

IT & Software Market Update

July 2025

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Macro Update

5.0% / 17.6%

S&P Return: June-25/LTM

4.34%

10 Year Treasury Yield



Conference Speak

AI-AGENTS were mentioned in many panel discussions at **IT By Design's** Annual Conference in NJ in August. MSPs positioning for exits were keen to discuss their AI-capabilities.



Public Market Multiple

13.4x

Managed Services TTM EV/ EBITDA Multiple

7.5x

SaaS TTM Revenue Multiple



Private Market Multiple

12.5x

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

1.4x

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



Select MSP Transactions

Acquiror



Acquiror



Target



Target



Podcast – M&A Insights

Sales

[Why MSP Sales Is a Jungle - and How to Rule It Like a Lion](#)
– Matt Koenig – VP of Channel Sales at Nodeware

Due Diligence

[What Every MSP Should Know About Financial Due Diligence Before Going to Market](#) - Dan Brumwell – Partner at Weaver

- 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.

KS MSP: Founder-owned Kansas MSP looking to acquire \$1MN-\$3MN Revenue MSP out of Kansas/Missouri.

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.

It's all Happening: Weak Job Growth, Upcoming Tariff Impacts and Rate Cuts, AI-Driven M&A and OBBBA

Weak Job Growth

Payroll numbers for May and June 2025 were much weaker than originally estimated. The BLS revised payroll numbers down by 258K, the greatest 2-month revision down since 1968

Rate Cuts More Likely

Markets are signaling a high likelihood of a September rate cut, with probabilities ranging from around 45% to over 90%

Tariff Impacts Ahead

We believe the early impacts of new tariff rates will take another three to six months to be felt.

AI-Driven M&A

Major buyers are placing greater emphasis on buying MSPs with proven AI business offerings. Evergreen's recent acquisition of PCH being a case in point

OBBBA & C-Corps

The OBBBA allows partial tax-free exits at 3 and 4 years instead of waiting the full 5 years for QSBS sales of C-Corp entities.

OBBBA & Interest

The OBBBA shifts the 20% interest deduction cap back to EBITDA from EBIT enabling buyers to use more leverage in acquisitions

OBBBA & Overtime

The OBBBA makes the premium portion of overtime pay tax free for employees (within limits) and requires employers to track it separately.

OBBBA & QBI

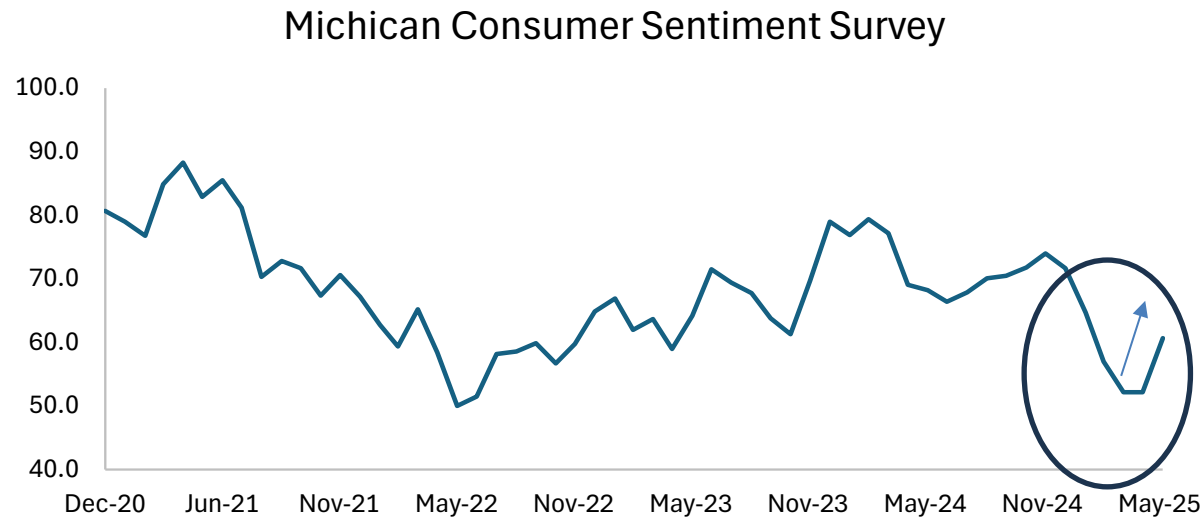
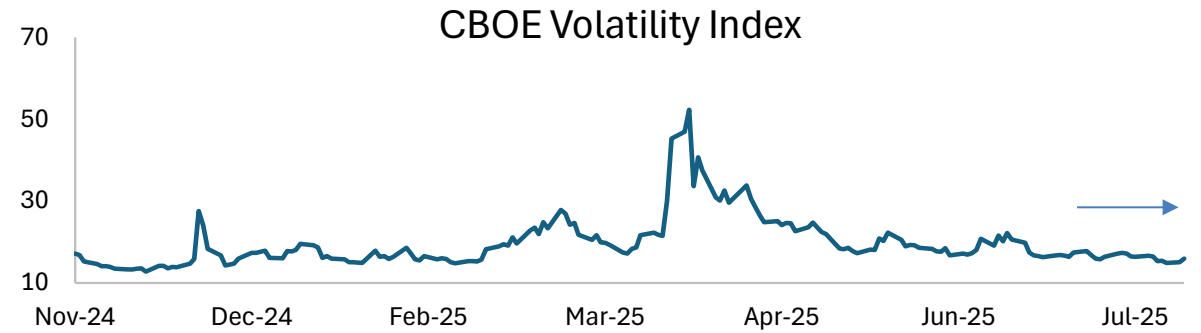
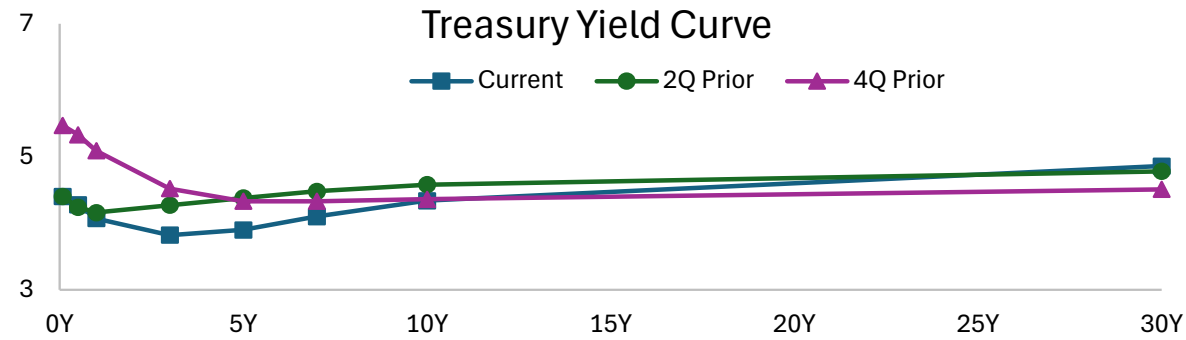
The OBBBA permanently extends the 20% deduction for pass through entities such as S Corporations and raises the income thresholds for phase outs.

Nonfarm payrolls dropped off sharply in July as businesses held off from making new hires in the wake of tariff uncertainty

		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	DGS10	4.34	07/29/2025	0.19	4.6	4.34	3.31	4.24	4.23	4.58	3.81
CoreCPI	FPCPITOTLZGUSA	2.67	06/01/2025	0.24	9.9	2.67	2.58	2.67	2.41	2.87	2.43
Unemployment Rate	UNRATE	4.10	06/01/2025	0.00	0.0	4.10	5.67	4.10	4.20	4.10	4.10
Initial Claims 4-week MA	IC4WSA	224.50	07/19/2025	-9.50	-4.1	224.50	372.77	241.25	223.00	222.25	225.00
Nonfarm Payroll Change (Unrevised)	PAYEMS	73.00	07/01/2025	-167.00	-69.6	73.00	140.10	147.00	120.00	323.00	240.00
INDEXES AND INDICATORS											
Sahm Recession Indicator	SAHMLEALTIME	0.17	06/01/2025	-0.26	-60.5	0.17	0.48	0.17	0.27	0.40	0.50
Michigan Consumer Sentiment	UMCSENT	60.70	06/01/2025	-16.90	-24.5	60.70	82.41	60.70	57.00	71.80	70.10
Michigan Inflation Expectations	MICH	4.50	07/01/2025	1.70	0.6	4.50	3.14	5.00	5.00	2.80	2.70
MARKETS											
S&P 500	SP500	6362.90	07/30/2025	840.60	15.2	6362.90	-	6204.95	5611.85	5881.63	5762.48
NASDAQ	NASDAQCOM	21129.67	07/30/2025	3530.27	20.1	21129.67	-	20369.73	17299.29	19310.79	18189.17
VIX	VIXCLS	15.98	07/29/2025	-1.71	-9.7	15.98	19.88	16.73	22.28	17.35	16.73
ICE Corp BBB OAS	BAMLC0A4CBBB	1.00	07/29/2025	-0.30	-23.1	1.00	2.00	1.08	1.20	1.02	1.16
ICE Corp HY OAS	BAMLH0A0HYM2	2.86	07/29/2025	-0.86	-23.1	2.86	5.40	2.96	3.55	2.92	3.03

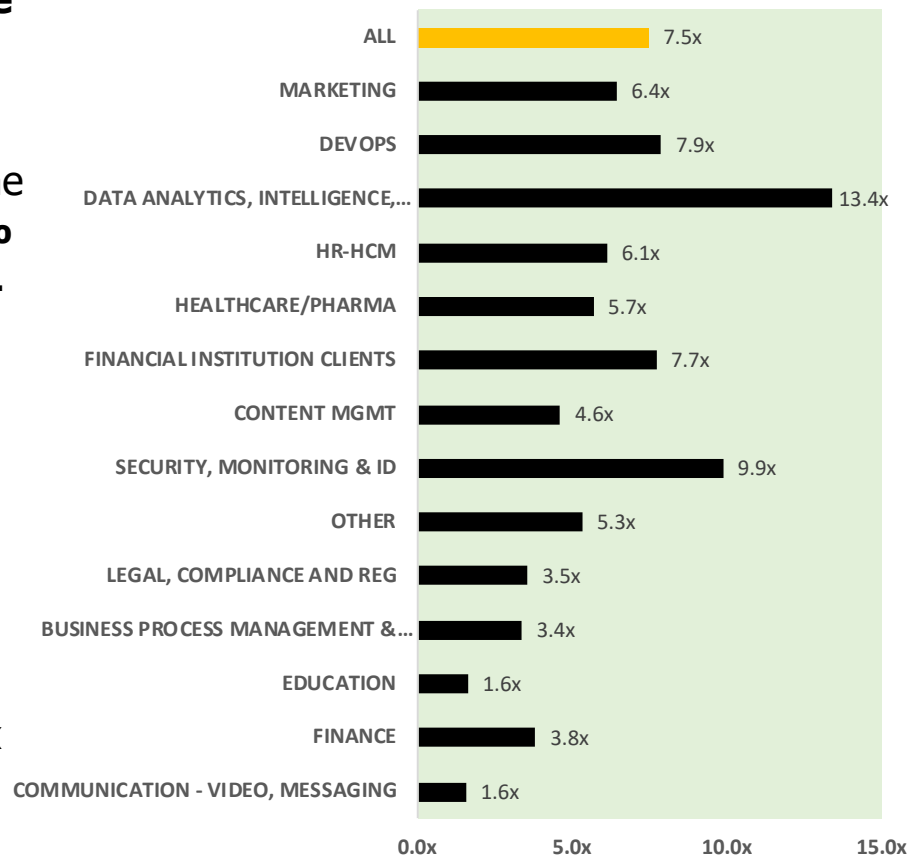
*Source: Federal Reserve, Yahoo Finance.

Consumer sentiment and market risk appetite have recovered but remain exposed to adverse impacts from tariffs

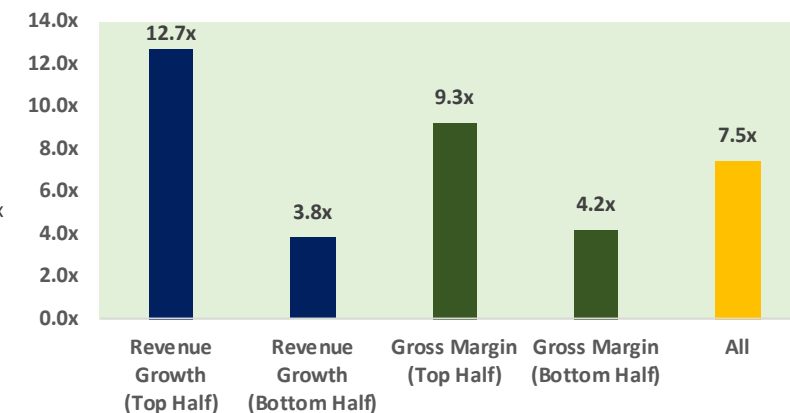


- The aggregate SaaS TTM Revenue Multiple expanded about 0.1 pts in **June 2025** to **7.5x** from **7.4x** in **May 2025**.
- SaaS TTM multiple expanded with the broad stock market also expanding in the second quarter. **S&P 500** increased **5%** in June & **10.6%** in the second quarter.
- Sector Mattered:** Multiples contracted for Horizontals like Marketing, HR HCM and expanded for Security Monitoring & BPM.
- Quality Mattered:** The difference in multiples between Top Half and Bottom Half companies by Revenue growth and Gross Margin is at about **8.9x** and **5.1x** respectively.

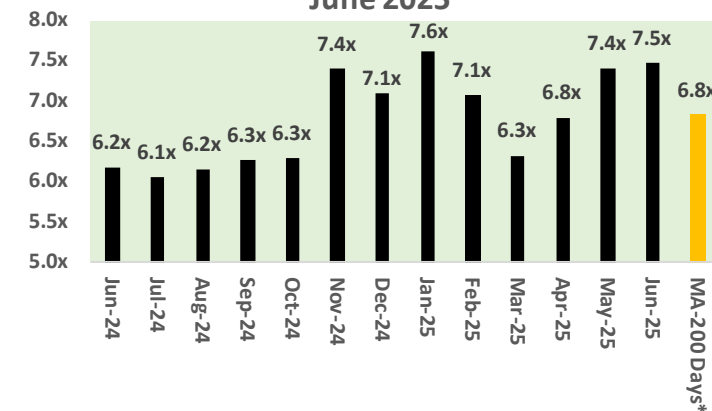
Revenue Xs By SaaS Sector (ME June 2025)



SaaS Revenue Xs (ME June 2025) By Quality



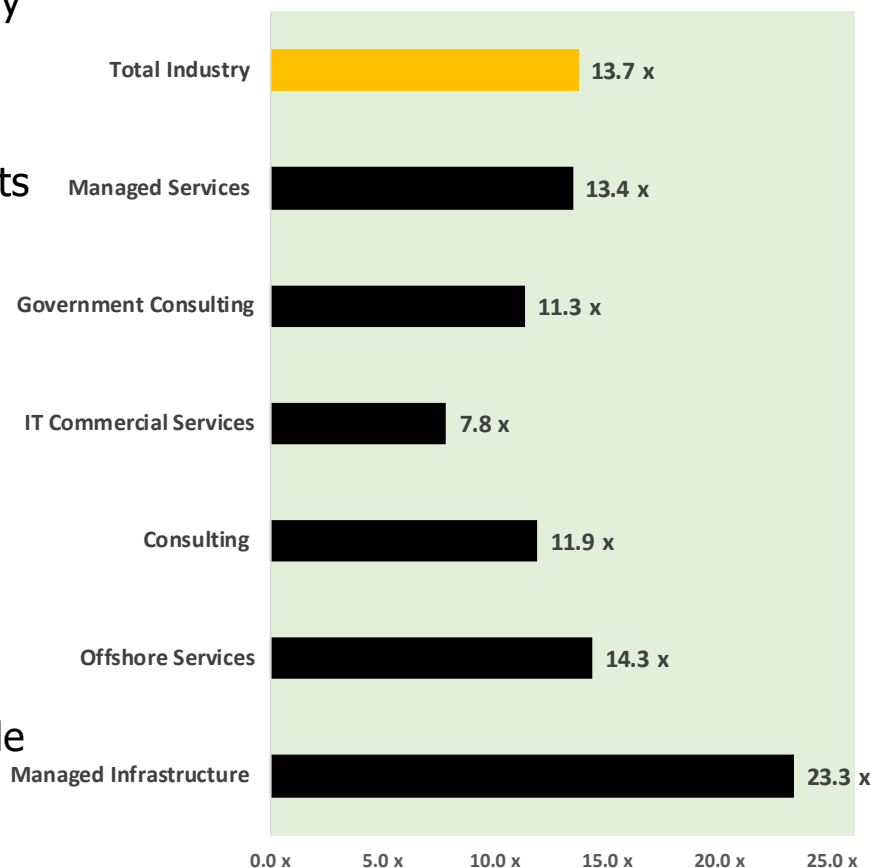
Recovery in SaaS Revenue Xs Stalled in June 2025



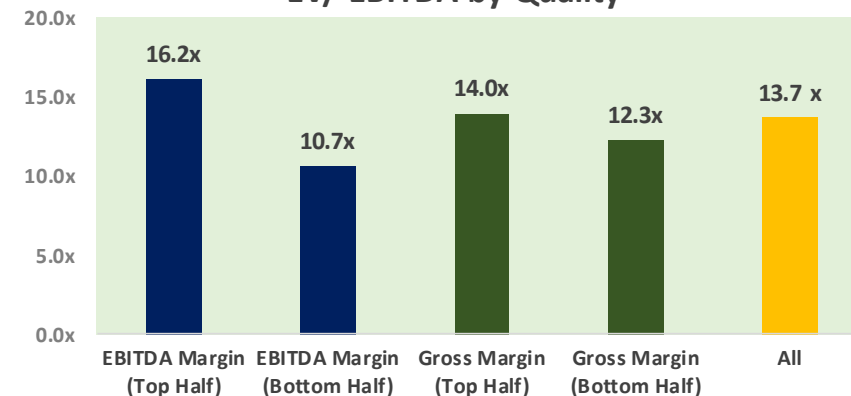
*Source: Yahoo Finance. As of 30th June.

- The aggregate IT Services TTM EBITDA Multiple contracted marginally about 0.1x pts in **June 2025** to **13.7x** from **13.8x** in **May 2025**.
- Multiples contracted by **0.7x, 0.6x** pts for Managed Infra, IT Commercial Services & expanded by **0.3x** pts for Offshore Services in June.
- 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 ~**24%** above the multiple for **June 2025**.

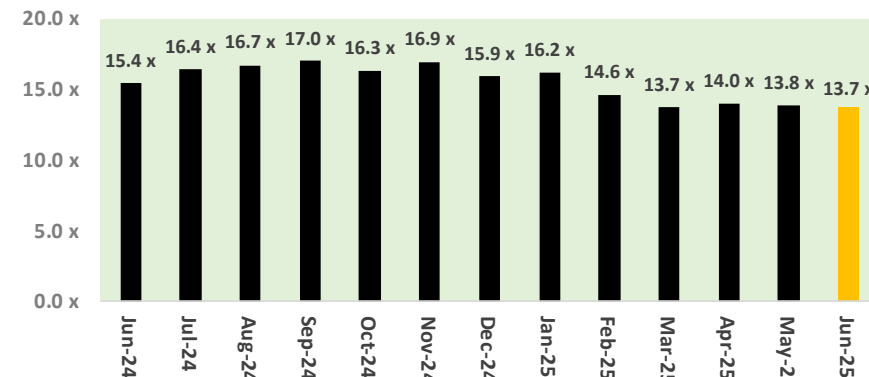
Average EV/EBITDA across Industry



EV/ EBITDA by Quality



Monthly EV/EBITDA Multiple Trend



YTD Median EV/EBITDA and EV/Revenue multiples stand at 30.4x and 2.6x

YTD Median EV/EBITDA and EV/Revenue multiples for deals less than \$200MN stand at 12.5x and 1.4x respectively.

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.

Private Market Multiples

Selected M&A Deals (TTM June 2025)

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

*Source: Federal Reserve, Yahoo Finance.

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
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 Badger Meter, Inc. (NYSE:BMI)	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
Feb-25	SecureWorks Corp.	Sophos, Inc.	818	NA	2.4x	Systems Software	Target provides technology-driven information security solutions
Feb-25	Brightcove Inc.	Bending Spoons S.p.A.; Bending Spoons US Inc.	231	271.8x	1.2x	Internet Services and Infrastructure	Target provides cloud-based streaming services
Feb-25	Zuora, Inc.	GIC Special Investments Pte. Ltd.; Silver Lake Technology Management	853	NA	2.7x	Application Software	Target provides a monetization suite for modern businesses to help companies launch and scale new services
Feb-25	HashiCorp, Inc.	International Business Machines Corporation (NYSE:IBM)	6,720	NA	11.6x	Application Software	Target engages in the provision of multi-cloud infrastructure automation solutions worldwide
Feb-25	Emcore Corporation	Aerosphere Power Inc.	43	NA	0.5x	Communications Equipment	Target designs and manufactures fiber optic gyro, ring laser gyro, and quartz micro-electromechanical system inertial sensors
Feb-25	Infinera Corporation	Nokia Oyj (HLSE:NOKIA)	2,321	40.9x	1.4x	Communications Equipment	Target manufactures and sells semiconductors, networking equipment, optical semiconductors, software, and services worldwide
Feb-25	Matterport, Inc.	CoStar Group, Inc. (NASDAQGS:CSGP)	1,787	NA	10.7x	Application Software	Target turns any space into an accurate, immersive digital twin for design, operations, and marketing
Mar-25	Aspen Technology, Inc.	Emerson Electric Co. (NYSE:EMR)	7,351	37.2x	15.0x	Application Software	Target provides industrial software that focuses on helping customers in asset-intensive industries
Mar-25	Stronghold Digital Mining, Inc.	Backbone Mining Solutions LLC	150	NA	2.5x	Application Software	Target is a crypto asset mining company
Mar-25	Altair Engineering Inc.	Siemens Product Lifecycle Management Software Inc.	10,139	120.5x	15.8x	Application Software	Target develops and offers software and cloud solutions in the areas of simulation, high-performance computing, data analytics, and AI

Private Market Multiples

Selected M&A Deals (TTM June 2025)

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	EV/ EBITDA	EV/ Revenue	Sector	Target Business Description
Mar-25	Intevac, Inc.	Seagate Technology Holdings plc (NASDAQGS:STX)	64	NA	1.0x	Technology Hardware, Storage and Peripherals	Target engages in the designing, developing, and manufacturing thin-film processing systems
Apr-25	3D at Depth, Inc.	Kraken Robotics Inc. (TSXV:PNG)	17	NA	1.2x	Electronic Equipment and Instruments	Target operates as a provider of underwater data acquisition and mapping services, specializing in LiDAR technology
Apr-25	Logility Supply Chain Solutions, Inc.	Aptean, Inc. (:CDCS.Y)	404	39.0x	3.9x	Application Software	Target develops, markets, and supports a range of computer business application software products in the US
Apr-25	Rythmos Inc.	Coforge Inc.	49	NA	1.9x	IT Consulting and Other Services	Target offers information technology consulting services
Apr-25	Fortira Inc.	Canarys Automations Limited (NSEI:CANARYS)	3	NA	0.4x	IT Consulting and Other Services	Target is a leading IT Solutions Provider
Apr-25	SolarWinds Corporation	Turn/River Management, L.P.	4,419	15.3x	5.5x	Systems Software	Target provides monitoring and observability, database, incident response, and IT service management software
Apr-25	Enfusion, Inc.	Clearwater Analytics Holdings, Inc. (NYSE:CWAN)	1,434	72.3x	7.7x	Application Software	Target provides software-as-a-service solutions for investment management industry in the United States
Jun-25	Burroughs, Inc.	Loomis US Holding Inc	110	NA	1.0x	Electronic Equipment and Instruments	Target provides services on third-party ATM, teller cash automation, smart safes, branch automation, and self-service solutions throughout the U.S. and Puerto Rico
Jun-25	Techpoint, Inc.	ASMedia Technology Inc. (TWSE:5269)	323	15.9x	4.5x	Semiconductors	Target is a fabless semiconductor company, develops high-definition video connectivity technology targeting video surveillance systems and automotive infotainment systems
Jun-25	Brightflag Inc.	Wolters Kluwer N.V. (ENXTAM:WKL); Wolters Kluwer Legal & Regulatory U.S.	485	NA	20.9x	Application Software	Target develops and provides enterprise legal management software
Jun-25	Fictiv Inc.	MISUMI USA, Inc.	350	NA	NM	Application Software	Target develops and operates a manufacturing platform that enables users to design, develop, and deliver fabricated parts
Jun-25	Global Photonics, Inc.	Gooch & Housego PLC (AIM:GHH)	31	14.0x	2.3x	Electronic Components	Target develops, manufactures, and assembles optical, opto-mechanical, and optoelectronic products for industrial, military, and consumer markets
	25th Percentile			14.0x	1.2x		
	Median			30.4x	2.6x		
	75th Percentile			55.7x	7.2x		

*Source: Federal Reserve, Yahoo Finance.

Notable Service Provider Deals in June



Acquiror – Evergreen

- Evergreen announced the acquisition of PCH Technologies on June 3, 2025.
- Evergreen Services Group acquires and supports IT services firms with long-term capital and operational expertise.
- PCH Technologies is a IT firm HQ-ed in the greater Philadelphia area with about 25-30 employees that specializes in cloud computing, data protection, cybersecurity, IT management and consulting services.
- Evergreen's acquisition of PCH Technologies was a strategic move to expand its AI service capabilities and accelerate growth.



Target – PCH Technologies



Acquiror – 20 MSP

- 20 MSP announced the acquisition of ADC on June 3, 2025.
- The 20 MSP specializes in MSP Business Development, providing MSP Consulting and MSP Network Support.
- ADC is a MA-based IT solutions supplier that offers cutting-edge technology consulting, services, maintenance, and support.
- This strategic acquisition will help them expand their national reach and strengthen their position in the managed services market.



Target – ADC

Notable Service Provider Deals in June



Acquiror – Integris



Target – TechMD

- Integris announced the acquisition of TechMD on June 16, 2025.
- Integris provides premium managed IT services and technology solutions for small to midsize organizations across the US.
- TechMD is a provider that specializes in managed IT support, security solutions, cloud integration, and strategic consulting.
- This strategic acquisition is its largest to date and signifies the next pivotal milestone in Integris' continued evolution by expanding the company's innovative solutions and services that drive digital maturity for small to midsize businesses.



Acquiror – Integris



Target – Integer

- Integris announced the acquisition of Integer on June 16, 2025.
- Integris provides premium managed IT services and technology solutions for small to midsize organizations across the US.
- Integer Security is a security division of TechMD that specializes in advanced cybersecurity services and managed IT security solutions.
- This strategic acquisition is its largest to date and signifies the next pivotal milestone in Integris' continued evolution by expanding the company's innovative solutions and services that drive digital maturity for small to midsize businesses.

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.

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 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.

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 Pangaia Partners



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

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



Software Growth Partners
acquired Appian Security



CI&T acquired Comrade



Infor acquired Brain
International



Clarey Technology acquires
Phoenix Computer Associates



Cisco acquired Altiga
Networks



IT Savvy acquired
Infrastructure Works



Blue Loop Capital acquired
Yuxi Pacific



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 (%)
Managed Infrastructure Mean	76%	55%	40%	11%
Managed Infrastructure Median	80%	55%	40%	10%
Offshore Services Mean	79%	32%	19%	12%
Offshore Services Median	83%	33%	20%	12%
Consulting Mean	74%	37%	12%	7%
Consulting Median	75%	39%	12%	8%
IT Commercial Services Mean	56%	27%	15%	8%
IT Commercial Services Median	73%	29%	15%	9%
Government Consulting Mean	66%	27%	11%	6%
Government Consulting Median	72%	24%	11%	6%
Managed Services Mean	75%	28%	16%	9%
Managed Services Median	75%	28%	17%	8%
Total Industry Mean	71%	34%	19%	9%
Total Industry Median	75%	31%	16%	9%

Valuation Multiples		
EV/ LTM EBITDA	EV/ LTM Revenue	Price/ Earnings
23.3 x	9.6 x	81.4 x
26.8 x	10.7 x	83.9 x
14.3 x	2.8 x	23.4 x
16.6 x	2.7 x	24.9 x
11.9 x	1.4 x	20.4 x
13.7 x	1.6 x	21.1 x
7.8 x	1.3 x	15.0 x
8.8 x	1.2 x	17.1 x
11.3 x	1.2 x	16.6 x
10.3 x	1.1 x	14.2 x
13.4 x	2.1 x	22.7 x
11.3 x	1.7 x	20.2 x
13.7 x	3.1 x	29.9 x
12.5 x	1.7 x	20.6 x

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

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	\$795.47	80%	\$77,812	\$94,512	\$8,846	\$927	50%	40%	10%	26.8 x	10.7 x	83.9 x
Digital Realty Trust	US	\$174.33	88%	\$58,713	\$74,808	\$5,631	\$431	55%	48%	8%	27.9 x	13.3 x	136.2 x
Digital Ocean Holdings	US	\$28.56	61%	\$2,600	\$3,982	\$807	\$109	60%	32%	13%	15.2 x	4.9 x	23.9 x
Managed Infrastructure Mean			76%					55%	40%	11%	23.3 x	9.6 x	81.4 x
Managed Infrastructure Median			80%					55%	40%	10%	26.8 x	10.7 x	83.9 x
Offshore Services													
Tata Consultancy Services	IN	\$40.39	75%	\$146,135	\$142,424	\$28,104	\$5,356	45%	28%	19%	18.0 x	5.1 x	27.3 x
Infosys Limited	IN	\$18.69	80%	\$77,454	\$74,095	\$19,112	\$3,304	30%	24%	17%	16.2 x	3.9 x	23.4 x
HCL Technologies Limited	IN	\$20.17	86%	\$54,631	\$54,602	\$13,924	\$1,981	41%	23%	14%	17.0 x	3.9 x	27.6 x
Cognizant Technology Solutions	US	\$78.03	86%	\$38,464	\$37,651	\$20,091	\$2,357	34%	18%	12%	10.2 x	1.9 x	16.3 x
Wipro Limited	IN	\$3.10	82%	\$32,491	\$28,142	\$10,414	\$1,571	30%	24%	15%	11.2 x	2.7 x	20.7 x
LTI Mindtree Limited	IN	\$62.03	79%	\$18,378	\$17,483	\$4,516	\$551	28%	20%	12%	19.5 x	3.9 x	33.4 x
Tech Mahindra Limited	IN	\$19.68	93%	\$17,418	\$16,793	\$6,222	\$530	27%	16%	9%	17.4 x	2.7 x	32.9 x
Genpact Limited	BM	\$44.01	78%	\$7,696	\$8,575	\$4,851	\$528	36%	18%	11%	9.9 x	1.8 x	14.6 x
Globant S.A.	LU	\$90.84	38%	\$4,002	\$4,284	\$2,456	\$151	36%	9%	6%	19.2 x	1.7 x	26.4 x
WNS Holdings Limited	IN	\$63.24	84%	\$2,758	\$2,932	\$1,315	\$170	35%	21%	13%	10.4 x	2.2 x	16.2 x
Mphasis Limited	IN	\$33.20	88%	\$6,310	\$6,134	\$1,696	\$203	31%	21%	12%	17.6 x	3.6 x	31.1 x
Sonda S.A.	CL	\$0.38	85%	\$333	\$574	\$1,659	\$30	14%	6%	2%	5.5 x	0.3 x	10.9 x
Offshore Services Mean			79%					32%	19%	12%	14.3 x	2.8 x	23.4 x
Offshore Services Median			83%					33%	20%	12%	16.6 x	2.7 x	24.9 x

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

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	\$161.50	70%	\$5,537	\$5,781	\$3,668	\$262	32%	11%	7%	15.0 x	1.6 x	21.1 x
Huron Consulting Group	US	\$137.54	89%	\$2,372	\$2,965	\$1,563	\$123	31%	14%	8%	13.7 x	1.9 x	19.3 x
Resources Connection	US	\$5.37	45%	\$178	\$132	\$826	\$76	40%	12%	9%	1.3 x	0.2 x	2.4 x
The Hackett Group	US	\$25.42	75%	\$703	\$715	\$315	\$24	39%	13%	8%	17.2 x	2.3 x	29.2 x
Information Services Group	US	\$4.80	91%	\$231	\$274	\$243	\$8	41%	9%	3%	12.4 x	1.1 x	30.0 x
Consulting Mean			74%					37%	12%	7%	11.9 x	1.4 x	20.4 x
Consulting Median			75%					39%	12%	8%	13.7 x	1.6 x	21.1 x
IT Commercial Services													
Accenture plc	IE	\$298.89	75%	\$186,165	\$184,692	\$68,483	\$7,949	32%	17%	12%	15.5 x	2.7 x	23.4 x
Capgemini SE	FR	\$170.97	73%	\$29,057	\$29,057	\$23,736	\$1,628	26%	14%	7%	8.8 x	1.2 x	17.9 x
CGI Inc	CA	\$105.11	82%	\$21,051	\$23,480	\$11,129	\$1,282	16%	19%	12%	11.0 x	2.1 x	16.4 x
Atos SE	FR	\$38.05	0%	\$724	\$1,988	\$11,289	\$292	34%	15%	3%	1.2 x	0.2 x	2.5 x
Unisys Corporation	US	\$4.53	51%	\$322	\$456	\$1,953	(\$73)	29%	9%	-	2.7 x	0.2 x	-
IT Commercial Services Mean			56%					27%	15%	8%	7.8 x	1.3 x	15.0 x
IT Commercial Services Median			73%					29%	15%	9%	8.8 x	1.2 x	17.1 x
Government Consulting													
Booz Allen Hamilton Holding Corporati	US	\$104.13	55%	\$12,921	\$16,255	\$11,980	\$935	55%	13%	8%	10.3 x	1.4 x	13.8 x
CACI International Inc	US	\$476.70	81%	\$10,483	\$13,743	\$8,362	\$477	9%	11%	6%	14.8 x	1.6 x	22.0 x
Science Applications International Cor	US	\$112.61	72%	\$5,278	\$7,672	\$7,518	\$269	11%	8%	4%	12.4 x	1.0 x	19.6 x
Maximus, Inc.	US	\$70.20	75%	\$3,956	\$5,469	\$5,395	\$300	24%	12%	6%	8.8 x	1.0 x	13.2 x
ICF International, Inc.	US	\$84.71	47%	\$1,560	\$2,243	\$2,013	\$110	37%	11%	5%	10.3 x	1.1 x	14.2 x
Government Consulting Mean			66%					27%	11%	6%	11.3 x	1.2 x	16.6 x
Government Consulting Median			72%					24%	11%	6%	10.3 x	1.1 x	14.2 x

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

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	\$298.89	75%	\$186,165	\$184,692	\$68,483	\$7,949	32%	17%	12%	15.5 x	2.7 x	23.4 x
Tata Consultancy Services	IN	\$40.39	75%	\$146,135	\$142,424	\$28,104	\$5,356	45%	28%	19%	18.0 x	5.1 x	27.3 x
International Business Machines Corp	US	\$294.78	100%	\$273,968	\$323,338	\$62,833	\$5,473	57%	20%	9%	26.2 x	5.1 x	50.1 x
Infosys Limited	IN	\$18.69	80%	\$77,454	\$74,095	\$19,112	\$3,304	30%	24%	17%	16.2 x	3.9 x	23.4 x
Capgemini SE	FR	\$170.97	73%	\$29,057	\$29,057	\$23,736	\$1,628	26%	14%	7%	8.8 x	1.2 x	17.9 x
Cognizant Technology Solutions	US	\$78.03	86%	\$38,464	\$37,651	\$20,091	\$2,357	34%	18%	12%	10.2 x	1.9 x	16.3 x
Wipro Limited	IN	\$3.10	82%	\$32,491	\$28,142	\$10,414	\$1,571	30%	24%	15%	11.2 x	2.7 x	20.7 x
DXC Technology Company	US	\$15.29	62%	\$2,780	\$5,531	\$12,871	\$389	24%	17%	3%	2.5 x	0.4 x	7.1 x
Rackspace Technology, Inc	US	\$1.28	38%	\$304	\$3,485	\$2,712	(\$289)	19%	5%	-	25.6 x	1.3 x	-
CGI Group	CA	\$105.11	82%	\$21,051	\$23,480	\$11,129	\$1,282	16%	19%	12%	11.0 x	2.1 x	16.4 x
ePlus	US	\$72.10	67%	\$1,913	\$1,671	\$2,069	\$108	28%	9%	5%	9.2 x	0.8 x	17.7 x
Insight Enterprises	US	\$138.09	61%	\$4,409	\$5,309	\$8,426	\$190	21%	5%	2%	12.4 x	0.6 x	23.2 x
Leidos	US	\$157.76	78%	\$20,307	\$25,198	\$16,932	\$1,333	17%	13%	8%	11.3 x	1.5 x	15.2 x
NTT Data	JP	\$27.81	99%	\$38,991	\$55,634	\$32,258	\$991	28%	16%	3%	11.1 x	1.7 x	39.4 x
Science Applications Int.	US	\$112.61	72%	\$5,278	\$7,672	\$7,518	\$269	11%	8%	4%	12.4 x	1.0 x	19.6 x
Managed Services Mean			75%					28%	16%	9%	13.4 x	2.1 x	22.7 x
Managed Services Median			75%					28%	17%	8%	11.3 x	1.7 x	20.2 x
Total Industry Mean			71%					34%	19%	9%	13.7 x	3.1 x	29.9 x
Total Industry Median			75%					31%	16%	9%	12.5 x	1.7 x	20.5 x

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

Discount Rates Implied From IT Public Market Valuations

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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