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# Market Update

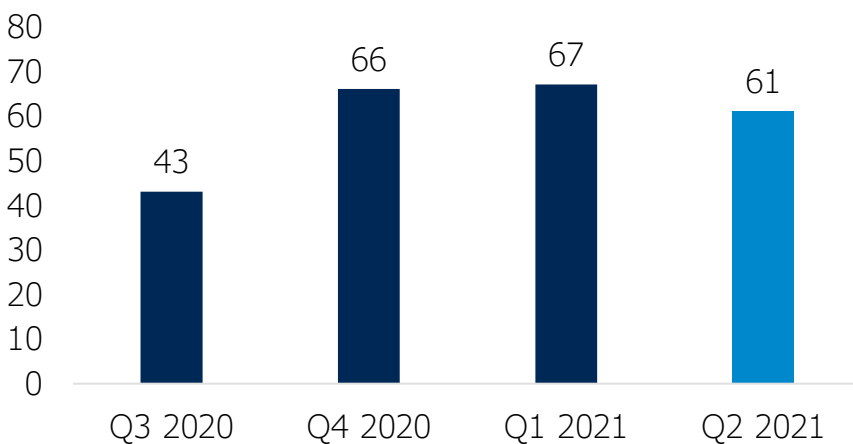
## Managed Service Providers

Managed Service Providers (MSPs) will remain hot as buyers continue to show increased interest in cloud adoption, advanced security measures, and desire for IT automation. Given the highly fragmented nature of the MSP space, M&A activity will continue to be abundant as sponsors and strategics look to increase scale and capture emerging technology trends to expand their geographic footprint.

Second-quarter recorded 61 deals - a 9% decrease compared with Q1 2021. However, deal volumes and valuations remain high as:

- 1) Cloud adoption continues to grow - by 2023, 40% of all enterprise workloads will be employed in cloud infrastructure - Gartner
- 2) Companies implement advanced security measures to combat cyber terrorist
- 3) IT automation becomes the new normal in our data-driven society

# of M&A deals in MSP - IT Services

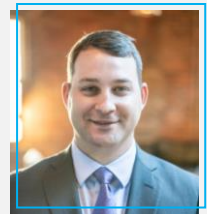


7MA has completed numerous M&A transactions in the MSP space and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Tim Frye, Steve Buffington, or Tanner Lange if you would like to learn more about MSPs.

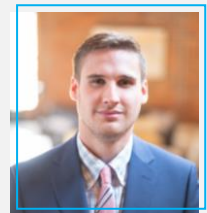
### Sector Coverage Team



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## 7MA Transaction - Pfingsten Acquired Omega Systems

**PFINGSTEN**



Omega provides managed IT solutions, including cloud-based data hosting, incident management, cybersecurity, help desk support, storage, backup, disaster recovery, hosted infrastructure support, and network health monitoring. The Company also provides professional IT support services and hardware and software configuration. Omega serves small and medium sized businesses within financial services, insurance, manufacturing, healthcare, professional services, education, and local government industries. The Company brings enterprise-caliber IT solutions and support to organizations facing demanding data processing and compliance requirements.

**Date:** Feb. 2021  
**Deal Type:** M&A  
**Target HQ:** USA

## 7MA Transaction - Court Square Capital Acquired Thrive



Thrive is a leading provider of NextGen managed services designed to drive business outcomes through application enablement and optimization. The company's Thrive5 Methodology utilizes a unique combination of its Application Performance Platform and strategic services to ensure each business application takes advantage of technology that enables peak performance, scale, and the highest level of security.

**Date:** Jan. 2021  
**Deal Type:** Majority Recapitalization  
**Target HQ:** USA

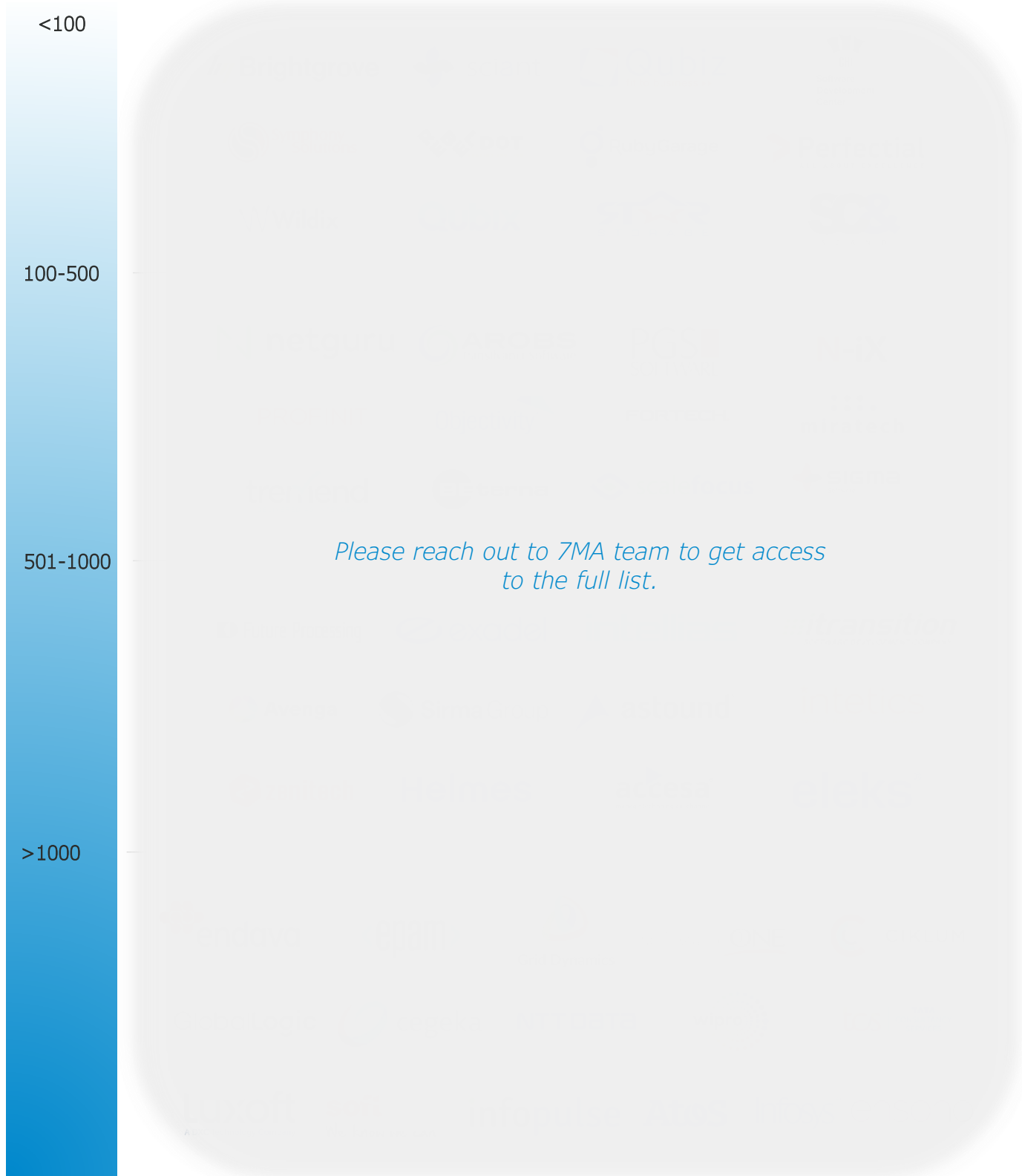
## 7MA Transaction - 3 Cloud (Gryphon Investors) Acquired Pragmatic works



Pragmatic Works is 100% focused on Microsoft's cloud and data platforms. They have worked across the United States with thousands of companies including 97% of the Fortune 100. Through their weekly free training sessions, large-scale virtual Azure events and a team dedicated to helping customers grow their business with data, they are uniquely positioned to consult businesses on taking advantage of the latest Microsoft applications. Pragmatic Works' focused work with Microsoft has led to them being recognized as a finalist for the Data Platform Partner of the Year award in 2017, Data Analytics Partner of the Year award in 2019 and both the Power BI and Power Apps Partner of the Year award in 2020. They have also been named the 2020 MSUS Partner Award winner for Business Applications – Power BI.

**Date:** Sep. 2020  
**Deal Type:** M&A  
**Target HQ:** USA

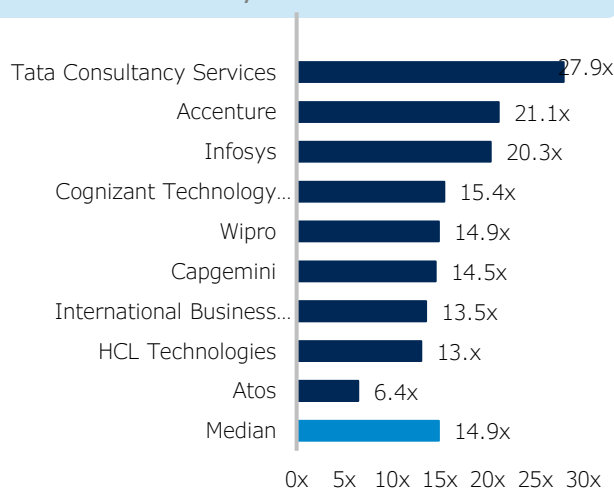
## Number of Employees



## Publicly-traded Managed Service Providers – Q2 2021

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
International Business Machines	180,889	73,781	-3.6%	48.6%	18.3%	2.5x	13.4x	375,300	197
Accenture	176,418	45,677	2.3%	31.7%	17.0%	3.9x	22.7x	514,000	89
Tata Consultancy Services	160,643	22,067	4.6%	47.1%	28.0%	7.3x	26.0x	488,649	45
Infosys	83,667	13,561	6.1%	34.9%	28.4%	6.2x	21.8x	259,619	52
Capgemini	38,814	18,065	12.2%	26.1%	13.5%	2.1x	16.0x	269,769	67
Wipro	37,711	8,326	1.5%	31.7%	24.2%	4.5x	18.7x	200,000	42
Cognizant Technology Solutions	36,228	16,828	-0.4%	36.5%	16.3%	2.2x	13.2x	296,500	57
HCL Technologies	33,839	10,132	6.7%	46.2%	27.8%	3.3x	12.0x	168,977	60
Atos	8,998	12,745	-3.5%	28.2%	13.4%	0.7x	5.3x	105,000	121
<b>Average</b>	84,134	4,779	2.9%	36.8%	20.8%	3.6x	16.6x	297,535	81
<b>Median</b>	38,814	2,819	2.3%	34.9%	18.3%	3.3x	16.0x	269,769	60

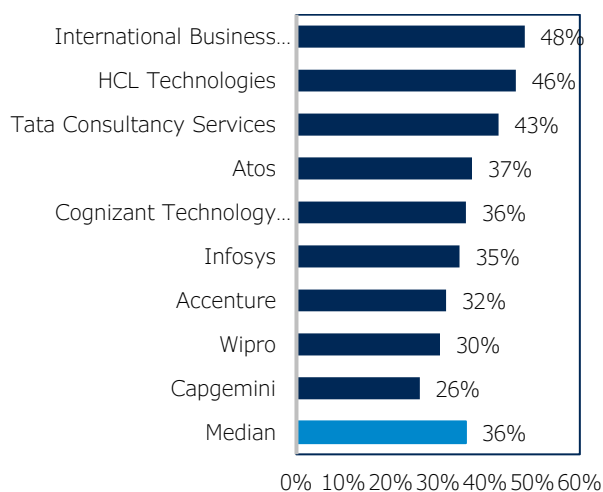
### TEV / EBITDA X



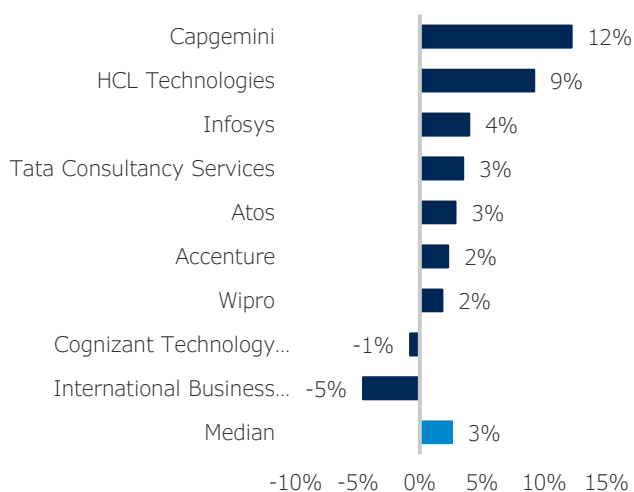
### TEV / Rev X



### Gross Margin %



### Rev Growth YoY



Q2 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
April 2021			<ul style="list-style-type: none"> <li>Integrated Solutions is a Birmingham, Alabama-based managed service provider (MSP) that offers managed IT, disaster recovery and cybersecurity services to businesses and enterprises, especially in the medical vertical.</li> </ul>
April 2021			<ul style="list-style-type: none"> <li>ManageServe will bolster Pythian's existing enterprise resource planning (ERP) and SAP HANA expertise across Google Cloud Platform, Amazon Web Services (AWS), Microsoft Azure and SAP cloud platforms</li> </ul>
April 2021			<ul style="list-style-type: none"> <li>The Purple Guys has nearly 20 years of experience providing "stress-free IT" for small to medium sized businesses, offering a comprehensive suite of managed IT services across a range of industries throughout the Midwest.</li> </ul>
May 2021			<ul style="list-style-type: none"> <li>Switchfast is a <a href="#">Microsoft</a> Gold Midmarket Solution Provider, and also works with such companies as <a href="#">Dell Technologies</a> and <a href="#">SonicWall</a>. The MSP and IT consulting firm also employs Apple certified support professionals.</li> </ul>
May 2021			<ul style="list-style-type: none"> <li>SpinnerTech is a Long Island/New York-based managed IT services and cloud hosting company serving customers across a wide range of verticals.</li> </ul>
June 2021			<ul style="list-style-type: none"> <li>Ground Control IT is an Arizona-based managed security services provider.</li> </ul>
June 2021			<ul style="list-style-type: none"> <li>Exactly is an international managed service IT prodder that offers managed IT services for Microsoft Azure, Google Cloud, Cybersecurity services, SAP managed services, ITSM, and end user client services</li> </ul>

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit [www.7mileadvisors.com](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions

7MA  
**omegasystems**  
technologymanaged  
PFINGSTEN

7MA  
GRYPHON INVESTORS  
3Cloud  
PRAGMATIC WORKS

7MA  
**SOURCE**  
SUPPORT  
Capitala

7MA  
COURT SQUARE  
THRIVE

7MA  
BlueChip  
CORE  
BTS INC

