30	15%	6%	2%	6.8 x	0.4 x	12.1 x
<b>Offshore Services Mean</b>			<b>90%</b>					<b>32%</b>	<b>18%</b>	<b>12%</b>	<b>17.9 x</b>	<b>3.2 x</b>	<b>29.1 x</b>
<b>Offshore Services Median</b>			<b>91%</b>					<b>32%</b>	<b>19%</b>	<b>12%</b>	<b>18.1 x</b>	<b>3.2 x</b>	<b>27.9 x</b>

\*Source: Yahoo Finance, As of 31<sup>st</sup> July.

Company	Market Data					LTM Financials					Valuation Multiples		
	HQ Country	Stock Price	% 52 week high	Mcap (\$ Mn)	Enterprise Value (\$)	LTM Revenue	LTM Net Income	Gross Margin (%)	EBITDA Margin (%)	Net Profit Margin (%)	EV/ LTM EBITDA	EV/ LTM Revenue	Price/ Earnings
<b>Consulting</b>													
FTI Consulting	US	\$217.97	89%	\$7,826	\$7,911	\$3,696	\$329	33%	13%	9%	16.8 x	2.1 x	23.8 x
Huron Consulting Group	US	\$110.01	95%	\$1,957	\$2,491	\$1,462	\$80	30%	13%	5%	13.6 x	1.7 x	24.5 x
Resources Connection	US	\$11.93	76%	\$400	\$305	\$826	\$76	40%	12%	9%	3.0 x	0.4 x	5.3 x
The Hackett Group	US	\$27.28	99%	\$754	\$765	\$303	\$35	40%	17%	11%	14.5 x	2.5 x	21.7 x
Information Services Group	US	\$3.47	65%	\$170	\$236	\$266	(\$1)	39%	4%	-	21.7 x	0.9 x	-
<b>Consulting Mean</b>			<b>85%</b>					<b>36%</b>	<b>12%</b>	<b>9%</b>	<b>13.9 x</b>	<b>1.5 x</b>	<b>18.8 x</b>
<b>Consulting Median</b>			<b>89%</b>					<b>39%</b>	<b>13%</b>	<b>9%</b>	<b>14.5 x</b>	<b>1.7 x</b>	<b>22.8 x</b>
<b>IT Commercial Services</b>													
Accenture plc	IE	\$330.62	85%	\$207,095	\$206,155	\$64,476	\$6,953	33%	17%	11%	19.1 x	3.2 x	29.8 x
Capgemini SE	FR	\$198.73	81%	\$33,686	\$38,065	\$21,796	\$1,495	26%	14%	7%	12.5 x	1.7 x	22.5 x
CGI Inc	CA	\$114.01	98%	\$23,234	\$24,602	\$10,518	\$1,210	16%	20%	12%	11.7 x	2.3 x	19.2 x
Perficient Inc	US	\$75.41	100%	\$2,651	\$2,960	\$882	\$75	36%	16%	8%	20.6 x	3.4 x	35.5 x
Atos SE	FR	\$1.06	12%	\$118	\$5,643	\$11,574	(\$3,725)	33%	-	-	-	0.5 x	-
Unisys Corporation	US	\$4.76	59%	\$330	\$511	\$1,988	(\$377)	27%	-	-	-	0.3 x	-
<b>IT Commercial Services Mean</b>			<b>72%</b>					<b>28%</b>	<b>17%</b>	<b>9%</b>	<b>16.0 x</b>	<b>1.9 x</b>	<b>26.7 x</b>
<b>IT Commercial Services Median</b>			<b>83%</b>					<b>30%</b>	<b>16%</b>	<b>10%</b>	<b>15.8 x</b>	<b>2.0 x</b>	<b>26.2 x</b>
<b>Government Consulting</b>													
Booz Allen Hamilton Holding Corporati	US	\$143.31	87%	\$18,514	\$21,841	\$10,949	\$610	54%	11%	6%	17.9 x	2.0 x	30.4 x
CACI International Inc	US	\$461.48	96%	\$10,292	\$12,077	\$7,660	\$420	8%	10%	5%	15.3 x	1.6 x	24.5 x
Science Applications International Cor	US	\$124.40	86%	\$6,373	\$8,543	\$7,518	\$269	11%	8%	4%	13.8 x	1.1 x	23.7 x
Maximus, Inc.	US	\$92.89	99%	\$5,590	\$6,778	\$5,250	\$294	24%	12%	6%	11.1 x	1.3 x	19.0 x
ICF International, Inc.	US	\$147.10	89%	\$2,759	\$3,388	\$1,986	\$99	36%	11%	5%	15.7 x	1.7 x	27.9 x
<b>Government Consulting Mean</b>			<b>91%</b>					<b>27%</b>	<b>10%</b>	<b>5%</b>	<b>14.8 x</b>	<b>1.5 x</b>	<b>25.1 x</b>
<b>Government Consulting Median</b>			<b>89%</b>					<b>24%</b>	<b>11%</b>	<b>5%</b>	<b>15.3 x</b>	<b>1.6 x</b>	<b>24.5 x</b>

\*Source: Yahoo Finance, As of 31<sup>st</sup> July.

Company	Market Data					LTM Financials					Valuation Multiples		
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<b>Managed Services</b>													
Accenture plc	IE	\$330.62	85%	\$207,095	\$206,155	\$64,476	\$6,953	33%	17%	11%	19.1 x	3.2 x	29.8 x
Tata Consultancy Services	IN	\$52.38	96%	\$189,525	\$185,396	\$28,774	\$5,484	45%	28%	19%	22.9 x	6.4 x	34.6 x
International Business Machines Corp	US	\$192.14	96%	\$176,989	\$223,137	\$62,363	\$8,430	56%	24%	14%	14.7 x	3.6 x	21.0 x
Infosys Limited	IN	\$22.32	96%	\$92,430	\$90,410	\$18,659	\$3,206	30%	24%	17%	20.4 x	4.8 x	28.8 x
Capgemini SE	FR	\$198.73	81%	\$33,686	\$38,065	\$21,796	\$1,495	26%	14%	7%	12.5 x	1.7 x	22.5 x
Cognizant Technology Solutions	US	\$75.68	94%	\$37,511	\$36,543	\$19,265	\$2,195	34%	18%	11%	10.4 x	1.9 x	17.1 x
Wipro Limited	IN	\$6.24	90%	\$32,579	\$29,222	\$10,618	\$1,335	30%	18%	13%	15.1 x	2.8 x	24.4 x
DXC Technology Company	US	\$20.34	81%	\$3,678	\$7,203	\$13,457	\$81	23%	14%	1%	4.0 x	0.5 x	45.4 x
Rackspace Technology, Inc	US	\$2.34	74%	\$529	\$3,741	\$2,828	(\$814)	20%	-	-	-	1.3 x	-
CGI Group	CA	\$114.01	98%	\$23,234	\$24,602	\$10,518	\$1,210	16%	20%	12%	11.7 x	2.3 x	19.2 x
ePlus	US	\$91.92	95%	\$2,470	\$2,280	\$2,196	\$109	25%	8%	5%	12.5 x	1.0 x	22.6 x
Insight Enterprises	US	\$224.50	98%	\$7,316	\$8,273	\$9,043	\$305	19%	6%	3%	15.4 x	0.9 x	24.0 x
Leidos	US	\$144.40	92%	\$19,453	\$23,792	\$16,008	\$436	16%	8%	3%	19.5 x	1.5 x	44.6 x
NTT Data	JP	\$15.76	93%	\$22,091	\$36,293	\$29,166	\$894	27%	16%	3%	8.0 x	1.2 x	24.7 x
Science Applications Int.	US	\$124.40	86%	\$6,373	\$8,543	\$7,518	\$269	11%	8%	4%	13.8 x	1.1 x	23.7 x
Softchoice	CA	\$12.93	80%	\$780	\$918	\$552	\$28	44%	10%	5%	15.9 x	1.7 x	28.0 x
<b>Managed Services Mean</b>			<b>90%</b>					<b>29%</b>	<b>16%</b>	<b>8%</b>	<b>14.4 x</b>	<b>2.3 x</b>	<b>27.4 x</b>
<b>Managed Services Median</b>			<b>93%</b>					<b>27%</b>	<b>16%</b>	<b>7%</b>	<b>14.7 x</b>	<b>1.7 x</b>	<b>24.4 x</b>

\*Source: Yahoo Finance, As of 31<sup>st</sup> July.



Madhur has over 20 years of experience in middle market IT and software Mergers & Acquisitions and Consulting. Prior to joining Excendio, Madhur worked in various senior transaction advisory and middle market SME roles at firms such as Citibank, Barclays, Lehman Brothers, New York Life, KPMG, Moody's and KBRA.

He has worked extensively with companies in the \$10MN-\$1BN revenue range across a range of strategic initiatives including exits and acquisitions, working capital optimization, IT implementation, financial planning, valuation and debt restructuring.

Middle market businesses are personal and can often be someone's passion and life's work. As such, Madhur focuses not just on the specifics of the transaction, but also on how it fits into the life goals of the owner and the importance of career transition for them.

Madhur will often connect founders looking to exit with the right industry participants to ensure founders can confidently exit knowing they've maximized their business's value, gaining the clarity, confidence, and peace of mind they deserve.

Madhur has a PhD in Financial Economics from UC Berkeley, Haas School of Business. He lives with his wife and son in New Jersey. He loves tennis, wine, the outdoors and spending time with family and friends.

Madhur Duggar

Madhur@excendio.com

(212) 731-4230

Madhur Duggar | Excendio Advisors (excendio.com)

Mergers and Acquisitions | Middle Market Mergers | Excendio Advisors

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