

IT & Software Market Update

December 2024

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Macro Update

23%

2024 Stock Market Return

4.5%

10 Year Treasury Yield



MSP Analysis – DC Area

Washington DC has an attractive profile as an MSP center with a significant number of SMBs per MSP and is also in the top third for % Large SMBs, SMB growth % and MSP count.



Public Market Multiple

12.6x

Managed Services TTM EV/ EBITDA Multiple

7.4x

SaaS TTM Revenue Multiple



Private Market Multiple

1.3x

Median TTM EV/ Sales Multiple for deals below \$200 Mn

10.1x

Median TTM EV/ EBITDA Multiple for deals below \$200 Mn



Select MSP Transactions

Acquiror



Acquiror



Target



Target



Podcast – M&A Insights

Latest Episode: [What makes an MSP Irresistible?](#)

“The ones that do [well] are an irreplaceable advisor to their customers...They're also helping define how technology is going to change how their customer works.”

- Sydney Hockett, VP M&A Evergreen

- Excendio is actively working with several strategic and PE buyers looking to make MSP acquisitions. Please see below for details for a selected number of searches and contact us if you are looking to exit and have a profile that fit these criteria.

PE-backed MSP looking to acquire \$500K+ EBITDA MSP out of the Denver, CO area.

PE-backed MSP looking to acquire \$500K+ EBITDA MSP with Muni focus. Region agnostic.

Founder-owned NY MSP looking to acquire \$1-\$3MN Revenue MSP out of the NY-area.

Founder-owned MSP looking to acquire \$1-\$5MN Revenue MSP with Healthcare and Technology focus. Region agnostic.

Founder-owned East Coast MSP looking to divest \$2-\$3MN Revenue MSP.

- In addition to these selected searches, Excendio has several standing buyer assignments with major MSP integrators with varying acquisition models. Please contact us if you wish to learn more about our partnerships and how we can assist you with exits and acquisitions. Excendio works on both buy-side and sell-side assignments and on a contingency-fee basis.

- The US is well placed to generate a soft landing in 2025. But we are less sanguine about equity markets in 2025, mostly because of weaker technical support, the possibility of tariffs and a more hawkish Fed. The S&P rallied 23% in 2024 and 82% since 2020. The NDAQ rallied 28% in 2024 and 115% since 2020. Will markets take a breather in 2025? What might that mean for you?
- Let's break this down.
 - **The Q1—Q3 2024 Rally:** Much of the rally through Q3 was driven by three factors. First, we became increasingly comfortable the US was going to avoid a recession. Second, the wonders of AI permeated our collective consciousness and breathed fire into stock markets through the rally in technology stocks. Third, the Fed started to cut rates on the back of slowing inflation.
 - **The Q4 2024 Rally:** Much of the rally since Q3 has been driven by the prospect of lower regulations, extension of corporate and individual tax rates under a Trump administration. Interestingly, markets sold off in late December after the Fed's projections suggested they would be more hawkish about rates in 2025 than they had signaled in September.
- **Outlook for 2025:** Two factors make us less optimistic about markets in 2025; although, we are constructive around the economy.
 - First, policies around deportation and tariffs if executed as vociferously as they were campaigned for will hamper corporate profitability and raise prices. Agriculture, Manufacturing, Construction, and Leisure are likely to be the sectors that are the most impacted. H1-B visa restrictions could also hurt the Software sector. Manufacturing and Software are big exposures for MSPs.
 - Second, the Fed's Summary of Economic Projections as of December 2024 now show the consensus is for a 50bp rate cut from here for 2025. This is less than the 100bp rate cut assessment that was being projected earlier. Higher rates will place a higher burden on corporate borrowing and hurt corporate profitability.
- **Recommendation:** A significant market sell off will almost certainly slow down M&A activity as capital gets stuck and buyers and sellers disagree on valuations. If you are planning to exit, plan for an early exit or be prepared to sit out what could be a volatile 2025.

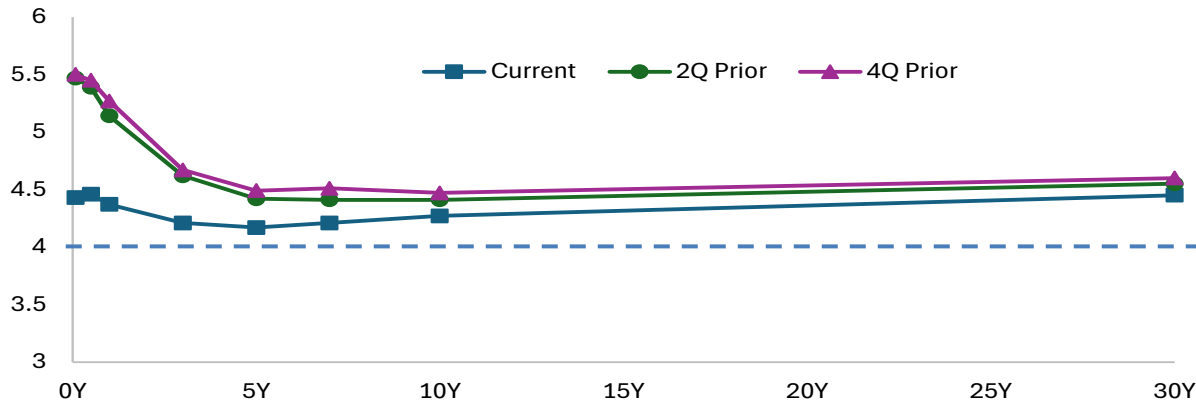
Economic indicators remain supportive of a strong economy – But Equity markets make us nervous. Are we close to a peak?

	Current	As of	1Y Ch	1Y % Ch	Current	Hist. Avg	1Q Prior	2Q Prior	3Q Prior	4Q Prior
RATES, INFLATION AND UNEMPLOYMENT										
10y Constant Maturity Tsy Yield	4.52	12/20/2024	-0.12	-2.7	4.52	3.28	3.81	4.36	4.20	3.88
CPI	2.58	11/1/2024	-0.75	-22.5	2.58	2.58	2.59	3.25	3.17	3.32
Unemployment Rate	4.20	11/1/2024	0.30	7.9	4.20	5.70	4.10	4.10	3.80	3.70
Initial Claims 4-week MA	225.50	12/14/2024	-0.50	-0.2	225.50	376.24	224.25	238.75	214.50	205.75
Nonfarm Payroll Change (Unrevised)	12.00	11/1/2024	-278.00	-95.9	12.00	139.68	78.00	216.00	236.00	290.00
INDEXES AND INDICATORS										
Sahm Recession Indicator	0.43	11/1/2024	0.10	30.3	0.43	0.49	0.50	0.43	0.30	0.20
Michigan Consumer Sentiment	71.80	11/1/2024	6.70	10.5	71.80	82.90	70.10	68.20	79.40	79.00
Chicago National Financial Conditions Index	-0.66	12/13/2024	-0.19	48.8	-0.66	-0.35	-0.53	-0.52	-0.48	-0.48
MARKETS										
S&P 500	6040.04	12/24/2024	1466.74	32.2	6040.04	-	5762.48	5460.48	5254.35	4769.83
NASDAQ	19764.89	12/23/2024	4813.81	33.8	19764.89	-	18189.17	17732.60	16379.46	15011.35
VIX	16.78	12/23/2024	1.91	15.1	16.78	19.87	16.73	12.44	13.01	12.45
ICE Corp BBB OAS	1.02	12/23/2024	-0.39	-28.1	1.02	2.02	1.16	1.17	1.15	1.29
ICE Corp HY OAS	2.85	12/23/2024	-1.23	-31.8	2.85	5.46	3.03	3.18	3.12	3.34
DELINQUENCIES										
Consumer Loan Delinquency	2.73	7/1/2024	0.21	8.3	2.73	2.83	2.73	2.67	2.62	2.52
Credit Card Delinquency	3.23	7/1/2024	0.26	8.8	3.23	3.45	3.23	3.15	3.09	2.97
Single Family Mortgage Delinquency	1.73	7/1/2024	0.01	0.6	1.73	4.32	1.73	1.71	1.70	1.72
Commercial Real Estate Loan Delinquency	1.52	7/1/2024	0.46	43.4	1.52	2.35	1.52	1.21	1.16	1.06
Business Loan Delinquency	1.16	7/1/2024	0.19	19.6	1.16	1.79	1.16	1.12	1.03	0.97

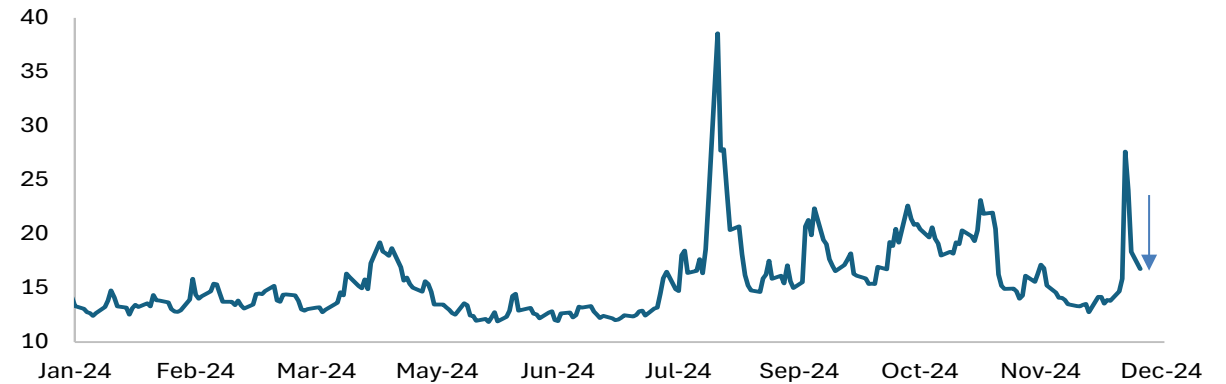
*Source: Federal Reserve, Yahoo Finance.

Recession likelihood has dropped; consumer sentiment continues to strengthen; rate markets are forecasting higher for longer

Treasury Yield Curve



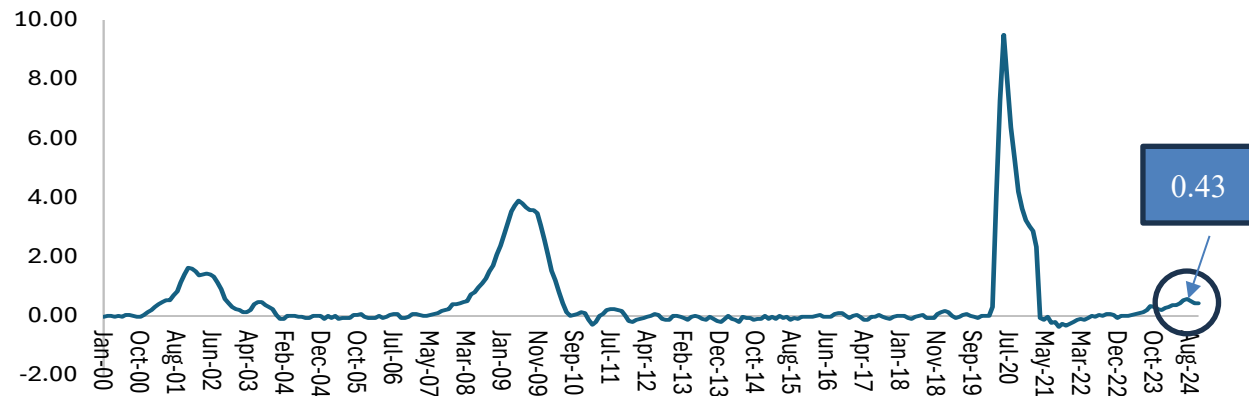
CBOE Volatility Index



Michican Consumer Sentiment Survey



SAHM Recession Index (Above 0.5 signals Recession)



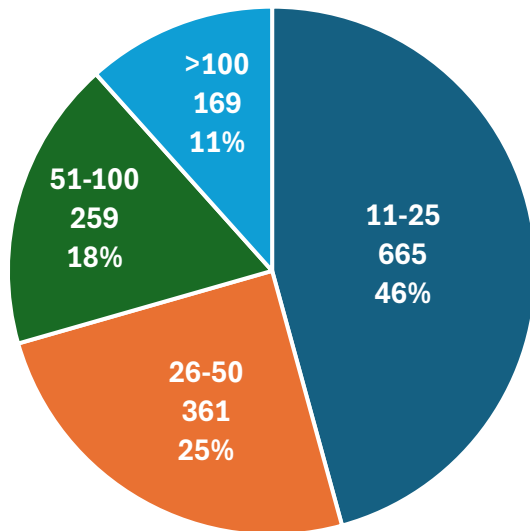
*Source: Federal Reserve, Yahoo Finance.

Cities like Washington DC, Reston and McLean are the sweet spot to target MSPs in the DC-area. They have reasonable scale and either have higher than average SMB count per MSP, or they are centers with higher-than-average SMB growth profile.

- In our Jan-Nov 2024 Newsletters we provided an overview of the IT MSP space in the NY, FL, IL, Mid-Atlantic, Mountain State, Texas and California areas.
- This month we take a closer look at IT MSPs in the DC-area consisting of Maryland, Virginia, Washington DC and West Virginia.
- We estimate there are 1,454 MSPs in DC area providing some degree of Managed IT services, much greater than other areas we have studied which have averaged about 1,000 MSPs. At 28%, DC-area has a percentage of fast growing MSPs comparable with other regions we have studied where about 29% of MSPs have shown a greater than 10% increase in y-o-y employee count.
- the top 25 cities/towns contain 74% of MSPs in DC-area in line with an average value of about 69% across the regions studied so far.
- We excluded IT firms with 10 or fewer employees. 71% of the remaining MSPs have between 11-50 employees in line with other regions.
- 63% of the MSPs have shown stable y-o-y headcount growth, 28% have grown more than 10%, while 9% 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 275.
 - 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%.
 - Washington DC has an attractive profile as an MSP center. It has a significant number of SMBs per MSP and is also in the top third for % Large MBs, SMB growth % and MSP count.

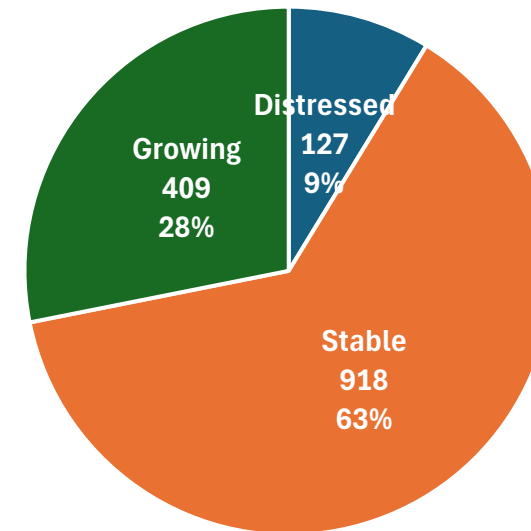
- We estimate there are 1,454 MSPs in DC area providing some degree of Managed IT services.
- 46% have 11-25 employees, 25% have 26-50, 18% have 51-100 and 11% have over 100 employees.**
- 63% of the MSPs have shown stable y-o-y headcount growth, 28% have grown more than 10%, while 9% have shrunk by more than 10%***.

MSP By Employee Count (1,454)



71% of MSPs
have between
11-50 employees
~
\$2MN - \$12.5MN
in Revenue

MSP Count by Headcount Growth (1,454)

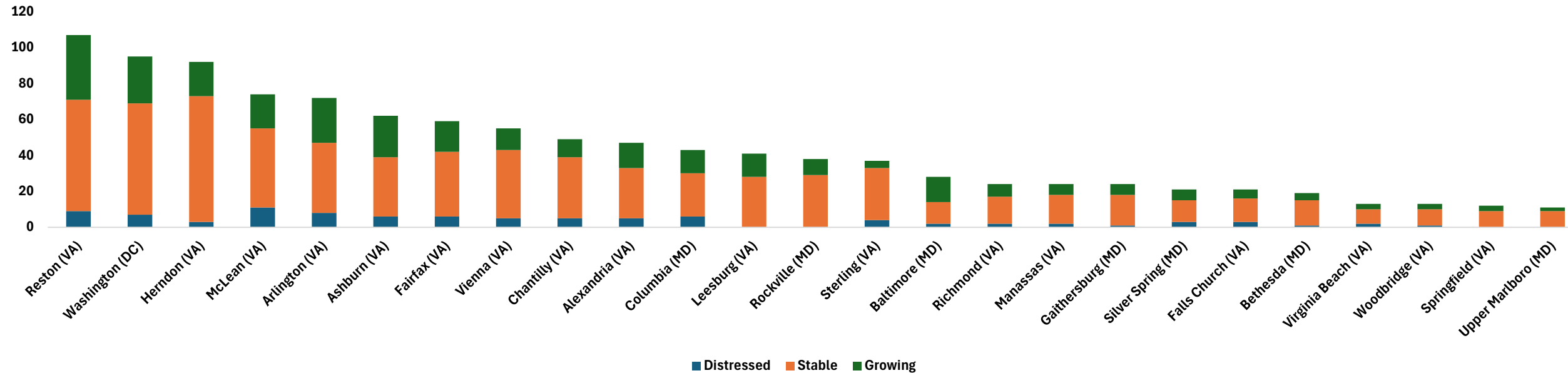


*Source: Linked-In.

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.

- The Top-25 MSP cities have 1,081 MSPs, about 74% of the total MSP count in DC area. This is similar with MSP density in the FL area (71%), Mid-Atlantic states (73%), but lower than that in the Mountain States (81%) and Texas (89%) and higher than in NY area (47%) and IL area (51%).

Growth Mix By City
Top-25 IT MSP Cities

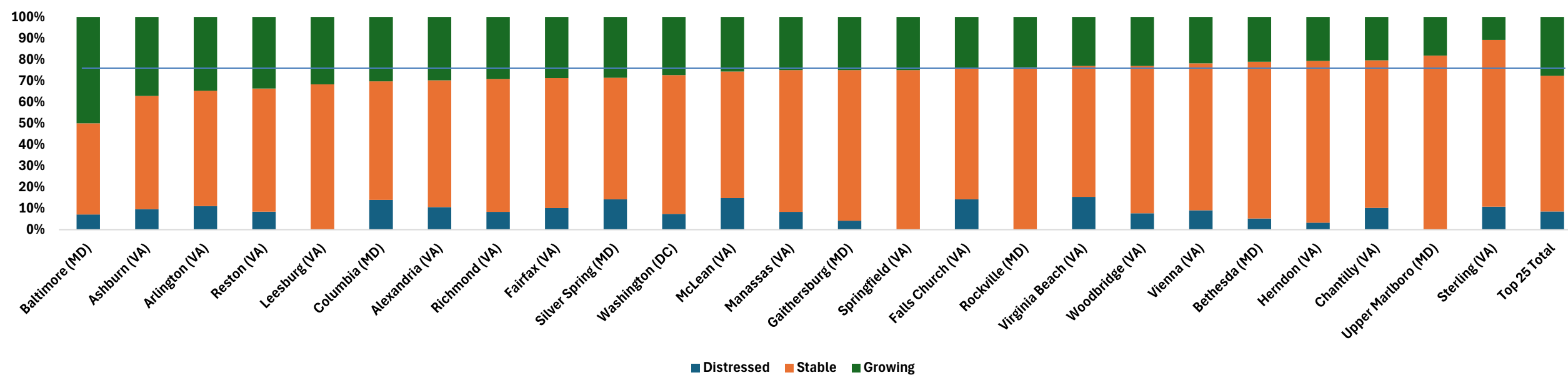


*Source: Linked-In.

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.

- Urban centers like Baltimore (MD), Ashburn (VA) and Arlington (VA) have a high percentage of fast growing MSPs and a reasonable number of MSPs. For example, Arlington has 72 MSPs and 35% of these MSPs are growing employee count at over 10%. Baltimore (MD) has one of the highest densities of SMBs per MSP at 500.

Growth Mix By City
Top-25 IT MSP Cities



*Source: Linked-In.

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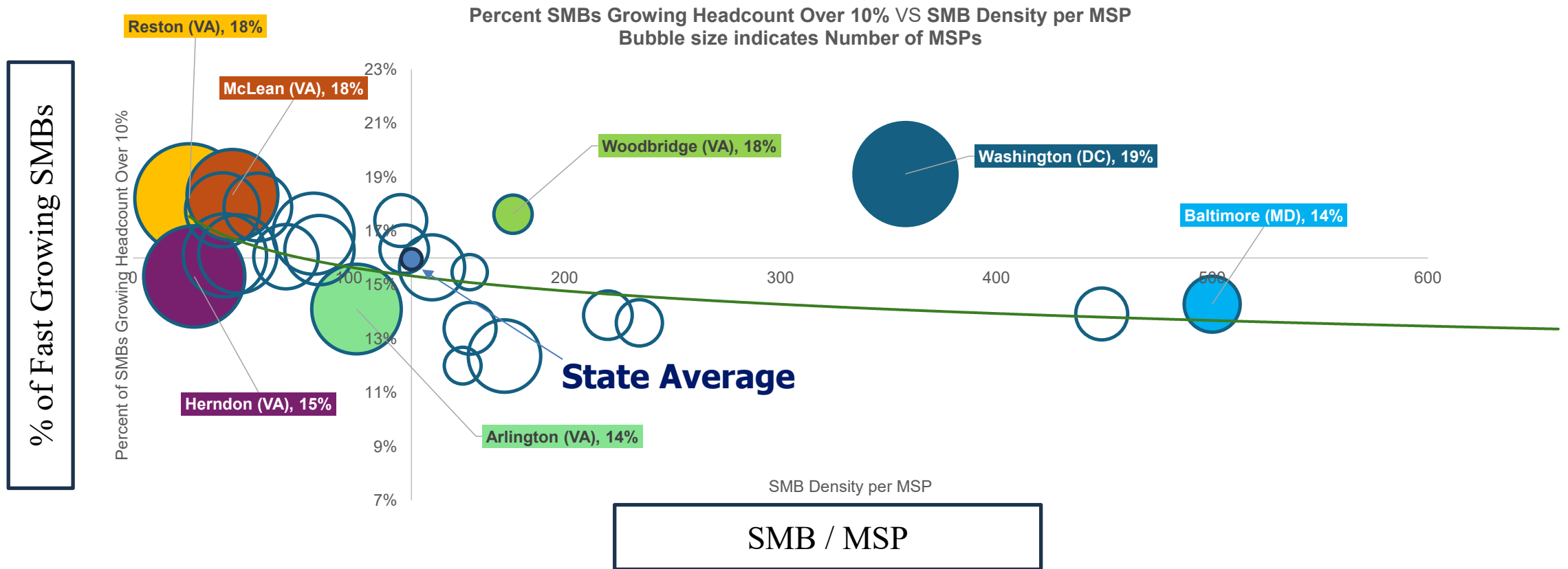
- To assess how attractive it might be to target an MSP business in a city, we look at two key metrics
 - SMB per MSP: The number of Small and Medium Sized Businesses (SMBs) per MSP. The greater the number of SMBs per incumbent MSP the more desirable it would be to target an MSP. Across all top 25 MSP cities, the average value for this metric is 225.
 - 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 25 MSP cities, the average value for this metric is 16%
 - Washington DC has an attractive profile as an MSP center. It has a significant number of SMBs per MSP and is also in the top third for % Large MBs, SMB growth % and MSP count.**

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

Top 25 MSP Towns	SMB (1-500) / MSP	% Large MBs*	SMB Growth%	MSP Count
Baltimore (MD)	500	15%	14%	28
Ashburn (VA)	43	17%	16%	62
Arlington (VA)	104	20%	14%	72
Reston (VA)	26	28%	18%	107
Leesburg (VA)	58	16%	18%	41
Columbia (MD)	86	19%	16%	43
Alexandria (VA)	172	17%	12%	47
Richmond (VA)	449	14%	14%	24
Fairfax (VA)	84	19%	17%	59
Silver Spring (MD)	220	13%	14%	21
Washington (DC)	358	21%	19%	95
McLean (VA)	46	24%	18%	74
Manassas (VA)	124	16%	17%	24
Gaithersburg (MD)	156	14%	13%	24
Springfield (VA)	153	13%	12%	12
Falls Church (VA)	126	18%	16%	21
Rockville (MD)	139	21%	16%	38
Virginia Beach (VA)	660	15%	12%	13
Woodbridge (VA)	176	13%	18%	13
Vienna (VA)	49	22%	16%	55
Bethesda (MD)	235	19%	14%	19
Herndon (VA)	28	23%	15%	92
Chantilly (VA)	42	24%	18%	49
Upper Marlboro (MD)	156	13%	15%	11
Sterling (VA)	71	20%	16%	37
Top 25 Total	129	18%	16%	1081

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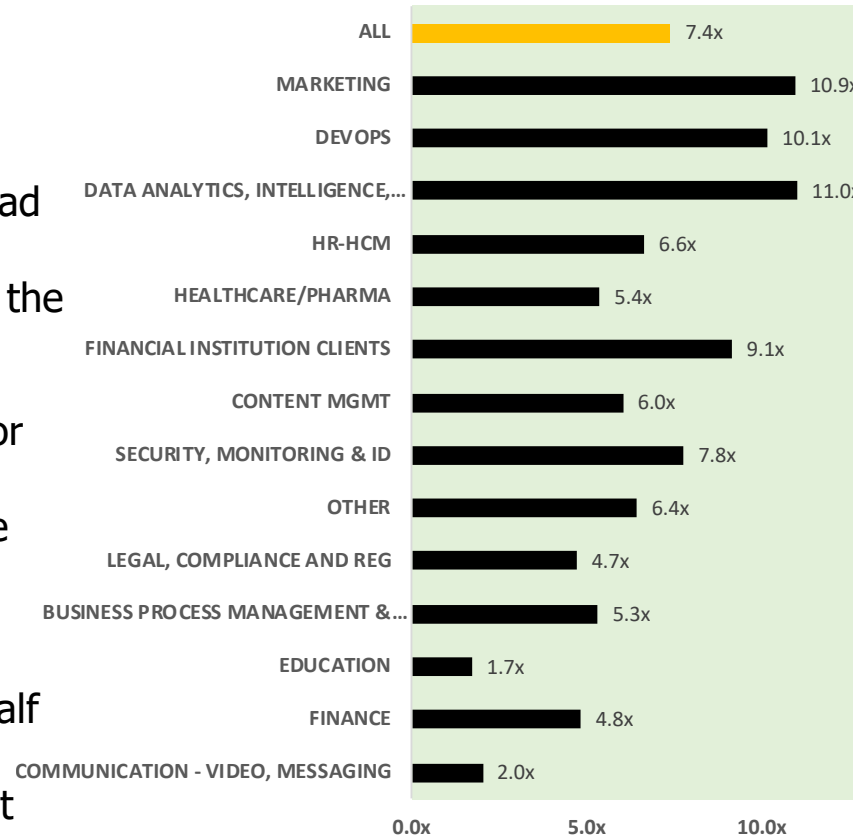


*Source: Linked-In.

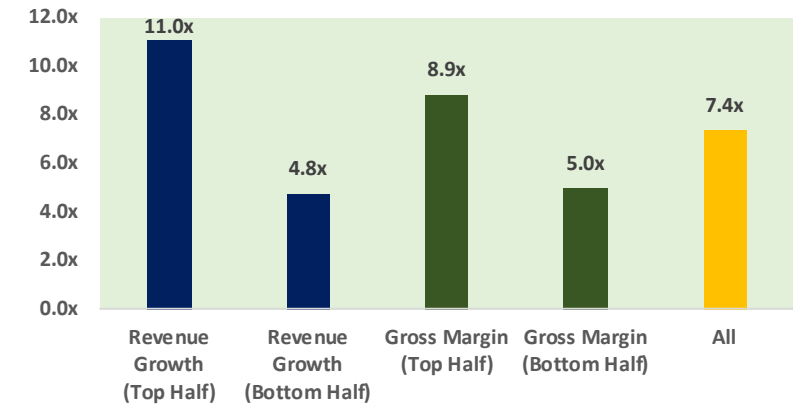
We excluded firms with 10 or fewer employees for this study. *Firms exhibiting more than 10% y-o-y decrease or increase in headcount growth are categorized as Distressed or Growing respectively. The remaining firms are categorized as Stable.

- The aggregate SaaS TTM Revenue Multiple expanded about 1.11 pts in **November 2024** to **7.39x** from **6.28x** in **October 2024**.
- SaaS TTM multiple expanded with the broad stock market also expanding. **S&P 500** increased **5.7%** in November & **4.7%** in the fourth quarter.
- Sector Mattered:** Multiples contracted for Horizontals like Education, Financial Institutions and expanded for verticals like Data Analytics, Devops.
- Quality Mattered:** The difference in multiples between Top Half and Bottom Half companies by Revenue growth and Gross Margin increased from last month at about 6.3x and 3.9x respectively.

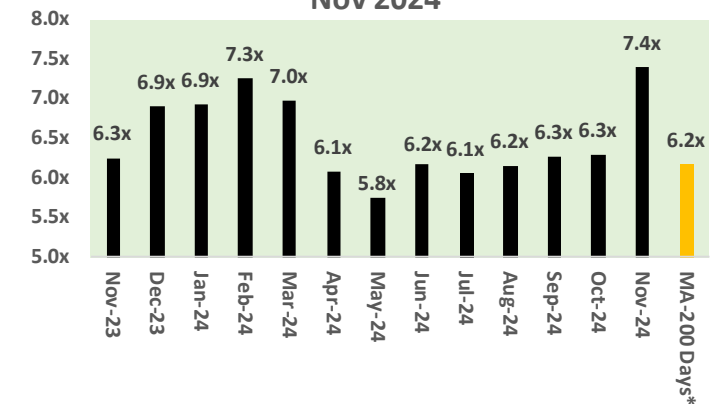
Revenue Xs By SaaS Sector (ME Nov 2024)



SaaS Revenue Xs (ME Nov 2024) By Quality



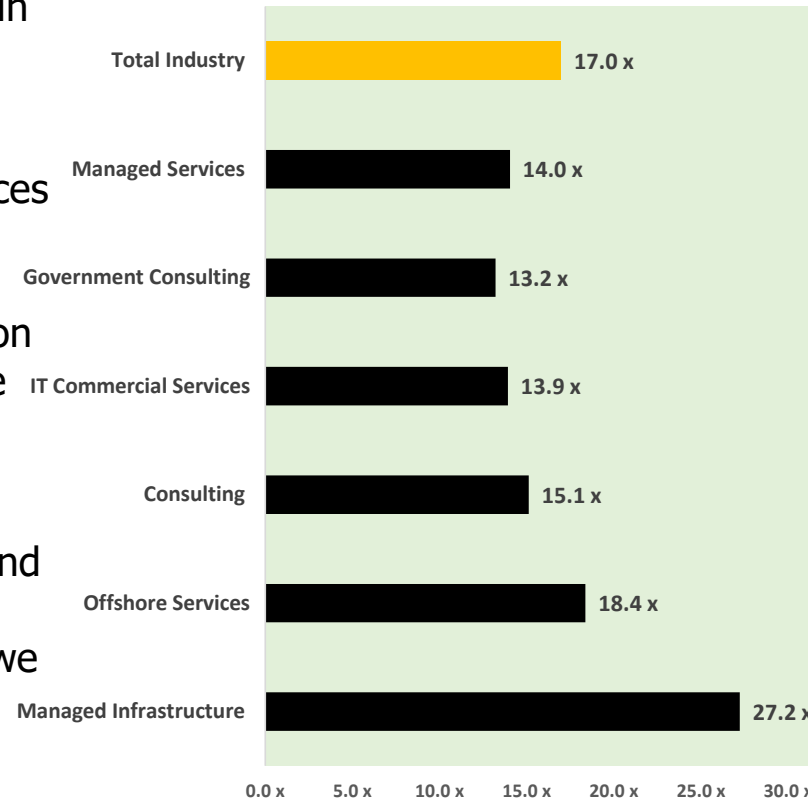
Recovery in SaaS Revenue Xs Stalled in Nov 2024



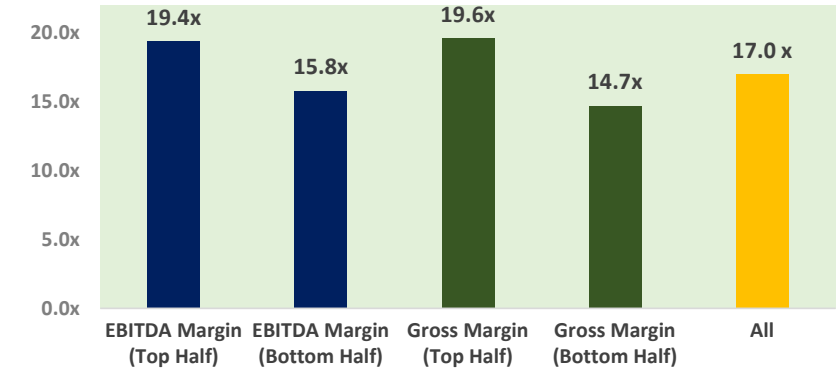
*Source: Yahoo Finance. As of 29th November,

- The aggregate IT Services TTM EBITDA Multiple expanded about 0.7x pts in **November 2024** to **17.0x** from **16.3x** in **October 2024**.
- Multiples expanded for Managed Infrastructure, Consulting, Offshore services sector by **3.0x**, **2.3x**, **1.2x** pts and contracted by **2.3x** pts for government consulting in November. Multiple expansion was driven by equity market performance for the IT sector.
- 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 52-week high EV/EBITDA multiple trades at **0.1%** above the multiple for **November 2024**.

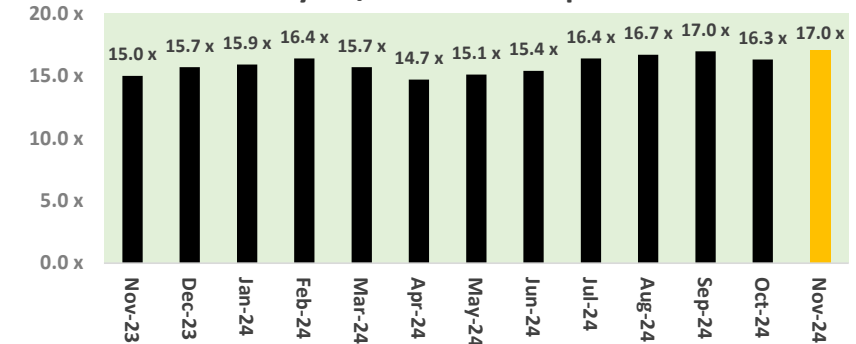
Average EV/EBITDA across Industry



EV/ EBITDA by Quality



Monthly EV/EBITDA Multiple Trend



*Source: Yahoo Finance. As of 29th November,

YTD Median EV/EBITDA and EV/Revenue multiples stand at 22.9x and 3.3x.

YTD Median EV/EBITDA and EV/Revenue multiples for deals less than \$200MN stand at 10.1x and 1.3x respectively.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
Jan-24	Flywheel Digital LLC	Omnicom Group Inc. (NYSE:OMC)	910	34.7x	NA	Application Software	Target provides managed services and specializes in accelerating brand growth in digital retail.
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 Fund I, L.P.	323	NA	1.4x	Systems Software	Target engages in the provision of software-as-a-service-based external cybersecurity solutions.
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.

*Source: Federal Reserve, Yahoo Finance.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
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 Private	63	NA	1.0x	Systems Software	Target operates as a cloud database company.
Jul-24	AuditBoard, Inc.	HgCapital LLP; HgCapital Trust plc (LSE:HGT); Hg Saturn 3 LP	3,000	NA	15.0x	Application Software	Target operates as a cloud database audit, risk, and compliance management software company.
Aug-24	Altium Limited	Renesas Electronics Corporation (TSE:6723)	5,735	60.3x	20.7x	Application Software	Target develops and sells computer software for the design of electronic products.
Aug-24	Starfish Associates, LLC	Persistent Systems, Inc.	21	NA	2.5x	Application Software	Target operates as a application software company.
Aug-24	Sendrcrypt Technologies Inc	eMudhra INC	3	NA	6.0x	IT Consulting and Other Services	Target operates as an email security product and solutions company.

*Source: Federal Reserve, Yahoo Finance.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
Aug-24	Micromeritics Instrument Corporation	Malvern Panalytical Limited	683	NA	5.8x	Electronic Equipment and Instruments	Target manufactures and markets materials characterization analytical laboratory instrumentation and services.
Sep-24	CompoSecure, Inc.	Resolute Holdings I, LP	372	9.7x	3.5x	Technology Hardware, Storage and Peripherals	Target manufactures and designs metal, composite, and proprietary financial transaction cards in the United States and internationally.
Sep-24	Strong Global Entertainment, Inc.	Fundamental Global Inc. (NASDAQM:FGF)	4	15.0x	0.5x	Electronic Equipment and Instruments	Target manufactures and distributes large format projection screens and custom screen support structures.
Oct-24	Altek Electronics, Inc.	Cyient DLM Inc.	29,200	NA	0.8x	Electronic Manufacturing Services	Target manufactures printed circuit board (PCB) assemblies and box builds.
Oct-24	Griid Infrastructure Inc.	CleanSpark, Inc. (NASDAQM:CLSK)	162,506	NA	7.7x	Application Software	Target operates as a vertically integrated bitcoin mining company.
Oct-24	GSE Systems, Inc.	Pelican Energy Partners LP; Pelican Energy Partners III LP	16,879	NA	0.4x	Application Software	Target engages in the provision of professional and technical engineering services, staffing services, and simulation software to clients.
Oct-24	Infusion Software, Inc.	Thryv Holdings, Inc. (NASDAQM:THRY)	80,000	NA	0.9x	Application Software	Target develops and operates email, sales, and marketing automation software.
Oct-24	PowerSchool Holdings, Inc.	Onex Corporation (TSX:ONEX); Vista Equity Partners Management, LLC; Bain Capital Private Equity, LP; Onex Partners Manager LP	5,403,378	37.7x	7.5x	Application Software	Target offers cloud-based software to the K-12 education market in the US.
Oct-24	Squarespace, Inc.	General Atlantic Service Company, L.P.; Accel Partners; Permira Advisers LLC; Accel Growth Fund, L.P.; Accel Growth Fund Strategic Partners L.P.; Accel Growth Fund Investors 2010 L.L.C.; DQI Holdings Inc.	7,305,908	55.7x	6.6x	Internet Services and Infrastructure	Target operates platform for businesses and independent creators to build online presence.
Oct-24	T Stamp Inc.	DQI Holdings Inc.	300	NA	2.3x	Systems Software	Target develops and markets identity authentication software solutions for government and enterprise partners.
Oct-24	TheoremReach, Inc.	RIWI Corp. (TSXV:RIWI)	3,400	7.9x	0.9x	Application Software	Target operates in the digital market research space.
Nov-24	Instructure Holdings, Inc.	KKR & Co. Inc. (NYSE:KKR); Dragoneer Investment Group, LLC; KKR North America Fund XIII SCSp	4,604	22.9x	7.9x	Application Software	Target provides cloud-based learning, assessment, development, and engagement systems worldwide
Nov-24	Iteris, Inc.	Almaviva, S.p.A.	322	30.4x	1.8x	Electronic Equipment and Instruments	Target provides intelligent transportation systems technology solutions
	25th Percentile			11.1x	1.1x		
	Median			22.9x	3.3x		
	75th Percentile			58.0x	6.2x		

*Source: Federal Reserve, Yahoo Finance.

Notable Service Provider Deals in November



Acquiror – N Able Technologies



Target – Adlumin

- N-Able Technologies acquired Adlumin.
- N-able Technologies is an IT management and automation solution for managed services.
- Adlumin, headquartered in Washington DC, provides an enterprise-grade security operations platform to detect cyber threats and keep mid-market organizations secure through XDR and MDR solutions.
- The deal structure included upfront and future cash payments, N-Able equity and an earnout. Adlumin has about 150 employees.



Acquiror – SysGroup PLC



Target – Crossword Consulting

- SysGroup a UK-based managed IT services company acquired Crossword Consulting LLC (CCL), the consulting arm of Crossword Cybersecurity plc.
- SysGroup is a provider of Cloud Hosting, Managed Services and expert IT Consultancy.
- CCL is recognized for its cybersecurity consulting services, including virtual Chief Information Security Officer (vCISO) support and penetration testing for medium and large enterprises.
- CCL has about GBP 2.4mn in revenues and 10-15 consultants.

Notable Service Provider Deals in November



Acquiror – Netrio



Target – PCA Technology Group



Acquiror – Presidio



Target – Contender Solutions

- Netrio acquired PCA Technology Group.
- NETRIO is a Managed Services Provider supporting a wide variety of technology assets and services for small to medium sized organizations.
- PCA Technology Group with about 75 employees is an IT company headquartered out of Buffalo, NY that provides managed IT services and custom application development to SMBs.

- Presidio acquired Contender Solutions.
- Presidio provides managed services and network solutions technologies. The acquisition marks Presidio's ninth transaction in the IT sector and its first in Florida.
- Contender Solutions with about 75 employees is an IT company headquartered out of Tampa, FL and an Elite ServiceNow partner that provides Staff Augmentation, Managed Services and Specialized Services related to ServiceNow.

Notable Service Provider Deals in November



Acquiror – Corporate Technologies



Target – RSPN

- Corporate Technologies acquired RSPN.
- Corporate Technologies delivers IT support, cybersecurity, and cloud solutions to boost business productivity. RSPN would be Corporate Technologies' 6th acquisition and 2nd since being acquired by Tonka Bay Equity Partners in 2023
- RSPN, headquartered in Iowa and serving SMBs in the Cedar Falls and Waterloo regions provides managed IT services, cloud computing, and strategic support for businesses in the Midwest. We estimate it has 10-20 employees.



**Acquiror – Evergreen
Services Group**



Target – PCGIT

- Evergreen Services Group acquired PCGIT.
- Evergreen Services Group invests in leading IT services companies to provide operational assistance and capital to help fuel growth.
- PCGIT is a Managed IT Services Provider headquartered out of Portsmouth, NH that provides Managed IT Support, Cloud Computing, Cyber Security Services & Business Consulting.
- We estimate PCGIT has been 20-30 employees. Dave Hodgdon, CEO and founder of PCGIT mentioned that seamless transition with minimal impact on operations and stakeholders were key factors.

Appendix - IT Services Comparable Company Analysis

Sector	Market Data	LTM Financials		
	% 52 week high	Gross Margin (%)	EBITDA Margin (%)	Net Profit Margin (%)
Managed Infrastructure Mean	94%	55%	40%	10%
Managed Infrastructure Median	99%	54%	42%	11%
Offshore Services Mean	90%	33%	19%	12%
Offshore Services Median	92%	35%	20%	12%
Consulting Mean	81%	36%	12%	9%
Consulting Median	83%	39%	12%	9%
IT Commercial Services Mean	72%	28%	17%	10%
IT Commercial Services Median	89%	29%	17%	11%
Government Consulting Mean	78%	27%	11%	6%
Government Consulting Median	78%	24%	11%	6%
Managed Services Mean	87%	29%	16%	9%
Managed Services Median	92%	27%	16%	7%
Total Industry Mean	84%	35%	19%	9%
Total Industry Median	90%	32%	16%	10%

Valuation Multiples		
EV/ LTM EBITDA	EV/ LTM Revenue	Price/ Earnings
27.2 x	11.3 x	93.2 x
30.2 x	12.9 x	89.7 x
18.4 x	3.4 x	29.6 x
19.1 x	3.5 x	29.0 x
15.1 x	1.6 x	19.5 x
15.8 x	1.8 x	24.4 x
13.9 x	4.8 x	22.3 x
11.9 x	2.3 x	18.8 x
13.2 x	1.4 x	21.4 x
14.3 x	1.5 x	22.7 x
14.0 x	2.3 x	34.6 x
12.6 x	1.8 x	25.7 x
17.0 x	4.1 x	36.8 x
15.1 x	2.1 x	25.1 x

*Source: Yahoo Finance. As of 29th November.

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
Managed Infrastructure													
Equinix Inc	US	\$981.48	99%	\$94,701	\$111,113	\$8,597	\$1,056	49%	42%	12%	30.4 x	12.9 x	89.7 x
Digital Realty Trust	US	\$195.69	99%	\$64,913	\$81,226	\$5,489	\$441	54%	49%	8%	30.2 x	14.8 x	147.1 x
Digital Ocean Holdings	US	\$38.08	85%	\$3,514	\$4,699	\$757	\$82	60%	29%	11%	21.1 x	6.2 x	42.8 x
Managed Infrastructure Mean			94%					55%	40%	10%	27.2 x	11.3 x	93.2 x
Managed Infrastructure Median			99%					54%	42%	11%	30.2 x	12.9 x	89.7 x
Offshore Services													
Tata Consultancy Services	IN	\$50.56	93%	\$182,929	\$178,346	\$28,518	\$5,435	45%	28%	19%	22.2 x	6.3 x	33.7 x
Infosys Limited	IN	\$21.99	93%	\$91,099	\$88,662	\$18,836	\$3,232	30%	24%	17%	19.8 x	4.7 x	28.2 x
HCL Technologies Limited	IN	\$21.88	93%	\$59,261	\$59,231	\$13,480	\$1,992	40%	24%	15%	18.3 x	4.4 x	29.7 x
Cognizant Technology Solutions	US	\$80.49	98%	\$39,909	\$39,747	\$19,412	\$2,252	34%	18%	12%	11.3 x	2.0 x	17.7 x
Wipro Limited	IN	\$3.42	90%	\$35,768	\$31,994	\$10,498	\$1,390	30%	23%	13%	13.3 x	3.0 x	25.7 x
LTI Mindtree Limited	IN	\$73.07	91%	\$21,646	\$20,754	\$4,319	\$551	36%	20%	13%	24.0 x	4.8 x	39.3 x
Tech Mahindra Limited	IN	\$20.27	95%	\$17,930	\$17,432	\$6,190	\$387	26%	12%	6%	23.1 x	2.8 x	46.3 x
Genpact Limited	BM	\$46.16	96%	\$8,141	\$8,971	\$4,665	\$663	35%	18%	14%	10.8 x	1.9 x	12.3 x
Globant S.A.	LU	\$227.76	91%	\$9,826	\$9,889	\$2,354	\$171	36%	10%	7%	41.3 x	4.2 x	57.5 x
WNS Holdings Limited	IN	\$54.23	75%	\$2,352	\$2,578	\$1,309	\$119	36%	20%	9%	10.0 x	2.0 x	19.7 x
Mphasis Limited	IN	\$35.21	92%	\$6,672	\$6,535	\$1,623	\$189	30%	20%	12%	20.0 x	4.0 x	35.3 x
Sonda S.A.	CL	\$0.36	79%	\$317	\$577	\$1,534	\$32	14%	6%	2%	6.1 x	0.4 x	10.1 x
Offshore Services Mean			90%					33%	19%	12%	18.4 x	3.4 x	29.6 x
Offshore Services Median			92%					35%	20%	12%	19.1 x	3.5 x	29.0 x

*Source: Yahoo Finance. As of 29th November.

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
Consulting													
FTI Consulting	US	\$202.52	83%	\$7,279	\$7,146	\$3,728	\$312	33%	12%	8%	15.8 x	1.9 x	23.3 x
Huron Consulting Group	US	\$122.81	94%	\$2,179	\$2,647	\$1,472	\$85	31%	13%	6%	14.2 x	1.8 x	25.5 x
Resources Connection	US	\$8.44	59%	\$279	\$215	\$826	\$76	40%	12%	9%	2.1 x	0.3 x	3.7 x
The Hackett Group	US	\$31.34	95%	\$865	\$878	\$307	\$34	39%	17%	11%	16.9 x	2.9 x	25.5 x
Information Services Group	US	\$3.69	77%	\$181	\$242	\$256	(\$3)	39%	4%	-	26.5 x	0.9 x	-
Consulting Mean			82%					36%	12%	9%	15.1 x	1.6 x	19.5 x
Consulting Median			83%					39%	12%	9%	15.8 x	1.8 x	24.4 x
IT Commercial Services													
Accenture plc	IE	\$362.37	94%	\$226,655	\$225,766	\$66,362	\$7,570	32%	17%	11%	19.5 x	3.4 x	29.9 x
Capgemini SE	FR	\$160.45	67%	\$26,420	\$30,694	\$21,271	\$1,459	26%	14%	7%	10.3 x	1.4 x	18.1 x
CGI Inc	CA	\$113.14	97%	\$22,702	\$24,026	\$10,478	\$1,208	16%	19%	12%	11.9 x	2.3 x	18.8 x
Atos SE	FR	\$0.95	14%	\$169,675	\$175,067	\$10,713	(\$5,051)	33%	-	-	-	16.3 x	-
Unisys Corporation	US	\$7.98	89%	\$554	\$705	\$2,021	(\$389)	29%	-	-	-	0.3 x	-
IT Commercial Services Mean			72%					28%	17%	10%	13.9 x	4.8 x	22.3 x
IT Commercial Services Median			89%					29%	17%	11%	11.9 x	2.3 x	18.8 x
Government Consulting													
Booz Allen Hamilton Holding Corporati	US	\$148.18	78%	\$18,933	\$21,991	\$11,429	\$829	55%	13%	7%	14.5 x	1.9 x	22.8 x
CACI International Inc	US	\$459.88	78%	\$10,305	\$12,070	\$7,867	\$454	9%	11%	6%	14.5 x	1.5 x	22.7 x
Science Applications International Cor	US	\$124.25	79%	\$6,074	\$8,351	\$7,518	\$269	11%	8%	4%	13.5 x	1.1 x	22.6 x
Maximus, Inc.	US	\$74.50	79%	\$4,459	\$5,647	\$5,306	\$307	24%	12%	6%	9.2 x	1.1 x	14.5 x
ICF International, Inc.	US	\$138.57	77%	\$2,600	\$3,212	\$2,002	\$108	37%	11%	5%	14.3 x	1.6 x	24.1 x
Government Consulting Mean			78%					27%	11%	6%	13.2 x	1.4 x	21.4 x
Government Consulting Median			78%					24%	11%	6%	14.3 x	1.5 x	22.7 x

*Source: Yahoo Finance. As of 29th November.

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
Managed Services													
Accenture plc	IE	\$362.37	94%	\$226,655	\$225,766	\$66,362	\$7,570	32%	17%	11%	19.5 x	3.4 x	29.9 x
Tata Consultancy Services	IN	\$50.56	93%	\$182,929	\$178,346	\$28,518	\$5,435	45%	28%	19%	22.2 x	6.3 x	33.7 x
International Business Machines Corp	US	\$227.41	95%	\$210,274	\$256,698	\$62,580	\$6,397	57%	20%	10%	20.3 x	4.1 x	32.9 x
Infosys Limited	IN	\$21.99	93%	\$91,099	\$88,662	\$18,836	\$3,232	30%	24%	17%	19.8 x	4.7 x	28.2 x
Capgemini SE	FR	\$160.45	67%	\$26,444	\$30,718	\$21,271	\$1,459	26%	14%	7%	10.3 x	1.4 x	18.1 x
Cognizant Technology Solutions	US	\$80.49	98%	\$39,909	\$39,747	\$19,412	\$2,252	34%	18%	12%	11.3 x	2.0 x	17.7 x
Wipro Limited	IN	\$3.42	90%	\$35,768	\$31,994	\$10,498	\$1,390	30%	23%	13%	13.3 x	3.0 x	25.7 x
DXC Technology Company	US	\$22.50	91%	\$4,073	\$7,549	\$13,262	\$24	23%	13%	0%	4.3 x	0.6 x	169.7 x
Rackspace Technology, Inc	US	\$2.68	79%	\$610	\$3,793	\$2,771	(\$774)	20%	-	-	-	1.4 x	-
CGI Group	CA	\$113.14	97%	\$22,702	\$24,026	\$10,478	\$1,208	16%	19%	12%	11.9 x	2.3 x	18.8 x
ePlus	US	\$80.86	76%	\$2,167	\$2,134	\$2,123	\$108	26%	8%	5%	11.9 x	1.0 x	20.1 x
Insight Enterprises	US	\$156.45	69%	\$4,969	\$5,974	\$8,865	\$303	20%	6%	3%	10.9 x	0.7 x	16.4 x
Leidos	US	\$165.40	82%	\$22,070	\$26,021	\$16,277	\$1,199	17%	13%	7%	12.6 x	1.6 x	18.4 x
NTT Data	JP	\$19.17	93%	\$26,878	\$41,078	\$28,890	\$886	27%	16%	3%	9.2 x	1.4 x	30.4 x
Science Applications Int.	US	\$124.25	79%	\$6,074	\$8,351	\$7,518	\$269	11%	8%	4%	13.5 x	1.1 x	22.6 x
Softchoice	CA	\$16.76	96%	\$1,011	\$1,161	\$550	\$28	44%	11%	5%	19.4 x	2.1 x	36.2 x
Managed Services Mean			87%					29%	16%	9%	14.0 x	2.3 x	34.6 x
Managed Services Median			92%					27%	16%	7%	12.6 x	1.8 x	25.7 x

*Source: Yahoo Finance. As of 29th November.

Excendio Advisors

Our Past Transactions
IT M&A

**Software Growth Partners
acquired Netro**



Netreo's SaaS IT Management tool, OmniCenter™, provides enterprise-wide dashboard views of the entire IT footprint for large companies.

**Accunet acquired Distributed
Technology Group**



Accunet provides life cycle solutions in network, security, storage, data centers. The acquisition strengthens DTG's storage practice and adds network and security services.

**New Era Technology
acquired Meyer Hill Lynch**



New Era Technology's acquisition of Meyer Hill Lynch boosts expertise, expands its client base & supports its goal to serve 20,000+ customers with scalable IT solutions.

**New Era Technology
acquired Pangaia Partners**



Pangaia Partners delivers IT services in network engineering, collaboration, and data centers, serving Fortune 500 and midmarket clients for 17+ years.

**New Era Technology
acquired Cameo Solutions**



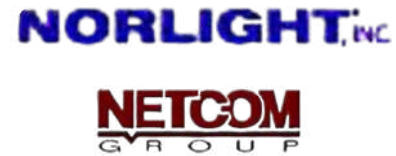
Cameo Solutions, a cloud contact center provider, was acquired by New Era Technology to expand its unified communications, collaboration, and managed IT services.

**Corporate Technologies
acquired CPR**



Corporate Technologies provides IT solutions in network infrastructure, cybersecurity, cloud services, and data management.

Norlight INC acquired
Netcom Group



Hostway acquired IMS Soft &
Services



TeleData acquired The Hogan
Group INC



RiverStreet Networks
acquired Gamewood



Valor Global acquired
Extreme Integration



Vertical Trail Solutions
acquired Edgilent



ConvergeOne acquired G3
Technology Partners



Core BTS Inc acquired
Inacom Information Systems



Cisco acquired Aironet



Carousel Industries acquired
UTDI



Infor acquired Brain
International



IT Savvy acquired
Infrastructure Works



Software Growth Partners
acquired Appian Security



Clarey Technology acquires
Phoenix Computer Associates



Blue Loop Capital acquired
Yuxi Pacific



CI&T acquired Comrade



Cisco acquired Altiga
Networks



AAV Holdings Corporation
acquired Promedia





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

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