

# IT & Software Market Update

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*February 2025*

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### Macro Update

**2.7% / 23.1%**

S&P Return: Jan-25/LTM

**4.25%**

10 Year Treasury Yield



### MSP Analysis – New England Area

Seattle is the sweet spot to target platform MSPs in the Washington/Oregon area. It has reasonable scale and higher than average SMB count per MSP



### Public Market Multiple

**12.2x**

Managed Services TTM EV/ EBITDA Median Multiple

**7.6x**

SaaS TTM Revenue Multiple



### Private Market Multiple

**9.0x**

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

**1.6x**

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



### Select MSP Transactions

Acquiror



Target



Acquiror



Target



### Podcast – M&A Insights

Latest Episode: [IT Nation Unplugged](#)

In this episode of M&A Insights, I sit down with Arlin Sorensen at The IT Nation ConnectWise to explore the evolution of IT Nation, and discuss the biggest challenges facing MSPs today around legacy and exit planning.

- Excendio is actively working with several strategic and PE buyers and sellers looking to make MSP acquisitions or exits. 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.

Strategic MSP in NJ looking to acquire \$500K+ EBITDA MSP with Healthcare focus east of Mississippi

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

NY MSP: NY MSP looking to divest \$4.5MN Revenue MSP out of the NY/LA region with focus on Legal and Entertainment.

- 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.

- ❑ **Where are we on tariffs:** As of the date of writing this report,

  - Imports from **China** became subject to a 10% tariff on 4<sup>th</sup> February, with another 10% tariff hike imposed on 4<sup>th</sup> March.
  - Tariffs of 25% have been imposed on imports from **Mexico**.
  - Tariffs of 10% on energy and related products and 25% on the rest of imports from **Canada**, were reinstated on 4<sup>th</sup> March.
  - Potential tariffs of around 25% on imports of cars, pharmaceuticals and semiconductors, as well as potential reinstatement of 25% tariffs on steel and aluminium imports on 12 March, would hit key sectors across the **EU**\*
- ❑ **This is big and will matter:** The EU, Mexico, Canada and China accounted for **61% of all US imports, 60% of US exports in 2023, and about \$3 trillion of good flows**\*. Given this volume of trade and the interconnectedness of supply chains, particularly for strategic sectors like **auto, technology and manufacturing, the medium and long-term effects of current tariffs could be broader than direct trade data suggest**. Retaliatory tariffs will almost certainly add to the impact.
- ❑ **Why this matters for MSPs:** MSPs that service affected sectors like auto, technology and manufacturing may find themselves dealing with adversely effected clients that become more conscious about expanding their MSP product and service suite in an effort to manage costs. Higher technology costs **may impact gross profit margins for those MSPs that rely heavily on hardware and software sales**, particularly if clients delay purchases of equipment that experience price increases.
- ❑ **How MSPs can work this:** MSPs should be speaking with SMBs to accelerate their hardware and software purchase decisions before prices increase. They should consider locking in vendor contracts while they still can at lower prices.
- ❑ **The need for price accelerators on MSAs:** Tariff hikes will likely add to inflationary pressures in the US and are a clear reminder to MSPs why they should be building in reasonable price accelerators into their MSAs with customers. We think, well-run MSPs with operational maturity and healthy operating margins will be more willing to take up this conversation with clients, while smaller MSPs with lower margins will be more reluctant and may end up absorbing higher prices making a tight margin situation worse.

\* Source: "\$3 trillion of trade at risk from tariffs on closest US trading partners, Moody's Ratings, Sector In-depth, 4 March, 2025

**Its All About the Tariffs Now**

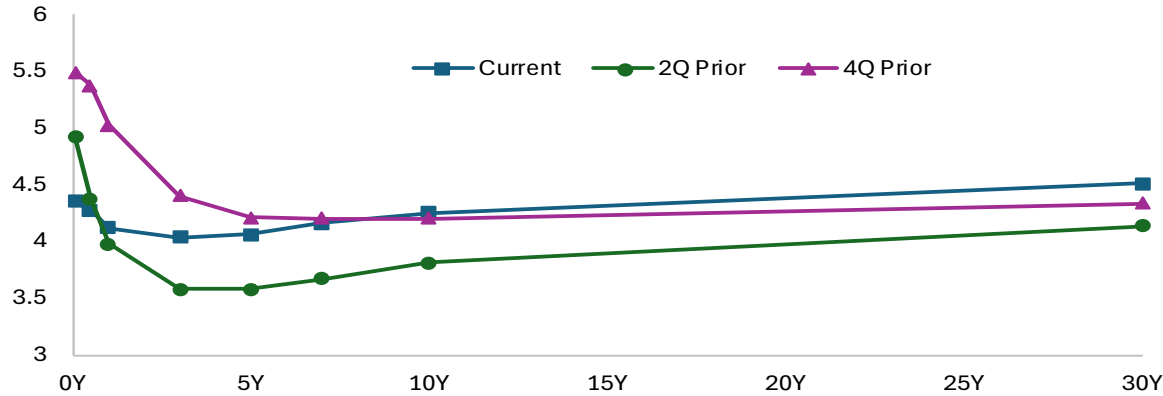
	Current	As of	1Y Ch	1Y % Ch	Current	Hist. Avg	1Q Prior	2Q Prior	3Q Prior	4Q Prior
<b>RATES, INFLATION AND UNEMPLOYMENT</b>										
10y Constant Maturity Tsy Yield	4.25	26-02-2025	-0.02	-0.5	4.25	3.29	4.58	3.81	4.36	4.20
CoreCPI	3.00	01-01-2025	-0.47	-13.5	3.00	2.58	2.87	2.43	2.97	3.47
Unemployment Rate	4.00	01-01-2025	0.30	8.1	4.00	5.69	4.10	4.10	4.10	3.90
Initial Claims 4-week MA	224.00	22-02-2025	14.75	7.0	224.00	375.03	223.25	224.25	238.75	214.50
Nonfarm Payroll Change (Unrevised)	143.00	01-01-2025	-103.00	-41.9	143.00	139.78	307.00	240.00	87.00	246.00
<b>INDEXES AND INDICATORS</b>										
Sahm Recession Indicator	0.37	01-01-2025	0.17	85.0	0.37	0.49	0.40	0.50	0.43	0.30
Michigan Consumer Sentiment	71.70	01-01-2025	-7.30	-9.2	71.70	82.83	71.80	70.10	68.20	79.40
Chicago National Financial Conditions Index	-0.67	21-02-2025	-0.16	32.3	-0.67	-0.35	-0.58	-0.56	-0.54	-0.51
<b>MARKETS</b>										
S&P 500	5861.57	27-02-2025	765.30	15.0	5861.57	-	5881.63	5762.48	5460.48	5254.35
NASDAQ	19075.26	26-02-2025	3127.52	19.6	19075.26	-	19310.79	18189.17	17732.60	16379.46
VIX	19.10	26-02-2025	5.26	38.0	19.10	19.85	17.35	16.73	12.44	13.01
ICE Corp BBB OAS	1.04	26-02-2025	-0.21	-16.8	1.04	2.01	1.02	1.16	1.17	1.15
ICE Corp HY OAS	2.81	26-02-2025	-0.50	-15.1	2.81	5.44	2.92	3.03	3.18	3.12
<b>DELINQUENCIES</b>										
Consumer Loan Delinquency	2.75	01-10-2024	0.14	5.4	2.75	2.83	2.73	2.68	2.61	2.52
Credit Card Delinquency	3.08	01-10-2024	-0.02	-0.6	3.08	3.45	3.20	3.17	3.10	2.94
Single Family Mortgage Delinquency	1.77	01-10-2024	0.07	4.1	1.77	4.30	1.74	1.71	1.70	1.72
Commercial Real Estate Loan Delinquency	1.57	01-10-2024	0.40	34.2	1.57	2.34	1.51	1.21	1.17	1.05
Business Loan Delinquency	1.28	01-10-2024	0.25	24.3	1.28	1.78	1.18	1.12	1.03	0.98

\*Source: Federal Reserve, Yahoo Finance.

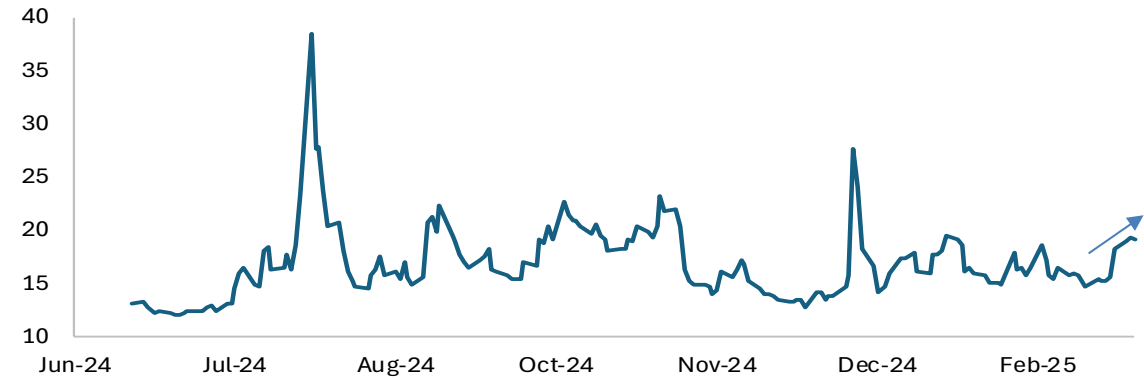
Updated

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

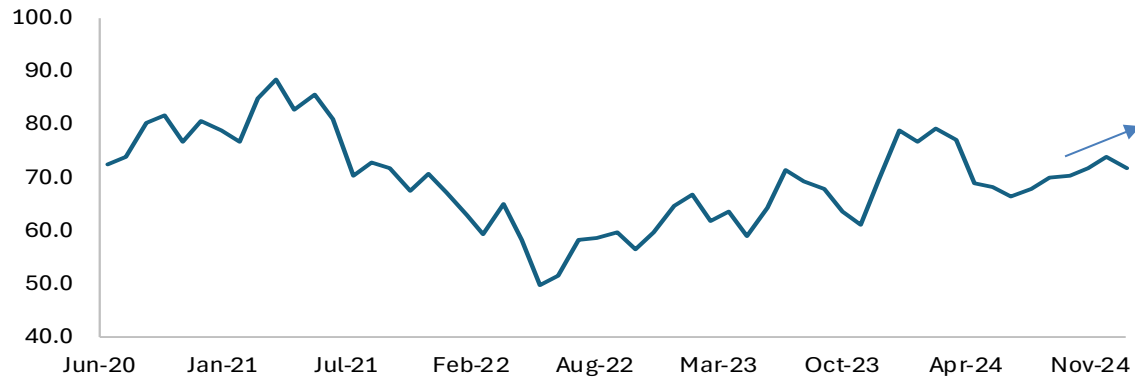
Treasury Yield Curve



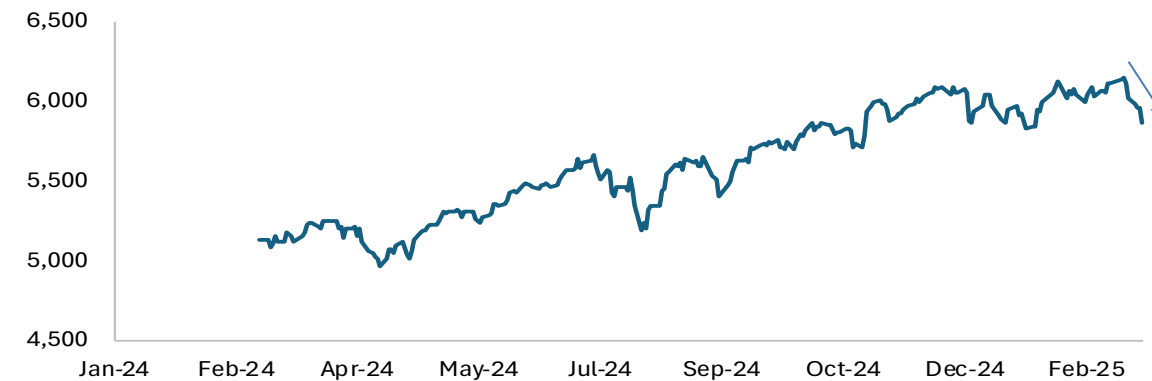
CBOE Volatility Index



Michican Consumer Sentiment Survey



S&P 500



\*Source: Federal Reserve, Yahoo Finance.

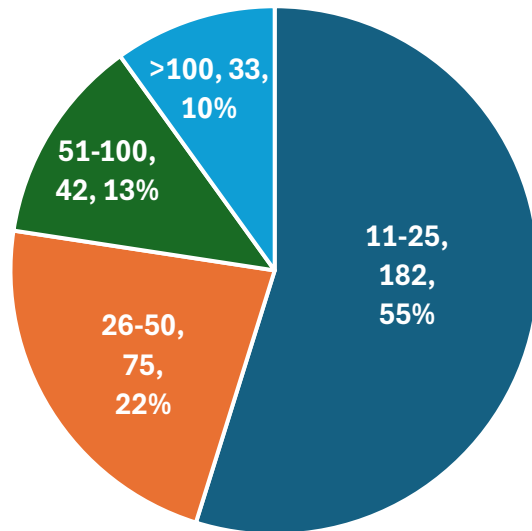
Seattle is the sweet spot to target platform MSPs in the Washington/Oregon area. It has reasonable scale and higher than average SMB count per MSP.

- In our Jan 24- Jan 25 Newsletters we provided an overview of the IT MSP space in the DC, NY, FL, IL, Mid-Atlantic, Mountain States, Greater Mid West Area, Texas, California and Greater Midwest areas.
- This month we take a closer look at IT MSPs in the Washington, Oregon and Hawaii.
- We estimate there are 332 MSPs in the 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 87% of MSPs in line higher than the average of about 69% for the other regions studied so far but in line with areas like the Mountain States.
- We excluded IT firms with 10 or fewer employees. 77% of the remaining MSPs have between 11-50 employees, in line with other regions where this tends to be about 75%.
- 60% of the MSPs have shown stable y-o-y headcount growth, 28% have grown more than 10%, while 12% 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 591.
  - 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 11%.
  - Spokane (WA) 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. However, the percentage of SMBs growing at over 10% is below average.



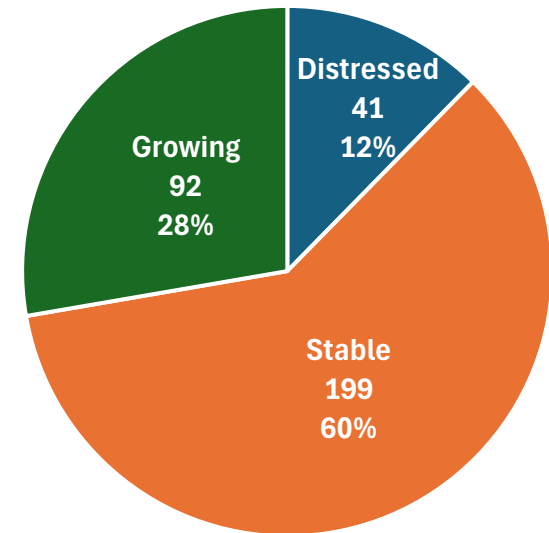
- We estimate there are 332 MSPs in the Washington/Oregon area providing some degree of Managed IT services.
- 55% have 11-25 employees, 22% have 26-50, 13% have 51-100 and 10% have over 100 employees.\*\*
- 60% of the MSPs have shown stable y-o-y headcount growth, 28% have grown more than 10%, while 12% have shrunk by more than 10%\*\*\*.

**MSP By Employee Count (332)**



77% of MSPs  
have between  
11-50 employees  
~  
\$2MN - \$12.5MN  
in Revenue

**MSP Count by Headcount Growth (332)**

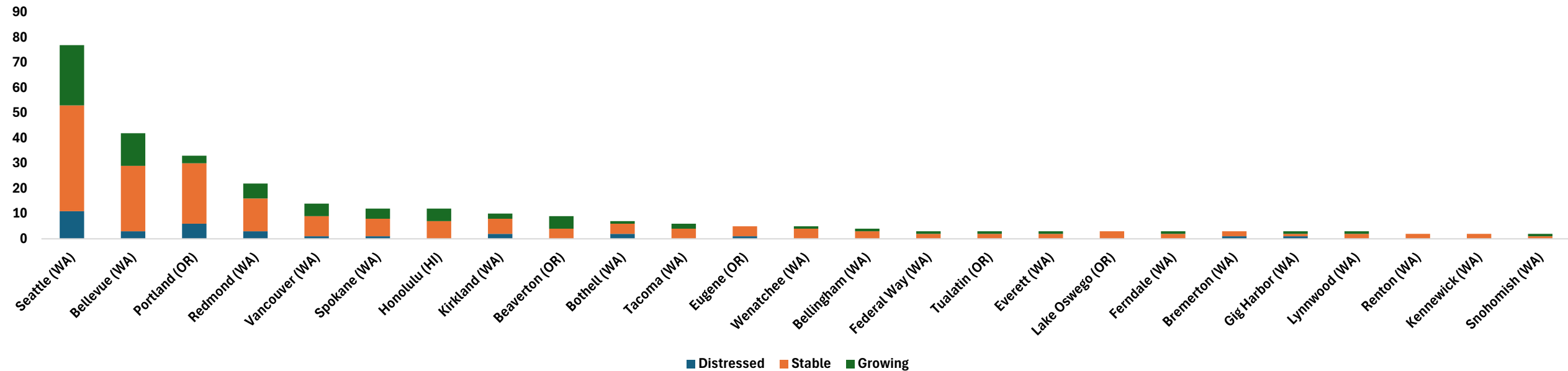


\*Source: Linked-In.

\*\*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 288 MSPs, about 86% of the total MSP count in WA/OR area. This is similar with MSP density in the TX area (89%), Mountain States (81%), but lower than the national average of about 69%.
- Seattle, Bellevue, Portland, Redmond and Vancouver are the towns with the largest number of MSPs.

**MSP Count By City**  
**Top-25 IT MSP Cities**

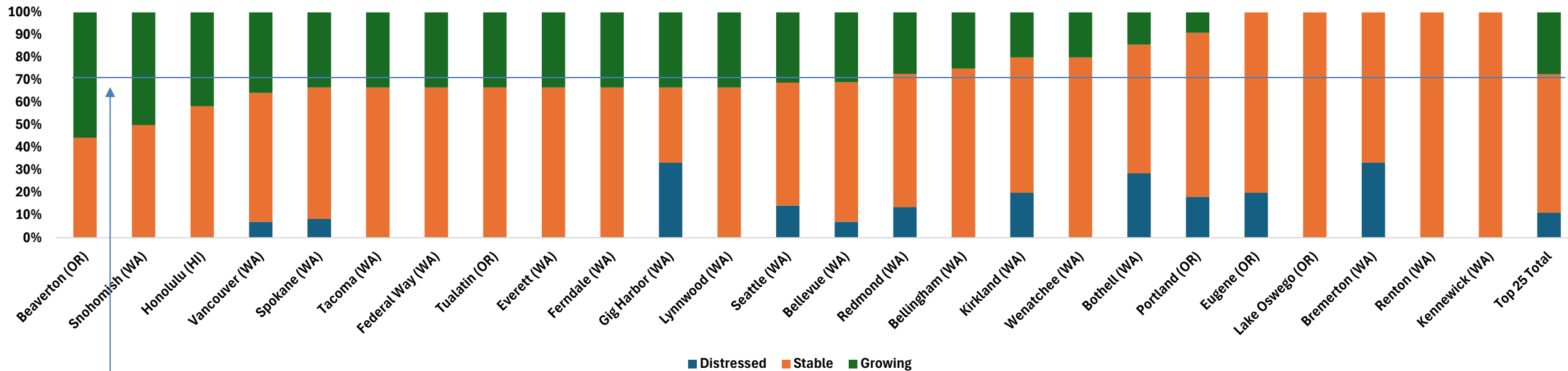


\*Source: Linked-In.

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- Urban centers like Honolulu (HI), Beaverton (OR) and Vancouver (WA) have a high percentage of fast growing MSPs and a reasonable number of MSPs. For example, Honolulu has 12 MSPs and 42% 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% ~ 27%**

\*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 591.
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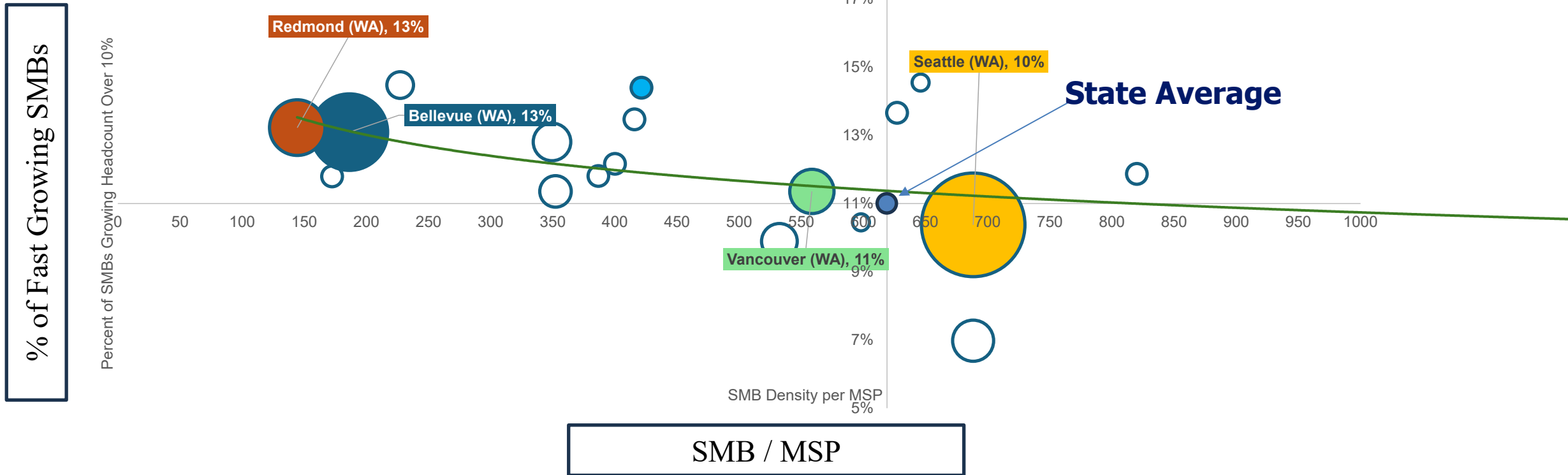
\* % Large MBs is the proportion of SMBs with 11-500 employees

Top 25 MSP Towns	SMB (1-500) / MSP	% Large MBs*	SMB Growth%	MSP Count
Seattle (WA)	688	12%	10%	77
Bellevue (WA)	186	17%	13%	42
Portland (OR)	1197	11%	10%	33
Redmond (WA)	144	17%	13%	22
Vancouver (WA)	559	13%	11%	14
<b>Spokane (WA)</b>	<b>688</b>	<b>15%</b>	<b>7%</b>	<b>12</b>
Honolulu (HI)	1063	11%	8%	12
Kirkland (WA)	349	14%	13%	10
Beaverton (OR)	532	13%	10%	9
Bothell (WA)	352	14%	11%	7
Tacoma (WA)	1103	14%	11%	6
Eugene (OR)	1245	15%	12%	5
Wenatchee (WA)	227	13%	14%	5
Bellingham (WA)	1072	14%	11%	4
Federal Way (WA)	421	15%	14%	3
Tualatin (OR)	400	19%	12%	3
Everett (WA)	1019	15%	12%	3
Lake Oswego (OR)	820	13%	12%	3
Ferndale (WA)	172	16%	12%	3
Bremerton (WA)	387	13%	12%	3
Gig Harbor (WA)	416	14%	13%	3
Lynnwood (WA)	627	16%	14%	3
Renton (WA)	1220	15%	12%	2
Kennewick (WA)	646	16%	15%	2
Snohomish (WA)	598	10%	10%	2
<b>Top 25 Total</b>	<b>619</b>	<b>13%</b>	<b>11%</b>	<b>288</b>

\*\*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 Seattle (WA), Vancouver (WA), Redmont (WA) and Bellevue (WA) 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.

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

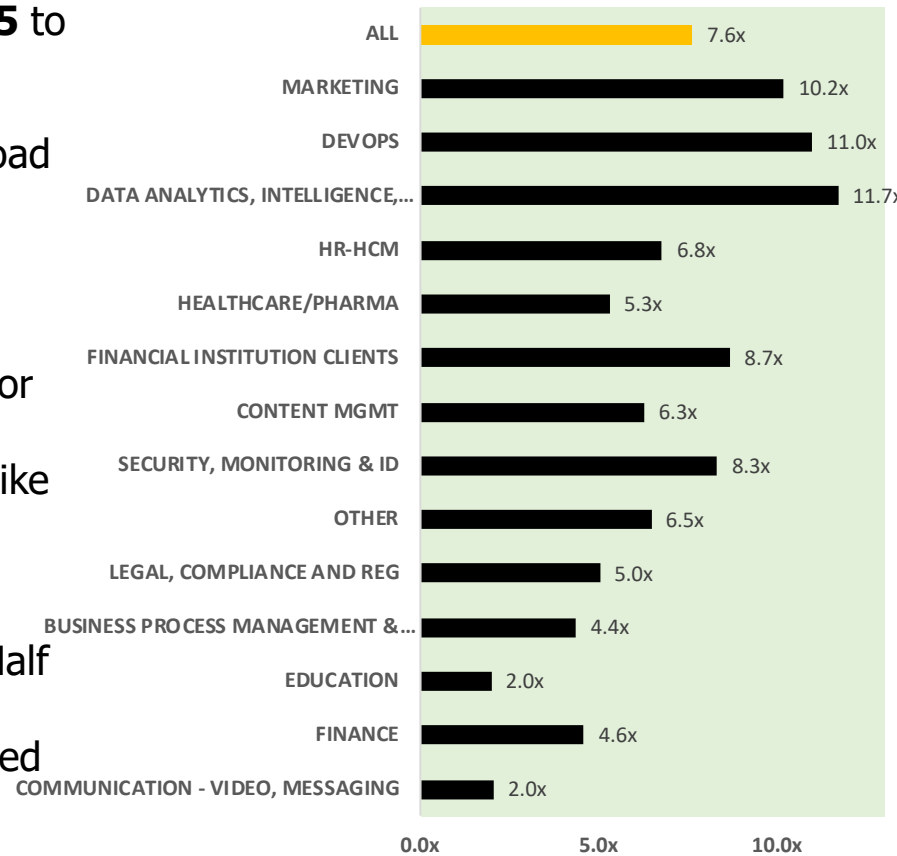


\*Source: Linked-In.

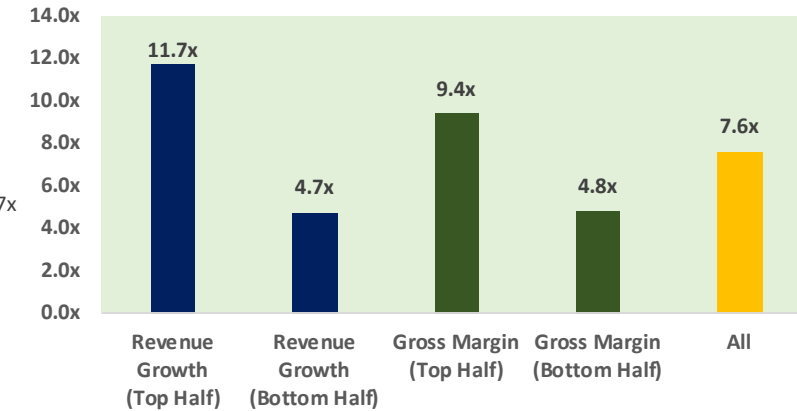
\*\*We excluded firms with 10 or fewer employees for this study. \*\*\*Firms exhibiting more than 10% y-o-y decrease or increase in headcount growth are categorized as Distressed or Growing respectively. The remaining firms are categorized as Stable.

- The aggregate SaaS TTM Revenue Multiple expanded about 0.5 pts in **January 2025** to **7.62x** from **7.09x** in **December 2024**.
- SaaS TTM multiple expanded with the broad stock market also expanding in the first quarter. **S&P 500** increased **2.7%** in January.
- Sector Mattered:** Multiples contracted for Horizontals like Legal, Business Process Management and expanded for verticals like Devops, Data Analytics.
- 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 6.9x and 4.5x respectively.

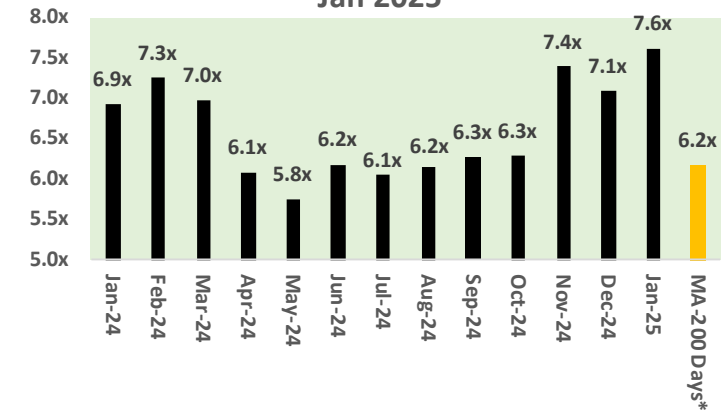
Revenue Xs By SaaS Sector (ME Jan 2025)



SaaS Revenue Xs (ME Jan 2025) By Quality



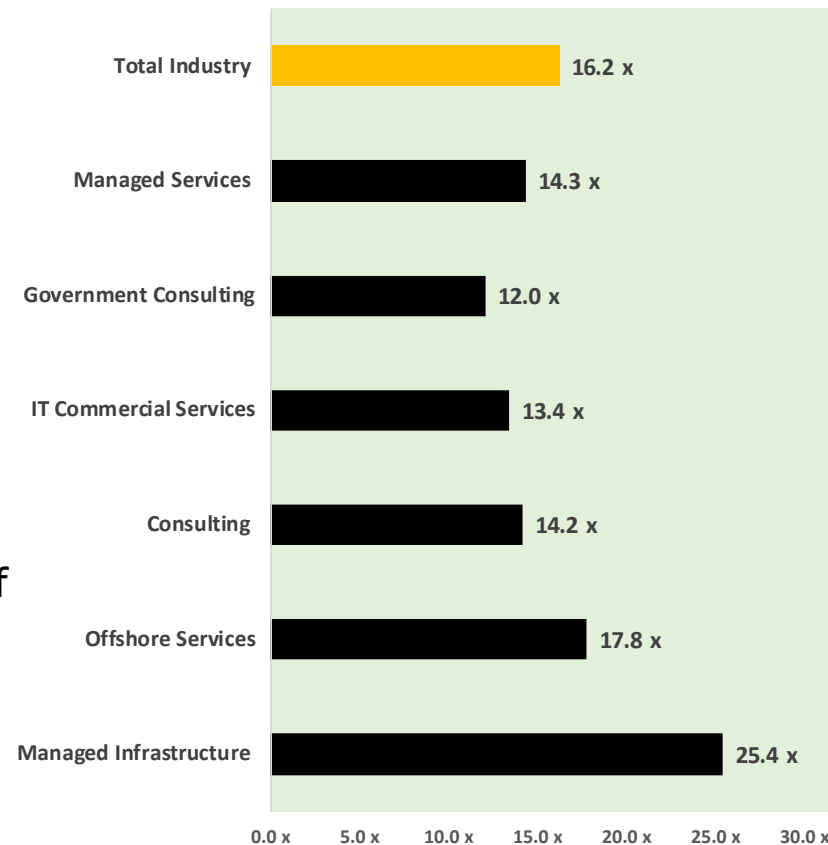
Recovery in SaaS Revenue Xs Stalled in Jan 2025



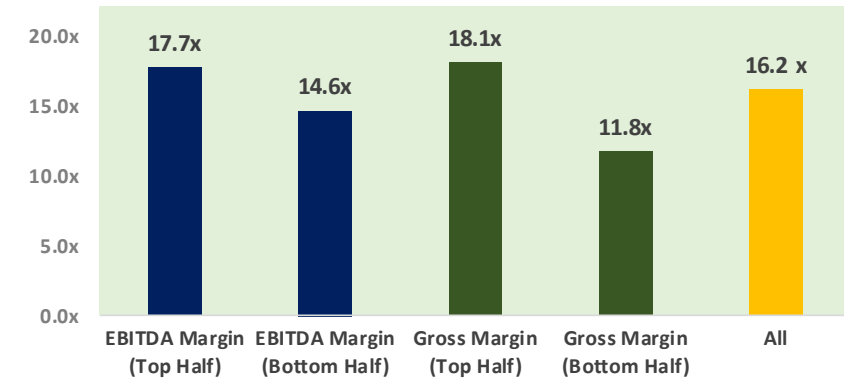
\*Source: Yahoo Finance. As of 31st January,

- The aggregate IT Services TTM EBITDA Multiple expanded about 0.3x pts in **January 2025** to **16.2x** from **15.9x** in **December 2024**.
- Multiples expanded by **0.7x** and **0.1x** for Managed Services and Offshore services respectively in January. Other sector contracted.
- 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 ~**5%** above the multiple for **January 2025**.

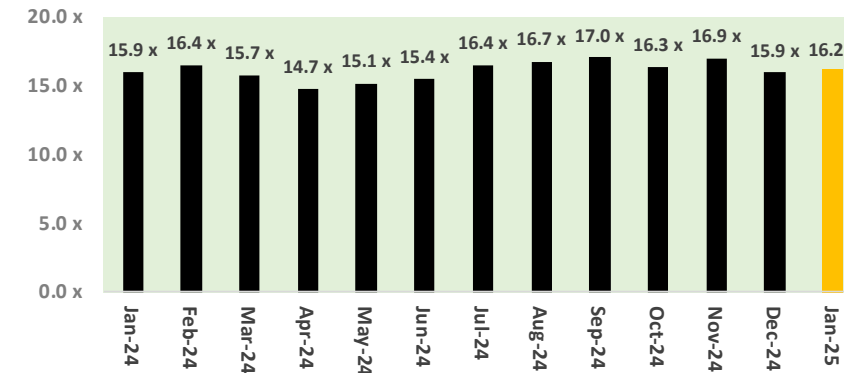
Average EV/EBITDA across Industry



EV/ EBITDA by Quality



Monthly EV/EBITDA Multiple Trend



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

**YTD Median EV/EBITDA and EV/Revenue multiples stand at 15.0x and 3.1x.**

**YTD Median EV/EBITDA and EV/Revenue multiples for deals less than \$200MN stand at 9.0x and 1.6x respectively.**

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

\*Source: Federal Reserve, Yahoo Finance.



Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
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.
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. (NASDAQGM: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. (NASDAQCM:CLSK)	1,62,506	NA	7.7x	Application Software	Target operates as a vertically integrated bitcoin mining company.

\*Source: Federal Reserve, Yahoo Finance.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$m)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
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. (NASDAQCM: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	54,03,378	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.;	73,05,908	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.
Jan-25	Intelliswift Software, Inc.	L&T Technology Services LLC	110	NA	1.1x	IT Consulting and Other Services	Target operates as an IT solutions and services provider
Jan-25	Cepton, Inc.	Koito Manufacturing Co., Ltd. (TSE:7276)	114	NA	11.3x	Electronic Equipment and Instruments	Target provides lidar-based solutions for automotive, smart cities, smart spaces
Jan-25	Smartsheet Inc.	Vista Equity Partners Management, LLC; Blackstone Inc. (NYSE:BX); Platinum Falcon B 2018 Rsc Ltd; Vista Equity Partners Fund VIII; Blackstone Capital Partners IX (Lux) SCSp; Blackstone	7,283	NA	7.4x	Application Software	Target provides enterprise platform to plan, capture, manage, automate, and report on work for teams and organizations
Jan-25	SmartCover Systems, Inc.	Badger Meter, Inc. (NYSE:BMI)	185	NA	5.3x	Electronic Equipment and Instruments	Target develops real-time remote monitoring system and data analysis systems for water and wastewater industries
	<b>25th Percentile</b>			<b>9.0x</b>	<b>1.3x</b>		
	<b>Median</b>			<b>15.0x</b>	<b>3.1x</b>		
	<b>75th Percentile</b>			<b>55.7x</b>	<b>6.0x</b>		

\*Source: Federal Reserve, Yahoo Finance.

## Notable Service Provider Deals in January



**Acquiror – Netsurit**



**Target – US Computer Connection**

- Netsurit announced the acquisition of US Computer Connection on Jan 24, 2025.
- Netsurit is a managed IT services provider specializing in comprehensive technology solutions for small and medium-sized businesses (SMBs).
- U.S. Computer Connection (USCC), based in Stamford, Connecticut, is a boutique provider of managed IT services and consulting for small and mid-size businesses.
- Netsurit will expand its US Presence with the addition of US Computer Connection, Growing its Presence as a Leading Managed Service Provider in the Tri-State area region (Connecticut, New Jersey, and New York)



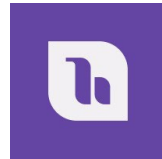
**Acquiror – M7 Services**



**Target – Hobatek**

- M7 Services announced the acquisition of Hobatek on Jan 31, 2025.
- M7 Services is a Houston-based managed IT provider specializing in cybersecurity, infrastructure, and tech support.
- Hobatek is a Cleveland-based IT solutions provider specializing in managed IT, cybersecurity, VoIP, and network services.
- The acquisition strengthens M7 Services national presence, enhancing accredited resources, and driving the ongoing growth.

## Notable Service Provider Deals in January



### Acquiror – Center Technologies

### Target – Hummingbird Tech

- Centre Technologies announced the acquisition of Hummingbird Tech on Jan 14, 2025.
- Centre Technologies is a Houston-based IT services provider offering managed IT services, cloud solutions, cybersecurity, and IT consulting
- Hummingbird is a prominent provider of IT services and consulting.
- The acquisition will strengthen & expand their depth and enhanced IT service offerings to the clients

### Acquiror – Flagler Technologies

### Target – Allied HDS

- Flagler Technologies announced the acquisition of Allied HDS on Jan 9, 2025.
- Flagler Technologies is an innovative Information Technology, Cloud, and Managed Services solutions provider.
- ALLIED Help Desk Services offers IT support, help desk services, IT projects, and operations support for MSPs and IT teams.
- The merger strengthens Flagler’s position in providing comprehensive IT solutions, including digital infrastructure, hybrid cloud services, and security solutions.

# **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 Netreo**



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



# Appendix - IT Services Comparable Company Analysis

Sector	Market Data	LTM Financials		
	% 52 week high	Gross Margin (%)	EBITDA Margin (%)	Net Profit Margin (%)
<b>Managed Infrastructure Mean</b>	88%	54%	40%	10%
<b>Managed Infrastructure Median</b>	88%	55%	39%	11%
<b>Offshore Services Mean</b>	89%	33%	19%	12%
<b>Offshore Services Median</b>	90%	35%	20%	12%
<b>Consulting Mean</b>	76%	36%	11%	9%
<b>Consulting Median</b>	80%	39%	12%	8%
<b>IT Commercial Services Mean</b>	69%	27%	14%	10%
<b>IT Commercial Services Median</b>	77%	29%	16%	11%
<b>Government Consulting Mean</b>	70%	27%	11%	6%
<b>Government Consulting Median</b>	68%	23%	11%	5%
<b>Managed Services Mean</b>	87%	29%	16%	9%
<b>Managed Services Median</b>	90%	27%	16%	7%
<b>Total Industry Mean</b>	<b>80%</b>	<b>34%</b>	<b>18%</b>	<b>9%</b>
<b>Total Industry Median</b>	<b>84%</b>	<b>32%</b>	<b>16%</b>	<b>10%</b>

Valuation Multiples		
EV/ LTM EBITDA	EV/ LTM Revenue	Price/ Earnings
25.4 x	10.3 x	82.0 x
24.3 x	12.0 x	91.6 x
17.8 x	3.3 x	28.3 x
17.8 x	3.5 x	27.3 x
14.2 x	1.5 x	18.3 x
16.3 x	1.7 x	22.1 x
13.4 x	1.7 x	24.3 x
11.5 x	1.5 x	21.5 x
12.0 x	1.3 x	18.4 x
12.5 x	1.4 x	18.8 x
14.3 x	2.4 x	34.7 x
12.2 x	1.8 x	26.3 x
<b>16.2 x</b>	<b>3.4 x</b>	<b>34.3 x</b>
<b>14.4 x</b>	<b>1.8 x</b>	<b>24.2 x</b>

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

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	\$913.66	92%	\$88,928	\$1,04,808	\$8,748	\$815	49%	39%	9%	30.5 x	12.0 x	109.1 x
Digital Realty Trust	US	\$163.86	83%	\$55,162	\$69,667	\$5,555	\$602	55%	52%	11%	24.3 x	12.5 x	91.6 x
Digital Ocean Holdings	US	\$41.48	88%	\$3,819	\$5,087	\$781	\$84	60%	30%	11%	21.5 x	6.5 x	45.2 x
<b>Managed Infrastructure Mean</b>			<b>88%</b>					<b>54%</b>	<b>40%</b>	<b>10%</b>	<b>25.4 x</b>	<b>10.3 x</b>	<b>82.0 x</b>
<b>Managed Infrastructure Median</b>			<b>88%</b>					<b>55%</b>	<b>39%</b>	<b>11%</b>	<b>24.3 x</b>	<b>12.0 x</b>	<b>91.6 x</b>
<b>Offshore Services</b>													
Tata Consultancy Services	IN	\$47.46	90%	\$1,71,720	\$1,65,985	\$27,802	\$5,298	45%	28%	19%	21.2 x	6.0 x	32.4 x
Infosys Limited	IN	\$21.69	94%	\$89,872	\$87,236	\$19,112	\$3,304	30%	24%	17%	19.1 x	4.6 x	27.2 x
HCL Technologies Limited	IN	\$19.91	86%	\$53,971	\$53,942	\$13,308	\$1,970	40%	24%	15%	16.9 x	4.1 x	27.4 x
Cognizant Technology Solutions	US	\$82.61	91%	\$40,860	\$40,120	\$19,736	\$2,240	34%	18%	11%	11.4 x	2.0 x	18.2 x
Wipro Limited	IN	\$3.60	96%	\$37,651	\$33,405	\$10,248	\$1,431	30%	20%	14%	16.0 x	3.3 x	26.3 x
LTI Mindtree Limited	IN	\$68.26	87%	\$20,218	\$19,273	\$4,285	\$527	35%	20%	12%	22.9 x	4.5 x	38.3 x
Tech Mahindra Limited	IN	\$19.32	93%	\$17,096	\$16,610	\$6,056	\$432	26%	13%	7%	20.7 x	2.7 x	39.5 x
Genpact Limited	BM	\$48.69	86%	\$8,504	\$9,260	\$4,665	\$663	35%	18%	14%	11.2 x	2.0 x	12.8 x
Globant S.A.	LU	\$213.32	90%	\$9,203	\$9,457	\$2,354	\$171	36%	10%	7%	39.5 x	4.0 x	53.8 x
WNS Holdings Limited	IN	\$61.25	94%	\$2,660	\$2,811	\$1,315	\$126	36%	21%	10%	10.2 x	2.1 x	21.0 x
Mphasis Limited	IN	\$33.10	89%	\$6,277	\$6,109	\$1,608	\$190	31%	20%	12%	18.6 x	3.8 x	33.0 x
Sonda S.A.	CL	\$0.36	79%	\$315	\$573	\$1,568	\$32	15%	7%	2%	5.4 x	0.4 x	9.7 x
<b>Offshore Services Mean</b>			<b>89%</b>					<b>33%</b>	<b>19%</b>	<b>12%</b>	<b>17.8 x</b>	<b>3.3 x</b>	<b>28.3 x</b>
<b>Offshore Services Median</b>			<b>90%</b>					<b>35%</b>	<b>20%</b>	<b>12%</b>	<b>17.8 x</b>	<b>3.5 x</b>	<b>27.3 x</b>

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

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	\$195.35	80%	\$7,017	\$6,599	\$3,699	\$280	32%	11%	8%	16.3 x	1.8 x	25.1 x
Huron Consulting Group	US	\$126.78	82%	\$2,241	\$2,618	\$1,522	\$117	31%	13%	8%	12.8 x	1.7 x	19.2 x
Resources Connection	US	\$8.40	59%	\$278	\$228	\$826	\$76	40%	12%	9%	2.2 x	0.3 x	3.7 x
The Hackett Group	US	\$30.88	91%	\$852	\$851	\$307	\$34	39%	17%	11%	16.4 x	2.8 x	25.1 x
Information Services Group	US	\$3.06	70%	\$150	\$211	\$256	(\$3)	39%	4%	-	23.1 x	0.8 x	-
<b>Consulting Mean</b>			<b>76%</b>					<b>36%</b>	<b>11%</b>	<b>9%</b>	<b>14.2 x</b>	<b>1.5 x</b>	<b>18.3 x</b>
<b>Consulting Median</b>			<b>80%</b>					<b>39%</b>	<b>12%</b>	<b>8%</b>	<b>16.3 x</b>	<b>1.7 x</b>	<b>22.1 x</b>
<b>IT Commercial Services</b>													
Accenture plc	IE	\$384.95	97%	\$2,40,779	\$2,40,614	\$66,362	\$7,570	32%	17%	11%	20.8 x	3.6 x	31.8 x
Capgemini SE	FR	\$182.94	77%	\$30,837	\$30,837	\$20,937	\$1,436	26%	14%	7%	10.5 x	1.5 x	21.5 x
CGI Inc	CA	\$118.22	98%	\$23,669	\$24,772	\$10,252	\$1,202	16%	19%	12%	12.4 x	2.4 x	19.7 x
Atos SE	FR	\$0.00	0%	\$428	\$5,736	\$10,545	(\$4,972)	33%	-	-	-	0.5 x	-
Unisys Corporation	US	\$6.66	75%	\$464	\$624	\$2,008	(\$193)	29%	3%	-	9.9 x	0.3 x	-
<b>IT Commercial Services Mean</b>			<b>69%</b>					<b>27%</b>	<b>14%</b>	<b>10%</b>	<b>13.4 x</b>	<b>1.7 x</b>	<b>24.3 x</b>
<b>IT Commercial Services Median</b>			<b>77%</b>					<b>29%</b>	<b>16%</b>	<b>11%</b>	<b>11.5 x</b>	<b>1.5 x</b>	<b>21.5 x</b>
<b>Government Consulting</b>													
Booz Allen Hamilton Holding Corporati	US	\$129.00	68%	\$16,337	\$19,479	\$11,777	\$870	55%	13%	7%	12.6 x	1.7 x	18.8 x
CACI International Inc	US	\$386.26	66%	\$8,660	\$11,921	\$8,132	\$480	9%	11%	6%	13.3 x	1.5 x	18.0 x
Science Applications International Cor	US	\$108.28	69%	\$5,293	\$7,596	\$7,518	\$269	11%	8%	4%	12.3 x	1.0 x	19.7 x
Maximus, Inc.	US	\$75.29	80%	\$4,261	\$5,706	\$5,382	\$284	23%	11%	5%	9.6 x	1.1 x	15.0 x
ICF International, Inc.	US	\$116.71	65%	\$2,190	\$2,801	\$2,002	\$108	37%	11%	5%	12.5 x	1.4 x	20.3 x
<b>Government Consulting Mean</b>			<b>70%</b>					<b>27%</b>	<b>11%</b>	<b>6%</b>	<b>12.0 x</b>	<b>1.3 x</b>	<b>18.4 x</b>
<b>Government Consulting Median</b>			<b>68%</b>					<b>23%</b>	<b>11%</b>	<b>5%</b>	<b>12.5 x</b>	<b>1.4 x</b>	<b>18.8 x</b>

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

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 Services</b>													
Accenture plc	IE	\$384.95	97%	\$2,40,779	\$2,39,889	\$66,362	\$7,570	32%	17%	11%	20.7 x	3.6 x	31.8 x
Tata Consultancy Services	IN	\$47.46	90%	\$1,71,720	\$1,65,985	\$27,802	\$5,298	45%	28%	19%	21.2 x	6.0 x	32.4 x
International Business Machines Corp	US	\$255.70	96%	\$2,36,432	\$2,82,856	\$62,580	\$6,397	57%	20%	10%	22.4 x	4.5 x	37.0 x
Infosys Limited	IN	\$21.69	94%	\$89,862	\$87,425	\$19,112	\$3,304	30%	24%	17%	19.2 x	4.6 x	27.2 x
Capgemini SE	FR	\$182.94	77%	\$30,112	\$30,112	\$20,937	\$1,436	26%	14%	7%	10.3 x	1.4 x	21.0 x
Cognizant Technology Solutions	US	\$82.61	91%	\$40,960	\$40,798	\$19,412	\$2,252	34%	18%	12%	11.6 x	2.1 x	18.2 x
Wipro Limited	IN	\$3.60	96%	\$37,646	\$33,400	\$10,248	\$1,431	30%	20%	14%	16.0 x	3.3 x	26.3 x
DXC Technology Company	US	\$21.72	87%	\$3,932	\$7,408	\$13,262	\$24	23%	13%	0%	4.3 x	0.6 x	163.8 x
Rackspace Technology, Inc	US	\$2.63	77%	\$599	\$3,782	\$2,771	(\$774)	20%	-	-	-	1.4 x	-
CGI Group	CA	\$118.22	98%	\$23,720	\$24,822	\$10,252	\$1,202	16%	19%	12%	12.4 x	2.4 x	19.7 x
ePlus	US	\$79.90	75%	\$2,142	\$2,108	\$2,123	\$108	26%	8%	5%	11.7 x	1.0 x	19.8 x
Insight Enterprises	US	\$172.75	76%	\$5,487	\$6,491	\$8,865	\$303	20%	6%	3%	11.9 x	0.7 x	18.1 x
Leidos	US	\$142.03	70%	\$18,951	\$22,902	\$16,277	\$1,199	17%	13%	7%	11.1 x	1.4 x	15.8 x
NTT Data	JP	\$19.66	93%	\$27,560	\$42,437	\$28,342	\$869	27%	16%	3%	9.6 x	1.5 x	31.7 x
Science Applications Int.	US	\$108.28	69%	\$5,293	\$7,570	\$7,518	\$269	11%	8%	4%	12.2 x	1.0 x	19.7 x
Softchoice	CA	\$16.78	99%	\$1,012	\$1,157	\$531	\$27	44%	11%	5%	20.0 x	2.2 x	37.5 x
<b>Managed Services Mean</b>			<b>87%</b>					<b>29%</b>	<b>16%</b>	<b>9%</b>	<b>14.3 x</b>	<b>2.4 x</b>	<b>34.7 x</b>
<b>Managed Services Median</b>			<b>90%</b>					<b>27%</b>	<b>16%</b>	<b>7%</b>	<b>12.2 x</b>	<b>1.8 x</b>	<b>26.3 x</b>

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

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

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

<sup>(2)</sup>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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