

## Market Update Managed Service Providers

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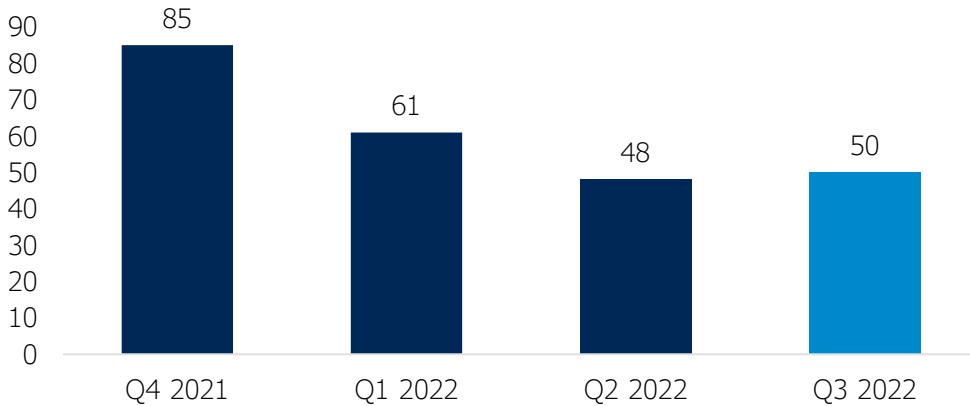
Managed Service Providers (MSPs) will remain attractive investments as buyers enjoy the nature of longer-term contracts with proven MRR and a scalable land and expand the model.

According to Globe Newswire, the global MSP market is expected to grow from \$243.3 billion to \$557.1 billion in 2028 - a CAGR of 12.6%. 7MA sees M&A activity remaining strong given the highly fragmented nature of the MSP space as sponsors and strategics look to increase scale and capture emerging technology market tailwinds to expand their geographic footprint.

Third-quarter 2022 recorded 50 deals in the MSP market with a significant increase in median deal size. There are several trends positively impacting the MSP landscape:

- 1) The continued shift from traditional on-prem servers to a cloud environment
- 2) Hybrid work models increasing the likelihood of cybersecurity threats
- 3) Increased digital adoption complicating current infrastructure

# of MSP M&A Deals - IT Services

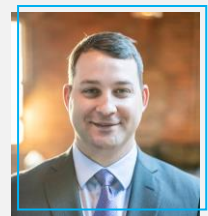


7MA has completed numerous M&A transactions in the MSP space and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Tim Frye, Steve Buffington, or Tanner Lange if you would like to learn more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

### Sector Coverage Team



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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

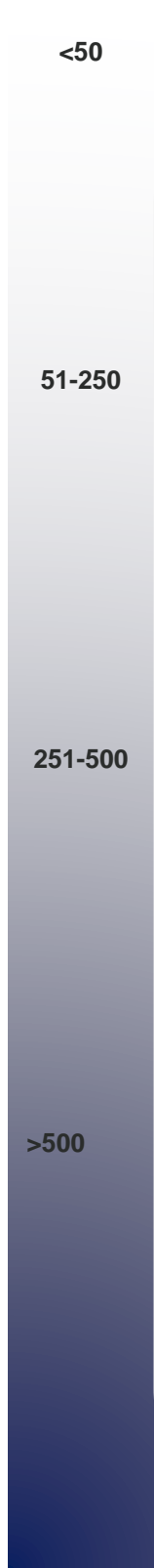


Omega provides managed IT solutions, including cloud-based data hosting, incident management, cybersecurity, help desk support, storage, backup, disaster recovery, hosted infrastructure support, and network health monitoring. The Company also provides professional IT support services and hardware and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



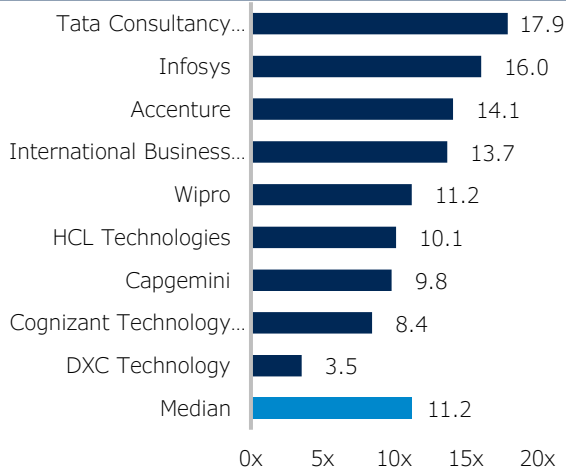
A large, rounded rectangular area containing a grid of company logos. The logos are arranged in rows corresponding to the employee count ranges. The logos are semi-transparent and arranged in a grid pattern. The logos include: Brightgrove, sciant, Qubiz, CHI Software Development Center, Symphony Solutions, DOT, RubyGarage, Perfectial, Wildix, Qubix, STAR STORAGE, SC&S, netguru, AROBS, PGS SOFTWARE, N-iX, PROFINIT, Objectivity, FORTECH, miratech, tremend, Eterna, scalefocus, SIGMA, 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.*

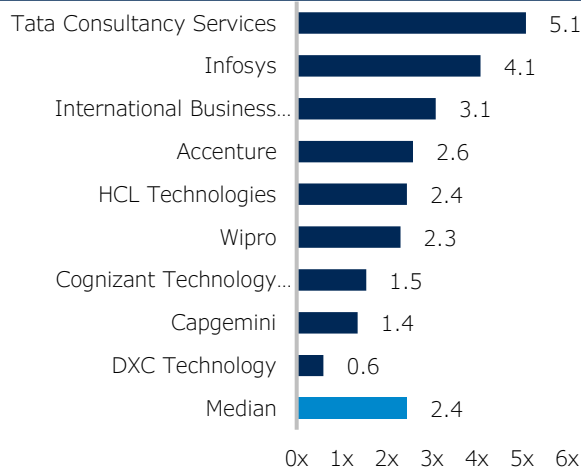
## Publicly-traded Managed Service Providers – Q3 2022

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	158,979	9,864	59,590	24.3%	32.3%	16.6%	2.6x	14.1x	710,000	84
International Business Machines	156,082	11,420	50,610	7.9%	59.1%	22.6%	3.1x	13.7x	307,600	165
Tata Consultancy Services	134,219	7,499	26,422	16.3%	47.3%	28.4%	5.1x	17.9x	592,195	45
Infosys	69,212	4,317	16,972	19.3%	31.5%	25.4%	4.1x	16.0x	335,186	51
Capgemini	30,718	3,133	22,677	18.6%	26.3%	13.8%	1.4x	9.8x	324,684	70
Cognizant Technology Solutions	29,640	3,514	19,253	10.6%	36.7%	18.3%	1.5x	8.4x	341,300	56
HCL Technologies	28,866	2,854	11,798	12.2%	41.1%	24.2%	2.4x	10.1x	210,966	56
Wipro	25,130	2,300	10,931	26.2%	29.1%	7.7%	2.3x	11.2x	258,574	42
DXC Technology	9,399	2,666	15,831	-8.8%	21.9%	16.8%	0.6x	3.5x	130,000	122
<b>Average</b>	71,361	5,245	26,009	14.1%	36.1%	19.3%	2.6x	11.6x	356,723	77
<b>Median</b>	30,718	3,514	19,253	16.3%	32.3%	18.3%	2.4x	11.2x	324,684	56

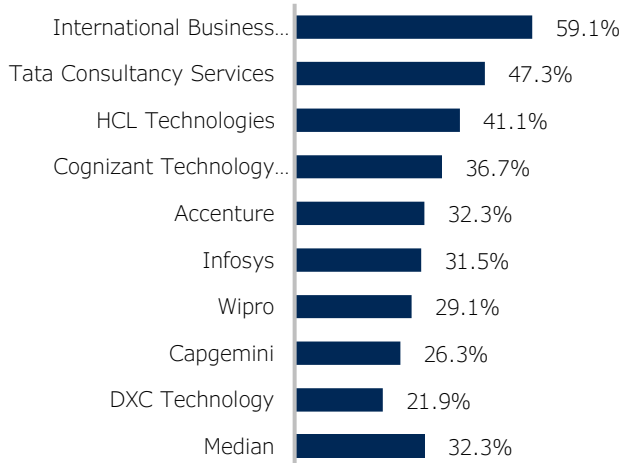
### TEV / EBITDA X



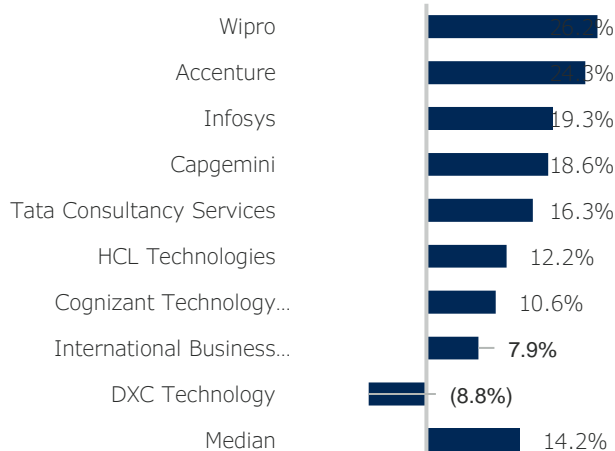
### TEV / Rev X



### Gross Margin %



### Rev Growth YoY



Q3 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
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Sept 2022



**Synoptek** is a provider of global systems integration (GSI) and managed information technology (IT) services intended to support small and medium-sized businesses. The company offers business application management, custom software product development, data insights, business and artificial intelligence as well as cloud migration, integration, expansion and security services, enabling clients to strengthen their IT foundation, manage risk and compliance as well as enhance their competitive position.

Sep 2022



Ahead is Provider of consulting and enterprise cloud services intended to create a platform for digital business. The company integrates service management, cloud, data center, software development and security into a holistic infrastructure, helping clients fulfill their technical, operational and financial objectives.

Aug 2022



Vology is a provider of managed information technology(IT), security and cloud services intended to offer digital transformation and increase growth. The company currently monitors, manages and maintains devices at customer sites, providing support through its United States(U.S.)-based Network Operations Center(NOC) and Security Operations Center(SOC) as well as offers field services with access to fully audited field technicians nationwide, enabling its clients to reduce their information technology(IT) costs, improves customer service make a strategic decision efficiently and optimize their information technology budgets.

Jul 2022



**Adsi** is a provider of telecommunication services across the southeast of England. The company provides a range of services including mobile communications, VoIP telephony, information technology support, tech services, electricity & gas procurement and other managed services, thereby supporting businesses and their individual communication requirements.

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

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**

