

IT & Software Market Update

January 2025

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Macro Update

-2.5% / 24.7%

S&P Return: Dec-24/LTM

4.6%

10 Year Treasury Yield



MSP Analysis – Mid-West area

Minneapolis (MN), St. Paul (MN), and Sheridan (WY) are the sweet spot to target platform MSPs in the greater Midwest area. They have reasonable scale and either have higher than average SMB count per MSP, or are cities with higher-than-average SMB growth profiles.



Public Market Multiple

13.6x

Managed Services TTM EV/ EBITDA Multiple

7.1x

SaaS TTM Revenue Multiple



Private Market Multiple

9.0x

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

1.5x

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



Select MSP Transactions

Acquiror



Target



Acquiror



Target



Podcast – M&A Insights

Latest Episode: [MSP Builder Unplugged](#)

Alert fatigue is a big issue for MSPs. Listen to how MSP Builder is helping MSPs auto remediate alerts from their RMM platform before they ever become tickets without any user intervention.

- 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 or acquire and have a profile that fit these criteria.

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

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

NY MSP: NY MSP looking to divest \$3MN Revenue MSP with strong focus around non-profits.

CO MSP: 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.

- 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.

- ❑ Two steps clearly show that the new administration will take a much more business friendly approach towards the development of AI. **IT firms who are able to play an advisory role in shaping their clients AI strategy** will be able to differentiate themselves from others and grow along with their clients in this new world. MSPs with scale and AI expertise will be at a clear advantage.
 - On January 23, **the Trump administration** issued an Executive Order that **revoked the Biden AI Executive Order** arguing that it would hinder AI innovation and impose onerous and unnecessary government control over the development of AI. The order also directed the development of an **AI Action Plan** to sustain and enhance America's AI dominance, led by the Assistant to the President for Science & Technology, the White House AI & Crypto Czar, and the National Security Advisor.
 - On January 21, The White House announced a private sector investment of up to **\$500 billion** to fund infrastructure for AI. The President announced that **OpenAI, SoftBank and Oracle** are planning a joint venture called **Stargate**, which would build data centers and create more than 100,000 jobs in the US.
- ❑ The **US economic story** continues to be one of **measured recovery**
 - Nonfarm payroll employment rose by 256,000 jobs in December 2024. The consensus had been for a 155,000 increase.
 - Job growth seems to be normalizing. The three-month average average job growth is now a healthy 170,000, near the 178,000 average in the years immediately preceding Covid from 2017-2019.
 - Unemployment rate ticked down to 4.1% in December from 4.2% in November.
 - US core CPI fell to 3.2% in December from 3.3% in November.
 - Deflationary pressures remain in place, although the pace of decline slowed in 2024 relative to 2023. CPI dopped 0.6% in 2024 relative to 1.6% in 2023.

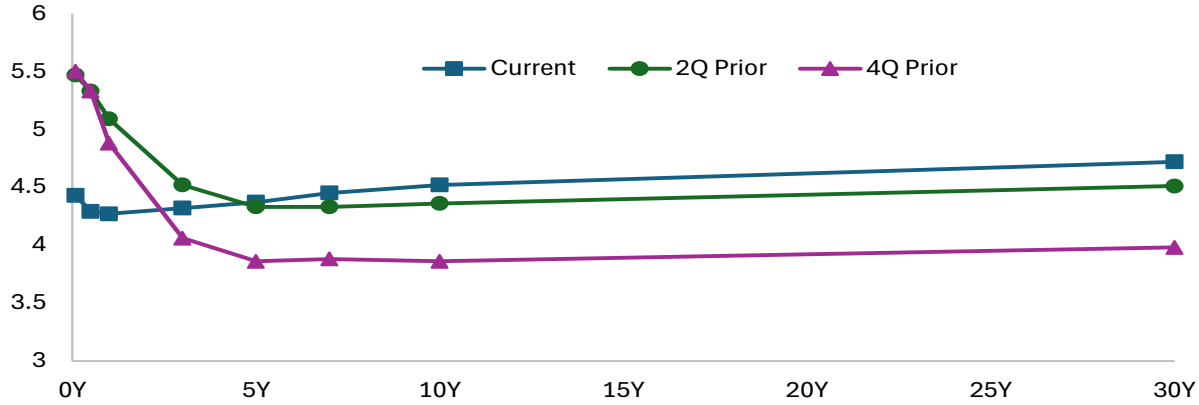
Economic indicators remain supportive of a strong economy – But Equity markets make us nervous. Are we close to a peak?

	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	4.65	1/23/2025	0.51	12.3	4.65	3.29	4.58	3.81	4.36	4.20
Core CPI	3.25	12/1/2024	-0.55	-14.5	3.25	2.39	3.25	3.26	3.28	3.80
Unemployment Rate	4.10	12/1/2024	0.30	7.9	4.10	5.70	4.10	4.10	4.10	3.90
Initial Claims 4-week MA	213.50	1/18/2025	10.75	5.3	213.50	375.63	223.25	224.25	238.75	214.50
Nonfarm Payroll Change (Unrevised)	256.00	12/1/2024	-54.00	-17.4	256.00	139.74	256.00	255.00	118.00	310.00
INDEXES AND INDICATORS										
Sahm Recession Indicator	0.40	12/1/2024	0.17	73.9	0.40	0.49	0.40	0.50	0.43	0.30
Michigan Consumer Sentiment	74.00	12/1/2024	4.30	6.2	74.00	82.87	71.80	70.10	68.20	79.40
Chicago National Financial Conditions Index	-0.63	1/10/2025	-0.16	33.0	-0.63	-0.35	-0.60	-0.56	-0.54	-0.51
MARKETS										
S&P 500	6101.24	1/24/2025	1210.27	24.7	6101.24	-	5881.63	5762.48	5460.48	5254.35
NASDAQ	19954.30	1/24/2025	4498.94	29.1	19954.30	-	19310.79	18189.17	17732.60	16379.46
VIX	14.85	1/24/2025	1.59	12.0	14.85	19.86	17.35	16.73	12.44	13.01
ICE Corp BBB OAS	1.00	1/24/2025	-0.28	-21.9	1.00	2.02	1.02	1.16	1.17	1.15
ICE Corp HY OAS	2.60	1/24/2025	-0.96	-27.0	2.60	5.45	2.92	3.03	3.18	3.12
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

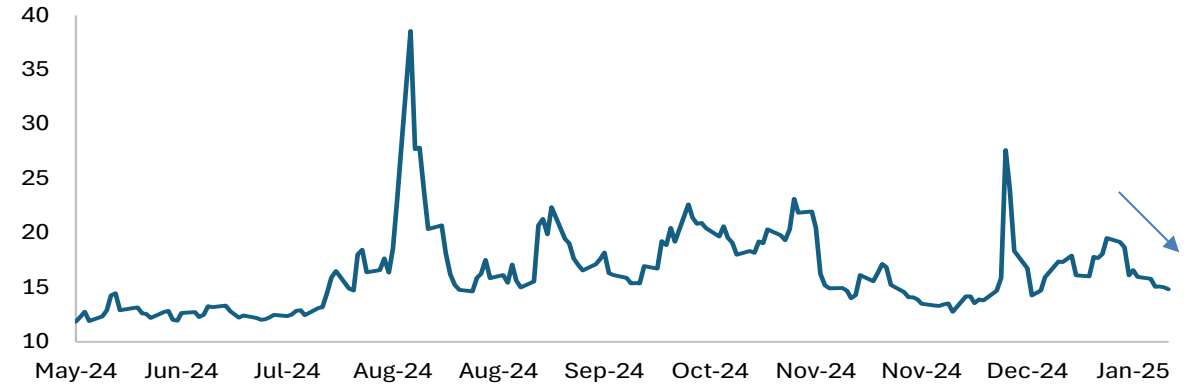
*Source: Federal Reserve, Yahoo Finance.

Consumer sentiment continues to strengthen; rate markets are forecasting higher for longer

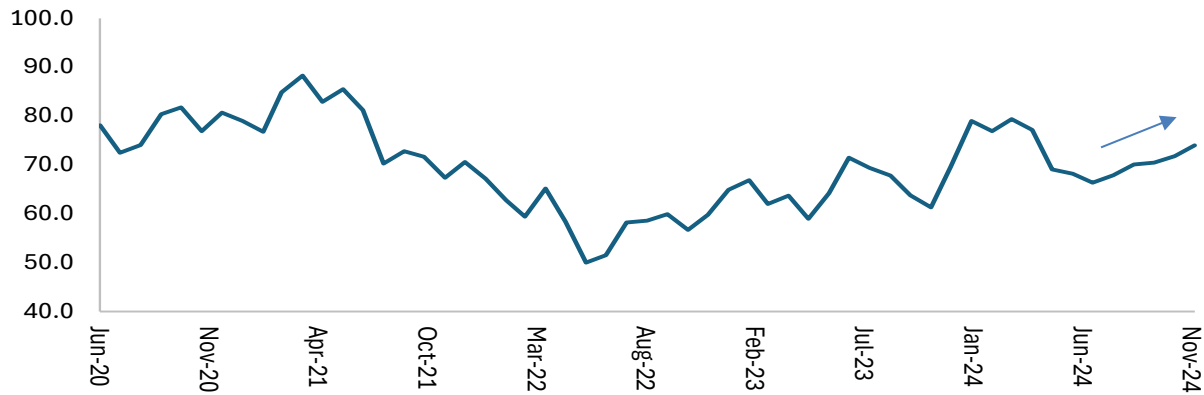
Treasury Yield Curve



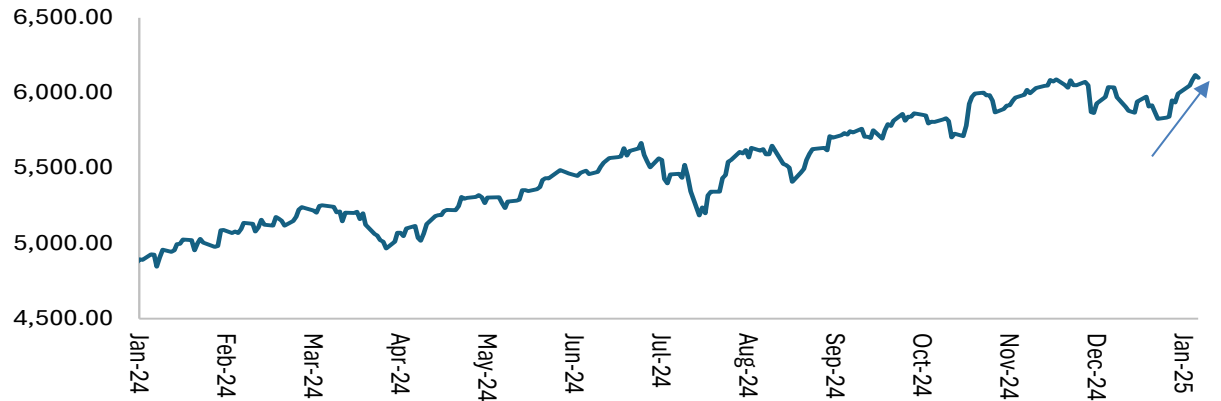
CBOE Volatility Index



Michican Consumer Sentiment Survey



S&P 500



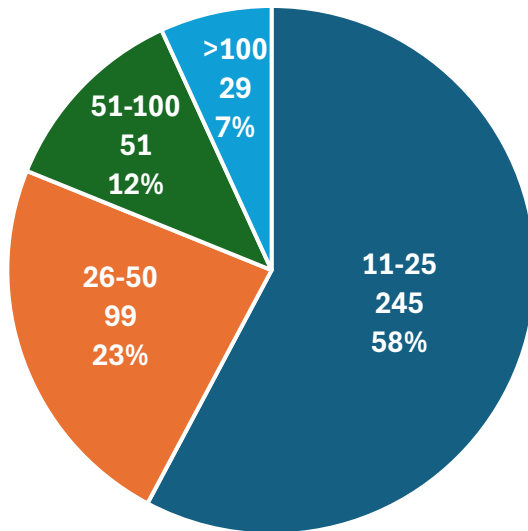
*Source: Federal Reserve, Yahoo Finance.

Cities like Minneapolis, Sheridan & St Paul are the sweet spot to target platform MSPs in the greater Midwest area. They have reasonable scale and either have higher than average SMB count per MSP, or are cities with higher-than-average SMB growth profiles.

- In our Jan-Dec 2024 Newsletters we provided an overview of the IT MSP space in the DC, NY, FL, IL, Mid-Atlantic, Mountain States, Texas and California areas.
- This month we take a closer look at IT MSPs in the Greater Midwest area consisting of Minnesota, North and South Dakota, Idaho, Montana, Wyoming, Kansas, Nebraska and Iowa. We already covered the Chicago-IL area in an earlier study.
- We estimate there are 424 MSPs in Greater Midwest area providing some degree of Managed IT services, lower than other areas we have studied which have averaged about 1,000 MSPs.
- The top 25 towns contain 74% of MSPs in Greater Midwest area, in line with an average of about 69% for the other regions studied so far.
- We excluded IT firms with 10 or fewer employees. 81% of the remaining MSPs have between 11-50 employees, higher than in other regions where this tends to be about 75%. This is mostly due to a lack of MSPs with more than 50 employees.
- 59% of the MSPs have shown stable y-o-y headcount growth, 31% have grown more than 10%, while 10% 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%.
 - Fargo (ND) is an attractive profile as an MSP center. It has a significant number of SMBs per MSP and also is in the top third for % Large MBs and SMB growth %. However it has fewer than 10 MSPs to choose from.

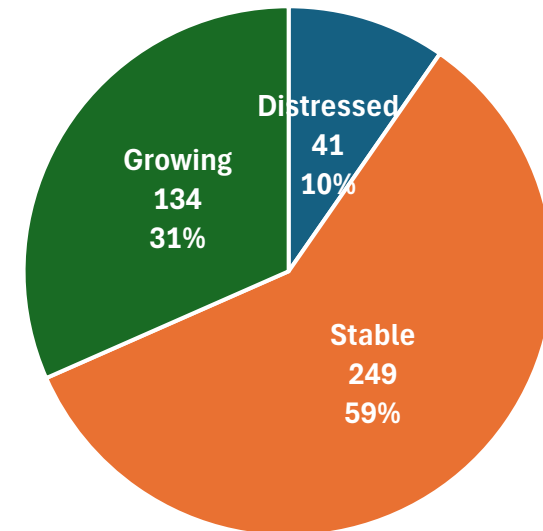
- We estimate there are 424 MSPs in the Greater Midwest area providing some degree of Managed IT services.
- 58% have 11-25 employees, 23% have 26-50, 12% have 51-100 and 7% have over 100 employees.**
- 59% of the MSPs have shown stable y-o-y headcount growth, 31% have grown more than 10%, while 10% have shrunk by more than 10%***.

MSP By Employee Count (424)



80% of MSPs
have between
11-50 employees
~
\$2MN - \$12.5MN
in Revenue

MSP Count by Headcount Growth (424)

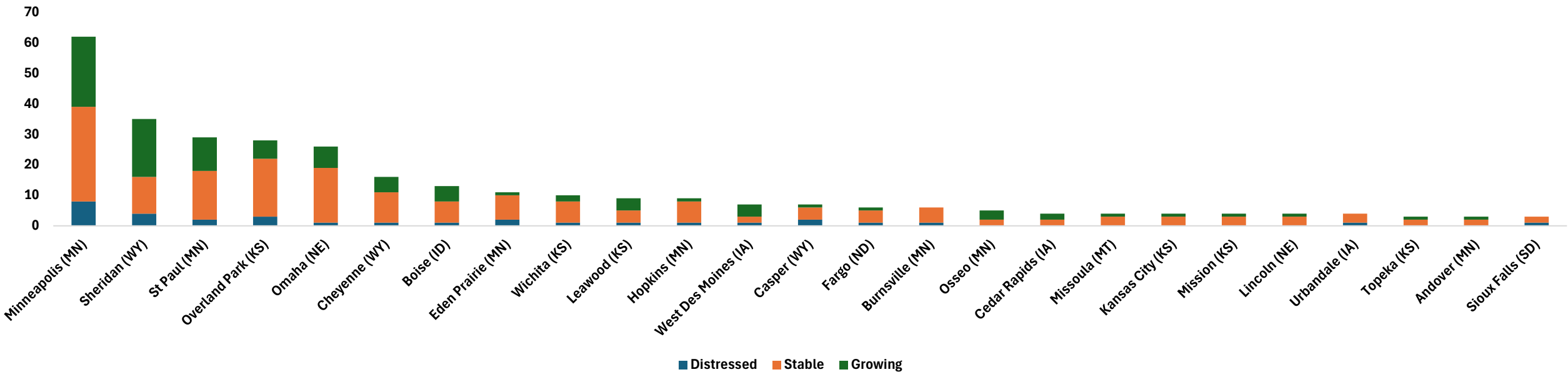


*Source: Linked-In.

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 312 MSPs, about 74% of the total MSP count in Greater Midwest 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%).

MSP Count By City
Top-25 IT MSP Cities

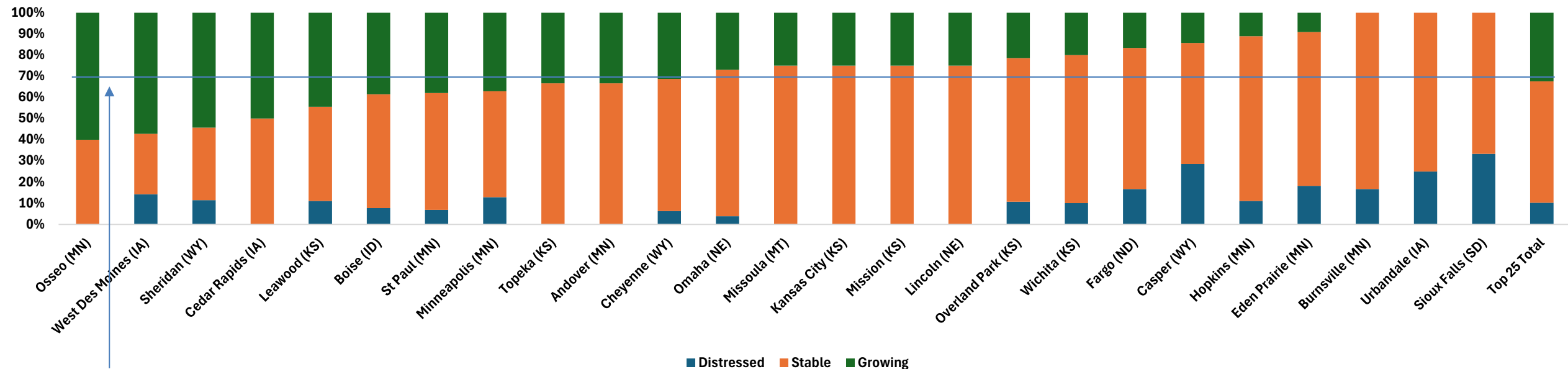


*Source: Linked-In.

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 Sheridan (WY), St. Paul (MN) and Minneapolis (MN) have a high percentage of fast growing MSPs and a reasonable number of MSPs. For example, Sheridan has 35 MSPs and 54% of these MSPs are growing employee count at over 10%.

Growth Mix By City
Top-25 IT MSP Cities



Avg. Share of MSPs Growing at > 10% ~ 32%

*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 847.
 - 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 13%
 - Fargo (ND) is an attractive profile as an MSP center. It has a significant number of SMBs per MSP and also is in the top third for % Large MBs and SMB growth %.**

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

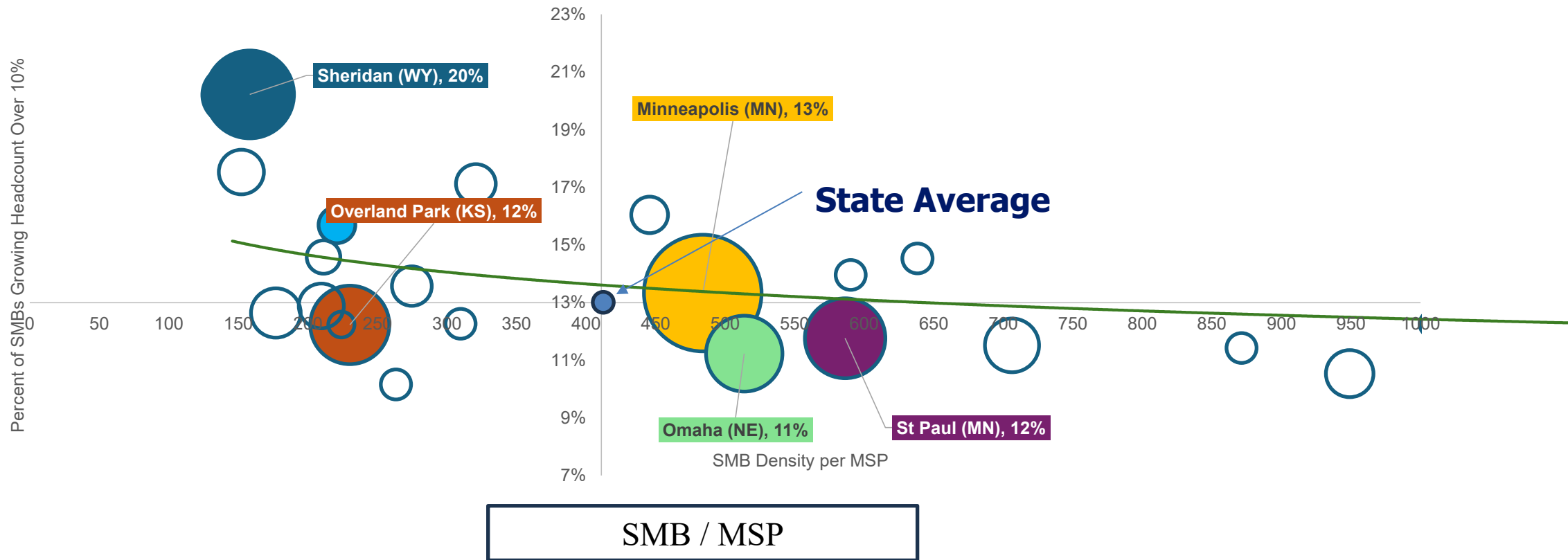
Top 25 MSP Towns	SMB (1-500) / MSP	% Large MBs*	SMB Growth%	MSP Count
Osseo (MN)	211	20%	15%	5
West Des Moines (IA)	275	20%	14%	7
Sheridan (WY)	158	10%	20%	35
Cedar Rapids (IA)	871	14%	11%	4
Leawood (KS)	210	19%	13%	9
Boise (ID)	706	13%	12%	13
St Paul (MN)	586	16%	12%	29
Minneapolis (MN)	484	18%	13%	62
Topeka (KS)	1009	16%	12%	3
Andover (MN)	224	12%	12%	3
Cheyenne (WY)	146	14%	20%	16
Omaha (NE)	514	17%	11%	26
Missoula (MT)	638	16%	15%	4
Kansas City (KS)	590	15%	14%	4
Mission (KS)	263	17%	10%	4
Lincoln (NE)	1422	19%	13%	4
Overland Park (KS)	230	15%	12%	28
Wichita (KS)	949	13%	11%	10
Fargo (ND)	446	22%	16%	6
Casper (WY)	321	11%	17%	7
Hopkins (MN)	152	27%	18%	9
Eden Prairie (MN)	177	23%	13%	11
Burnsville (MN)	221	22%	16%	6
Urbandale (IA)	310	17%	12%	4
Sioux Falls (SD)	1226	18%	17%	3
Top 25 Total	411	16%	13%	312

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- Cities like Minneapolis, Sheridan & St Paul are the sweet spot to target MSPs in the greater Midwest area. 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.

Percent SMBs Growing Headcount Over 10% VS SMB Density per MSP
Bubble size indicates Number of MSPs

% of Fast Growing SMBs



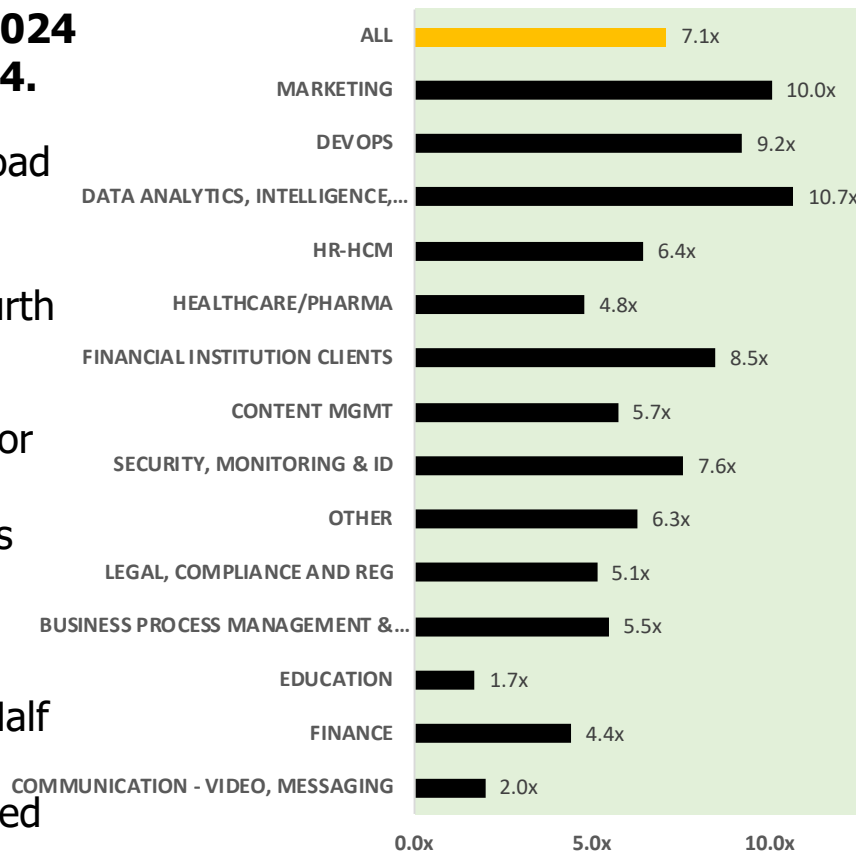
SMB / MSP

*Source: Linked-In.

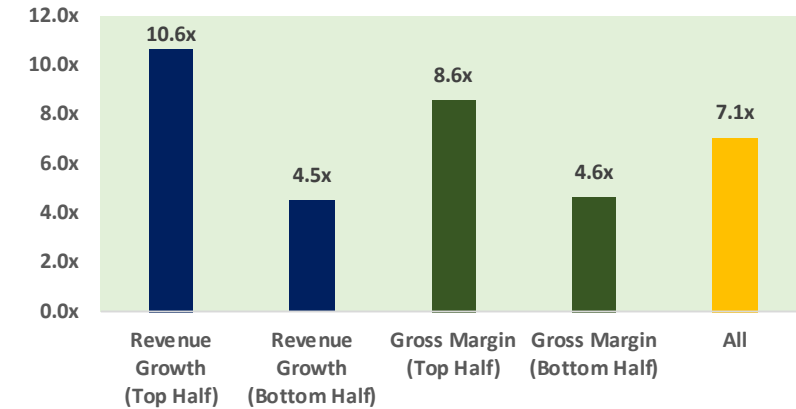
We excluded firms with 10 or fewer employees for this study. *Firms exhibiting more than 10% y-o-y decrease or increase in headcount growth are categorized as Distressed or Growing respectively. The remaining firms are categorized as Stable.

- The aggregate SaaS TTM Revenue Multiple contracted about 0.3 pts in **December 2024** to **7.08x** from **7.38x** in **November 2024**.
- SaaS TTM multiple expanded with the broad stock market also expanding in the last quarter. **S&P 500** decreased **2.5%** in December but increased **2.1%** in the fourth quarter.
- Sector Mattered:** Multiples contracted for Horizontals like Marketing, Devops and expanded for verticals like Legal, Business Process Management.
- Quality Mattered:** The difference in multiples between Top Half and Bottom Half companies by Revenue growth and Gross Margin remained about the same compared to last month at about 6.1x and 4.0x respectively.

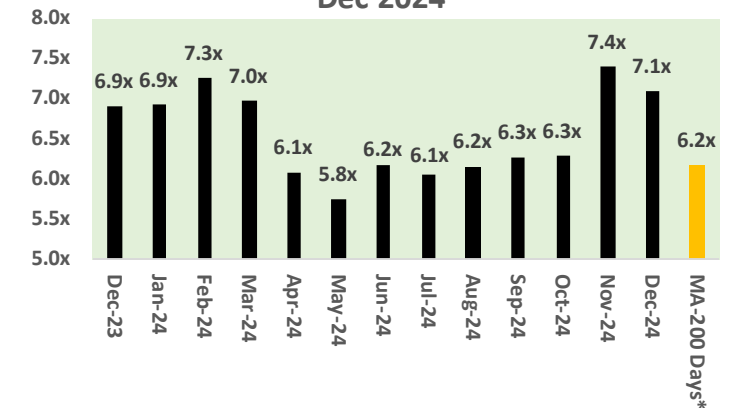
Revenue Xs By SaaS Sector (ME Dec 2024)



SaaS Revenue Xs (ME Dec 2024) By Quality



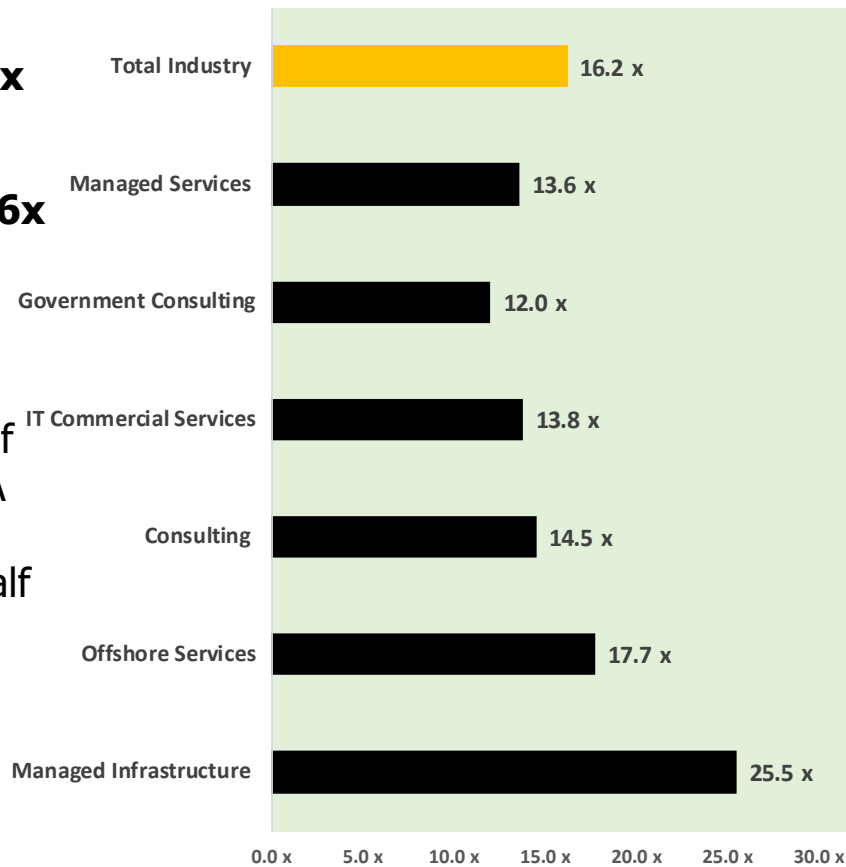
Recovery in SaaS Revenue Xs Stalled in
Dec 2024



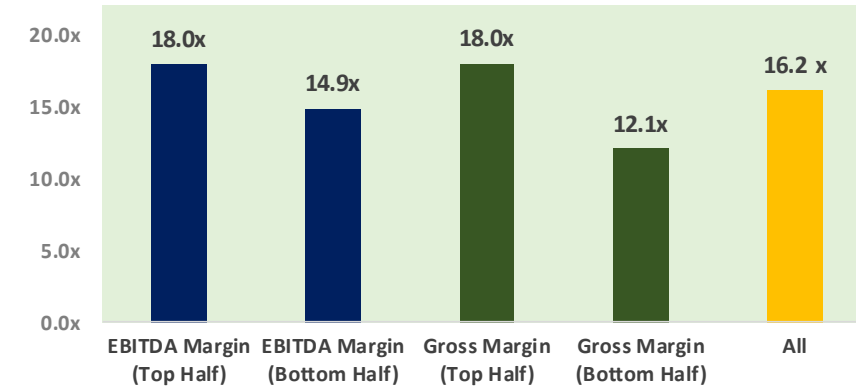
*Source: Yahoo Finance. As of 31st December,

- The aggregate IT Services TTM EBITDA Multiple contracted about 0.7x pts in **December 2024** to **16.2x** from **16.9x** in **November 2024**.
- Multiples contracted by **1.7x, 1.2x, 0.6x** pts for Managed Infrastructure, Government Consulting, Offshore Services in December.
- 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 **4.9%** above the multiple for **December 2024**.

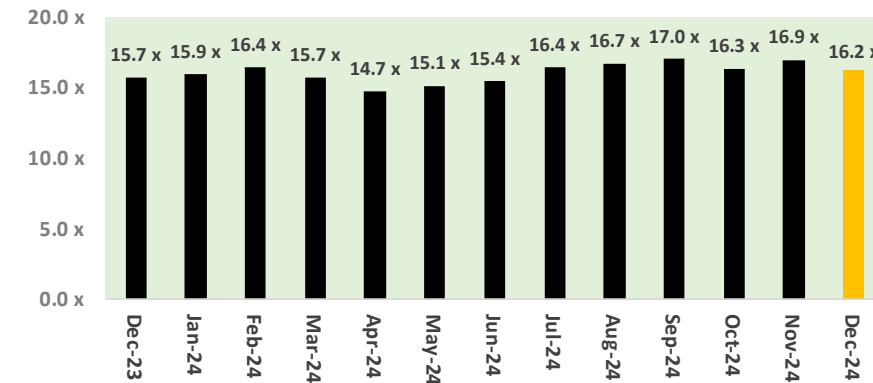
Average EV/EBITDA across Industry



EV/ EBITDA by Quality



Monthly EV/EBITDA Multiple Trend



*Source: Yahoo Finance. As of 31st December,

YTD Median EV/EBITDA and EV/Revenue multiples stand at 18.9x and 2.9x.

YTD Median EV/EBITDA and EV/Revenue multiples for deals less than \$200MN stand at 9.0x and 1.5x respectively.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$m)	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.

*Source: Federal Reserve, Yahoo Finance.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
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 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.
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.

*Source: Federal Reserve, Yahoo Finance.

Private Market Multiples

Selected M&A Deals (YTD December 2024)

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$m)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
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:FGE)	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.;	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.
Dec-24	Fiery, LLC	Seiko Epson Corporation (TSE:6724)	569	NA	2.9x	Technology Hardware, Storage and Peripherals	Target develops digital printing solution and workflow software.
Dec-24	Ascent, LLC	WESCO International, Inc. (NYSE:WCC)	185	NA	1.6x	Internet Services and Infrastructure	Target provides solutions for the design, engineering, construction, and operation of data centers.
Dec-24	Micropac Industries, Inc.	Teledyne Technologies Incorporated (NYSE:TDY)	56	9.0x	1.5x	Electronic Components	Target designs, manufactures, and distributes various types of microelectronic circuits.
	25th Percentile			9.5x	1.2x		
	Median			18.9x	2.9x		
	75th Percentile			56.9x	5.9x		

*Source: Federal Reserve, Yahoo Finance.

Notable Service Provider Deals in December



Acquiror – Magna5

- Magna5 announced the acquisition of ThreatAdvice on Dec 3, 2024.
- ThreatAdvice is a cybersecurity and technology firm that offers a breach prevention platform, cybersecurity education, and managed services.
- Magna5 is a PE-owned national provider of cloud-based communications, hybrid network, and IT Services solutions.
- With established operations in Birmingham and Mobile, AL, as well as Atlanta, GA, ThreatAdvice adds a strong local market presence for Magna5 and strengthens its customer footprint in the Southeast U.S.



Target – ThreatAdvice



Acquiror – The 20s

- The 20s announced the acquisition of Eagle's Wings on Dec 3, 2024.
- Eagle's Wings Technologies provides security, business continuity, VoIP, cloud services, and managed IT services.
- The 20 MSP specializes in MSP Business Development, providing MSP Consulting and MSP Network Support.
- This was The 20s 37th acquisition and 11th acquisition of the year.
- The acquisition strengthens The 20s presence in AL. Since becoming a member, Eagle's Wings experienced significant year-on-year growth, tripling in size and expanding its service capabilities to include clients in two additional states.



Target – Eagle's Wings Technologies

Excendio Advisors

Our Past Transactions
IT M&A



Acquiror – Cyber Advisors LLC

- Cyber Advisors, LLC acquired eDot, LLC. Excendio served as eDot's exclusive financial advisor for this successful transaction.
- eDot founded in Wheeling more than 20 years ago specializes in Managed Services, Cyber Security, Backup Systems, IT Consulting & Hardware/ Software sales and support.
- Cyber Advisors is a prominent provider of cyber security and technology solutions.
- This acquisition will help eDot LLC in offering products & services to their 150+ clients.
- "Melvin and I came to this process with very high expectations & the team at Excendio did not disappoint", commented Steve Jaffe.



Target – eDot LLC



Acquiror – Trafera

- Trafera acquired Now Micro, Inc. Excendio served as Now Micro's exclusive financial advisor for this successful transaction.
- Now Micro founded more than 30 years ago delivers tailored, purpose-built technology solutions to SLED & commercial enterprises encompassing hardware, software & services.
- Trafera is a leading provider of educational technology to k-12 schools.
- This acquisition will help Now Micro in their growth and will enable them to offer a broader range of services & solutions to customers.
- "We are thankful to Excendio team for their relentless work, for guiding us through this process & finding the best partner. We would certainly want them on our side if we had to do it again." commented Pat & Bob.



Target – Now Micro, Inc

**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 Edgient



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



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
Managed Infrastructure Mean	86%	55%	40%	10%	25.5 x	10.6 x	85.5 x
Managed Infrastructure Median	89%	54%	42%	11%	27.8 x	12.4 x	85.5 x
Offshore Services Mean	88%	33%	19%	12%	17.7 x	3.3 x	28.4 x
Offshore Services Median	91%	35%	20%	12%	19.3 x	3.6 x	29.3 x
Consulting Mean	79%	36%	12%	9%	14.5 x	1.5 x	19.1 x
Consulting Median	78%	39%	12%	9%	14.9 x	1.8 x	23.5 x
IT Commercial Services Mean	66%	28%	17%	10%	13.8 x	1.6 x	22.1 x
IT Commercial Services Median	72%	29%	17%	11%	11.8 x	1.5 x	18.6 x
Government Consulting Mean	70%	27%	11%	6%	12.0 x	1.3 x	19.0 x
Government Consulting Median	68%	24%	11%	6%	12.6 x	1.4 x	19.9 x
Managed Services Mean	83%	29%	16%	9%	13.6 x	2.3 x	32.6 x
Managed Services Median	89%	27%	16%	7%	11.8 x	1.7 x	27.1 x
Total Industry Mean	79%	35%	19%	9%	16.2 x	3.4 x	34.4 x
Total Industry Median	84%	32%	16%	10%	13.7 x	1.8 x	25.3 x

*Source: Yahoo Finance. As of 30th December.

Company	Market Data					LTM Financials					Valuation Multiples		
	HQ Country	Stock Price	% 52 week high	Mcaps (\$ 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	\$935.93	94%	\$90,306	\$106,718	\$8,597	\$1,056	49%	42%	12%	29.2 x	12.4 x	85.5 x
Digital Realty Trust	US	\$176.22	89%	\$58,454	\$74,767	\$5,489	\$441	54%	49%	8%	27.8 x	13.6 x	132.5 x
Digital Ocean Holdings	US	\$34.17	76%	\$3,153	\$4,339	\$757	\$82	60%	29%	11%	19.5 x	5.7 x	38.4 x
Managed Infrastructure Mean			86%					55%	40%	10%	25.5 x	10.6 x	85.5 x
Managed Infrastructure Median			89%					54%	42%	11%	27.8 x	12.4 x	85.5 x
Offshore Services													
Tata Consultancy Services	IN	\$48.71	91%	\$176,222	\$171,688	\$28,212	\$5,377	45%	28%	19%	21.6 x	6.1 x	32.8 x
Infosys Limited	IN	\$22.32	95%	\$92,460	\$90,023	\$19,112	\$3,304	30%	24%	17%	19.7 x	4.7 x	28.0 x
HCL Technologies Limited	IN	\$22.59	96%	\$61,193	\$61,163	\$13,504	\$1,999	40%	24%	15%	18.9 x	4.5 x	30.6 x
Cognizant Technology Solutions	US	\$76.75	93%	\$38,054	\$37,892	\$19,412	\$2,252	34%	18%	12%	10.7 x	2.0 x	16.9 x
Wipro Limited	IN	\$3.56	95%	\$37,198	\$33,464	\$10,386	\$1,375	30%	23%	13%	14.0 x	3.2 x	27.1 x
LTI Mindtree Limited	IN	\$66.09	83%	\$19,579	\$18,697	\$4,348	\$535	35%	20%	12%	21.9 x	4.3 x	36.6 x
Tech Mahindra Limited	IN	\$20.39	96%	\$18,035	\$17,542	\$6,146	\$439	26%	13%	7%	21.5 x	2.9 x	41.1 x
Genpact Limited	BM	\$42.64	89%	\$7,520	\$8,350	\$4,665	\$663	35%	18%	14%	10.1 x	1.8 x	11.3 x
Globant S.A.	LU	\$217.33	86%	\$9,376	\$9,439	\$2,354	\$171	36%	10%	7%	39.4 x	4.0 x	54.9 x
WNS Holdings Limited	IN	\$46.90	65%	\$2,034	\$2,260	\$1,309	\$119	36%	20%	9%	8.8 x	1.7 x	17.0 x
Mphasis Limited	IN	\$34.38	91%	\$6,520	\$6,383	\$1,605	\$187	30%	20%	12%	19.8 x	4.0 x	34.9 x
Sonda S.A.	CL	\$0.36	79%	\$317	\$576	\$1,531	\$31	14%	6%	2%	6.1 x	0.4 x	10.1 x
Offshore Services Mean			88%					33%	19%	12%	17.7 x	3.3 x	28.4 x
Offshore Services Median			91%					35%	20%	12%	19.3 x	3.6 x	29.3 x

*Source: Yahoo Finance. As of 30th December.

Company	Market Data					LTM Financials					Valuation Multiples		
	HQ Country	Stock Price	% 52 week high	Mcaps (\$ 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	\$190.39	78%	\$6,843	\$6,710	\$3,728	\$312	33%	12%	8%	14.9 x	1.8 x	21.9 x
Huron Consulting Group	US	\$124.27	95%	\$2,205	\$2,673	\$1,472	\$85	31%	13%	6%	14.4 x	1.8 x	25.8 x
Resources Connection	US	\$8.41	59%	\$278	\$214	\$826	\$76	40%	12%	9%	2.1 x	0.3 x	3.7 x
The Hackett Group	US	\$30.70	94%	\$847	\$860	\$307	\$34	39%	17%	11%	16.5 x	2.8 x	25.0 x
Information Services Group	US	\$3.34	69%	\$164	\$224	\$256	(\$3)	39%	4%	-	24.6 x	0.9 x	-
Consulting Mean			79%					36%	12%	9%	14.5 x	1.5 x	19.1 x
Consulting Median			78%					39%	12%	9%	14.9 x	1.8 x	23.5 x
IT Commercial Services													
Accenture plc	IE	\$352.49	91%	\$220,475	\$219,586	\$66,362	\$7,570	32%	17%	11%	19.0 x	3.3 x	29.1 x
Capgemini SE	FR	\$161.86	68%	\$26,643	\$30,863	\$21,002	\$1,440	26%	14%	7%	10.5 x	1.5 x	18.5 x
CGI Inc	CA	\$109.04	97%	\$21,880	\$23,167	\$10,189	\$1,175	16%	19%	12%	11.8 x	2.3 x	18.6 x
Atos SE	FR	\$0.00	0%	\$467	\$5,791	\$10,577	(\$4,987)	33%	-	-	-	0.5 x	-
Unisys Corporation	US	\$6.46	72%	\$448	\$600	\$2,021	(\$389)	29%	-	-	-	0.3 x	-
IT Commercial Services Mean			66%					28%	17%	10%	13.8 x	1.6 x	22.1 x
IT Commercial Services Median			72%					29%	17%	11%	11.8 x	1.5 x	18.6 x
Government Consulting													
Booz Allen Hamilton Holding Corporati	US	\$128.36	67%	\$16,401	\$19,458	\$11,429	\$829	55%	13%	7%	12.9 x	1.7 x	19.8 x
CACI International Inc	US	\$402.23	68%	\$9,013	\$10,778	\$7,867	\$454	9%	11%	6%	12.9 x	1.4 x	19.9 x
Science Applications International Cor	US	\$110.81	71%	\$5,417	\$7,694	\$7,518	\$269	11%	8%	4%	12.4 x	1.0 x	20.1 x
Maximus, Inc.	US	\$74.23	79%	\$4,443	\$5,631	\$5,306	\$307	24%	12%	6%	9.2 x	1.1 x	14.5 x
ICF International, Inc.	US	\$118.09	66%	\$2,216	\$2,827	\$2,002	\$108	37%	11%	5%	12.6 x	1.4 x	20.6 x
Government Consulting Mean			70%					27%	11%	6%	12.0 x	1.3 x	19.0 x
Government Consulting Median			68%					24%	11%	6%	12.6 x	1.4 x	19.9 x

*Source: Yahoo Finance. As of 30th December.

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	\$352.49	91%	\$220,475	\$219,586	\$66,362	\$7,570	32%	17%	11%	19.0 x	3.3 x	29.1 x
Tata Consultancy Services	IN	\$48.71	91%	\$176,222	\$171,688	\$28,212	\$5,377	45%	28%	19%	21.6 x	6.1 x	32.8 x
International Business Machines Corp	US	\$220.25	92%	\$203,653	\$250,077	\$62,580	\$6,397	57%	20%	10%	19.8 x	4.0 x	31.8 x
Infosys Limited	IN	\$22.32	95%	\$92,460	\$90,023	\$19,112	\$3,304	30%	24%	17%	19.7 x	4.7 x	28.0 x
Capgemini SE	FR	\$161.86	68%	\$26,643	\$30,863	\$21,002	\$1,440	26%	14%	7%	10.5 x	1.5 x	18.5 x
Cognizant Technology Solutions	US	\$76.75	93%	\$38,054	\$37,892	\$19,412	\$2,252	34%	18%	12%	10.7 x	2.0 x	16.9 x
Wipro Limited	IN	\$3.56	95%	\$37,198	\$33,464	\$10,386	\$1,375	30%	23%	13%	14.0 x	3.2 x	27.1 x
DXC Technology Company	US	\$20.03	81%	\$3,626	\$7,102	\$13,262	\$24	23%	13%	0%	4.1 x	0.5 x	151.1 x
Rackspace Technology, Inc	US	\$2.22	65%	\$505	\$3,689	\$2,771	(\$774)	20%	-	-	-	1.3 x	-
CGI Group	CA	\$109.04	97%	\$21,880	\$23,167	\$10,189	\$1,175	16%	19%	12%	11.8 x	2.3 x	18.6 x
ePlus	US	\$73.17	68%	\$1,961	\$1,928	\$2,123	\$108	26%	8%	5%	10.7 x	0.9 x	18.2 x
Insight Enterprises	US	\$150.20	66%	\$4,771	\$5,775	\$8,865	\$303	20%	6%	3%	10.6 x	0.7 x	15.7 x
Leidos	US	\$143.17	71%	\$19,104	\$23,055	\$16,277	\$1,199	17%	13%	7%	11.2 x	1.4 x	15.9 x
NTT Data	JP	\$19.19	97%	\$26,910	\$40,507	\$27,664	\$848	27%	16%	3%	9.4 x	1.5 x	31.7 x
Science Applications Int.	US	\$110.81	71%	\$5,417	\$7,694	\$7,518	\$269	11%	8%	4%	12.4 x	1.0 x	20.1 x
Softchoice	CA	\$14.92	88%	\$900	\$1,046	\$534	\$27	44%	11%	5%	18.0 x	2.0 x	33.1 x
Managed Services Mean			83%					29%	16%	9%	13.6 x	2.3 x	32.6 x
Managed Services Median			89%					27%	16%	7%	11.8 x	1.7 x	27.1 x

*Source: Yahoo Finance. As of 30th December.

Sector	Beta Levered	Beta Unlevered	Unlevered Discount Rate	Relevered Discount Rate ⁽¹⁾	Relevered Discount Rate ⁽²⁾
Managed Infrastructure	0.66	0.34	6.3%	6.8%	7.9%
Offshore Services	1.05	0.97	10.1%	11.7%	14.8%
Consulting	0.65	0.48	7.1%	7.9%	9.5%
Government Consulting	0.71	0.39	6.6%	7.2%	8.4%
Managed Services	1.06	0.65	8.1%	9.2%	11.3%
Total Industry	0.83	0.57	7.6%	8.6%	10.4%

⁽¹⁾D/E ratio of 0.33 is assumed to calculate Relevered Discount Rate.

⁽²⁾D/E ratio of 1 is assumed to calculate Relevered Discount Rate.

*Source: Yahoo Finance, Fred, Trading Economics.



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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