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Market Update Managed Service Providers

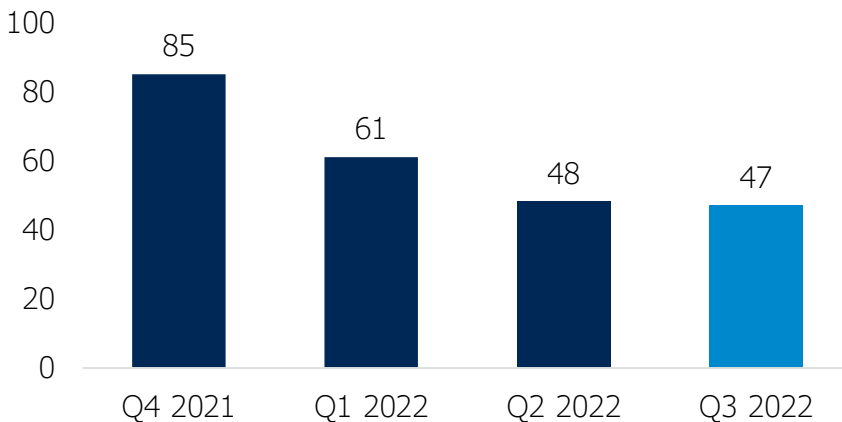
Managed Service Providers (MSPs) will remain attractive investments as buyers enjoy the nature of longer-term contracts with proven MRR. Coupled with the fact that MSPs have a customer-centric approach with a scalable land and expand model, 7MA sees M&A activity staying strong throughout 2022. Additionally, 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 market tailwinds to expand their geographic footprint.

According to MarketsandMarkets Research, the MSP market is expected to grow from \$242.9 billion to \$354.8 billion in 2026, a 7.9% CAGR. Additionally, the MSSP (Managed Security Services Provider) market is expected to grow closer to 12-15% annually.

Second-quarter 2022 recorded 62 deals in the MSP market - a decrease from Q1 of this year. 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 MSP M&A Deals - IT Services

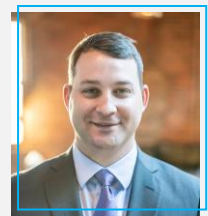


7MA has completed numerous M&A transactions in the MSP space and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Tim Frye, Steve Buffington, or Tanner Lange if you would like to learn more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

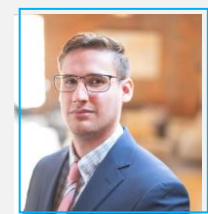
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7MA Transaction – Xerox Acquired Powerland



Powerland, is a leading IT services provider in Canada. Powerland serves customers throughout Canada and provides a wide array of technology solutions and services including cloud, hybrid cloud, cyber security, and end-user computing solutions based on individual business needs. Powerland recently earned 2021 industry accolades including Nvidia Partner of the Year, Dell Marketing Partner of the Year North America, HPE Service Partner of the Year and Tech Data Circle of Excellence.

Date: Feb. 2022
Deal Type: M&A
Target HQ: Canada

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 Recap
Target HQ: USA

7MA Transaction - Pfingsten Acquired Omega Systems

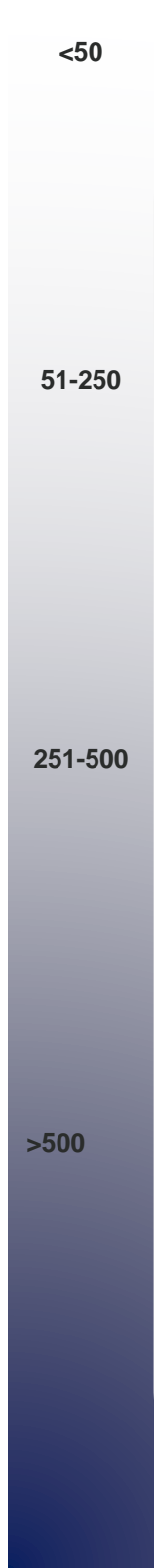


Omega provides managed IT solutions, including cloud-based data hosting, incident management, cybersecurity, help desk support, storage, backup, disaster recovery, hosted infrastructure support, and network health monitoring. The Company also provides professional IT support services and hardware and 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

Market Landscape

of Employees



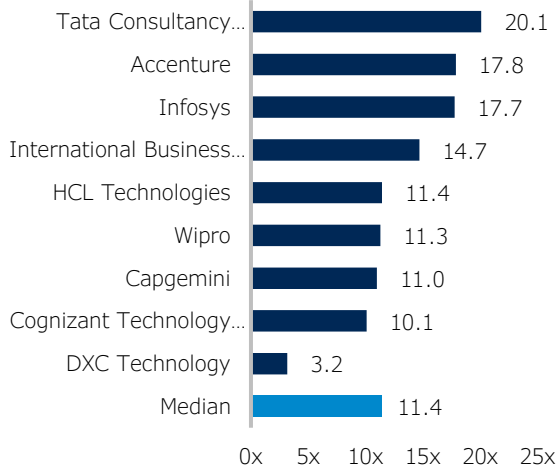
A large, rounded rectangular area containing a grid of logos for various Managed Service Providers. The logos are arranged in four rows corresponding to the employee count categories. The logos are: <50: Brightgrove, sciant, Qubiz, Software Development Center; 51-250: Symphony Solutions, DOT, RubyGarage, Perfectial, Wildix, Qubix, STAR, SC&S; 251-500: netguru, AROBS, PGS SOFTWARE, N-iX, PROFINIT, Objectivity, FORTECH, miratech, tremend, Eterna, scalefocus, SIGMA; >500: Future Processing, exadel, intellias, mitransition, Avenga, Sirma Group, astound, intetics, zenitech, Helmes, accessa, eleks, endava, <epam>, Grid Dynamics, softwareONE, CIKLUM, GlobalLogic, cegeka, NTTDATA, wipro, tosi, Luxoft, softline, infopulse, AtoS, Infosys, ensono.

Please reach out to 7MA team to get access to the full list.

Publicly-traded Managed Service Providers – Q2 2022

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	171,949	9,864	59,590	24.3%	32.3%	16.6%	2.9x	17.8x	699,000	85
International Business Machines	171,319	11,687	53,819	5.9%	56.9%	21.7%	3.2x	14.7x	307,600	175
Tata Consultancy Services	150,410	7,499	26,422	16.3%	47.3%	28.4%	5.7x	20.1x	509,058	52
Infosys	76,366	4,308	16,311	20.3%	32.6%	26.4%	4.7x	17.7x	314,015	52
Cognizant Technology Solutions	34,738	3,449	18,932	12.5%	36.9%	18.2%	1.8x	10.1x	330,600	57
Capgemini	32,510	2,963	21,471	14.6%	26.4%	13.8%	1.5x	11.0x	324,684	66
HCL Technologies	32,013	2,804	11,481	12.8%	38.4%	24.4%	2.8x	11.4x	197,777	58
Wipro	26,359	1,938	10,615	27.7%	29.7%	7.1%	2.5x	11.3x	220,000	48
DXC Technology	10,552	3,343	16,265	-8.3%	22.0%	20.6%	0.6x	3.2x	130,000	125
Average	78,468	5,310	26,101	14.0%	35.8%	19.7%	2.9x	13.0x	336,970	80
Median	34,738	3,449	18,932	14.6%	32.6%	20.6%	2.8x	11.4x	314,015	58

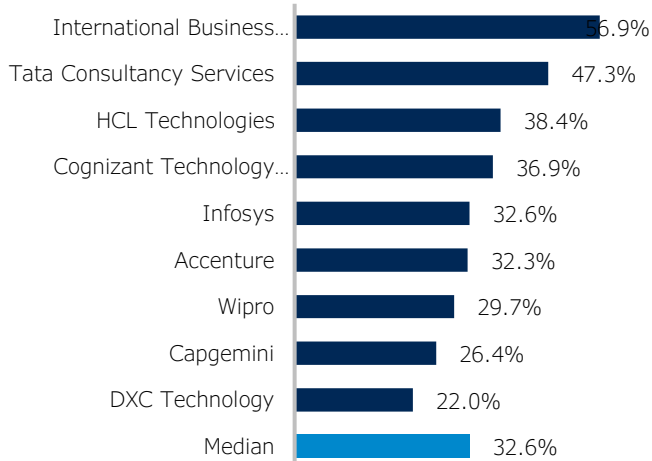
TEV / EBITDA X



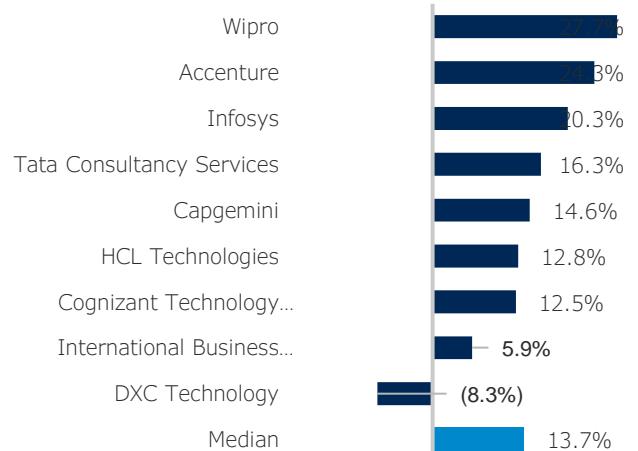
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q2 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
June 2022	 <p>EDGE TECHNOLOGY GROUP <i>Clients First.</i></p>	 <p>THRIVE™ a portfolio company of</p> 	<p>Edge Technology Group is a managed service provider intended to serve hedge funds, private equity, family offices and asset managers. The company offers information technology support, cybersecurity and cloud service, thereby building long-term relations with clients and helping them with information technology services.</p>
May 2022	 <p>SysEleven</p>	 <p>secunet a subsidiary of</p> 	<p>SysEleven is a provider of IT infrastructure and cloud services based in Berlin, Germany. The company offers solutions including Metakube managed Kubernetes, SysEleven stack OpenStack cloud, managed cloud, SysEleven DDoS Guard and provides high-speed internet access services for the efficient management and optimization of computing, storage and network resources based on Kubernetes to its clients.</p>
May 2022	 <p>mimecast™</p>	 <p>PERMIRA</p>	<p>Mimecast is a provider of next generation cloud security and risk management services for email and corporate information. Its integrated suite of proprietary cloud services protects customers of all sizes from the business and data security risks they are exposed to through their email and other corporate systems.</p>
Apr 2022	 <p>VERSION 1</p>	 <p>Partners Group REALIZING POTENTIAL IN PRIVATE MARKETS</p>	<p>Version 1 is a provider of SaaS-based information technology consulting and outsourcing services based in Dublin, Ireland. The company specializes in program management, business intelligence, cloud integration, managed services, enterprise resource planning, digital services and software asset management, helping to enhance, modernize and transform business processes and solve real-life problems that drive customer success.</p>

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.



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Notable 7 Mile Transactions

Omega Systems
PARTNERED WITH
Pfingsten Partners
PFINGSTEN

3Cloud, A Gryphon Investors
Portfolio Company
ACQUIRED
Pragmatic Works
**PRAGMATIC
WORKS**

**SOURCE
SUPPORT**
Source Support Services
ACQUIRED BY
Capitala
Capitala

Court Square Capital
RECAPITALIZED
Thrive
THRIVE

Blue Chip
Blue Chip Consulting Group
ACQUIRED BY
Core BTS
A Tailwind Capital Portfolio Company
**CORE
BTS INC**

POWERLAND
Powerland
ACQUIRED BY
Xerox
xerox

