

# What IT Services Founders Told Us About Selling Their Business

*A 22-Year Retrospective Survey*

The IT services M&A market has evolved dramatically over the last two decades-but perhaps the richest insights come not from market data, but from the founders who actually lived through an exit. We surveyed more than 2,000 business owners of IT companies **who sold their firms over the last 22 years**. Their collective experience offers a rare, candid window into what really drives successful outcomes, and what business owners wish they had known earlier. Below is a synthesis of those insights, organized into 13 key findings.

## 1. When Founders Sell: Most Owners Exit After 11-20+ Years

Nearly seven in ten founders surveyed (69%) sold their companies after more than 11 years of ownership, with most transactions occurring before the business reached its 20th year. This extended ownership window reflects a fundamental truth in IT services: firms are built over decades, client relationships compound slowly, and growth is rarely linear. Founders in this sector are, by nature, patient operators, and their exit timelines reflect that.

*Key Takeaway: IT services is not a “build and flip” sector. Long ownership windows mean founders often have time to prepare properly – if they start early enough.*

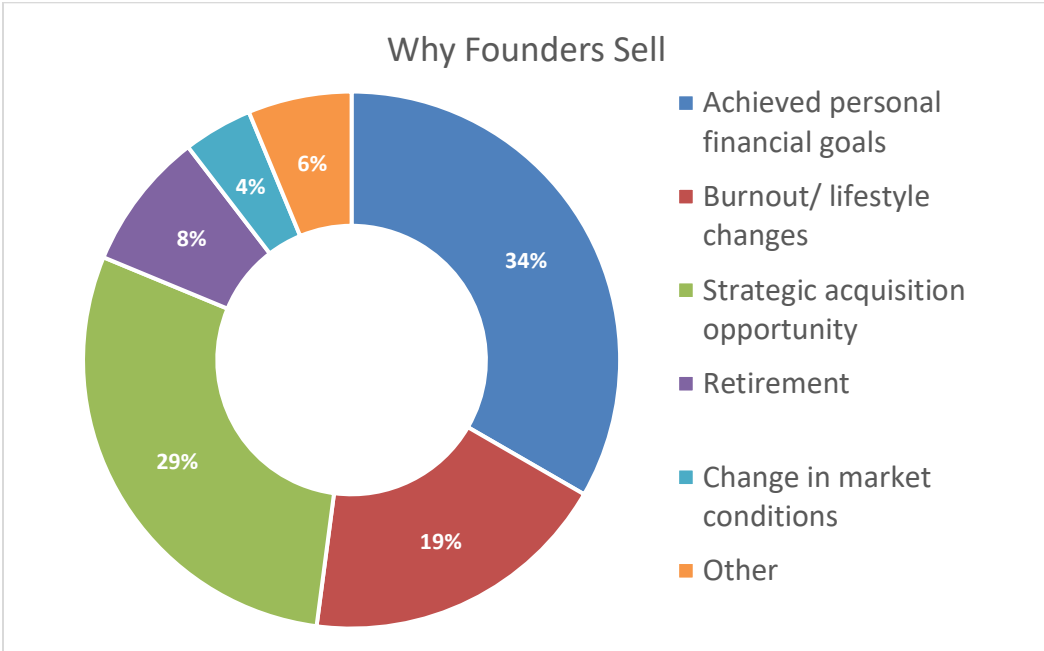
## 2. Why Founders Sell: Three Motivations Dominate

The top drivers behind the decision to sell were:

1. **Achieving personal financial goals (34%)**
2. **Strategic acquisition opportunity (29%)**
3. **Burnout or lifestyle changes (19%)**

Achieving personal financial goals	<b>34%</b>	<i>Top reason cited</i>
Strategic acquisition opportunity	<b>29%</b>	<i>Right buyer, right timing</i>
Burnout or lifestyle change	<b>19%</b>	<i>Founder fatigue is real</i>
Retirement	<b>8%</b>	<i>Lower than expected</i>

Most owners don't sell because they have to, they sell because the right strategic moment arrives, or they reach a personal milestone. Only **8% respondents cited retirement**, reinforcing that IT founders often exit *well before* stepping back from work entirely.



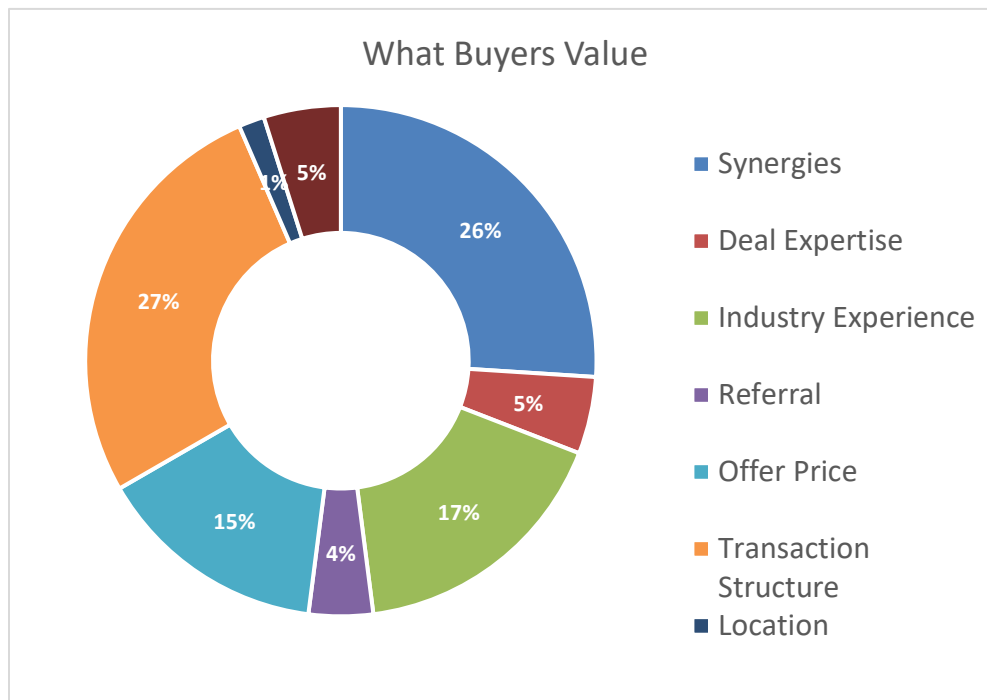
*“It was validating to see how many buyers valued me, not just the business.”*  
- A recurring comment from survey respondents

### 3. What Buyers Value: Fit + Structure Beat Price Alone

When founders chose a buyer, the top criteria were:

Transaction structure (deal terms, earnouts, rollover)	<b>26%</b>	<i>Financial engineering matters</i>
Strategic synergies	<b>25%</b>	<i>Integration potential</i>
Buyer's industry experience	<b>16%</b>	<i>Buyers who "get it"</i>
Offer price	<b>14%</b>	<i>Important, but not #1</i>

This finding consistently surprises first-time sellers. In IT services M&A, the best buyers win on fit, certainty, and structure, not simply the highest headline multiple. Strategic synergies in this sector typically involve geographic expansion, complementary service capabilities, scale efficiencies, and cross-selling potential. Founders clearly gravitate toward buyers who will be good stewards of their teams and clients, not just acquirers of an asset.



*Valuation is won before buyers arrive, through positioning, packaging, and the competitive tension created by running a proper process.*

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### 4. Pre-Sale Familiarity Is Rare – Most Sellers Didn’t Know Their Buyer

A striking 88% of sellers did not know their ultimate buyer before the sale process began. This is one of the most actionable findings for founders contemplating a future exit.

*Your ideal buyer is almost certainly not in your immediate network. Broad market outreach through a structured process meaningfully expands competitive tension and improves outcomes.*

Founders who rely solely on inbound interest or personal introductions significantly limit their universe of potential buyers, and therefore their negotiating leverage.

### 5. Exit Planning: The Market Rewards the Prepared

When asked how far in advance owners should begin preparing to sell, the responses were decisive:

More than 2 years in advance	<b>65%</b>	<i>Strong majority view</i>
1–2 years in advance	<b>28%</b>	<i>Still meaningful</i>
Less than 12 months	<b>6%</b>	<i>Not recommended</i>

Early preparation removes diligence risks, strengthens the financial narrative, and based on our experience, can increase valuation by 10–30%. The businesses that command premium multiples are those that have optimized their recurring revenue mix, cleaned up their financials, and built management depth well before coming to market.

*The seller controls 80% of the variables that determine valuation – if they start early enough.*

## 6. Internal Communication: Founders Are Split, But Cautious

We asked: When should business owners share their plans to sell the business internally / with the management team?

Responses cluster around two philosophies:

Confidentiality-First Approach	Transparency-First Approach
“Not before signing LOI” - 25% “Not before engaging buyers” - 18% “Not before closing” - 11%	“From the start” - 25% <i>Best when leadership is tightly aligned and mature</i>

The modal view: wait until risk is low, unless your leadership team is already tightly aligned and mature. Premature disclosure can introduce uncertainty, affect employee retention, and complicate client relationships before the deal is secure.

## 7. Pre-Sale Acquisitions: The Market Is Split 50/50

When asked whether to make a strategic acquisition prior to selling:

Yes - an acquisition can add value	<b>46%</b>	
No - keep the story clean	<b>54%</b>	

Founders who supported pre-sale acquisitions emphasized clear criteria:

- Strategic alignment with existing offerings
- Accretive to revenue quality and margins
- Operationally manageable without distraction
- Financially sound with clean integration

*Making an acquisition purely to “dress up” the business rarely works. A strategically sound acquisition, one that addresses a genuine capability or market gap, often does.*

## 8. Financial Readiness: A Strong Majority Recommend a Quality of Earnings (QoE)

Founders were asked whether having a Quality of Earnings (QoE) report or audited financials completed prior to engaging buyers was worthwhile. An overwhelming 90% said yes.

Recurring themes in their comments:

- Builds immediate credibility with buyers
- Surfaces issues early before they become retrade risks
- Helps founders understand their business the way a buyer will
- Shortens due diligence timelines and reduces surprises
- Identifies proforma addback opportunities that can improve EBITDA presentation

*“Knowing your financials the way a buyer will see them is invaluable.”*

- Survey respondent

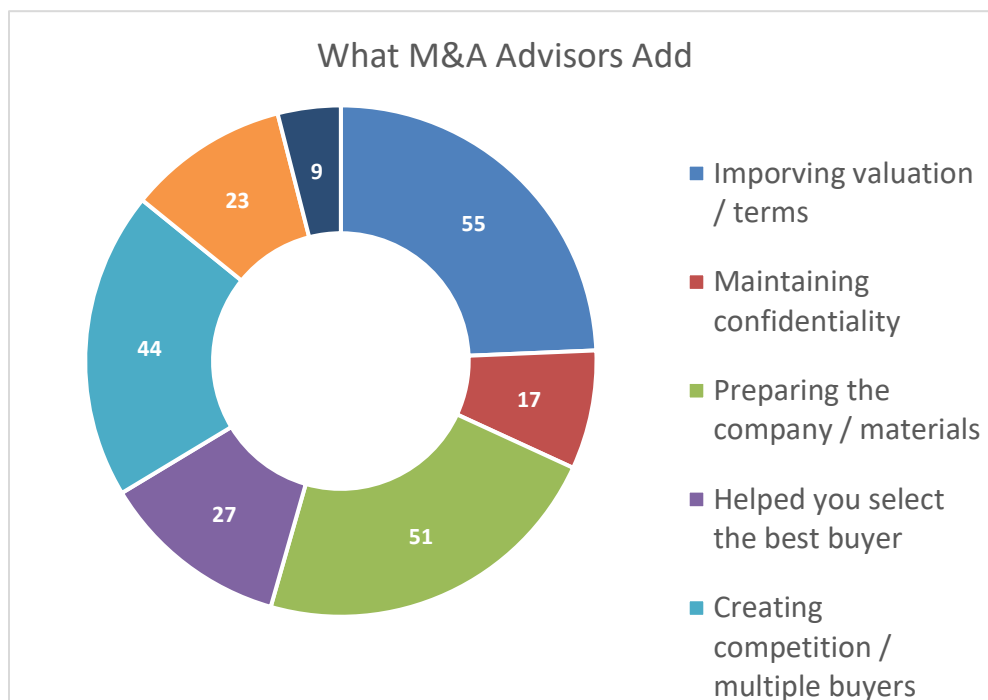
*“A QoE could give the seller ideas and opportunities to maximize valuation through proforma addbacks.”*

- Survey respondent

### 9. What M&A Advisors Add: Valuation, Preparation, and Competition

We asked the question: If you worked with an M&A advisor, which of the following were their top 3 contributions made to the success of the transaction: Across those who used advisors, the highest-scoring contributions were:

Improving valuation and deal terms	<b>55 pts</b>	<i>Highest-rated contribution</i>
Preparing the company and marketing materials	<b>51 pts</b>	
Creating competition among multiple buyers	<b>44 pts</b>	



This is unsurprising.

These results reflect a consistent pattern: in IT services, the advisor’s value is greatest in the pre-market phase including positioning the business, packaging the narrative, and generating competitive tension that drives valuation. Founders who attempt to run a self-directed process frequently leave value on the table, simply because they lack access to a broad buyer universe and the experience to manage parallel negotiations.

### 10. Surprises: Legal Costs, Emotional Impact, and Buyer Behavior

Founders cited several elements that caught them off guard:

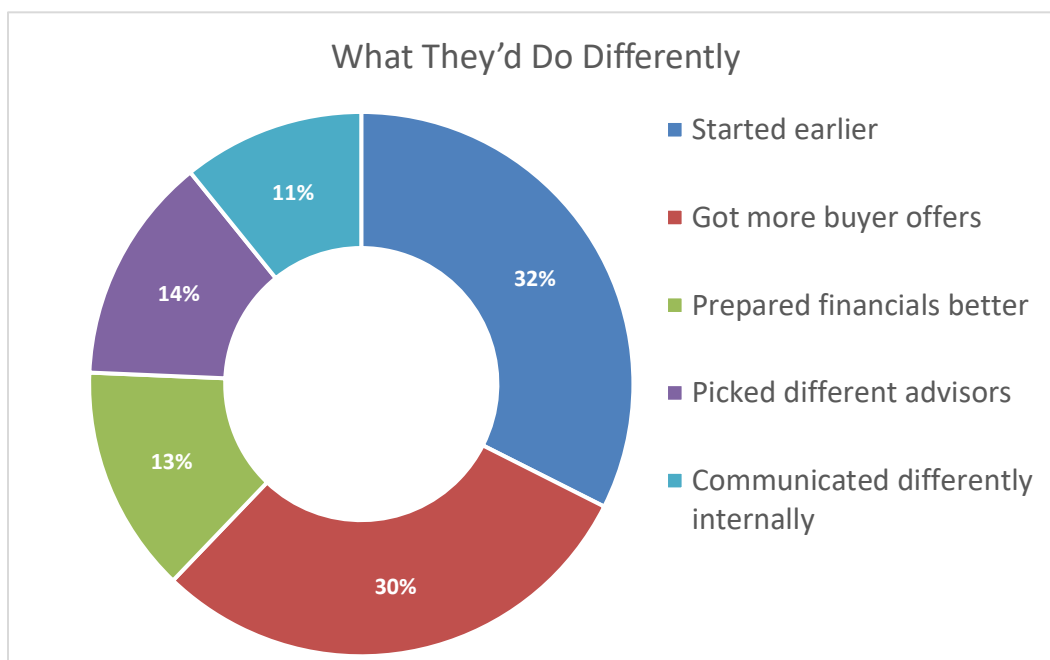
Surprise Area	What Founders Said
Legal fees	Diligence costs were 3× higher than anticipated. Sellers should budget accordingly and negotiate fee caps where possible.
Buyer drop-out	Our first buyer dropped out well into the process, a reminder that no deal is certain until it closes.
What buyers value	Buyers placed heavy weight on fundamentals: revenue quality, client retention, compliance, and margin discipline.
Personal demand	Multiple buyers wanted the founder personally, not just the business, raising questions about earnout structures and transition terms.
Buyer diversity	Wide range of buyer types and motivations, yet common threads emerged: growth potential, team stability, and recurring revenue.

### 11. What Founders Would Do Differently

Given the chance to go back, founders' top regrets were:

Started the preparation process earlier	32%	#1 regret
Generated more competing buyer offers	30%	
Better prepared financial documentation	14%	
Selected a different or more experienced M&A advisor	14%	
Communicated differently with the internal team	11%	

The pattern is clear: the two biggest regrets – starting later than ideal and not generating enough buyer competition are both preventable with early planning and proper process design. Together they account for 62% of all regrets cited.



This is a textbook M&A lesson:

**The seller controls 80% of the variables that determine valuation – if they start early enough.**

### 12. Post-Transaction Life: Transition and What Comes Next

When asked how long after closing they planned to remain with the business:

Departed immediately	13%	
Departed within 6 months	13%	
Departed within 1 year	13%	
Stayed 5+ years	18%	
Phased exit / earnout-driven	42%	<i>Most common arrangement</i>

The most striking finding: 50% of former owners plan to start another business. Half of those intend to remain in IT services. This reinforces the entrepreneurial DNA of the sector – many founders aren’t retiring after an exit; they’re preparing to build again.

### 13. The Emotional Dimension: More Common Than Expected

Founders were asked whether the transaction had an emotional impact. The responses tell a nuanced story:

Felt emotion while preparing to sell	15%	
Felt emotion during the process	37%	
Felt emotion after the transaction closed	48%	<i>Peaks post-close</i>

The emotional weight of an exit tends to build over time, not diminish. For many founders, the real reckoning comes after closing, when identity, team separation, and the end of a chapter all become concrete. Founders who anticipate this dimension, and plan for it thoughtfully tend to navigate the transition more successfully.

## Conclusion: What the Best Exits Have in Common

For founders of IT services businesses contemplating an eventual exit, the lessons from those who have already completed the journey are remarkably consistent.

Successful outcomes rarely happen by accident. They result from years of preparation, disciplined financial management, and a clear understanding of what strategic buyers value most; growth potential, recurring relationships, scalable offerings, and a leadership team capable of sustaining the business beyond the founder.

Just as important, the process itself requires thoughtful planning and experienced guidance to navigate complexity, maintain confidentiality, and create competitive tension among buyers.

For many owners, selling a company is both a financial milestone and a deeply personal transition. The insights shared by these former founders suggest that those who begin preparing early, remain strategic about positioning, and approach the process with both realism and patience are the ones most likely to achieve not only strong financial outcomes, but also the satisfaction of seeing the businesses they built continue to thrive in their next chapter.

### Five Imperatives for IT Services Founders Preparing to Exit

1. Start preparing at least 2 years before your target exit date
2. Commission a Quality of Earnings report before engaging buyers
3. Run a structured, competitive process - your buyer is likely not in your network
4. Optimize for transaction structure and synergies, not just headline price
5. Plan for the emotional dimension - it's real and it peaks after closing